

# **Model Procurement Policy**

## **+ Guidance**



This model policy was updated on 12/19/25 to reflect new Federal purchasing thresholds that took effect October 1, 2025.

VLCT developed this model procurement policy to assist municipalities in their efforts to procure goods and services in a manner that is efficient, timely, cost-effective, and encourages the most open, competitive procurement process practicable, while treating all vendors equitably. Adopting and following a procurement policy will increase the public's confidence in the municipal procurement process and will help municipalities adhere to standards and requirements associated with receipt of funds from the State and Federal government. Please note that the requirements of a municipal procurement policy do not take the place of any specific procurement or record-keeping requirements that may be imposed on the municipality by a state or federal governmental contract, grant, or loan.

It is up to each municipal legislative body (council, selectboard, trustees, etc.) to modify and adopt this model to suit local needs and preferences. Instructions and opportunities for customization are marked with brackets and have gray highlights so they are easily located ***[instructions begin with “INSTRUCTIONS” and are italicized; details to customize begin with “INSERT” and are not italicized]***. Instructions and customizable details should be modified or removed as applicable. When the correct information is in place, make sure to delete the brackets and remove the italics and other formatting.

Citations and links within the model policy are from 2 CFR Part 200 – Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (a.k.a. Guidance for Federal Financial Assistance or GFFA) – and other sources as noted. These references are provided for convenience to assist municipalities with understanding which pieces of the model policy must remain unchanged so that an adopted policy complies with requirements for procurement using state or federal funds. Please seek legal counsel to review any proposed policy or policy changes before adoption. For additional guidance on municipal policy adoption, refer to our



Policies and Ordinances pages (linked in the teal Links panel on this page).

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## VLCT Model Procurement Policy Overview and Guidance

This model procurement policy is intended to reflect best practices in municipal procurement, including competitive bidding for certain purchases and compliance with requirements for procurement with federal funds as of October 1, 2025. We have included some guidance and references to resource materials to help inform the choices municipal officials need to make while adapting this model to fit their unique needs. It is also important to harmonize this policy within the context of related existing or proposed financial policies or procedures.

Because federal rules ask funding recipients to focus on procurement, VLCT has updated its model policy template from a Purchasing Policy to a Procurement Policy. Although the words are often used interchangeably, procurement and purchasing are not the same thing.

**Purchasing** is the short-term transaction of buying specific goods or services, such as ordering, receiving, and payment. It focuses on price, and how to reduce it.



**Procurement** is a management system for the entire process of acquiring goods and services. It focuses on identifying the municipality's long-term needs, creating vendor and contractor lists, seeking and evaluating proposals and quotes, developing and managing contracts, developing and managing contractor and supplier relationships, and fulfilling payment terms. Procurement considers the municipality's full needs, how to fulfill them, and how risk will be managed.

### **Requirements for Using State or Federal Funds**

The original source of funds for most grants, contracts, and loans from the state is the federal government. When the municipality receives direct federal funding or federal funding passed through the State of Vermont, any federal requirements associated with the funds are passed to the recipient municipality. It is imperative to adhere to procurement and other requirements in Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards ([2 CFR Part 200](#), a.k.a. Guidance for Federal Financial Assistance or GFFA) and other requirements that are identified in either the notice of funding availability or the municipality's funding agreement. GFFA includes requirements for procurement processes, other required policies and procedures, allowable direct and indirect costs, contract provisions, and audit standards. When accepting federal funds, municipalities also have requirements related to their financial management system and internal controls that are described in the GFFA. Not adhering to federal requirements can place the municipality at risk for payback of any funds received.

This model procurement policy incorporates GFFA requirements (effective October 2025) – including, but not limited to, conflict of interest and competitive bidding. However, the use of this policy does not fully ensure the municipality's procurement action will comply with its funding requirements. Always carefully read funding agreements and all attachments and associated documents prior to accepting outside funds because state, federal, and even private funding programs may have



additional procurement requirements. Through their policy, municipalities **can be more** restrictive than federal regulations, but they **cannot be less** restrictive.

### **Procedure to Adopt a Purchasing Policy**

All municipal policies must be adopted by majority vote of the legislative body at a meeting held in accordance with Vermont's Open Meeting Law. Consideration and adoption of such a policy should be done well before a major purchase so that there is enough time to discuss the relevant issues and prepare a thoughtful and thorough document. Before adoption, the legislative body may choose to engage other municipal officials and employees to ensure that the policy is reasonable and realistic in terms of the staff resources needed for compliance. After initial adoption, local officials should annually review this policy as well as all the municipality's policies to ensure that each policy remains current and that policies remain in alignment with one another.

### **Model Procurement Policy Sections Explained**

**Organization** – This model procurement policy is organized into three sections:

1. General procurement requirements applicable to all purchases.
2. Procurement requirements for when the municipality expends **solely its own funds**.
3. Procurement requirements for when the municipality expends **state or federal funds**.

Municipalities may adapt the section on procurement with solely municipal funds (item #2 above) to meet their needs and requirements. Municipalities may incorporate any state or federal requirements into requirements for municipal purchases, if desired. The section on procurement with state and federal funds (item #3 above) should only be adapted after consultation with VLCT's Municipal Operations Support



(MOS) team unless the text is italicized or highlighted with gray color. The MOS team can discuss your needs and whether flexibility exists within state and federal requirements to meet those needs.

**Definitions** – As used in this model policy, the definitions of “Conflict of Interest” and “Officer” follow federal requirements, which are more restrictive than requirements of Vermont’s [Municipal Code of Ethics](#). This best practice helps reduce the potential for errors.

**Code of Conduct and Conflict of Interest** – Vermont’s Municipal Code of Ethics took effect on January 1, 2025. It covers some, but not all, conflict of interest requirements for federal funding. Among other requirements, federal regulations require that real or apparent conflicts of interest that may arise in the context of municipal procurement and contracting are addressed. These regulations also require that any individual involved in federal procurement avoid conflict of interest.

Both federal regulations and the Municipal Code of Ethics require municipalities to apply enforcement actions (federally, called “sanctions”) when violations occur. Federal rules require adopting a Conflict-of-Interest policy and prescribes its contents. This model policy meets federal requirements. The Municipal Code of Ethics requires municipalities to adopt, “by ordinance, rule, or personnel policy, procedures for the investigation of complaints that allege a municipal officer has violated the Municipal Code of Ethics and the enforcement in instances of substantiated complaints, including methods of enforcement and available remedies.”

(See [VLCT Code of Ethics Investigation and Enforcement Model Ordinance](#))

Municipalities can use the enforcement actions of their Code of Ethics ordinance, rule, or personnel policy to fulfill federal requirements regarding enforcement actions.

**Documentation** – Documentation of the procurement process, whether using local, state, or federal funds, helps ensure transparency that the process was fair and



equitable. Federal regulations require written documentation of the entire procurement and selection process (a hard copy or electronic procurement file) for every procurement. This includes documentation of efforts to comply with all federal requirements including, for example, how small and socioeconomic procurement requirements were met.

**Procurement Authority** – State law gives the legislative body the ultimate authority over all municipal purchases and allows for the delegation of this authority. A municipal procurement policy allows the legislative body to officially delegate procurement authority, and it sets parameters and requirements for this authority.

Municipalities need to customize this model procurement policy to complement the size and structure of their municipal government. The legislative body is the authorized procurement agent by state law. When a municipality uses a manager form of government, the manager is the authorized procurement agent. ([24 V.S.A. § 1236\(3\)](#)). The manager or legislative body (for communities without a manager) may delegate purchasing authority by designating specific individuals to make and/or authorize certain purchases. The manager or the legislative body retain responsibility for purchasing even when delegation occurs. Establishing internal controls can help them maintain oversight for purchasing.

Depending on the level of expertise of municipal staff or appointed or elected officials, the legislative body may want to grant some staff or officials the ability to make purchases of a reasonable dollar amount without requiring prior legislative body authorization. By setting thresholds as to the dollar amount that can be spent without prior approval, and by specifying procedures to follow when a purchase is made, municipal affairs can continue to function between legislative body meetings.

**Geographic Preference** – As of October 1, 2024, federal regulations permit municipalities to exercise a geographic preference when evaluating bids or proposals



if the preference does not result in unreasonable prices or rates due to a lack of competition and if the municipality is consistent with governing laws outside of 2 CFR Part 200. Municipalities should confirm with the project funder whether geographic preference is allowable before using it. Some federal programs limit when geographic preference can be used (ex. only for construction projects).

**Small and Socio-Economic Business Procurement** – Federal regulations require that municipalities include small, minority, and veteran-owned businesses, women business enterprises, and labor surplus area firms in their bidding processes whenever possible. The six actions outlined in [§ 200.321](#) must be taken. Municipalities must maintain written evidence of how they implemented those actions, including copies of correspondence that provide evidence of efforts made to reach out to these businesses as well as evidence that the process was fair and equitable with no unfair competitive practices engaged in by the municipality or vendors.

### **Procurement Levels**

This model policy differentiates between procurement levels used solely when spending municipal funds and those used when spending state or federal funds.

Municipal funds have three levels of purchases in the model policy: "Incidental", "Minor", and Major. The legislative body should assign dollar amounts to each of these categories of procurement when customizing this model, using amounts that make sense according to the size of the community and the expertise of procurement agents. "Incidental" purchases should be set at a low enough level so that they may be made by a designated procurement agent without prior approval. "Minor" purchases should be set at a dollar value so that they may only be made by an authorized procurement agent with prior approval. The legislative body also may require several quotes to be solicited or obtained before the purchase is made. "Major" purchases should be set at a level of significant cost for which the legislative



body requires a formal proposal or bid process.

The Guidance for Federal Financial Assistance (GFFA) includes five procurement types. They are "Micro-Purchases," "Simplified Acquisition," "Large Purchases by Competitive Proposals," "Large Purchases by Sealed Bid", and "Noncompetitive Procurement." GFFA imposes different procedural requirements on each procurement type. These requirements must be followed for the municipality to receive or retain federal grant funding. And while a municipality may impose procurement and bidding requirements that are stricter than those imposed by the federal government, it may not impose requirements that are less strict.

Municipalities and political subdivisions may use certain [contracts](#) through the State of Vermont when procuring with local, state or federal funds. The State solicited these contracts with federal requirements in mind and included use by municipalities in the bid requirements. Use of these contracts may lower costs for a municipality. Pre-bid contractor lists from other agencies, such as VTrans or the Department of Environmental Conservation, only can be used with the State's written permission as they may not meet federal requirements or may have maximum dollar limits that the State must track.

Micro-Purchases are purchases under \$15,000 (\$2,000 in the case of construction projects subject to Davis Bacon requirements). They may be awarded without competitive quotes if the price is deemed to be reasonable. Despite the lack of formal requirements for Micro-Purchases, a reasonable effort should be made to distribute purchases equitably among qualified vendors.

"Simplified Acquisition" purchases are considered small purchases by the federal government. These purchases are between \$15,000 (\$2,000 in the case of construction projects subject to Davis Bacon requirements) and \$350,000. Purchases of this size require price or rate quotes from "an adequate number of qualified



sources," which means two or more vendors must be asked to provide quotes. Unless otherwise noted, a municipality can choose to set an exact number of qualified sources from which quotes must be obtained. When setting an exact number, the municipality should consider that federal rules specify "obtained" not "solicited".

"Large Purchases" are those that exceed the "Simplified Acquisition Threshold," which currently is set at \$350,000. Large construction projects that are completed using federal funds require the use of a sealed bid process.

### **Competitive Bidding /Bid Selection**

The use of federal funds usually requires a formal proposal or bid procedure, including a sealed bid process for certain purchases over \$350,000. Municipalities are free to adopt any of the federal requirements for purchases using only municipal funds, to set lower thresholds for federal purchases, and/or to require a formal proposal process and/or sealed bids for any size purchase.

While competitive bidding is not required under Vermont law, it can have significant advantages for local governments. A choice of procurement options allows a municipality to locate the most cost-effective suppliers of goods and services and make effective cost/quality comparisons.

The procurement process may include verbal and/or written quotations for purchases below a certain dollar threshold and a formal proposal or bidding process for higher dollar purchases. The use of such a process does not necessitate a low-bidder approach. For example, if the municipality chooses to use the sealed bid process, the "Criteria for Bid Selection" section should articulate the municipality's expectations clearly. Generally, specifying how bids will be evaluated helps suppliers and contractors understand the municipality's needs and creates stronger proposals and bids for the municipality. The Guidance for Federal Financial Assistance (GFFA) requires that the municipality include all criteria that will be used to evaluate



proposals or bids and their relative importance in the Request for Proposals, Bids, or Qualifications. Reviewing projects advertised on the [Vermont Bid System](#) can provide ideas for review criteria.

When procuring the services of a professional consultant, or when a service is of a specialized nature, the selection process is different. Cost, while important, should not be the principal factor. Key factors to consider are the expertise, knowledge, financial resources, and experience of the individual or company providing the service. The selection processes can include the following:

**Request for Qualification (RFQ).** The RFQ process evaluates the professional qualifications of an individual or firm to provide consulting services. It usually is not project specific but may be related to specific skills being sought. A cost proposal only can be negotiated with the contractor after the most qualified contractor has been identified.

VTrans uses the RFQ process to develop a list of qualified consultants that can be used if a municipality's project includes VTrans funding. However, the municipality must have written permission from VTrans to use the pre-qualified consultants because VTrans is required to track the total value of services used for each consultant.

**Request for Proposals (RFP).** The RFP process invites firms to submit proposals. The project should be sufficiently well defined to give the consultant a good understanding of the task to be accomplished and any timelines, meetings with the public and/or board members, or other tasks to be performed. Municipalities evaluate both the professional qualifications of an individual or firm and the cost of services. Because an RFP defines the scope of work needed, factors that will be considered during the evaluation process and their relative importance, and funding available to complete the scope of work, it allows a municipality to compare options



and select the consult that best fits the scope and budget.

With an RFP, the procedure to follow for soliciting proposals includes preparing a solicitation that briefly defines the professional service being sought and includes a reasonable deadline (including date, time, and location) for submitting the proposals. A statement also should be included that "reserves the municipality's right to reject any or all bids if such action is deemed in the best interest of the community."

**Request for Bid (RFB).** An RFB invites qualified firms to submit bids for a specific project. The RFB provides standardized information to all bidders about a project's technical specifications and any required timelines, meetings with the public and/or board members or other tasks to be performed. The bid must be awarded to the lowest cost responsible bidder. A sealed bid process is customarily used when requesting bids. All RFQs, RFPs, and RFBs must be publicly advertised. A free and very visible way to advertise is to post the solicitation on the [Vermont Bid System](#). Other methods of advertising solicitations include placing an advertisement in a newspaper with a sufficiently broad circulation to reach all who may be qualified (required for certain funding sources); distributing the notice directly to a selected group of qualified individuals and firms; and/or posting the solicitation on the municipality's website. The more visibility your advertisement has, the more likely you are to receive proposals or bids. The municipality should use the same advertising process for all its proposal and bid requests. Document the outreach performed and remember that federal funding requires solicitation of small, minority, veteran-owned businesses, women business enterprises, and labor surplus area firms. The submitted proposals should be opened publicly at the designated time. Either the legislative body or an appointed selection committee should review the proposals and, if desired, arrange interviews with those determined to be most qualified.

**Noncompetitive Procurement.** Noncompetitive procurement, sometimes referred to as Sole Source, should be used as a last resort except in the case of emergencies.



Most federal agencies and some state agencies require municipalities to obtain their written permission prior to using noncompetitive procurement. In all cases, documentation must be retained to justify this type of procurement. Other requirements of procurement still must be met when using noncompetitive procurement.

It is important to remember that no contract may be awarded to a vendor who has been debarred, suspended, or otherwise excluded from or ineligible for federal funding, and for funding from or passing through the state, debarred from state funding. Excluded parties (vendors) may be found on the website [Sam.gov](https://www.sam.gov), the online grant award management system used for federal grants management. The State of Vermont Debarment List can be found at <https://bgs.vermont.gov/purchasing-contracting/debarment>. For state and federal funding, be sure to retain documentation that proves these searches were conducted and demonstrates the search results.

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