



**WARRINGTON TOWNSHIP BOARD OF SUPERVISORS  
MINUTES FOR MARCH 13, 2012**

The regular meeting of the Warrington Township Board of Supervisors was held on March 13, 2012, 7:30 p.m., at the Township Building located at 852 Easton Road, Warrington, PA 18976. The members present were as follows:

**ATTENDANCE:**

Gerald Anderson, Chairperson; John Paul, Vice Chairperson; Marianne Achenbach, Secretary/Treasurer; Matthew W. Hallowell, Sr. and Shirley A. Yannich, members. Staff present was Timothy J. Tieperman, Township Manager; William R. Casey, Esq., Township Solicitor; Richard Wieland, Township Engineer; Barry Lubert, Chief Financial Officer; and Vivian Bell, Administrative Support Services.

**MOMENT OF SILENCE**

Mr. Anderson asked for a moment of silence.

**PLEDGE OF ALLEGIANCE**

The meeting opened with a pledge to the flag.

**EXECUTIVE SESSION REPORT**

Mr. Anderson reported that no executive session was held.

**APPROVAL OF BILL LIST:**

1. **February 28 2012 – March 13, 2012: \$841,260.47**

Mrs. Achenbach motioned, seconded by Mr. Paul, to approve the bill list from 2/28/12 to 3/13/12 totaling \$841,260.47. The bill list was revised to reflect the deferring of one repair invoice until such time that John Paul has had an opportunity to review it. This motion passed by a roll call vote of 5-0.

**APPROVAL OF MINUTES:**

2. **February 14, 2012**

Mr. Paul motioned, seconded by Mr. Hallowell, to approve the February 14, 2012 Meeting Minutes. The motion passed by a vote of 5-0.

**MINUTES FOR POSTING:**

3. **February 28, 2012**

Mr. Paul motioned, seconded by Mrs. Achenbach, to approve the posting of the February 28, 2012 Meeting Minutes. The motion passed by a vote of 5-0.

Mr. Clyde Treffeisen (2311 Orchard Hill) asked the Board for assistance in getting a 4-way stop signs installed at the following two locations: (1) At Cooper Drive at the entrance of Orchard Hill and at the intersection of Orchard Hill Circle and Cooper Drive. Mr. Anderson took note of this request and asked the Township Engineer to do a preliminary assessment and report back to the BOS at its next meeting for a recommendation. He asked the Township Manager also to inform the Police of the speeding issues.

## **OLD BUSINESS**

### **4. Consider adoption of new Financial Security Ordinance for New Development.**

The Board tabled the adoption of a new Financial Security Ordinance for New Development until a future meeting.

## **NEW BUSINESS (ACTION/DISCUSSION ITEMS):**

### **5. Informational review on bond refinancing alternatives and consideration of bond counsel.**

Mr. Anderson reported that one of the Board's 2012 objectives is to look at refinancing the Township's outstanding bonds to address a looming future balloon payment in the future as well as looking at possible new money projects. He introduced Mr. Warren White of First Municipals, Inc., who has been working with Staff to explore various refinancing and new money strategies.

Mr. White explained that the Township has two bond issue series that are supported by a dedicated debt service tax levy. The Township can legally redeem them in a fairly short time frame between now and December 1, 2013. He emphasized that interest rates are at historic lows and that some savings could be gained through an early redemption. He said comparable rates today are about half what they were on the Township's existing debt. [*Refer to Attachment A for White's Power Point Slides*]

Mr. White explained further that bond issues are usually sold with "call protection" clauses, which limit an organization's ability to redeem bonds until a certain date. He said that under current market conditions, every \$1 million that is borrowed will cost roughly \$70,000. He said that given the current low rates, now would be an appropriate time to add new money to the refinancing portion. Besides the low rates, the Township would save on attorney's fees and other soft costs. The disadvantage is not to borrow too much, as the interim investment proceeds would earn a lesser rate than the actual bond rates.

Mr. White briefly touched upon a possible timeline for a bond sale. Once the Board decides to move forward, the timing would be to sell the bonds in time to receive the proceeds on or about June 1. This would require appointing a bond counsel to prepare a draft Ordinance for Board adoption in May.

At this point in the meeting, Mr. Anderson introduced Ms. Megan Santana, bond counsel with Fox Rothschild, LLP. She stated that Fox Rothschild (FR) had served as the Township's bond counsel on past issues and would welcome the opportunity to serve in that capacity again. She provided the Board with a March 13, 2013 letter outlining a fixed fee proposal for this service. Ms. Santana would handle this out FR's Warrington office. [*Refer to Attachment B for FR fixed-fee proposal*]

Ms. Santana recommended that if the Township is considering a bond issue that will close around June there are several steps to be taken, including a variety of technical requirements that must be dealt with at the State level with the Department of Community and Economic Development. .

At the conclusion Mr. White's and Ms. Santana's presentations, Mr. Paul motioned, seconded by Mrs. Achenbach, to appoint Fox Rothschild, LLP as bond counsel with Megan Santana taking the lead to begin the procedures for moving forward with a bond refinancing and possible new money issues. The motion passed unanimously.

**6. Consider adoption of Resolution granting preliminary/final plan approval for Penrose Walk (aka Sunrise Court).**

Mr. Joe Stryjewski (502 Hanley Court) spoke in favor of having sidewalks on both sides of the street for the safety of children, especially with construction vehicles driving in and out of Phillips Avenue.

Mr. Raymond Tomlinson (400 Bradford Avenue) expressed his concern regarding the use of Bradford Avenue by construction vehicles.

Mrs. Yannich motioned, seconded by Mrs. Achenbach, to adopt the Resolution granting preliminary/final plan approval for Penrose (aka Sunrise Court) with all of the conditions as outlined by the Board Solicitor in the Resolution. The motion passed unanimously.

**7. Adoption of Emergency Services Committee Resolution.**

Mr. Anderson motioned, seconded by Mrs. Achenbach, to adopt the Emergency Services Committee Goals and Objectives Resolution. [*Refer to Attachment C for Resolution*] The motion passed unanimously.

**8. Appointments for various Boards and Committees.**

Mr. Paul motioned, seconded by Mrs. Yannich, to appoint Ted Piotrowicz to the Park and Recreation Board to replace temporarily a member who is on a leave of absence; Ben D. Redd, Jr., to the Planning Commission; Sean Stetler to the Historic Commission; and Todd Yanik to the Veterans Affairs Committee. All motions passed unanimously.

**9. MANAGER'S REPORT:**

**Consent Items**

**a. Approval of Purchasing Policy Amendment**

The Board approved the Purchasing Policy Amendment. Ms. Anderson asked that a clean copy be provided to the Supervisors and Staff at the next meeting. [*Refer to Attachment D for clean version of Purchasing Policy*]

**b. Authorize Advertisement – Fair Housing Ordinance Amendment**

Mrs. Yannich motioned, seconded by Mr. Hallowell to authorize the advertisement of the Fair Housing Ordinance Amendment. The motion passed unanimously.

**c. Authorize Resolution for disposal of unsalvageable Furniture**

Mr. Paul motioned, seconded by Mrs. Achenbach to authorize the Resolution for disposal of unsalvageable furniture. The motion passed unanimously.

**10. ENGINEER'S REPORT:****a. Lamplighter Update.**

Mr. Wieland said his crew has been doing an inventory out at Lamplighters; i.e., marking things up, inventorying cracked sidewalks, roadwork, etc. He anticipates several more days of doing the inventory work to quantify what is out there. He said once his field inspector gets back to him with all of this required information, he will be able to compile it into quantities, doing an updated cost estimate of all that work, and compare that cost estimate what available funds there are to see where the project stands funding-wise.

**b. Victory Gardens Update**

Mr. Paul reported that he recently met with the residents of Arbor Ridge, the engineers, and the attorneys. He said two of the residents were spokesmen for the Arbor Ridge neighborhood and then another resident spoke, who lives on Folly Road and abuts the Garges driveway.

This group recommended that two changes be made to the existing plan:

- 1) After 6:30 PM trucks shall be allowed to make a left hand turn onto Pickertown Road to go out to Bristol Road.
- 2) Starting on July 3, Victory Gardens will switch back closing operations to 8 PM instead of 9 PM.

All parties agreed to the above recommendations.

**ADJOURNMENT**

There being nor did further business, Mr. Paul motion, seconded by Mrs. Achenbach, to adjourn the meeting at 9:45 p.m. The motion passed unanimously.

Edited and Reviewed By:



Timothy J. Tieperman, Township Manager

# ATTACHMENT "A"

**FIRST AMERICAN MUNICIPALS, INC.**

# **Warrington Township, Pennsylvania Analysis of Debt Service**

**March 13, 2012**

# Current Interest Rates Allow Savings

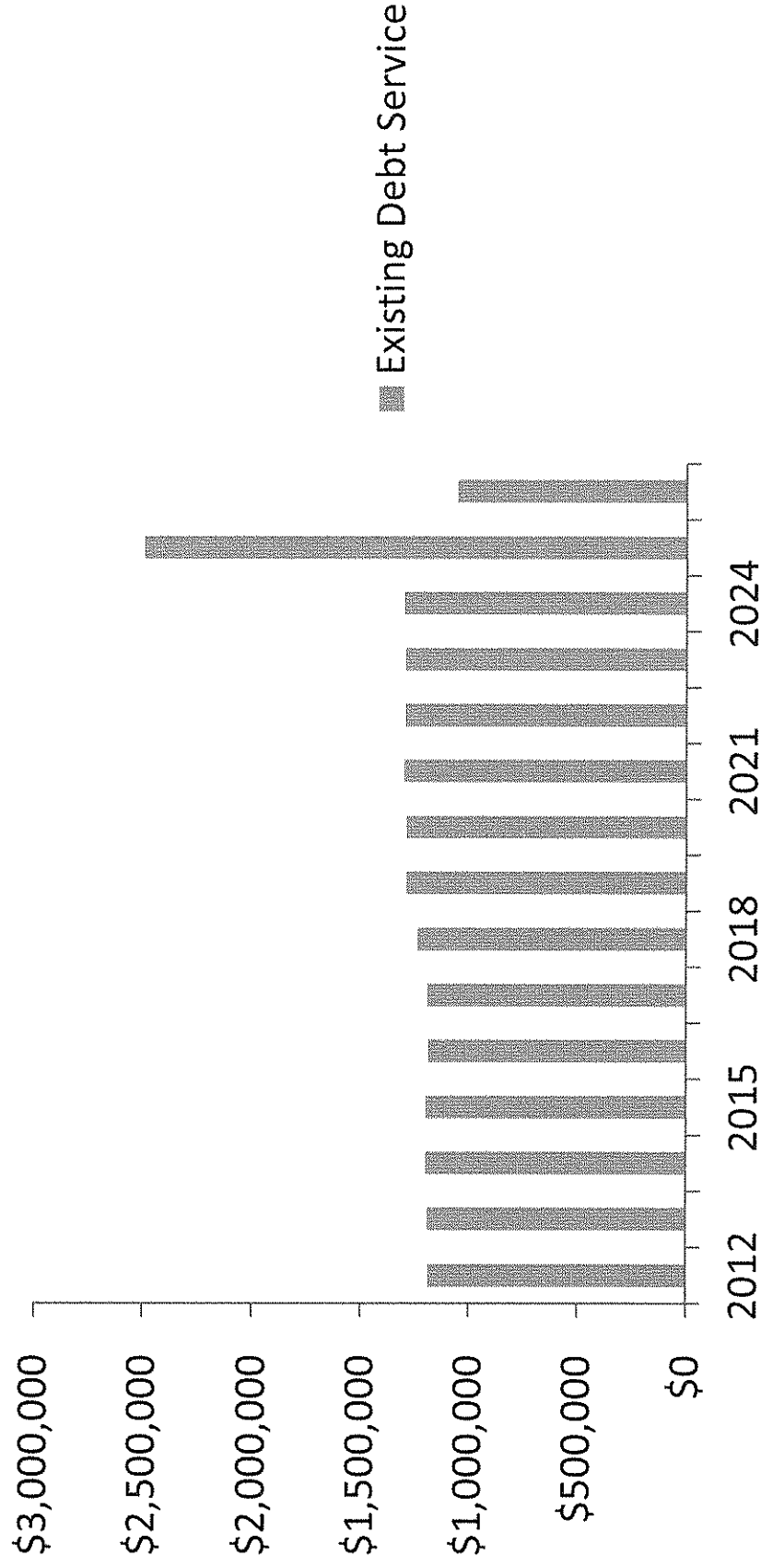
Maturity Date	2007 Series	2008 Series	Current Rates*
2013	3.625	3.350	0.400
2014	3.800	3.450	0.650
2015	3.800	3.550	0.830
2016	3.850	3.700	0.970
2017	4.000	3.800	1.150
2018	4.000	4.000	1.430
2019	4.000	4.000	1.800
2020	4.000	4.100	2.100
2021	4.000	4.100	2.370
2022	4.125	4.150	2.500
2023	4.125	4.150	2.600
2024		4.200	2.700
2025		4.250	2.800
2026		4.300	2.900

First Call Date: 6/1/2012 12/1/2013

\* Based on Hanover School District selling week of 3/5/2012

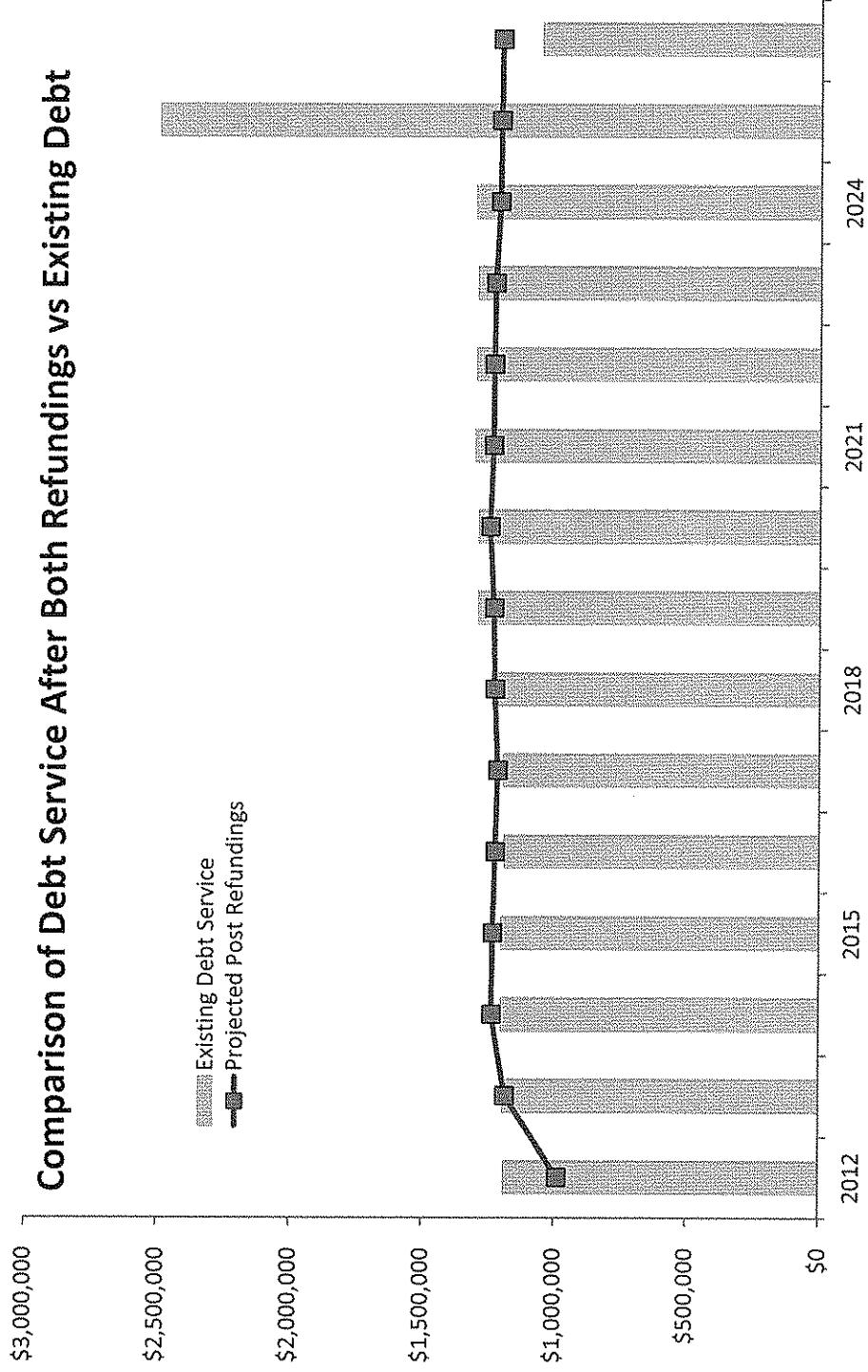
# Township Faces Balloon Payment in 2025

## Existing Tax-Supported Debt Service





# Refundings Can Eliminate Future Balloon



# **Plan of Refunding**

Two Sequential Refinancings

Refinance 2007 Series in 2012 – June 1 Call Date

Refinance 2008 Series in 2013 – December 1, 2013 Call Date

Limit Negative Arbitrage

Investment Rate on Unspent Proceeds Less than Bond Rate

Therefore Plan to Borrow Immediately Before Call Date

Savings from Each Refunding Is Judged Independently

# **Interest Rate Environment**

Federal Reserve Promises Steady Short Term Rates into 2014  
Interest Rates are at Historical Lows  
Yield Curve\* is Historically Steep  
Short Term Investment Rates Close to Zero

\*Yield Curve represents the difference between short term rates and long term rates

# Total Existing Debt Service

	Sewer Self Supporting	Tax		Total		Total Tax Supported <u>Debt Service</u>
		Supported <u>Series 2007</u>	Supported <u>Series 2008</u>	Debt <u>Service</u>		
12/1/12	\$1,204,625	\$727,774	\$460,688	\$2,393,086	\$1,188,461	
12/1/13	\$1,202,525	\$726,099	\$465,650	\$2,394,274	\$1,191,749	
12/1/14	\$1,193,725	\$723,880	\$475,123	\$2,392,728	\$1,199,003	
12/1/15	\$1,192,975	\$725,260	\$473,913	\$2,392,148	\$1,199,173	
12/1/16	\$1,205,475	\$725,880	\$462,345	\$2,393,700	\$1,188,225	
12/1/17	\$1,199,475	\$725,475	\$465,685	\$2,390,635	\$1,191,160	
12/1/18	\$1,202,125	\$723,475	\$513,465	\$2,439,065	\$1,236,940	
12/1/19	\$1,202,975	\$725,675	\$563,665	\$2,492,315	\$1,289,340	
12/1/20	\$1,200,888	\$736,875	\$551,465	\$2,489,228	\$1,288,340	
12/1/21	\$1,191,950	\$741,675	\$558,960	\$2,492,585	\$1,300,635	
12/1/22	\$1,195,163	\$715,275	\$580,635	\$2,491,073	\$1,295,910	
12/1/23	\$1,196,000	\$708,050	\$585,695	\$2,489,745	\$1,293,745	
12/1/24	\$1,191,750		\$1,299,925	\$2,491,675	\$1,299,925	
12/1/25			\$2,493,305	\$2,493,305	\$2,493,305	
12/1/26			\$1,053,430	\$1,053,430	\$1,053,430	
<b>Total</b>	\$15,579,650	\$8,705,393	\$11,003,948	\$35,288,990	\$19,709,340	

# Projected Debt Service after Refunding in 2012

	Sewer Self Supporting	Tax Supported		Tax Supported		Total Debt Service	Total Tax Supported Debt Service	Savings from Refundings
		2004	2007	2012 Refunding	2008			
12/1/12	\$1,204,625	\$133,887	\$393,106	\$460,688	\$2,192,306	\$987,681	\$200,781	
12/1/13	\$1,202,525		\$718,163	\$465,650	\$2,386,338	\$1,183,813	\$7,936	
12/1/14	\$1,193,725		\$717,263	\$475,123	\$2,386,110	\$1,192,385	\$6,618	
12/1/15	\$1,192,975		\$716,163	\$473,913	\$2,383,050	\$1,190,075	\$9,098	
12/1/16	\$1,205,475		\$719,213	\$462,345	\$2,387,033	\$1,181,558	\$6,668	
12/1/17	\$1,199,475		\$716,663	\$465,685	\$2,381,823	\$1,182,348	\$8,813	
12/1/18	\$1,202,125		\$717,663	\$513,465	\$2,433,253	\$1,231,128	\$5,813	
12/1/19	\$1,202,975		\$671,725	\$563,665	\$2,438,365	\$1,235,390	\$53,950	
12/1/20	\$1,200,888		\$683,450	\$551,465	\$2,435,803	\$1,234,915	\$53,425	
12/1/21	\$1,191,950		\$663,075	\$558,960	\$2,413,985	\$1,222,035	\$78,600	
12/1/22	\$1,195,163		\$636,300	\$580,635	\$2,412,098	\$1,216,935	\$78,975	
12/1/23	\$1,196,000		\$628,300	\$585,695	\$2,409,995	\$1,213,995	\$79,750	
12/1/24	\$1,191,750			\$1,299,925	\$2,491,675	\$1,299,925		
12/1/25				\$2,493,305	\$2,493,305	\$2,493,305		
12/1/26				\$1,053,430	\$1,053,430	\$1,053,430		
	\$15,579,650	\$133,887	\$7,981,081	\$11,003,948	\$34,698,566	\$19,118,916	\$590,424	

# Projected Debt Service after Refunding in 2013

	Sewer Self Supporting 2004	Tax Supported			2013 Refunding	Total Debt Service	Total Savings from Both Refundings
		2007	2008	2012 Refunding			
12/1/12	\$1,204,625	\$133,887	\$460,688	\$393,106	\$2,192,306	\$987,681	\$200,781
12/1/13	\$1,202,525		\$465,650	\$718,163	\$2,386,338	\$1,183,813	\$7,936
12/1/14	\$1,193,725			\$717,263	\$2,429,013	\$1,235,288	(\$36,285)
12/1/15	\$1,192,975			\$716,163	\$2,423,963	\$1,230,988	(\$31,815)
12/1/16	\$1,205,475			\$719,213	\$2,428,113	\$1,222,638	(\$34,413)
12/1/17	\$1,199,475			\$716,663	\$2,413,263	\$1,213,788	(\$22,628)
12/1/18	\$1,202,125			\$717,663	\$2,427,463	\$1,225,338	\$11,603
12/1/19	\$1,202,975			\$671,725	\$2,432,325	\$1,229,350	\$59,990
12/1/20	\$1,200,888			\$683,450	\$2,446,163	\$1,245,275	\$43,065
12/1/21	\$1,191,950			\$663,075	\$2,424,588	\$1,232,638	\$67,998
12/1/22	\$1,195,163			\$636,300	\$2,426,350	\$1,231,188	\$64,723
12/1/23	\$1,196,000			\$628,300	\$2,422,563	\$1,226,563	\$67,183
12/1/24	\$1,191,750			\$1,210,063	\$2,401,813	\$1,210,063	\$89,863
12/1/25				\$1,206,913	\$1,206,913	\$1,206,913	\$1,286,393
12/1/26				\$1,202,863	\$1,202,863	\$1,202,863	(\$149,433)
	\$15,579,650	\$133,887	\$926,338	\$9,043,075	\$33,664,031	\$18,084,381	\$1,624,959

## **Refunding Target**

Minimum Standard is 3% PV (Present Value) Savings  
Target in 2012 to be at least 5% PV Savings on 2007 Series  
Hope for Savings in Excess of Target (Estimate is 7%)  
Savings is Calculated Net of any Costs  
Savings is Ultimately Determined by Market Rates at Bond Sale

## Option for New Capital

Bond Sale can also Raise Funds for New Projects  
\$3 million New Projects = \$220K Annual Debt Service Cost  
Roughly \$70k Debt Service for \$1 million borrowed

### Advantages

Very Low Interest Rates

Township Avoids Paying Fixed Financing Costs Twice

### Disadvantage

Investment Rate less than Borrowing Cost during Construction



# Example of New Money Bonds

Period Ending	Coupon Rate	Maturity Amount	Total Debt	
			Interest	Service
12/1/12	1.000	\$0	\$49,346.25	\$49,346.25
12/1/13	2.000	\$0	\$98,692.50	\$98,692.50
12/1/14	2.000	\$120,000	\$98,692.50	\$218,692.50
12/1/15	3.000	\$125,000	\$96,292.50	\$221,292.50
12/1/16	3.000	\$130,000	\$92,542.50	\$222,542.50
12/1/17	4.000	\$130,000	\$88,642.50	\$218,642.50
12/1/18	1.750	\$135,000	\$83,442.50	\$218,442.50
12/1/19	2.250	\$140,000	\$81,080.00	\$221,080.00
12/1/20	2.500	\$140,000	\$77,930.00	\$217,930.00
12/1/21	2.750	\$145,000	\$74,430.00	\$219,430.00
12/1/22	3.000	\$150,000	\$70,442.50	\$220,442.50
12/1/23	3.000	\$155,000	\$65,942.50	\$220,942.50
12/1/24	3.250	\$160,000	\$61,292.50	\$221,292.50
12/1/25	3.500	\$165,000	\$56,092.50	\$221,092.50
12/1/26	3.500	\$170,000	\$50,317.50	\$220,317.50
12/1/27	3.650	\$175,000	\$44,367.50	\$219,367.50
12/1/28	3.750	\$180,000	\$37,980.00	\$217,980.00
12/1/29	3.800	\$190,000	\$31,230.00	\$221,230.00
12/1/30	3.800	\$195,000	\$24,010.00	\$219,010.00
12/1/31	4.000	\$205,000	\$16,600.00	\$221,600.00
12/1/32	4.000	<u>\$210,000</u>	<u>\$8,400.00</u>	<u>\$218,400.00</u>
Total:		\$3,020,000	\$1,307,766.25	\$4,327,766.25

Coupon Rates do not equal reoffering yields, so market prices may be at premiums and discounts. Example is designed to produce approximately \$3 million for construction, net of variable financing costs.

# **ATTACHMENT “B”**



**Fox Rothschild** LLP  
ATTORNEYS AT LAW

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2700 Kelly Road, Suite 300  
Warrington, PA 18976-3624  
Tel 215.345.7500 Fax 215.345.7507  
www.foxrothschild.com

Robert W. Gundlach, Jr.  
Direct Dial: (215) 918-3636  
Email Address: rgundlach@foxrothschild.com

March 13, 2012

VIA FACSIMILE AND EMAIL

Gerald B. Anderson, Chairman  
Warrington Township  
Board of Supervisors  
852 Easton Road  
Warrington, PA 18976

Re: Township Bonds

Dear Chairman Anderson:

This letter will confirm that Megan Santana, Esquire, will attend the meeting of the Board of Supervisors this evening to discuss her credentials to serve as bond counsel in connection with the refinance of any of the Township's existing bonds and/or the issuance of new bonds. Attached is information on Megan's practice. Megan is listed in the red book of bond counsel.

As we discussed, Megan will be able to give you a fixed fee quote for any of this work upon her reviewing the terms of the transaction. However, by way of example, a fee to serve as bond counsel in the refinance of an existing bond issue of \$7,500,000, might run between \$8,500 and \$10,000. By way of further example, the refinance of an existing issue of \$7,500,000, together with a new issue of \$7,500,000, might generate a legal fee of \$12,000 to \$15,000. The determination of a fee is dependent upon a number of factors on each transaction; nevertheless, we will, as we do for all of our clients, work hard to ensure that we provide the most competent legal representation on the most cost efficient basis.



Fox Rothschild LLP  
ATTORNEYS AT LAW

Gerald B. Anderson  
March 13, 2012  
Page 2

We look forward to the opportunity to give Warrington Township a detailed proposal in the future for legal work in a future bond transaction.

Sincerely,

A handwritten signature in black ink, appearing to read 'RWG', with a long horizontal flourish extending to the right.

Robert W. Gundlach, Jr.

RWG/db  
Enclosure

cc: Megan Santana, Esquire

# **ATTACHMENT “C”**



*RESOLUTION 2012-R- 13*

*APPROVAL OF EMERGENCY SERVICES COMMITTEE*

*GOALS AND OBJECTIVES*

**WHEREAS**, the Board of Supervisors has instituted an Emergency Services Committee to increase public safety for the citizens of Warrington Township; and

**WHEREAS**, the Committee has requested the Board of Supervisors approval of its Vision Statement, Mission Statement and Goals;

**NOW THEREFORE**, be it, and it is hereby **RESOLVED** by the Board of Supervisors of Warrington Township, Bucks County, Pennsylvania that the following Vision Statement, Mission Statement and Goals of the Emergency Services Committee are hereby approved.

*Vision Statement*

*To ensure a unified approach to public safety for the benefit of the citizens of Warrington Township.*

*Mission Statement*

*To further the mission of Warrington Township by providing an open forum where members share, resolve challenges and engage opportunities across public safety disciplines and interests through the application of forward looking collaborative philosophies and techniques.*

*Goals*

- *Assure that scarce resources are effectively utilized and that duplication of services is reduced.*
- *Identify potential problems and proactively address these issues through coordinated planning.*
- *Assess potential grant opportunities and assist the emergency services department in acquiring funding.*
- *Enhance communications between the emergency service divisions and the Board of Supervisors.*
- *Respond to crisis and critical issues through a collaborative approach.*


RESOLVED, this 13<sup>th</sup> day of March, 2012.


BOARD OF SUPERVISORS OF WARRINGTON TOWNSHIP

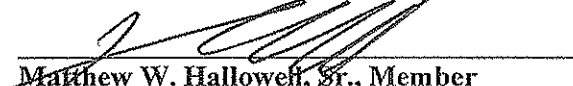
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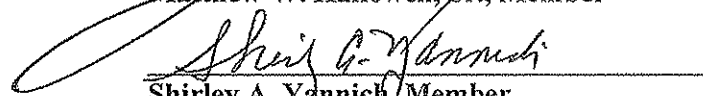
  
\_\_\_\_\_  
Timothy J. Tieperman  
Township Manager

  
\_\_\_\_\_  
Gerald B. Anderson, Chairperson

  
\_\_\_\_\_  
John R. Paul, Vice Chairman

  
\_\_\_\_\_  
Marianne Achenbach, Secretary-Treasurer

  
\_\_\_\_\_  
Matthew W. Hallowell, Sr., Member

  
\_\_\_\_\_  
Shirley A. Yannich, Member

# ATTACHMENT “D”



Warrington Township  
Purchasing Policy Manual  
2012



Warrington Township  
Purchasing Policy Manual

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PREAMBLE	3
ARTICLE 1 – GENERAL PROVISIONS	4
1-101 APPLICATION	4
1-102 DEFINITIONS	4
1-103 APPROVAL AUTHORITY FOR PURCHASES	5
1-106 COOPERATIVE PURCHASING FOR PRICING	6
ARTICLE 2 – CONTRACT INFORMATION AND METHODS OF SOURCE SELECTION	6
2-101 COMPETITIVE SEALED BIDDING REQUIREMENTS AND EXCEPTIONS	6
2-102 EMERGENCY PURCHASES	11
2-103 INTEREST IN MORE THAN ONE BID AND COLLUSION	11
2-104 PUBLIC ACCESS TO PROCUREMENT INFORMATION	11
2-105 FEES FOR CONSTRUCTION DOCUMENTS AND SOLICITATION DOCUMENTS	11
ARTICLE 3 – ETHICS IN PUBLIC CONTRACTING	12
3-101 DEFINITIONS	12
3-102 PROSCRIBED PARTICIPATION BY PUBLIC EMPLOYEES IN PROCUREMENT TRANSACTIONS	12
3-103 SOLICITATION OR ACCEPTANCE OF GIFTS	13
3-104 KICKBACKS	13
3-105 PURCHASE OF MATERIALS, SUPPLIES AND EQUIPMENT FROM CONSULTANTS PROHIBITED	13
ARTICLE 4 – RFP REVIEW PANEL	13

Warrington Township  
Purchasing Policy Manual

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**PREAMBLE**

Warrington Township wishes to buy goods and services of high quality at reasonable cost. Additionally, the Township staff will strive to make certain that all purchasing actions are fair and impartial with no impropriety or appearance of impropriety, that all qualified buyers and sellers have access to Township business and that no bidder is arbitrarily or capriciously excluded.

Warrington Township  
Purchasing Policy Manual

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**ARTICLE 1 – GENERAL PROVISIONS**

**1-101 Application**

This policy applies to all purchases, contracts for goods and construction entered into by Warrington Township.

**1-102 Definitions**

1. Blanket Purchase Order – Blanket purchase orders are available to departments when there is a need to repetitively purchase miscellaneous supply items from a single vendor. A blanket purchase order is issued for a specific dollar amount. When the encumbered dollars have been used, a new requisition must be processed to reestablish the blanket order for further purchases.
2. Cost-reimbursement Contract – A contract under which a bidder is reimbursed for costs which are allowable and allocable in accordance with the contract terms and the provisions of this policy, and a fixed fee or profit, if any.
3. Goods – All material, equipment, supplies, printing and computer hardware and software.
4. Governing Body – The Warrington Township Board of Supervisors.
5. Informality – A minor defect or variation of a bid or proposal from the exact requirements of the Invitation to Bid, or the Request for Proposal, which does not affect the price, quality, quantity, or delivery schedule for the goods, services, or construction being procured.
6. Professional Services – Work performed by an independent bidder within the scope of the practice of accounting, architecture, land surveying, landscape architecture, law, medicine, optometry, pharmacy, actuarial services, or professional engineering.
7. Public Body – Any legislative, executive or judicial body, agency, office, department, authority, post, commission, committee, institution, board, or political subdivision created by law to exercise some sovereign power or to perform some governmental duty, and empowered by law to undertake the activities described in this policy.
8. Request for Proposals – All documents, whether attached or incorporated by reference, utilized for soliciting proposals.
9. Responsible Bidder – A bidder that has the capability, in all respects, to perform fully the contract requirements and the moral and business integrity and reliability which will assure good faith performance, and who has been prequalified, if required.
10. Responsive Bidder – A bidder that has submitted a bid that conforms in all material respects to the Invitation to Bid.
11. Services – Any work performed by an independent bidder, except for construction, which does not consist primarily of acquisition of equipment or materials, or the rental of equipment, materials and supplies.

# Warrington Township Purchasing Policy Manual

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## 1-103 Approval Authority for Purchases

A Purchase Requisition for the purchase of supplies, equipment or services shall be created for amounts greater than \$4,000 through the Freedom Software by the Department Head and submitted to the CFO for approval. The Department Head will be notified via Freedom Systems whether or not the Purchase Requisition has been approved. If it has been approved, the Department Head will then be able to create a Purchase Order in Freedom System and will then be able to print out or e-mail to the vendor. All Purchase Requisitions for an amount over the bidding threshold (\*) must also be approved by the Township Manager. The CFO will forward the Purchase Requisition to the Township Manager for approval and will notify the Department Head if approved. *The CFO and Township Manager have full authority to question the quality, quantity, kind, and source of materials and services being requisitioned.*

(\*)Based on Pennsylvania ACT 90-2011, the bid threshold for advertising and bidding were changed from \$10,000 to \$18,500 effective January 1, 2012 and is subject to change every calendar year based on the Consumer Price Index for the period ending September of each year. This amount will be rounded to the nearest \$100 and no annual increase will exceed 3%.

Purchases that exceed \$4,000 but are less than the bidding threshold (currently \$18,500) shall be subject to the following provisions:

- B. Insofar as it is practical, no less than three (3) businesses shall be solicited to submit quotations for purchases over \$4,000.
  - C. Award shall be made to the business offering the lowest responsible quotation.
  - D. The name of the businesses submitting the quotation, the date and the amount of each quotation shall be recorded and maintained as a public record by attaching to the respective invoice.
  - E. All quotations solicited that are expected to exceed \$4,000 shall be submitted in writing by the businesses.
  - F. All purchases under \$4,000 do not require pre-approval by the Township, as long as the item(s) was budgeted accordingly. All unbudgeted purchases must be approved by the Township to ensure the availability of funds.
  - G. The purchase of goods or services shall not be artificially divided so as to constitute a small purchase.
- Written quotations from at least three qualified and responsible contractors are required for all contracts and or purchases that exceed \$4,000 and less than \$18,500.
  - For all purchases that exceed \$1,000 but are less than \$4,000, it is recommended that at least three verbal quotes are received in order to ensure that the Township is getting the best value.

Township employees are not to enter into procurement contracts, or in any way obligate Warrington Township for procurement indebtedness except as specifically authorized by this manual, by the Township Manager or by the CFO.

- A. The Township Manager, CFO, Department Heads, and designated staff are the only personnel authorized to commit funds on behalf of the Township for the purchase of equipment, materials, supplies and services. A Department Head may delegate purchasing authority for approved blanket purchases.

Warrington Township  
Purchasing Policy Manual

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- B. All purchases must be made in accordance with the Purchasing Manual.
- C. Every item purchased must have a receipt or invoice specifying the Vendor, Address, Phone Number, Date of Purchase, Description of Purchase, Amount, and Total Paid. All receipts must be approved by the Department Head or CFO.
- D. All invoices submitted to Finance must be accompanied by a packing slip verifying quantities received as states on the invoice, if applicable.

**1-104 Cooperative Purchasing for Purchases**

Warrington Township participates in several cooperative purchasing programs (e.g. COSTARS, U.S. Cities) to obtain the lowest possible prices; priority should be given to these cooperative purchasing programs when selecting vendors and soliciting price quotes.

**ARTICLE 2 – CONTRACT INFORMATION AND METHODS OF SOURCE SELECTION**

**2-101 Competitive Bidding Requirements and Exceptions**

- 1. Conditions for Use  
All contracts in excess of the current bidding threshold (currently \$18,500) shall be awarded after competitive sealed bidding, except the following:
  - A. Those made for emergency maintenance, repairs or replacements for water, electric, light, or other public works of the Township as they do not constitute new additions, extensions or enlargements of existing facilities and equipment.
  - B. Those made for improvements, repairs, or maintenance of any kind made or provided by any Township through its own employees. All contracts or purchases of materials used for improvement, maintenance or construction in excess of \$4,000 but less than the required advertising amount are subject to the provisions contained in subsection 3102 (b) of the Second Class Township Code, and those contracts or purchases in excess of the required advertising amount are subject to the advertising requirements contained in subsection 3102 (a) of the Second Class Township Code.
  - C. Less than three quotations may be accepted in instances where fewer than three qualified contractors exist in the market area within which it is practicable to obtain quotations. In such an instance, a memorandum of this circumstance shall be kept on file.
  - D. Those involving any policies of insurance or surety company bonds, those made for public utility service, those made for electricity, natural gas or telecommunication service either directly or with an association authorized under Article XIV of the Second Class Township Code in which the Township is a member and those made with another municipality, county, school district, municipal authority or Federal or State government, including the sale, leasing or loan of any supplies or materials by the Federal or State Government or their agencies.
  - E. Those involving personal or professional services.
  - F. Those made for materials and supplies or equipment rental under emergency conditions under 35 Pa. C.S. Pt. V (relating to emergency management services).

Warrington Township  
Purchasing Policy Manual

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- G. Those contracts involving equipment rental with operators if more than fifty (50%) of the total personnel hours required for the completion of the contract is supplied by the Township through its own employees.
  - H. Those contracts for the purchase of repair parts or materials for use in existing Township equipment or facilities if the item or material to be purchased is the sole item of its kind on the market or is manufactured as a replacement for the original item or equipment being repaired.
  - I. Those for used equipment, articles, apparatus, appliances, vehicles, or parts thereof being purchased from a public utility.
  - J. Those where particular types, models, or pieces of equipment, articles, apparatus, appliances, vehicles or parts thereof which are patented and manufactured products.
2. Prequalification of Bidders
- A. The Township may pre-qualify bidders prior to any solicitation of bids.
  - B. The application form used in such process shall set forth the criteria upon which the qualifications of prospective bidders will be evaluated. The application form shall request of prospective bidders only such information as is appropriate for an objective evaluation of all prospective bidders pursuant to such criteria.
  - C. In instances in which the Township requires prequalification of potential bidders for construction projects, advance notice shall be given of the deadline for the submission of prequalification applications. The deadline for submission shall be sufficiently in advance of the date set for the submission of bids for such construction so as to allow the procedures set forth in this subsection to be accomplished.
  - D. At least thirty (30) days prior to the date established for submission of bids or proposals under the procurement of the contract for which the prequalification applies, the Township shall advise in writing each bidder which submitted an application whether that bidder has been prequalified. In the event that a bidder is denied prequalification, the written notification to such bidder shall state the reasons for such denial of prequalification and the factual basis of such reasons.
  - E. The Township may deny prequalification to any bidder only if the Township finds one of the following:
    - 1. The bidder does not have sufficient financial ability to perform the contract that would result from such procurement. If a bond is required to ensure performance of a contract, evidence that the bidder can acquire a surety bond from a corporation included on the United States Treasury list of acceptable surety corporations in the amount and type required by the Township shall be sufficient to establish the financial ability of such bidder to perform the contract resulting from such procurement;
    - 2. The bidder or any officer, director, or owner thereof has had judgments entered against him/her within the past ten (10) years for the breach of contracts for governmental or nongovernmental construction, including, but not limited to, design build or construction management;
    - 3. The bidder or any owner, officer, director, project manager, procurement manager or chief financial official thereof has been convicted

## Warrington Township Purchasing Policy Manual

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within the past ten (10) years of a crime related to governmental or nongovernmental construction or contracting;

4. The bidder or any officer, director or owner thereof is currently debarred pursuant to an established debarment procedure from bidding or contracting by any public body;
  5. The bidder failed to provide to the Township in a timely manner any information requested by the Township relevant to 1 through 5 of this subsection;
  6. Prequalification of a bidder shall not constitute a conclusive determination that the bidder is responsible, and such bidder may be rejected as non-responsible on the basis of subsequently discovered information.
3. **Notice of Invitation to Bid**  
The Township shall solicit sealed bids from all responsible prospective suppliers who have requested their name to be added to a "bidder list" which the Township shall maintain, by sending such notice as will acquaint them with the proposed purchase or sale.
4. **Use of Brand Names**  
Unless otherwise provided in the invitation to bid, the name of a certain brand, make or manufacturer does not restrict bidders to the specific brand, make or manufacturer names; it conveys the general style, type, character, and quality of the articles desired, and any article which the Township in its sole discretion determines to be the equal of that specified, considering quality, workmanship, economy of operation, and suitability for the purpose intended, shall be accepted.
5. **Bid Bonds on Construction Contracts**  
Except in cases of emergency, all bids or proposals for construction contracts covered by this policy shall be accompanied by a bid bond from a surety company selected by the bidder which is legally authorized to do business in Pennsylvania, as a guarantee that if the contract is awarded to such bidder, that bidder will enter into the contract for the work mentioned in the bid. The amount of the bid bond shall not exceed ten (10%) percent of the amount bid.
- No forfeiture under a bid bond shall exceed the lesser of (i) the difference between the bid for which the bond was written and the next low bid, or (ii) the face amount of the bid bond.
6. **Bonds for Other than Construction Contracts**  
At the discretion of the Township, bidders may be required to submit with their bid a bid bond in an amount to be determined by the Township and specified in the invitation to bid, as a guarantee that if the contract is awarded to such bidder, that the bidder will enter into the contract for the work described in the bid.
- The Township may require successful bidders to furnish performance and/or payment bonds at the expense of the successful bidder, in amounts to be determined by the Township and specified in the invitation to bid, to ensure the satisfactory completion of the work for which a contract or purchase order is awarded.
7. **Rejection of Bids**  
An Invitation to Bid, a Request for Proposal, or other solicitation may be canceled, or any or all bids or proposals may be rejected in whole or in part or informalities waived when the Township determines that it is in the best interest of the Township to do so. The reasons therefore shall be made a part of the record in the matter.
8. **Bid Opening**  
All bids received under this section must be opened in public.



Warrington Township  
Purchasing Policy Manual

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9. Withdrawal of Bid Due to Error
- A. A bidder may withdraw his/her bid from consideration if the price bid was substantially lower than the other bids due solely to a mistake therein, provided the bid was submitted in good faith, and the mistake was a clerical mistake as opposed to a judgment mistake, and was actually due to an unintentional arithmetic error or an unintentional omission of a quantity of work, labor or material made directly in the compilation of a bid, which unintentional arithmetic error or unintentional omission can be clearly shown by objective evidence drawn from inspection of original work papers, documents and materials used in the preparation of the bid sought to be withdrawn provided that bidder give notice in writing of his/her claim of right to withdraw his/her bid within two (2) business days after the conclusion of the bid opening procedure.
  - B. If a bid is withdrawn under the authority of this section, the lowest remaining bid shall be deemed to be the low bid.
  - C. No bidder who is permitted to withdraw a bid shall, for compensation, supply any material or labor to or perform any subcontract or other work agreement for the person of firm to whom the contract is awarded or otherwise benefit, directly or indirectly, from the performance of the project for which the withdrawn bid was submitted.
10. Bid Evaluation
- In determining "lowest responsible bidder", in addition to price, the Agent shall consider:
- A. The ability, capacity, skill and financial resources of the bidder to perform the contract or provide the service requirements;
  - B. Whether or not the bidder can perform the contract or provide the service promptly, or within the time specified, without delay or interference;
  - C. The character, integrity, reputation, judgment, experience, and efficiency of the bidder;
  - D. The quality of performance of previous contracts or services;
  - E. The previous and existing compliance by the bidder with laws and ordinances relating to the contract or service;
  - F. The ability of the bidder to provide future maintenance and service for the use of the subject of the contract;
  - G. Whether the bidder is in arrears to the Township on a debt or contract or is a defaulter on surety or whether the bidder's taxes or assessments are delinquent.
11. Bid Award
- Bids shall be awarded to the lowest responsive and responsible bidder. When the terms and conditions of the invitation to bid provide that multiple awards may be made, the bid may be awarded to more than one bidder.

Unless canceled or rejected for good cause, a responsive bid from the lowest responsible bidder shall be accepted as submitted.

When the award is not given to the lowest bidder, a full and complete statement of the reasons for placing the order elsewhere shall be filed with the other papers relating to the transaction.

Warrington Township  
Purchasing Policy Manual

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12. Tie Bids
- A. In the case of a tie bid, preference shall be given to goods, services and construction provided by a bidder domiciled in Warrington Township, if such a choice is available. Like preference shall be given to bidders domiciled in Bucks County, Pennsylvania when tied with bidders not domiciled in the Township.
  - B. Notwithstanding the provisions of subsections A in the case of a tie bid in instances where goods are being offered, when the tie bid still exists after existing price preferences have already been taken into account, preference shall be given to the bidder whose goods contain the greatest amount of recycled content.
  - C. In the event that none of the foregoing provisions of the section resolve the tie, the Township may decide the tie by lot or cancel the solicitation and rebid.
13. Performance and Payment Bonds for Construction Contracts
- A. Upon the award of any public construction contract exceeding the bidding threshold awarded to any prime bidder, such bidder shall furnish to the Township the following bonds:
    - 1. Performance Bond - in the sum of the contract amount conditioned upon the faithful performance of the contract in strict conformity with the plans, specifications and conditions of the contract.
    - 2. Payment Bond – in the sum of the contract amount. Such bond shall be for the protection of claimants who have fulfilled contracts to supply labor or materials to the prime bidder to whom the contract was awarded, or to any sub-bidders, in the prosecution of the work provided for in such contract, and shall be conditioned upon the prompt payment for all such material furnished or labor supplied or performed in the prosecution of the work. “Labor or materials” shall include public utility services and reasonable rentals of equipment, but only for periods when the equipment rented is actually used at the site.
  - B. Each of such bonds shall be executed by one or more surety companies selected by the bidder, which are legally authorized to do business in Pennsylvania.
  - C. Bonds shall be made payable to Warrington Township.
  - D. Each of the bonds shall be filed with the Township, or a designated officer or official thereof.
  - E. Nothing in this section shall preclude the Township from requiring payment or performance bonds for construction contracts below \$18,500
  - F. Nothing in this section shall preclude such bidder from requiring each sub-bidder to furnish a payment bond with surety thereon in the sum of the full amount of the contract with such sub-bidder conditioned upon the payment to all persons who have and fulfill contracts which are directly with the sub-bidder for performing labor and furnishing materials in the prosecution of the work provided for in the subcontract.
14. Alternative Forms of Security
- A. In lieu of a bid, payment, or performance bond, a bidder may furnish a certified check or cash escrow in the face amount required for the bond.
  - B. If approved by the Township Solicitor, a bidder may furnish a personal bond, property bond, or bank or savings and loan association’s letter of credit on certain designated

## Warrington Township Purchasing Policy Manual

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funds in the face amount required for the bid bond, payment bond or performance bond. Approval shall be granted only upon a determination that the alternative form of security proffered affords protection to the Township equivalent to a corporate surety's bond.

### **2-102 Emergency Purchases**

In case of an emergency, a contract may be awarded without Competitive Sealed Bidding. If any emergency occurs, the using department shall immediately notify the Township Manager or CFO who shall either purchase the required supplies or contractual services, authorize the department head to do so, or disapprove the emergency purchase.

An emergency situation exists when the safety, health or welfare of the public is vitally affected by: (a) a breakdown in machinery and/or threatened termination of essential services, (including maintenance and repair of essential office equipment), or (b) the development of a dangerous condition, or (c) any other circumstance in which supplies are needed for immediate use.

### **2-103 Interest in More than One Bid and Collusion**

1. More than one bid or proposal received in response to a single solicitation from an individual, firm, partnership, corporation, affiliate, or association under the same or different names will be rejected.
2. Reasonable grounds for believing that a bidder is interested in more than one bid or proposal for solicitation both as a bidder and as a sub-bidder for another bidder or, will result in rejection of all bids or proposals in which the bidder is interested. However, a firm acting only as a sub-bidder may be included as sub-bidder for two or more bidders submitting a bid or proposal for the work.
3. Any or all bids or proposals may be rejected if reasonable grounds exist for believing that collusion exists among any bidders.
4. Bidders rejected under the above provisions shall be disqualified if they respond to a re-solicitation for the same work.

### **2-104 Public Access to Procurement Information**

All proceedings, records, contracts, and other public records relating to procurement transactions shall be open to inspection of any citizen, or any interested person, firm or corporation, to the extent allowed by the Pennsylvania Right to Know Act.

### **2-105 Fees for Construction Documents and Solicitation Documents**

1. Construction and Solicitation Documents – A variable fee shall be charged to purchasers for each additional set of Construction Documents requested, per the Warrington Township Fee Schedule.
  - A. Definition – Construction Documents include construction drawings, technical specifications, project manuals, sketches, instructions to bidders, special and general terms and conditions, exhibits, agreement forms, bid forms, and related solicitation documents for construction projects.
  - B. Fees and Charges – The variable fee for purchase of each set of Construction Documents for projects is defined in the current Warrington Township Fee Schedule.

## Warrington Township Purchasing Policy Manual

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Any cost of shipping each set of Construction Documents shall be borne by the purchaser. No fee will be charged for producing and mailing copies of amendments or addenda to Construction Documents sent to purchasers of Construction Documents or for the initial notices advising potential bidders of the availability of Construction Documents.

- C. Website Availability – All bid documents and associated Terms and Conditions are available on the Warrington Township website [warringtontownship.org](http://warringtontownship.org).
2. Exceptions – A fee for Construction or Solicitation Documents may be waived by the Township when:
- A. The Construction or Solicitation Documents are for the use of other public bodies;
  - B. Notwithstanding the above, the Township may charge a lower fee for a set of Construction Documents than the fee arrived at by using the specified formula when the establishment of such lower fee is determined to be in the best interest of the Township.

### ARTICLE 3 – ETHICS IN PUBLIC CONTRACTING

#### 3-101 Definitions

The words defined in this section shall have the meanings set forth below throughout this article.

- 1. Immediate family shall mean a spouse, children, parents, brothers and sisters, and any other person living in the same household as the employee.
- 2. Official responsibility shall mean administrative or operating authority, whether intermediate or final, to initiate, approve, disapprove or otherwise affect a procurement transaction, or any claim resulting there from.
- 3. Pecuniary interest arising from the procurement shall mean a material financial interest as defined in the Comprehensive Conflict of Interests Act.
- 4. Procurement transaction shall mean all functions that pertain to the obtaining of any goods, services or construction, including description of requirements, selection and solicitation of sources, preparation and award of contract, and all phases of contract administration.
- 5. Public employees shall mean any person employed by a public body, including elected officials or appointed members of governing bodies.

#### 3-102 Proscribed Participation by Public Employees in Procurement Transactions

No public employee having official responsibility for a procurement transaction shall participate in that transaction on behalf of the public body when the employee knows that:

- 1. The employee is contemporaneously employed by a bidder involved in the procurement transaction; or
- 2. The employee, the employee's partner, or any member of the employee's immediate family holds a position with a bidder such as an officer, director, trustee, partner or the like, is employed in a capacity involving personal and substantial participation in the procurement transaction, or owns or controls an interest of more than five (5%) percent; or

Warrington Township  
Purchasing Policy Manual

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3. The employee, the employee's partner, or any member of the employee's immediate family has a pecuniary interest arising from the procurement transaction; or
4. The employee, the employee's partner, or any member of the employee's immediate family is negotiating, or has an arrangement concerning, prospective employment with a bidder.

**3-103 Solicitation or Acceptance of Gifts**

No public employee having official responsibility for a procurement transaction shall solicit, demand, accept, or agree to accept from a bidder or sub-bidder any payment, loan subscription, advance, deposit of money, services or anything else of value. The Township may recover the value of anything conveyed in violation of this section.

**3-104 Kickbacks**

No bidder or sub-bidder shall demand or receive from any of his/her suppliers or sub-bidders, as an inducement for the award of a subcontract or order, any payment, loan subscription, advance, deposit of money, services or anything, present or promised, unless consideration of substantially equal or greater value is exchanged.

No person shall demand or receive any payment, loan, subscription, advance, or deposit of money, services or anything of value in return for an agreement not to compete on a public contract.

If a sub-bidder or supplier makes a kickback or other prohibited payment as described in this section, the amount thereof shall be conclusively presumed to have been included in the price of the subcontract or order and ultimately borne by the Township and will be recoverable from both the maker and recipient. Recovery from one offending party shall not preclude recovery from other offending parties.

**3-105 Purchase of Materials, Supplies and Equipment from Consultants Prohibited**

1. No materials, supplies or equipment for any Township project(s) shall be sold by or purchased from any person employed as an independent bidder by the Township.
2. The provisions of subsection 1 above shall not apply in case of an emergency.

**ARTICLE 4 – RFP REVIEW PANEL**

**4-101 Establishment of a Professional Review Panel**

Since professional contracts are not bound by any sealed bid requirement, regardless of monetary threshold, the Township Manager shall have the authority and flexibility to establish a professional panel to review complex RFP (request for proposal) documents and proposals. At a minimum this panel shall be responsible to ensure that all RFP documents comply with the Township's procurement regulations and meet all required insurance and legal requirements. There are certain unique situations where a detailed RFP is not necessary or advisable, and the Board may waive the panel requirement at the Township Manager's recommendation.