

City of Alma Purchasing Policy

Purpose: To provide guidance to City of Alma staff in the purchase and procurement of goods and services for the City.

GENERAL:

According to the City Charter in Section 3.6 (1), the City Manager “shall purchase or supervise the purchasing of all supplies, including insurance.” The City Manager is guided by the Michigan State Constitution, State of Michigan laws, the City of Alma Charter and Ordinances and other policies as established by the Alma City Commission. Employees purchasing supplies under the direction of the City Manager are expected to follow all the statutes and City Commission guidelines.

Prudent purchasing practices are an important aspect of sound fiscal management. City staff at all levels are to work to make the meeting any budgetary limits on spending. This means that limiting spending, seeking fiscally responsible alternatives and ensuring the necessity of purchase is the responsibility of all City Staff.

It is the policy of the city to give local businesses a fair and equal chance of earning our business. Where practical, Gratiot County businesses should be given a chance to bid and make proposals for our business. To encourage local businesses, the City Commission has adopted the following local preference policy and the language below should be included in all bid specifications:

“LOCAL PREFERENCE POLICY:

The City of Alma grants preference to businesses located in Gratiot County for City purchases. The preference given is on a sliding scale and is a differential over the low bid (if the low bid is not from Gratiot County). The scale (differential preference) is as follows:

<u>Amount of Low Bid</u>	<u>% of Differential to be Applied</u>
\$0 - \$3,500	6.0%
\$3,501 - \$7,000	4.0%
\$7,001 - and up	2.0%

In no instance shall the differential amount to be applied exceed \$1,500”

Using the State of Michigan purchasing contracts is permitted. The State contracts have already been competitively bid and can be used without additional bidding.

Every attempt shall be made to ensure that all purchases are fair and impartial with no impropriety or appearance of impropriety. All qualified sellers shall have access to City business. No individual or business shall be arbitrarily excluded.

Every attempt will be made to secure the maximum amount of competition.

LEVELS OF SPENDING AUTHORIZATION:

For purchases of dollar amounts up to \$500: The City Manager may authorize Department Heads and Superintendents and other designees to make the purchases under \$500 without additional approval. The designated purchasing agents are responsible for prudent budget management. Expenditures that will be over the line item budget require prior approval of the City Manager. Upon making a purchase, the designated purchaser will sign the invoice, assign account numbers and turn in the invoice to the Finance Department for processing. No purchase shall be divided for the purpose of circumventing the requirements for purchases over \$500.

For purchases of more than \$500 but less than \$1,500: Purchases over \$500 but less than \$1,500 require prior approval of the City Manager. Departments are required to complete a Request for Purchase form and submit it to the City Manager for his approval before the purchase is made. With the City Manager approval of the request, the Finance Department prepares a Purchase Order.

For purchases greater than \$1,500: The Alma City Commission must authorize the purchases over \$1,500 before a purchase is made or a contract is signed. The only exceptions to this requirement are regular and ongoing expenses (utility bills and tax distributions etc.) and emergency purchases (with City Manager or his designee approval). The City Commission approves these expenditures on the warrant.

For purchases greater than \$10,000.00: The City must advertise in the newspaper or in appropriate trade journals and attempt to receive at least 3 price quotes.

All contracts and purchases over \$20,000 shall require competitive sealed bids, except as otherwise provided in this policy. The city council shall approve any solicitation for sealed bids in excess of \$20,000.

- A. *Invitation to bid.* Invitations to bid on contracts for the city for the provision of supplies or services or public improvements, may, in the discretion of the city manager or his designee, be published as hereinafter provided or circulated by written notice to prospective bidders. When an invitation to bid is published, it shall be published in a newspaper circulated in the city or in a trade journal generally circulated in the trade from which bids are to be sought, or other general publications and shall state the necessary information to permit bids to be made. Any invitation to bid, whether published or mailed, shall be furnished by publication or mailing at least five working days prior to the last day set for receipt of the bids or proposals. The invitation to bid, whether published or mailed, shall include a general description of the supplies or services to be purchased, shall state whether and where bid blank forms and specifications may be secured, and shall further state the time and place for the opening of those bids. In every invitation to bid, the city commission shall reserve the right to reject any and all bids.
- B. *Review and recommendation.* The city manager or his designee shall review all bids received in response to an invitation to bid and shall provide his recommendation to the city commission.

- C. *Bid acceptance criteria.* The city manager, or the city commission, as the case may be, depending on the procedures established in any resolution adapted pursuant to this division, shall consider the following criteria and determine which bidder will be successful. Nothing contained herein shall be construed to prohibit the city manager or the city commission from rejecting any or all bids:
1. The ability, capacity and skill of the bidder to perform the contract or provide the services required;
 2. The ability of the bidder to perform the contract or provide the services promptly within the time specified and without delay or interference;
 3. The character, integrity, reputation, judgment, experience and efficiency of the bidder;
 4. The quality of performance of previous contracts for services of the bidder;
 5. Previous and existing compliance by the bidder with all laws and ordinances relating to the contract or services;
 6. The conformance or nonconformance of the bid with the published bid specifications;
 7. Sufficiency of the financial resources and ability of the bidder to perform the contract or provide services;
 8. The quality, availability and adaptability of supplies or contractual services to the particular use required;
 9. The ability of the bidder to provide future maintenance and service for the use of the subject of the contract, where applicable;
 10. The number and scope of the conditions attached to the bid;
 11. The status of the bidder as a local vendor as defined herein and as governed by the city's local preference purchasing policy.
- D. *Bid deposits, performance bonds and payment bonds.* In those instances when it is deemed necessary by the city manager or his designee to require bid deposits and/or performance and/or payment bonds, and in those instances when performance bonds and payment bonds are mandated by law, such requirements shall be included in the invitation to bid. Any successful bidder shall forfeit his bid deposit if such bidder fails to execute a contract within the time specified by the city after the award of the contract to such bidder.

- E. *Sealed bids and bid opening.*
1. The bids shall be sealed and shall be delivered to the city manager or his designee or such other person as designated in the invitation to bid.
 2. The bids shall be opened in public at the time and place stated in the invitation to bid.
- F. *Nonconforming bids.* The city manager or his designee and the city commission, as the case may be, reserve the right to reject any and all bids which do not conform to the bid specifications contained in the invitation to bid, or which do not serve the best interest of the city.
- G. *Bidders in default of city obligations.* The city manager, his designee, or the city commission, as the case may be, shall not knowingly accept the bid of a contractor who is in default of the payment of taxes, licenses or other moneys due to the city, nor shall any contract be awarded to any contractor who is in default of the payment of taxes, licenses or other charges due the city.

(Ord. No. 655, § 6, 6-22-2004)

Competitive bidding shall not be required for the following expenditures

- A. *Emergency purchases:* In case of emergency, any department head, with the approval of the city manager, may make purchases which are necessary in order for the department to continue to perform its' work. The city manager shall report these purchases and the circumstances of these purchases to the City Commission.
- B. *Sole source:* The city manager may determine after reviewing available sources that there is only one source for the required supply or service.
- C. *Purchase of real estate:* The city may purchase real estate, either by condemnation or by direct negotiation, upon the affirmative vote of the City Commission. While normally the city will not use sealed bids to purchase real property, nothing in this policy shall prohibit the use of sealed bids to purchase property.
- D. *Competitive sealed proposals:* If the city manager determines that the use of competitive sealed bidding is either not practicable or not advantageous to the city, a contract may be entered into by competitive sealed proposals; however, all other procedures must be followed including City Commission approval for items over \$2,000

Before authorizing any contract in excess of \$50,000.00 for the construction, alteration, or repair of any public building, public work, or improvement, the proposed contractor shall furnish, at his own cost, to the city a performance bond and a payment bond which shall become binding upon the award of the contract. The performance bond shall be in the full amount of the contract and conditioned upon the faithful performance of the contract in accordance with plans, specifications and terms thereof. The payment bond shall be in the full amount of the contract and shall be for the protection of those persons furnishing labor, material or both, to the principal contractor in the performance of the contract.

(Ord. No. 655, § 5, 6-22-2004)