

# **TOWN OF HILTON HEAD ISLAND**



## **STANDARD OPERATING PROCEDURES FOR PROCUREMENT & CONTRACTING Revised March 17, 2022**

# TOWN OF HILTON HEAD ISLAND

## STANDARD OPERATING PROCEDURES

### FOR PROCUREMENT & CONTRACTING

#### Table of Contents

|   |    |
|---|----|
| Table of Contents.....  | 2  |
| <b>Standard Operating Procedures</b>                                |    |
| Purpose.....  | 3  |
| Background.....   | 3  |
| Pre-Solicitation Activities.....                                    | 4  |
| Department Representative.....                                      | 4  |
| Solicitation Methods.....   | 4  |
| Invitation for Bids.....  | 4  |
| Request for Proposals.....  | 4  |
| Request for Qualifications.....                                     | 5  |
| Establishing Evaluation Criteria.....                               | 5  |
| IFB Evaluation Criteria .....                                       | 5  |
| RFP Evaluation Criteria .....                                       | 5  |
| RFQ Evaluation Criteria .....                                       | 6  |
| Evaluation Committee.....   | 6  |
| Public Notice.....  | 7  |
| Post Solicitation Activities.....                                   | 7  |
| Bid Openings.....   | 7  |
| Review of Bids/Proposals.....                                       | 7  |
| Contract Award and Notification.....                                | 8  |
| Contract Preparation .....  | 9  |
| Contract Types .....  | 9  |
| Indefinite Delivery/Services Contracts.....                         | 9  |
| Contract Approval and Execution.....                                | 10 |
| Other Methods of Procurement.....                                   | 10 |
| Sole/Single Source Purchase.....                                    | 10 |
| Emergency Procurements.....   | 11 |
| Public and Private Partnerships.....                                | 12 |
| Use of Contracts Established by other Public Procurement Units..... | 12 |
| Contract Administration.....  | 12 |
| Contract Management.....  | 12 |
| Contract Amendments/Change Orders.....                              | 13 |
| Contract Renewal/Replacement.....                                   | 13 |
| Use of the Local Vendor Preference.....                             | 14 |
| Illegal Immigration Act.....  | 15 |
| Small, Minority and Women-Owned Business Commitment.....            | 15 |
| Exhibit 1: Small Purchase Procedures (up to \$25,000).....          | 16 |

# **TOWN OF HILTON HEAD ISLAND**

## **STANDARD OPERATING PROCEDURES**

### **FOR PROCUREMENT & CONTRACTING**

#### **PURPOSE**

To establish detailed Standard Operating Procedures (“SOP”) for the procurement of goods and services by all Town Departments (“Departments”). These SOPs are intended to serve as the guide for proper methods, procedures and processes for acquiring goods or services for the Town. No such document can ever be all encompassing, therefore any questions or concerns that may arise during the procurement process should be directed to the Procurement Officer for resolution.

#### **BACKGROUND**

Contracting/Procurement requirements are established in Title 11 of the Town’s Municipal Code. The procurement process starts with the Town’s Procurement Officer to whom the Town Manager has delegated procurement authority, as allowed per Title 11, Chapter 1, Article 2 of the Town’s Municipal Code. This delegation includes all duties with the exception of the contracts for Town Manager and Town Attorney. All other contracts and agreements must be reviewed and approved by the Procurement Officer who will then forward to the appropriate senior staff members for additional review and approval. The Deputy Town Manager will sign most contracts with the exception of contracts for capital improvement projects, which will be signed by the Assistant Town Manager - Community Development. Signature authority has been delegated to these positions by the Town Manager for contracts having a total value of up to \$100,000. Contracts over that amount must be signed by the Town Manager.

The Town utilizes a virtual centralized procurement model in which there is a centralized procurement/contracting process overseen and administered by the Procurement Officer, with decentralized initiation and participation by user Departments. Each Department is responsible for the acquisition of goods or services for which a line item has been established in their budget. The Director of Public Projects and Facilities is responsible for all Capital Improvement Projects and the acquisition of goods or services that support these projects.

**The procurement process requirements are determined primarily by the dollar amount of the procurement, regardless of the instrument (purchase card, purchase order or written contract) used for the procurement.**

The Town has three definitive methods/tools for procuring goods or services with a value of \$25,000 or less (“Small Purchases”). These methods are the standard purchase order, the purchase card (P-Card), or when appropriate, the standard town contract (typically when contracting for services). A Purchase Order is also a simple contract. Most Small Purchases can be acquired using

a P-Card. However, if a vendor will not accept a P-Card, then a purchase order should be used. Almost all services that fall within the Small Purchases threshold will utilize the Town's standard contract to acquire the services. Such services shall include any services that will be foreseeably utilized on a recurring basis over a period of time, regardless of total dollar value. If a Department is unclear on which option to choose, it should consult with the Procurement Officer. The detailed procedures and guidelines for Small Purchases are outlined in **Exhibit 1**.

For acquisition of goods and services with a value in excess of \$25,000, the Town Code requires a formal solicitation. These SOPs establish the procedures and the processes to be used for all formal solicitations. There are several formal solicitation methods that may be used. In all cases the formal solicitation process begins with and is overseen by the Procurement Officer.

### **PRE-SOLICITATION ACTIVITIES**

**Department Representative.** The requiring Department Head should assign someone from within their Department to represent their interests during the solicitation process. At the beginning of the process, the designated representative should consult with the Procurement Officer for assistance in determining the preferred solicitation method and the timeline for acquiring the goods or services. Prior to this consultation, the requiring Department should develop a complete product description for all goods, or a detailed scope of work for all services.

**Solicitation Methods.** The Town's Procurement Code (Section 11-1-311) directs that all Town contracts be awarded by the method most practical and advantageous to the Town. The primary formal solicitation methods utilized by the Town are: (i) Invitation for Bids, (ii) Request for Proposals, and (iii) Requests for Qualifications. The Procurement Officer, in consultation with the Department will make the final determination regarding which of these formats is most appropriate. The Procurement Officer must review and approve the solicitation document and the associated evaluation matrix and scoring methodology to be used for evaluating vendor proposals. The Procurement Officer will also assist the Department in the drafting and developing of these documents.

**Invitation for Bids (IFB).** The primary objective of an IFB is to obtain the lowest cost through the open solicitation of competitive bids. Normally this method is used when acquiring commercial off-the-shelf items or services with a well-defined scope of work, making price the primary consideration. All bids will remain sealed until the published time and place for the bid opening. Contract award will be made to the responsible and responsive bidder having the lowest total cost. Definitions of "responsive" and "responsible" are provided in the "Review of Bids/Proposals" section of this document (see **Town intranet for a sample IFB format**).

**Request for Proposals (RFP).** The RFP solicitation method is primarily used for procuring services, except certain professional services requiring an RFQ as described in the next section of this document. An RFP is also used for acquiring products that do not lend themselves to a well-

defined set of specifications, such as software applications/solutions. The RFP method provides for the use of other evaluation criteria in addition to price. While price will always be one of the evaluation criteria it may or may not be the most heavily weighted factor in an RFP. All proposals will remain sealed until the published deadline for submittals. Contract award will be made to the responsible and responsive offeror having the highest rated proposal based on the announced evaluation criteria (**see Town intranet for a sample format for a RFP**).

**Request for Qualifications (RFQ).** The RFQ solicitation method is only to be used to obtain certain professional services such as architects, engineers, surveyors, doctors, or other similar professional services when determined to be the method most practical and advantageous to the Town. The Procurement Officer will make the final determination regarding whether a particular type of service meets the criteria to be categorized as a “professional service”. Such professional services will normally require unique licensing or certifications. All proposals will remain sealed until the published deadline for submittals. The RFQ process provides the ability to select the most qualified respondent and to negotiate a fair and reasonable price with that entity (**see Town intranet for a sample format for a RFQ**).

**Establishing Evaluation Criteria.** For all solicitations, the evaluation criteria must be established and stated in the solicitation document. The relative weighting of each criteria shall also be determined and will usually be included in the solicitation document as well. If it is determined to be in the best interests of the Town to not state the criteria weighting in the solicitation document, the criteria must at least be listed in the relative order of importance as required by Section 11-1-313 of Town code. The Procurement Officer must approve the evaluation criteria and weighting prior to release of the solicitation document. The evaluation matrix and scoring methodology should also be developed and approved by the Procurement Officer prior to release of the solicitation document.

**IFB Evaluation Criteria:** When using an IFB, the selection is based 100% on the lowest cost (see formula below), subject to the Town’s determination that the vendor is both responsive and responsible. Definitions of “responsive” and “responsible” are provided in the “Review of Bids/Proposals” section of this document. If a vendor is determined to be either non-responsive or not responsible, that vendor’s bid shall be rejected and not eligible for contract award.

$$\frac{\text{Lowest Cost}}{\text{Cost Being Evaluated}} \times \text{Maximum Points Available} = \text{Awarded Points}$$

**RFP Evaluation Criteria:** The RFP method provides for the use of other evaluation criteria in addition to price. The Procurement Officer will work with the requiring Department to determine the appropriate evaluation criteria, weights to be assigned to each criterion, and scoring methodology. While price will always be one of the evaluation factors, it may or may not be the most heavily weighted factor in an RFP. However, any Department desiring to use a weight of less than thirty percent (30%) for price, must provide written justification to the Procurement

Officer who shall make a final determination if the request is justified. Low weighting of price should be reserved for highly technical or complex procurements where other attributes carry more significance to the Town than cost. Both the evaluation criteria and the scoring methodology (**see samples on Town intranet**) shall be reviewed and approved by the Procurement Officer **prior** to the issuance of the solicitation.

In developing the scoring methodology for each evaluation criterion (other than cost), the Department should give general guidelines for scoring within each criterion. A tier system is a common way to score within a particular criterion, but the evaluation tool should allow evaluators some flexibility to assign a score in between stated tiers if warranted. Using a point range format allows the evaluator to use more discretion and nuance when scoring a proposal. In all cases, evaluators should explain their rationale for points awarded in a comments section adjacent to the awarded score.

When scoring the cost of proposals, use the same formula used for scoring IFB's shown above and the scoring will be administered by the Procurement Officer.

**RFQ Evaluation Criteria:** For an RFQ, The development of evaluation criteria and the scoring methodology is the same process as described above for an RFP, with the exception that cost will not be one of the criteria. The RFQ process provides the ability to select the most qualified respondent and to negotiate a fair and reasonable price with that entity.

Once the evaluation committee has reviewed the responses to the RFQ they will use the evaluation criteria to conduct an initial ranking of responding firms. Discussions (that may include oral interviews either in person or by phone) should take place with at least the top two (2) or three (3) candidates based on the announced criteria. Negotiations for final pricing should begin with the top rated firm.

**Evaluation Committee.** Evaluations will be performed online using the Bonfire e-Procurement software. Evaluators will receive an e-mail notification from Bonfire indicating that they have been assigned to evaluate proposals for a particular solicitation. Prior to starting their evaluations, Evaluators will be required to declare that they do not have any conflicts of interest by electronically signing a Declaration. Any individual having a conflict of interest as defined the Declaration shall be removed from the committee and replaced by someone not having such a conflict. The evaluation committee shall be ideally comprised of a minimum of three (3) individuals, and where practical, have members from each Department that will be directly impacted by the resulting contract. The requesting Department will propose the composition of the evaluation committee and forward that recommendation to the Procurement Officer for approval. The Procurement Officer retains the right to serve as a member of the evaluation committee, but in all cases shall organize and attend evaluation committee meetings to observe and provide guidance as needed.

**Public Notice.** Public notice for all Town solicitations is required. Once a solicitation document is approved, the Procurement Officer or his/her designee will post the solicitation document to the Town's Procurement Portal, advertise it on the South Carolina Business Opportunities website. Advertisement in the local paper is not required, but the Procurement Officer, at his discretion, may choose to do so. Advertisement must be posted no less than fourteen (14) calendar days prior to the deadline for submission deadline for bids or proposals. **However, the open period for any particular solicitation shall take into consideration the nature and complexity of the solicitation, and provide reasonable amount of time for the vendor community to prepare a thorough proposal and submit it electronically by the deadline.** Choosing an adequate open period also helps to maximize the number of competitive proposals received. Once the solicitation is publically advertised and posted, the applicable Department may request the Procurement Officer directly invite vendors to participate via the Town's Procurement Portal. **In no instance shall Town staff provide copies of the solicitation documents directly to vendors, nor shall Town staff have any communication about the solicitation with vendors once it has been advertised and issued. For control and audit purposes, vendors must register via the Town's Procurement Portal and download solicitation documents from the Portal.** In the event that only one (1) vendor proposal is received in response to a solicitation issued by the Town, the Procurement Officer, at his sole discretion and after consultation with the Department, may require the solicitation be reissued to encourage more competition, provided such reissuance does not adversely impact the Town's operations or ability to meet its obligations.

## **POST SOLICITATION ACTIVITIES**

**Bid Openings.** All bid openings are open to the public and will typically commence within a few minutes after the submission deadline for proposals. The public will be able to participate in virtual bid openings via video conferencing arranged by the Procurement Officer. The information for participating in such video conferences will be made available via the solicitation record on the Town's Procurement Portal. The names of all vendors submitting a proposal shall be announced, and, where the solicitation document is an IFB, vendor pricing shall also be announced. Pricing information will not be made public during openings for RFP's and RFQ's. This method preserves the Town's ability to conduct negotiations with the offerors and the flexibility to consider slightly different approaches/solutions to the same requirement.

The date and time of the opening shall always be published in the solicitation document and public advertisements. A summary of all vendor bids/proposals received will be posted and available to the public via the Town's Procurement Portal, usually within twenty-four (24) hours after the submittal deadline. Vendors will not be able to submit bids or proposals to the Town's Procurement Portal after the submittal deadline has passed.

**Review of Bids/Proposals.** All responses to IFB's shall be reviewed to identify the lowest cost proposal. Once a low bidder has been determined, that low bidder must pass the test for

responsiveness and responsibility. To be considered responsive all the requirements of the invitation for bid must be satisfied by the bidder's proposal. Responsibility is determined based on the Town's direct past experience with the bidder (if applicable), checking references provided by the bidder in their proposal, and review of any other information (ex. vendor litigation history) that would impact responsibility.

All responses to RFP's and RFQ's shall be reviewed utilizing the published evaluation criteria as the basis for award recommendation.

The Procurement Officer will be responsible to perform the cost evaluation for all solicitations. The Procurement Officer also retains the right to serve as a member of the evaluation committee scoring non-cost criteria, but normally will not.

In the event that there is a need for members of an evaluation committee to meet face-to-face, such meetings shall:

- Have an agenda publically posted online and in a physical location where such public meeting notices are normally posted, no less than twenty-four (24) hours in advance of the meeting.
- Minutes, which do not need to be approved minutes, shall be posted online where such public meeting notices are normally posted once a contract has been fully executed.

For RFP solicitation's, once the evaluation committee has reviewed and scored proposals, the contract will be awarded to the highest rated/ranked contractor.

For RFQ solicitation's, once the evaluation committee has reviewed all the qualifications, they will use the evaluation criteria to conduct an initial ranking of the respondents. Discussions/interviews should take place with at least the top two (2) or three (3) highest rated candidates. The contract is then awarded to the best qualified respondent and negotiations for final pricing should begin. The Department shall develop a list of persons they wish to be involved in the contract negotiations and prepare a memo addressed to the Town Manager requesting approval for those named persons to be the designated negotiators. A return memo from the Town Manager to the Department shall be prepared and forwarded with the approval request memo which will allow the Town Manager to respond to the approval request (**see sample of both memos on Town intranet**). Members of the evaluation committee who are not part of the approved negotiating team may be asked to assist the negotiation team with technical matters relative to the negotiations. Should negotiations with the top firm fail to arrive at a fair and reasonable price, negotiations with the next highest rated firm would be authorized. The Town should establish and have a basis for the determination of what is the fair and reasonable price. This process would continue until a fair and reasonable price is reached.

**Contract Award and Notification.** Shortly after completion of the evaluation process and



selection of a contractor, notice of the contract award shall be made available via the Town's Procurement Portal. In the event a contractor submits a request for a debriefing on the results of the evaluation of proposals or contract award, such inquiries should be referred to the Procurement Officer.

**Contract Preparation.** After contract award, the contract needs to be drafted. Contracts should be drafted utilizing the applicable standard Town contract format. The Procurement Officer will assist in this process as necessary and/or requested. There are occasions where a contractor may require use of their contract template (i.e. software agreements), and in those instances, please consult with the Procurement Officer. Contract drafts should be shared with the contractor for review and comment prior to routing the contract package for internal approvals (**see Contract Approval & Execution below**). Substantive changes to the standard Town contract template requested by the contractor shall be reviewed by the Procurement Officer who may also involve the Town's Staff Attorney to approve such changes, or propose alternative language.

**Contract Types.** There are three (3) standard contract formats that the Town has adopted. These are the primary formats that will be utilized for the majority of Town requirements. The primary exceptions to this rule will be the use or addition of: (i) standard American Institute of Architects (AIA) contracts for architects and certain construction projects, (ii) standard Engineer Joint Contract Documents Committee (EJCDC) contracts for engineering and certain construction projects, and (iii) software agreements provided by the vendor.

The first standard format is for those supplies or services that require little or no time on Town property by the contractor. This limited interaction negates the need for workers compensation or liability insurance (**see sample on Town intranet**).

The second format is used when contracting with individuals or companies to perform work for the Town that requires manual labor or service work most of which is conducted on Town property. These types of contracts require a minimum amount of both workers compensation insurance as well as liability insurance (**see sample on Town intranet**).

The last type of contract is used primarily for construction projects that have a very detailed scope of work and general conditions. The specific insurance requirements for these contracts are generally contained in the general conditions or special conditions of the contract (**see sample on Town intranet**).

AIA and EJCDC contract templates can be provided on request by contacting the Procurement Officer.

**Indefinite Delivery/Services Contracts.** For those goods and services that are acquired on a routine/recurring basis where the quantity and/or frequency of use is not predictable, the use of

indefinite delivery/indefinite services contracts are the most efficient and effective manner in which to procure these goods and services. These are effectively “On-Call” contracts. A contract will be awarded for a defined period of time that establishes the line item costs for these goods or services. During the term of such contracts, as goods or services are required, there are three primary means for ordering. For construction type indefinite delivery contracts a Job Order (**see sample on Town intranet**) will be issued. For consulting service type indefinite delivery contract a Task Order (**see sample on Town intranet**) will be issued.

**Contract Approval & Execution.** Once the contract draft is finalized, a contract package is assembled and routed for internal approval. There are several documents that make up the contract package and the Contract Package Routing Checklist (**see form on Town intranet**) should be used when assembling the package. This will make sure that all the necessary documents are included and keep the package from being returned to the Department for missing items. A key document that is required in all such packages is a contract award recommendation memo (**see sample on Town intranet**). This memo shall be prepared or at least approved by the requiring Department Head. All contract packages shall also include a completed Contract Approval Checklist signed by the submitting Department (**see form on Town intranet**). Contract packages should be routed electronically through the approval process and approvals may be by electronic signature on the routing

All Procurement related forms and sample documents are available on the Town’s intranet. The Department Head shall sign off on the Contract Approval Routing Form (**see form on Town intranet**) which will be the top document in the contract award recommendation package, and forward to package on to the Procurement Officer for additional approval and processing. **Contract packages should be routed electronically through the approval process and approvals should be evidenced by electronic signature on the Contract Approval Routing Form, or the approver may indicate their approval via email reply.** After all required approvals have been obtained, the proper Town official will sign the contract which will then be sent back to the originating Department or the Procurement Officer, who shall then send it to the contractor for signature. After the contract is fully executed, it shall be filed with Administration along with the contract package. This will be the official Procurement Record which must include all of the relevant items on the Contract Package Routing Checklist.

**Contractor Proposals.** Because contractor proposals are recorded and stored in the Town’s Procurement Portal, they are not required to be filed with the contract package. Instead, the Town’s Contract Management Software will provide a link to the applicable Procurement Record where contractor proposals can be viewed or downloaded as needed.

#### **OTHER METHODS OF PROCUREMENT**

**Sole/Single Source Purchase.** The Town’s Procurement Code (Section 11-1-316) directs that this method of procurement should only be requested on a very limited basis. **It is not meant to be a**

**means to select a preferred vendor or particular brand/model.** A contract may be awarded or a purchase order may be issued for a supply, service or construction item without competitive sealed bids or competitive sealed proposals when the Procurement Officer and Town Manager have determined, in writing one of the following unique circumstances:

1. That there is only (1) source (“sole source”) for the required supply, service or construction item.

Or

2. That a particular source (“single source”) for the required supply, service or construction item has a unique ability or knowledge with respect to the supply, service or construction.

To make a sole source approval request, the requestor must have made a diligent and reasonable search for alternative sources and found that there are no other sources available.

To make a single source approval request, the requestor must clearly document that while there are multiple sources, the selected source possesses unique abilities or knowledge, and that those unique abilities or knowledge are required to satisfactorily meet the needs of the Town. Simply having a history of providing services to the Town before is not adequate justification to grant a single source approval, unless that historical experience gives them unique abilities or knowledge that are critical to the services being requested. **Before a sole or single source approval request is made, the requesting department must consult with the Procurement Officer.** If warranted, a request memo addressed to the Town Manager, along with an approval memo to be signed by the own Manager shall be prepared and first routed to the Procurement Officer. The Procurement Officer shall have the sole discretion to place a notice of intent to sole source the purchase on the South Carolina Business Opportunities (SCBO) website. Such notice shall give the public a cut-off date by which if the Town has not received any inquiries from other vendors, or has received vendor inquiries, but has determined that those vendors cannot offer the goods or services desired, the Procurement Officer shall forward the request and approval memos, along with the SCBO notice, to the Town Manager for final consideration and approval. Approval of such requests shall state with particularity the factual basis for the sole/single source determination, and shall become part of the contract file or attached to the purchase order (see **Town intranet for sole/single source request/approval memo samples**).

**Emergency Procurements.** The Town’s Procurement Code (Section 11-1-317) directs that the Town Manager or his designated representative may make or authorize others to make emergency procurements when there exists a threat to public health, welfare, or safety under emergency conditions, or when normal daily operations are adversely affected. **However, such emergency procurements shall be made with such competition as is practical under the circumstances.**

**Public and Private Partnerships.** It may be advantageous to the Town to agree to this type of partnership when both private and public funds are being considered for the funding of a community project within the Town. This public and private partnership should be formally documented and approved by the Town Manager. Since public funds are involved all the requirements of the Town's Procurement Code must be adhered to during this process. The Town's Procurement Officer will review and manage the issue of all solicitation documents and will ensure that all steps of the formal procurement process are followed. Normally under these arrangements the Town's standard contract document will be utilized to enter into a formal agreement with the successful contractor.

**Use of Contracts Established by other Public Procurement Units.** Sec. 11-1-815 of the Town's Procurement Code allows the Town procure supplies, services, or construction items through contracts established by the State of South Carolina, or through any comparable regional, county or other governmental public procurement unit. A public procurement unit includes: any county, city, town, and any other subdivision of the state or public agency of any such subdivision, public authority, educational, health, or other institution, any other entity which expends public funds for procurement of supplies, services, or construction. Purchases made from these contracts are exempt from the Town's formal solicitation requirements. If this type of procurement is desired or contemplated, consult with the Procurement Officer.

### **CONTRACT AMENDMENTS, RENEWALS AND ADMINISTRATION**

**Contract Administration.** The Procurement Officer is responsible for Contract Administration. Contract Administration is defined as oversight of contracting process and procedure, including but not limited to: (i) the issuance of solicitation documents, (ii) evaluation of vendor proposals and contract award, (iii) compliance with procurement related policies, and (iv) procurement policy review and update.

**Contract Management.** Contract Management is defined as oversight and management of contract performance by the contractor. Contract Management is the responsibility of the Department to which the contract is assigned. Contract Management shall consist of a review of contract deliverables or obligations against actual contractor performance. If a contract is being renewed, the renewal approval package shall at a minimum contain a statement that the contractor has satisfactorily met its obligations under the contract during the current term. When a Department becomes aware that a contractor is not meeting its obligations under an agreement, they should inform the contractor in writing and request the contractor to provide a plan for remediation. In the event of any disagreement between the Department and a contractor on whether contractor is meeting its obligations, or that contractor's plan for any remediation is satisfactory, the Department shall schedule a meeting to include the Department Head, the contractor, the Procurement Officer and any other Town staff as appropriate.

**Contract Amendments/Change Orders.** There may be the need during the performance period of a contract to address either change in the scope of work, or to amend certain contract terms or conditions. For those contracts where unforeseen changes to the scope of work arise, the proper method for documenting these changes is a change order (**see sample on Town intranet**). All such change orders should be processed and fully approved before any additional work by the contractor commences.

Contract amendments are required to alter the terms or conditions of a contract (**see sample on Town intranet**), as well as renew a contract (**see Town intranet for a sample contract renewal memo**). Contract amendments must be fully executed prior to any change in performance by the contractor.

Use the Contract Approval Routing Form (**see form on Town intranet**) to route change orders or contract amendments for approval. Again, routing should be done electronically.

**Contract Renewal/Replacement.** Each Department shall be responsible for monitoring the expiration dates for its current contracts, and shall initiate renewal or replacement activities sufficiently in advance of the current expiration dates. If a contract has remaining renewal periods available, and the Department desires to renew the contract, it should prepare a renewal amendment/addendum, with assistance from the Procurement Officer as needed, and circulate it with all other required documentation for approval at least sixty (60) days prior to the current expiration. If a contract does not have any remaining renewals and needs to be replaced with a new agreement, the Department shall coordinate the issuance of new solicitation with the Procurement Officer, and adhere to the following recommended timelines.

**Contracts Needing a Formal Competitive Process (IFB/RFP/RFQ):**

- (a) **150 days** prior to current contract expiration – Department, with assistance from the Procurement Officer, should begin drafting the solicitation document, evaluation matrix and scoring methodology.
- (b) **120 days** prior to current contract expiration – Solicitation document, evaluation matrix and scoring methodology should be finalized. Solicitation should be publically advertised, posted on Town website and distributed to potential bidders/respondents.
- (c) **90 days** prior to current contract expiration – Bids/proposals should be due from bidders/respondents, a bid opening held, and copies of bids/proposals distributed to all members of evaluation committee.
- (d) **60 days** prior to current contract expiration – Evaluations should be completed, contract award determined and contract negotiations commenced.
- (e) **30 days** prior to current contract expiration – Contract negotiations should be completed and contract approval package should be prepared and routed for required Town approvals.

- (f) **15 - 30 days** prior to current contract expiration – Contract package should be fully approved and signed by Town.
- (g) **1 - 15 days** prior to current contract expiration – Contract should be fully executed by both parties and in place.

**Contracts Not Needing a Formal Competitive Process (Small Purchases):**

- (a) **60 days** prior to current contract expiration – Department should solicit the necessary quotes and other documentation needed to draft new contract.
- (b) **30 days** prior to current contract expiration – Contract negotiations should be completed and contract finalized. Contract package should be prepared and routed for required Town approvals.
- (c) **15 - 30 days** Contract package should be fully approved and signed by Town.
- (d) **1 - 15 days** prior to current contract expiration – Contract should be fully executed by both parties and in place.

**ADDITIONAL PROCUREMENT RELATED INFORMATION**

**Use of Local Vendor Preference.** The Town's Procurement Code (Section 11-1-319) provides for a preference to any qualified local vendor who meets the following criteria:

To qualify for this preference all of the following criteria must be met and certified to by the vendor:

- (1) The vendor must maintain an office within the legally defined boundaries of the Town of Hilton Head Island and have a majority of full time employees, chief officers and managers regularly conducting work and business from this office.
- (2) The vendor must have held a valid business license for a consecutive period of at least three (3) years prior to the date of application for certification.

Use of the local vendor preference during the bid evaluation process:

- (1) It is the responsibility of the Bidder to notify the Town that it is a certified local vendor by submitting the Local Vendor Certification Statement (**see form on Town intranet**) when they submit their proposal.
- (2) For comparing bids, any vendor who is a certified local vendor will have their bid price reduced by five percent (5%), not to exceed a maximum reduction of \$10,000.00. If after the application of the local vendor preference, the vendor is determined to be the low responsive/responsible bidder, they will be awarded the contract. A vendor must obtain certified local vendor status prior to the bid opening in order to receive the preference. Vendors submitting an application that has not been certified by the Town will not be eligible to have the local vendor preference applied.
- (3) The final contract price will reflect the original bid amount before the local vendor

preference was applied.

The following types of procurements or procurement methods are excluded from this preference:

- (1) All requests for qualifications for professional services.
- (2) **Contracts that may receive Federal funding or reimbursement.**

**Illegal Immigration Act.** The South Carolina legislature has passed the Illegal Immigration Reform Act. This act requires contractors either use the E-verify system to verify new employees qualify to be employed, or in the alternative, hire employees with a valid driver's license or those eligible to receive a license. Pursuant to the Act, all contractors doing business with the Town must certify that they are in compliance with the Act and that they will continue to comply with the Act during the term of the contract. The contractor shall complete an I-9 Contractor Affidavit (**see form on Town intranet**), which will be requested to be submitted as part of the contractor's bid or proposal.

**Small, Minority and Women-Owned ("Disadvantaged") Business Commitment.** The Town is committed to ensuring that small businesses enterprises as well as businesses enterprises owned and operated by women and/or minority persons (collectively "disadvantaged business") are afforded every opportunity to fully and fairly participate in the Town's procurement process for goods and services. The Town does not have a certification program for disadvantaged businesses, but encourages qualifying businesses to become certified with the South Carolina Department of Transportation ([www.scdot.org/business/bus-development-dbe-sbe-cert.aspx](http://www.scdot.org/business/bus-development-dbe-sbe-cert.aspx)) and/or the South Carolina Division of Small and Minority Business Contracting and Certification ([osmba.sc.gov/resources.html](http://osmba.sc.gov/resources.html)). In an effort to be inclusive in its procurement process, the Town consults directories maintained by the aforementioned and/or similar organizations to identify and directly solicit certified disadvantaged businesses. The Town shall also encourage disadvantaged businesses to visit the Town's Procurement Portal and register as a potential vendor.

The Town does not utilize affirmative action in its procurement process, except that in the event of tied bids or proposals involving a certified disadvantaged business and a non-disadvantaged business, the Town will award the procurement to the certified disadvantaged business. Tied bids or proposals involving two certified disadvantaged businesses will be settled with a random selection method. **It is the obligation of the disadvantaged business to submit proof of certification from a governmental entity in the United States at the time they submit their bid or proposal in order for the certification to be considered by the Town in determining an award as described above.**

# EXHIBIT 1

## SMALL PURCHASE PROCEDURES

### RULES AND REGULATIONS FOR MAKING PURCHASES UP TO \$25,000

Under Section 11-1-315 of the Procurement Code of the Town of Hilton Head Island, the Town Manager may establish procedures for handling purchases of goods and services up to \$25,000. Therefore, the following rules shall apply to all purchases up to \$25,000, unless otherwise exempted by Title 11 of the Municipal Code.

1. Purchases of goods and services up to \$7,500, require either: (i) the completion and approval of a purchase order, (ii) a purchase card transaction (if within P-Card dollar limitations), or (iii) an executed contract, prior to purchase. Employees are encouraged to check competitive prices to obtain the lowest price, but may proceed with the purchase if confident the pricing quoted from one vendor is fair and reasonable. No purchase may be artificially subdivided to constitute a small purchase.

2. Purchases of goods and services from \$7,500.01 to \$25,000.00, require either: (i) the completion and approval of a purchase order, (ii) a purchase card transaction (if within P-Card dollar limitations), or (iii) an executed contract, prior to purchase. Employees are required to obtain a minimum of three (3) written bids/quotes. The designated Department representative must also document in writing either of the following occurrences: (a) any deviation from selecting the lowest price, or (b) purchases where there are less than three sources available for price comparison purposes. **Documentation of the competitive quotes solicited, along with any other written documentation required shall be filed as part of the official procurement record, which means either: (a) uploaded to the P-Card transaction in Works, (b) uploaded the purchase order record in Munis, or (c) filed with the contract package.** The designated Department representative must approve purchase orders prior to the actual purchase of goods and services. All purchases made with a P-Card must be in compliance with the Town's Purchasing Card Policy.