

City of Clawson, MI
Administrative Policy and Procedure

Number: PP-2 Administrative Approved by Council
Date: June 19, 2006
Issued By: City Manager
Subject: Purchasing

Background: The Clawson Code, Sections 2-201 through 2-236 provide the policy guidelines governing the purchase of goods and services within the City of Clawson. In an effort to provide administrative consistency and accountability a policy and procedure document is necessary to properly implement this policy.

Implementing Guidelines:

1. Scope of Purchasing Authority

It will be the duty of the Purchasing Agent to purchase or contract for all supplies, materials, equipment and contractual services needed by any and all departments of the City for the repair and maintenance of all City machinery, equipment, and owned property; rentals of machinery and equipment; and all similar contracted services. Contractual services will not be construed to mean the hiring of departmental personnel, medical, legal, engineering, technical and other professional services, or the awarding and administration of contracts for new public works. The Purchasing Agent will have control of and be responsible for the operation of any printing and/or duplicating equipment which will be or has been acquired for the use of City officials.

No one is authorized to place or commit an order for purchase except the Purchasing Agent or his authorized agent. For the purposes of this policy, Department Heads are authorized agents within prescribed spending limits that may change from time to time at the discretion of the Purchasing Agent. For the purposes of this policy the Purchasing Agent will be the City Manager.

2. Emergency Purchases

The only instance in which the purchasing procedures outlined in this manual will not apply is in emergencies where immediate procurement is essential to prevent delays in the activities of the using agency which may vitally affect the life, health or confidence of the public. In such emergencies when the involvement of the Purchasing Agent cannot be promptly secured, the department head or his authorized agents may purchase or rent directly materials, supplies, equipment or contracted services in the open market at the lowest price obtainable, provided such purchase is limited to funds appropriated and further provided that a full explanation of the circumstances of the emergency and the commodities or services purchased is filed with the

Purchasing Agent within seventy-two (72) hours of the date of purchase as a permanent and public record of purchase.

3. Inspection

The department head or his authorized agent will inspect or supervise the inspection of all deliveries of supplies, materials, equipment or contractual services as previously defined to determine conformance with the specifications set forth in the order or contract. In the event the delivery is determined by the department head or his authorized agent to be unacceptable or incomplete, the department head or his authorized agent is empowered to reject the delivery.

The Purchasing Agent, in consultation with department heads, will have the authority to prescribe the chemical and physical tests of samples submitted with the bids and samples of deliveries to determine their quality and conformance with the City's specifications. In the performance of such tests, the Purchasing Agent will have authority to make use of the laboratory facilities of any department of the City or any outside laboratory.

4. Performance and Payment Bonds

Bonds with sufficient sureties, in such amounts as deemed adequate by the Purchasing Agent, not only to insure performance of services as to time and matter prescribed in any contracts, but also to save, indemnify and keep harmless, the City against all losses, damages, claims, liabilities, judgments and expenses which may accrue against the City in consequence of granting of said contracts will be required of bidders in some instances. The bid deposit, if required in the bid, will be returned to all bidders upon the effective date of such a contract.

5. Purchasing Limits

Purchase(s) Request(s) Requiring Administration Approval Only

Department heads or their authorized agents may execute field purchases for commodities needed in small quantities in the day to day operation of the department in the amount determined by the Municipal Purchasing Ordinance.

Purchases Requiring Council Action Exceeding the Amount Set in Municipal Purchasing Ordinance

All expenditures for supplies, materials, equipment or contractual services will not be made unless competitive bids have been invited. Such bids will be invited by either or both publishing notices of at least one in a newspaper or journal having a general circulation in the City (at least ten (10) business days will elapse between the last date of the publication of such notices and the final date for submitting bids) or sending letters of invitation to such number of vendors, contractors or other qualified persons deemed by the Purchasing Agent as sufficient to obtain fair competition. Such notices and letters of invitation will contain specifications as to the quality and quantity of supplies, materials, equipment or contractual services to be purchased, the date and time when bidding will be closed, and the time and place where the bids will be opened and

read.

6. Surplus Material

The Purchasing Agent will dispose of all supplies or usable materials or equipment which is reported by any department head to be no longer of use to his department or which have become obsolete or worn out. Prior to such disposal, the Purchasing Agent will first canvass all City departments to learn if any of them have a need for the material or equipment in question. If such need exists, the material or equipment in question will be transferred on a first-come first-serve basis to the requesting department. If no departments desire the material or equipment, the Purchasing Agent is authorized to trade the same for new equipment or to sell the same at private or public sale. If the value of the material or equipment is estimated to exceed Five Hundred (\$500) dollars, a public advertisement requesting sealed bids will be placed by the Purchasing Agent in a newspaper having general circulation in the City. The City Council must approve all such transactions involving materials or equipment whose value is estimated to exceed One Thousand (\$1,000) Dollars.

The proceeds derived from the disposal of all such surplus material or equipment will be placed in the General Fund for subsequent allocation by the City Council.

7 Establishment of Standards and Specification

It will be the duty of the Purchasing Agent in consultation with the various department heads to classify all the supplies, materials and equipment commonly and jointly used by the various departments of the City; to adopt standards as to the minimum orders, quantities, sizes and varieties of these commodities consistent with the needs of the various departments of the City; and prepare, adopt, promulgate and enforce written specifications on all such commodities. All specifications must be clearly defined so as to permit fair and open competition.

After its adoption, each standard specification will, until revised or rescinded, apply alike in terms and effect to every future purchase and contract for the commodity prescribed in such specification.

8. Rules and Regulations

The Purchasing Agent will insure that all the purchasing transactions of the City result in the following:

- a. The material, supplies, equipment or contractual services were received;
- b. The quality of the material, supplies, equipment or contractual services was in accordance with specification;

- c. That all prices charged were reasonable and fair.

The Purchasing Agent will have the power and authority to call upon the head of any department or member thereof to furnish information essential to the proper execution of all the procedures established in this policy.

No requisition for supplies, materials, equipment or contractual services as previously defined will be divided into two or more units for the purpose of evading the procedures outlined in this manual.

The provisions of this manual will apply to all purchases and contracts only insofar as they do not conflict with any prevailing state or federal statutes applicable to the City. All existing purchasing procedures conflicting with the provision of this policy are hereby discontinued.

9. Securing of Prices and/or Bids

The securing of prices is the responsibility of the Purchasing Agent. Prices may be obtained in any or all of the following manners:

Telephone: Frequently, prices will be obtained by use of the telephone. Although informational, these quotations will be considered binding.

Written Quotation: A written quotation request will be solicited when the Purchasing Agent determines that the cost of an item or the difficulty to secure the same necessitates the solicitation of written bids.

Sealed Bid for Items Requiring City Council Approval: Sealed bids will be solicited when the value of the goods or services to be purchased exceeds the amount in the Municipal Purchasing Ordinance.

At the discretion of the Purchasing Agent, this method may also be used for any other purchase.

10. Verification of Available Funds

After any order for goods or services is placed, such order will be forwarded to the Finance Director for verification of available funds in the appropriate departmental account. No order for delivery of any supplies, materials, equipment or contractual services will be issued until the Finance Director has encumbered the amount of the purchase order on the departmental account sheet and has certified that sufficient funds in excess of all unpaid obligations have either been appropriated or transferred to the appropriate account to finance the purchase. The responsibility to secure additional funds rests with the using department.

11. Awarding of Contracts

After receiving the bids for a particular material or service needed by a department or committee of the City, the Purchasing Agent submits his recommendation on the prospective purchase to the City Council or other appropriate authority. The City Council or other appropriate authority

upon receipt of the Purchasing Agent's recommendation, may award or reject the bids of any and all bidders at their next or subsequent official meeting. Any such action is recorded in the official minutes of the applicable meeting and a copy is forwarded to the Purchasing Agent for his files. If approval of a bid is authorized by the City Council or other appropriate authority, an order is prepared and sent to the successful bidder by the Purchasing Agent. In addition, the Purchasing Agent advises all bidders of the decision and returns all certified checks and/or bid bonds to the unsuccessful bidders.

12. Preparation of Contracts

If either or both a performance and payment bond are required, as a condition of the agreement between the City and the successful bidder, the same are to be checked by the Purchasing Agent to verify that they are in the amount stipulated by the City.

In some instances other insurance certificates, such as Workers' Compensation, may also be required by the City. These certificates must also be checked by the Purchasing Agent to confirm that they meet the City's requirements.

If all is in order, the Purchasing Agent then submits them to the City attorney for approval as to legal form.

Once the contracts are approved by the City Attorney, they are referred to the proper City authority for signature.

Contracts are then prepared in quadruplicate and sent to the successful bidder for the signature of the President or Treasurer of the corporation or company, or, in the case of a partnership, for the signatures of all partners.

After all parties have signed the contracts, they are to be distributed as follows: Purchasing Agent, Contractor, City Accountant, Office of the City Clerk and department or committee.

13. Payment

When the goods or services arrive, the department head signs the receiving report and forwards same to the Purchasing Agent with the applicable invoice and appropriate fund to charge for goods or services received. The Purchasing Agent then certifies the correctness of the invoice and forwards it to the Finance Director with the receiving report attached for payment. (The Purchasing Agent only certifies the invoice as to the correctness of price and terms and is not responsible for verifying the computation of the amounts.)

14. Maintenance of a Bidders' (Or Vendors') List

The Purchasing Agent with the assistance of the department or committee head will maintain a list of prospective bidders and/or vendors for each class of commodities. The list will show the names, addresses and telephone numbers of such bidders or vendors.

In the event a prospective bidder fails to submit two or more bids when regularly soliciting

during the course of one year, his name will be removed from the bidders' list until such time as the bidder requests, in writing, to be reinstated. Bids will be considered submitted if the prospective bidder, upon being solicited, returns his bid with the statement "unable to bid," "cannot supply such items," etc.

If any vendor who is awarded a contract fails to honor such an agreement to the satisfaction of the Purchasing Agent, his name will be removed from the bidders' list until such time as he demonstrates to the Purchasing Agent that he can fulfill his obligation to the City in the future.