

GRAND TRAVERSE COUNTY PROCUREMENT POLICY

202.100 PURCHASING

PURPOSE:

This policy is established by the Grand Traverse County Board of Commissioners to establish a revised procurement program. This policy has been created to insure that all county departments enforce the policies established by the Grand Traverse County Board of Commissioners with regard to expenditure of public funds. This policy shall apply to all procurements of the County Board of Commissioners and all boards, agencies and departments under the control or supervision of the County Board irrespective of the source of funds involved. If these policies are adhered to, the County will receive maximum value for each dollar paid. The County Board of Commissioners appoints the County Administrator as the Purchasing Director for the County and authorizes him to delegate that responsibility to any county employees that he determines to be in the best interest of the program upon notification to the County Board. The Purchasing Department shall be County Administration.

This policy shall not apply to:

- Procurement contracts between the County and non-profit organizations, other government entities or other public entities.
- Procurement of dues and memberships in trade and professional organizations works of art for public display; advertising; medical, dental, psychological, pharmaceutical, nursing or other related professional medical services; subscriptions for periodicals; real property; books, maps, pamphlets and similar material; real estate brokering and appraising, abstracts, insurance; water, sewer, electrical, gas and other utilities.
- Procurements under State purchasing programs such as MIDEAL or other government approved cooperative purchasing programs.

I. CONTROLS

- The Purchasing Director will administer the purchasing program of the County.
- All purchasing procedures will comply with the applicable laws and regulations of the State of Michigan and the County of Grand Traverse.
- The Department Heads in conjunction with the Purchasing Director will procure all supplies and equipment as needed at the best possible prices in the best possible time frame and maintain adequate records to document the purchase.
- Purchasing contracts for materials, equipment and supplies involving an estimated annual expenditure of more than \$10,000 will be awarded only after public advertising, solicitation of formal bids, and award by resolution of the Grand Traverse County Board of Commissioners.
- Opportunity will be provided to all responsible suppliers to do business with Grand Traverse County. The Purchasing Director will be responsible to develop and maintain a list of potential bidders for various types of materials, equipment and supplies.

- Where formal bidding procedures are not required by law and/or resolution of the Board of Commissioners, quotations will be solicited in a manner prescribed in this policy.
- Purchases will be made through available state contract or under County contract pursuant to Act 307 of the Public Acts of 1917, whenever such purchases are in the best interest of the County or through other approved governmental cooperative purchasing programs approved by the County Board whenever practical and in the best interest of Grand Traverse County.
- Purchases from Grand Traverse County vendors will be encouraged whenever possible. Grand Traverse County vendors will be given first consideration when their price meets or is within 5 percent of other bids and state contract prices, or the service provided in conjunction with the purchase merits buying the item locally (i.e. service is more expedient or less expensive).
- County departments will strive to purchase materials, equipment and supplies from uniform vendors when consistent with the operational goal and in the interest of efficiency or economy.
- All employees and officials shall comply with the proscriptions on conduct contained in MCL 15.322, Public Officers and Employers, contracts of Public Servants with Public Entities. Please refer to the county's employment policy "Employment Policy Contracts Between County Employees or Officials and the County". If a conflict is anticipated as allowed above please refer to Section II. E.-1 and E.-2 below.
- Grand Traverse County will not be deemed responsible for commitments made circumventing these procedures.
- The Purchasing Department and Department Head will attempt to issue Purchase Orders only after first determining that the unencumbered balances of budgetary appropriations are adequate to cover such obligations.
- While it is primarily the responsibility of the departments to obtain items to be purchased, the County Purchasing Department will from time to time purchase items in quantity. This will include similar items that are being purchased by several departments such as computers, furniture and fixtures and office equipment. The Purchasing Director will notify departments when this process is being utilized.

II. GENERAL GUIDELINES AND AUTHORITY TO PURCHASE

A. Planning: Anticipate your needs.

Having established what you need within the limitations of your budget, requisition these needs as far in advance as possible.

The Purchasing Department has the authority to question the information provided in the requisition, including quantity, quality and the required delivery date whenever necessary. The Purchasing Director has final approval of all requisitions above \$2,000.

The individual departments will provide, where feasible, adequate catalogs, references, and descriptions of items needed so that the Purchasing Director may insure that the item requested to be procured is the desired commodity and/or services and provides a documented best price.

B. Authority to Purchase Goods and Services:

The following guidelines are adopted:

- Expenditures of less than \$2,000 require the Department Head approval. It is the responsibility of the department to obtain three verbal quotations prior to the submission of the Request for Purchase Order.
- Expenditures from \$2,001 to \$9,999 require the approval of the County Administrator with support documentation including three written quotations provided by the Department Head.
- All expenditures reasonably expected to cost \$10,000 or more require competitive bidding as detailed below.

C. Competitive Bidding

All purchase contracts exceeding \$10,000 will be awarded to the lowest responsible bidder after public advertising requesting submission of sealed bids.

General Municipal Law, Section 103 requires purchase contracts exceeding \$10,000 and public works contracts exceeding \$20,000 be awarded to the lowest responsible bidder after public advertising requesting submission of sealed bids.
(FAXED BIDS WILL NOT BE ACCEPTED).

Grand Traverse County will bid those items of like or similar nature where it is reasonably anticipated that the aggregate (total) amount of such items will exceed \$10,000 in a fiscal year. This process will be by sealed bids.

1. Bid specifications shall be prepared by the Department Head in consultation with the Purchasing Director. Detailed specifications, when required, will be approved by the County Administrator prior to bidding. All bids will include a standard bid tabulation form to be completed by each vendor.
2. The Department Head will arrange for the County Administrator's office to have a legal notice printed in the official newspaper of the County and will also establish a date and time for the opening and reading of the sealed bids.
3. The bids will be opened by the Department Head or his/her designee and the County Administrator or his/her designee. All interested parties may attend the bid opening. If no spectators are present, two (2) or more County officials and/or County employees shall witness the bid opening. Any bids arriving after the time designated shall not be considered and will be returned unopened. Telephone and facsimile transmitted bids are not accepted on formal bids.
4. A record must be made of all bids. The bids are then turned over to the Department Head for review to ensure the bidders have complied with the bid specifications, to make a cost analysis and a determination regarding bid award (generally made to the lowest responsible bidder). If the low bidder does not

meet specifications or, for some other reason does not meet the necessary standards or requirements to be given the award, the next qualified low bidder would be given the award. When there is a discrepancy or a question as to whether bid specifications are met, the Department Head must contact the County Administrator prior to contacting the bidder. The Department Head shall have the County Administrator's approval prior to recommending award to another bidder if other than the low bidder.

COST	BID REQUIREMENT	APPROVAL REQUIRED
\$501 to \$2,000	3 Verbal Quotes	Department Head
\$2,001 to \$9,999.99	3 Written Quotes	County Administrator
Over \$10,000	Competitive (sealed)	County Administrator; Department Committee; County Board

Verbal Quotations: A telephone log or other record displaying: date, time, price quoted, name of vendor, contact person making quote.

Written Quotations: Vendors should provide at a minimum: date, description of item or details of service to be provided, price quote, name of contact.

Sealed Proposals: Department Heads, in conjunction with the Purchasing Director, will request formal proposals from at least three vendors, unless the goods or services can be purchased under State Contracts or from the List of Preferred Source Offerings.

All equipment that is listed in the current year's adopted budget anticipated to cost less than \$10,000 can be purchased without Board approval. The Purchasing Department and/or Department Heads are not authorized to purchase any substitutions or any variations to the listed equipment. The County Administrator does have the authority to increase the expenditure if the approved item comes in over the estimate and funds are available within the line item. If a modification or substitution is requested, the appropriate oversight committee and Ways and Means Committee must authorize it for full Board approval. Prior to the Board resolution, three formal written quotations are required along with a letter of justification. This support information must have the County Administrator's approval and support prior to submission to the oversight committee.

The County Administrator does have the authority to authorize replacement of equipment and furniture valued at \$2000 or less that, due to unexpected circumstances, require replacement and funds have not been budgeted in the current year's adopted budget.

Personal purchases for employees by the Purchasing Department are prohibited. County employees are also prohibited from using the County's name or the employee's position to obtain special consideration in personal purchases.

D. Insufficient Appropriations:

In the event that an appropriation balance is insufficient, the Purchasing Director will reject and return the purchase requisition to the department. To request an increase in funds, the Department Heads should proceed as follows:

1. The request for transfer or increase in appropriations should be in writing and forwarded to the Finance Director.
 - a. The Finance Director can authorize transfer requests that are \$10,000 or less from any given line item to another line item and report those amendments to the Ways and Means Committee.
 - b. All other transfers will require Board resolution.
2. All requests for transfer must include a justification of need as well as an analysis of the impact on the line item from which the transfer is being requested.
3. An explanation as to why the purchase is necessary must be included in the request.
4. The dollar amount requested must be indicated. After accumulation of all related data, the County Administrator will consider the request. Upon approval, the department will resubmit the purchase requisition with proof of transfer approval. A copy of the Finance Director's transfer authorization will be filed with the requisition.

E.-1 Conflict of Interest

All work done by a county department where it is anticipated that a conflict of interest exists as allowed as stated in Section I. of this policy and as defined in the County's "Employment Policy – Contracts Between Public Servants and the Public Entity They Serve" require the following:

COST	BID REQUIREMENT	APPROVAL REQUIRED
\$1 - \$4,999	3 written quotes	County Administrator; County Board
over \$4,999	Competitive (sealed)	County Administrator; County Board

If work is recommended to be awarded to an individual with a conflict as stated above, two additional steps are required prior to consideration of approval of the bid.

1. The individual with the acknowledged conflict must present a letter to the County Board's Ways & Means Committee listing the conflict including the pecuniary interest in the contract, the name of the parties involved and the terms of the contract.
2. At the full Board meeting following this disclosure, the County Board must acknowledge and approve the conflict by a 2/3 vote.

Once approved, the contract can go forward and payment can be made under regular procedures.

E.-2 Maintenance Contracts Where a Conflict of Interest Exists

When bidding out work for maintenance on equipment where you anticipate bidders potentially having a conflict of interest, bids can be done in the following manner:

Bids should be let for a period of up to one year. Bidders should be asked to quote an hourly rate guaranteed for the length of the bid. Bidders should also provide a cost for parts at a stated percentage over wholesale guaranteed for the length of that bid. If the successful bidder has a conflict of interest, procedures in Section E.-1 for acknowledging that conflict must be followed.

III. DEPARTMENT LEVEL PURCHASE PROCESS

- A. Purpose:** Provides a means of initiating the Purchase Requisition process for goods and services. Provides a formal record, within the department, that such goods and/or services have been requisitioned. Provides the Purchasing Department with the proper authority to prepare a purchase order.
- B. Frequency:** Prepared whenever goods and services are required.
- C. Preparation:** The requisitioning department will enter the following and forward the requisition to the Purchasing Department (Exhibit 1).
 - 1. Signature of requisitioner/Department Head.
 - 2. Vendor, including address.
 - 3. Quantity to be ordered.
 - 4. Date/description of goods desired.
 - 5. Cost including shipping and handling.
 - 6. Delivery date required.
 - 7. Department name.
 - 8. Expenditure line item.
 - 9. Reason for requisition.
 - 10. Explanation verifying appropriate bid procedure was completed.
 - 11. ID number for all new vendors.
- D. Responsibility:** Individual Departments are responsible to insure that items ordered and expenditures are within the budgetary appropriations. The department is responsible for keeping final copy of purchase order attached with required quotes for 2 years.

IV. EMERGENCY PURCHASE REQUESTS:

- A. Procedure:** When a department has an urgent situation, the following procedure will be followed:

1. Prior to calling the Purchasing Department, the requisitioning department should be prepared to supply the following information:
 - a. The reason the purchase is urgent.
 - b. The department name and budget account.
 - c. A complete description and accurate cost of the item(s) to be purchased.
 - d. The name and address of the vendor from whom the goods are to be purchased.
2. Requisitioning department will verify the necessary budgetary appropriation with the Finance Director.
3. The Purchasing Director or the appointed representative will determine if a purchase is in fact urgent.
4. If the Purchasing Director rules that an urgent situation does exist, it will be the department's responsibility as to the selection of vendor. In these cases, the immediate availability of the required goods or services will be given prime consideration in the selection of the vendor.
5. The department prepares the confirming purchase order and provides the regular distribution.
6. The individual who picks up the item or items from the vendor, must obtain an extended invoice containing:
 - a. Quantity and description of items purchased.
 - b. The unit and total cost.
 - c. The signature of the person receiving the goods.
7. The ordering department will prepare a requisition containing the same information as would normally be included, along with the purchase order number assigned. The requisition should be marked confirming purchase order and forwarded to the Purchasing Department the same day.

B. Responsibility: The Purchasing Department WILL NOT approve a confirming purchase order when the purchase is not justified or where the purchase is being made to circumvent established procedures.

V. RECEIPT OF GOODS AND SERVICES

If the Purchasing Department receives any claims for materials, supplies or services for which no purchase order was issued, the Purchasing Director in conjunction with the Finance Director will have the authority to nullify the payment of such claim.

Should a "significant difference" occur between the price or terms indicated on the purchase order and the price of any item on an invoice; the written approval of the Purchasing Director must be obtained on the invoice as support for the payment.

A “significant difference” is defined as a difference of 20% or more. A difference of \$500 or more requires approval regardless of the percent.

- A. **Inspection and testing:** Goods and materials received by departments should be checked at the time of receipt to detect any damage or defects. This inspection also includes assuring the material is in compliance with the specifications. Goods should be inspected for damage, quantity, quality, and for all other requirements listed in the specifications.

In the event of rejection, for whatever purpose, the Purchasing Department must be notified immediately. In spite of the fact that the Purchasing Department tries to procure the proper goods/services and on time, there will be occasions when:

1. You receive inferior goods/services.
2. You do not receive the goods/services within a reasonable delivery schedule.

In either of these cases, report directly in writing to the Purchasing Director stating your complaint. By doing so, the Purchasing Director will have on file what vendors are not performing and can take appropriate action.

- B. **Receiving of Equipment:** Any piece of equipment with a value of \$5,000 or more, must be registered with the Finance Director and appropriately recorded in the fixed assets inventory.

VI. NON-COLLUSION STATE

If competitive bidding is required by law, each bid must contain the following:
Non-Collusion Certifications:

By submission of this bid or proposal, the bidder certifies that:

- The bid or proposal has been independently arrived at without collusion with any other bidder or with any competitor or potential competitor;
- The bid or proposal has not been knowingly disclosed, prior to the opening of the bids or proposals for this project, to any other bidder, competitor or potential competitor;
- No attempt has been or will be made to induce any other corporation to submit or not to submit a bid or proposal;
- The person signing this bid or proposal certifies that he has fully informed himself regarding the accuracy of the statements contained in this certification, and under the penalties of perjury, affirms the truth thereof, such penalties being applicable to the bidder as well as to the person signing in its behalf.

VII. COMPUTER EQUIPMENT ACQUISITION

- A. **Purpose**

This policy is enacted to ensure continuity in equipment type, best value, inventory control and speed in acquisition.

The following guidelines will govern computer acquisition issues.

B. Budget Preparation

All computer requests for hardware, software, licensing and consulting services shall be submitted **only after** review and recommendation by the MIS Department. Submissions must include cost estimates prepared by MIS. All information must be submitted on budget forms provided by the County Administrator. All forms must be initialed by MIS as approved. Submit all requests to MIS at the beginning of the budget process to assure that MIS staff has ample time to analyze the request.

C. Grant Submittals

All grant submittals, whether requiring county funds or not will require prior review, cost estimating and concurrence of the MIS Department to insure that the request coincides with county standardization plans. Failure to follow the above process may result in the rejections of grants. All computers purchased with grant funds will be deemed county property once their useful life is exceeded unless specified otherwise in grant documentation.

D. Acquisition

Once computer equipment is approved in the budget or accepted by the Board of Commissioners, acquisition may begin. MIS will submit, receive and verify the order's acceptability. MIS will send the bill to the department for submittal for payment. MIS will place equipment on inventory and arrange for installation as soon as practicable. MIS will notify the department of the estimated installation timeline. MIS will notify the Finance Department of any equipment added or removed from departments for the Fixed Assets Inventory.

E. Disposal of Old Equipment

Disposal of old computer equipment may be made when MIS has determined the useful life of the equipment has expired. Equipment will be disposed of with the approval of the County Administrator by auction, negotiated sale, or other method approved by the County Administrator. All old software will be closed out and licensing terminated. All proceeds received from sale of used equipment will be returned to the MIS fund.

VIII. COMPETITIVE SEALED BIDS OR PROPOSALS

The following section outlines the process, procedures, elements, and exemptions for competitive sealed bids.

A. Exemptions

The Grand Traverse County Procurement Policy provides that no procurement of goods or services equal to or over \$10,000 shall be made without competitive sealed bids *or proposals*, except:

1. When cooperative purchases with other public entities are made.
2. When contracts of other local governments or other public entities are used, if the Contractor extends the terms and conditions to the County, provided that the contract has been awarded through procedures substantially similar to those required by the County's policies.
3. When there is only one source for the required goods or services.
4. In the event of the existence of an emergency procurement condition.
5. In the procurement of architectural, engineering, landscape architectural, or land surveying services when approved by the County Administrator.
6. In the procurement of services of an independent Certified Public Accountant selected to audit the County's operation when approved by the County Administrator.
7. In the procurement of a consultant, advisory, or study activities by professionals other than those identified above when approved by the County Administrator.

This procedure will assure adherence to the requirements of the Procurement Policy, "competitive Sealed Bid Process".

B. Request for Invitation to Bid

The Department requesting that competitive sealed bids be solicited shall present the request to the Purchasing Agent, which includes the following:

- A copy of the capital funding request submitted as part of the annual budget, if applicable;
- Source of funding for the expenditure (budget, grant, etc.);
- The account number to which the expenditure will be charged;
- Other information concerning the bid that may be pertinent;
- Specifications for the equipment and/or service.

C. Bid Package Preparation

Once approval from the Purchasing Director is received, a formal Invitation for Bid and Bid Package is prepared by the Procurement Officer, in conjunction with the Department head or designee. The Bid Package will include:

- Invitation to Bid
- Instructions to Bidders
- General Terms and Conditions
- Special Terms and Conditions

- Specifications
- Bid From

An example of a Bid Package is included in Samples.

D. Bid Package Distribution

The Department will distribute an Invitation to Bid notice to vendors who are included on the County's Bidders List. This notice shall indicate where bid packages may be obtained. The Purchasing Director shall publish in the Traverse City Record Eagle a notice inviting sealed competitive bids, for at least two days. There shall be an interval of at least five days between the date of the final notice and the bid opening.

The notice shall include the following, where applicable;

- (1) Bid identification number
- (2) Brief description of item or service to be bid
- (3) Place where bid documents, including specifications, are available
- (4) Cost, if any, of bid documents
- (5) Date, time, and location at which bids will be received
- (6) Date, time, and location where bids will be opened

Forms of typical Invitations for bid are included in Samples.

In addition to public notice, the Purchasing Director shall notify any vendors who have indicated an interest in furnishing these goods and/or services to the County, and who have not previously been denied the right to submit bids to the County.

E. Bid Submission and Opening

Sealed bids are received and retained in the office of the Purchasing Director until the date and time specified for bid opening on the public notice. The date and time of receipt of the bid is marked with a time stamp on the sealed envelope. Sealed bids are also accepted in person at the location of the bid opening up until the time on the public notice.

Bids received after such time will be accepted, but will not be opened. All bids received after the specified time will be filed unopened, in the official bid file maintained by the Purchasing Director, and shall not be considered for award.

Bids are opened promptly at the time designated in the public announcement by designees of the Department and Purchasing Director. Proceedings are recorded by the designee of the County Administrator.

Bidders and the public are encouraged to attend bid openings, and may examine the bid documents after all bids have been opened.

F. Evaluation of Bids and Recommendation of Successful Bidder

Following the bid opening, the Department Head determines the lowest responsible and responsive bidder.

A voluntary or negotiated reduction in price from a low bidder can be accepted after the bid opening, provided such reduction does not result in the modification or deletion of any conditions contained in the bid documents.