

## PURCHASING POLICY – VILLAGE OF DEXTER

### **1) THE PROCUREMENT OF SUPPLIES AND SERVICES FOR THE VILLAGE OF DEXTER SHALL BE ACCOMPLISHED UNDER THE FOLLOWING OBJECTIVES:**

- (A) To procure for the Village supplies and contractual services of the highest quality and at the least expense to the Village;
- (B) To endeavor to obtain as full and open competition as possible on all purchases and sales;
- (C) To exploit the possibility of buying in sufficient substantial quantities as to take full advantage of available discounts;
- (D) To act so as to procure for the Village all tax exemptions to which it is entitled;
- (E) To promote local supplies and contractual services by identifying local suppliers and contractors, and providing notice and opportunity to bid to local suppliers and contractors in the Village bid process. Nothing in this guideline, however, shall be interpreted to be in conflict with Act 196 of the Public Acts of 1973, as amended.
- (F) To join with other units of government in cooperative purchase plans when the best interests of the Village would be served thereby.
- (G) To declare vendors who default on their quotations irresponsible bidders and to disqualify them from receiving any business from the Village for a stated period of time.
- (H) To authorize the Village Manager or designee, consistent with this chapter, and with the approval of the Village Manager, to adopt operational procedures relating to the execution of cost effective procurement for the Village of supplies and services.

### **2) REQUISITION PROCEDURE.**

- (A) The Village Manager, with the concurrence of the Finance Officer, shall adopt any necessary rules respecting requisitions and purchase orders.

### **3) AUTHORITY OF VILLAGE MANAGER: PURCHASES AND SALES.**

- (A) Purchases and Contracts Under Five Thousand Dollars. The Village Manager, subject to budgetary appropriations, is authorized to make purchases and contracts in an amount not to exceed \$5,000 without further approval of the Village Council. Such purchases or contracts shall be made consistent with the authority elsewhere granted the Village Manager in this chapter.

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(B) Sale of Personal Property Valued at Under Five Hundred Dollars. Personal property not exceeding \$500 in value may be sold for cash by the Village Manager after receiving competitive quotations therefore, for the best price obtainable, or may be traded to the vendor of new equipment replacing it.

**4) SEALED BIDS REQUIRED; EXCEPTIONS; ALTERNATIVE PROCEDURES; INSPECTIONS.**

(A) All purchases of, and all contracts for acquisition or delivery of, durable goods, equipment, replacement parts and components, consumable tools or commodities, fuel materials, supplies and consumer items, and supplies, and all sales of personal property which may have become obsolete or unusable, shall, except as specifically provided herein, be based upon competitive bids as provided in subsection (B) hereof and administrative regulations issued by the Village Manager implementing the same, or, within the limitations hereinafter stated, shall be based upon alternative price quotation procedures as provided in subsection (C) hereof. When competitive bids are so obtained, the sale or purchase shall be approved by the Village Council and sealed bids shall be obtained in accordance with the detailed procedures established by this chapter. An exception may be made where the Council shall determine by a two-thirds majority vote of those present at the meeting that the public interest will be best served by joint purchase with, or purchase from, another unit of government. No sale or purchase shall be divided for the purpose of circumventing the limitation established by this chapter. The Village Council may authorize the making of public improvements or the performance of any Village work by any Village administration without need of competitive bidding.

(1) Purchases shall be made from the lowest qualified bidder meeting specifications, unless the Village Council shall determine that the public interest will be better served by accepting a higher bid. Sales shall be made to the bidder whose bid is most advantageous to the Village. In any case where a bid other than the lowest is accepted, the Village Council shall set forth its reason therefore in its motion or resolution accepting such bid. The Village Council shall have the right to reject all bids.

(2) In the event no sealed bids are received or all bids are rejected, the Village Council may, after stating the reason therefore, as a part of its motion or resolution therefore, order that further bids be solicited or that the Village Manager purchase the materials, supplies or services concerned in the open market, or, if practicable, secure the performance of services concerned by an appropriate officer or department of the Village.

(3) Professional service contracts shall be authorized and regulated under certain guidelines to be established by the Village Manager and maintained in the office of the Village Finance Officer.

(a) The Village Council shall reserve the right to annually review and extend or terminate ANY professional service contract with the Village of Dexter. The Village Council,

may, upon recommendation from the Village Manager, extend the terms on any professional service contract for one year beyond the original contract term.

(b) Any professional service contract may not be longer than five (5) consecutive years. At the end of any consecutive five (5) year term, quotations from qualified bidders must be received by the Village Manager or designee. Nothing shall preclude a qualified firm that has been retained for the maximum 5 year period from bidding and subsequently being awarded a professional service contract.

(B) Any expenditure for supplies, materials, equipment, construction or maintenance contracts obligating the Village, where the amount of the Village's obligation is in excess of \$5,000, shall be governed by the following, except as otherwise stated in this chapter.

(1) Such expenditure shall be made the subject of a written contract. A purchase order shall be a sufficient written contract only in cases where the expenditure is in the usual and ordinary course of the Village's affairs, and in no case shall it be sufficient for the construction of public works or the contracting for supplies or services over any period of time where the quality of the goods or materials or the scope of the services bargained for is not wholly standardized.

(2) Notice inviting sealed competitive bids shall be published in a newspaper of general circulation in the Village at least seven days before the final date for submitting bids thereon. Such notice shall give briefly the specifications of the supplies, materials or equipment, or of the construction project or other matter to be contracted for, and shall state the amount of security to be given with the bid, and the amount of bond or other security to be given with the contract. The notice shall state the time limit, the place of filing bids and the time of opening bids and shall also state that the right is reserved to reject any or all bids. Any other conditions of award of the contract shall also be stated in general terms.

(3) The Village Manager or designee shall also solicit bids from a minimum of three (3) such qualified prospective bidders as are known to him or her by sending each a copy of the notice requesting bids, and notice thereof shall be posted in the Village Office.

(4) Unless prescribed by the Village Council, the Village Manager shall prescribe the amount of any security to be deposited with any bid, which deposit shall be in the form of a certified or cashier's check or bond written by a surety company authorized to do business in the State. The amount of such security shall be expressed in terms of a percentage of the bid submitted. Unless fixed by the Village Council, the Village Manager shall fix the amount of the performance bond and, in the case of construction contracts, the amount of the labor and material bond to be required of the successful bidders.

(5) Bids shall be opened in public, at the time and place designated in the notice requesting bids, in the presence of the Village Finance Officer, the Village Manager or designee and, when possible, the head of the department most closely concerned with the subject of the contract. The bids shall thereupon be carefully examined and tabulated and reported to the Village Council with the recommendation of the Village Manager at

the earliest possible scheduled Village Council meeting. After tabulation, all bids may be inspected by the competing bidders.

(6) When such bids are submitted to the Village Council, if Village Council shall find any of the bids to be satisfactory, it shall award the contract to the lowest qualified bidder. The Village Council shall authorize the contract upon execution of the contract by the successful bidder. Contract shall only be executed after the filing of any bonds which may have been required, which bonds shall first be approved by the Village Attorney as to form and content. Such award may be by motion, resolution or ordinance. Village Council retains any other rights provided for in this chapter in the awarding or rejecting of bids.

(7) At the time the contract is executed, the contractor shall file a bond executed by a surety company authorized to do business in Michigan, in favor of the Village, conditioned upon the performance of said contract, and further conditioned upon payment of all laborers, mechanics, subcontractors and material, as well as all just debts, dues and demands incurred in the performance of such work. The contractor shall also file evidence of public liability insurance in an amount satisfactory to the Village Manager or designee, and agree to save the Village harmless from loss or damage caused to any person or property by reason of the contractor's negligence.

(8) All bids and deposits of certified or cashier's checks may be retained in the office of the Village Finance Officer until the contract is awarded and signed or until they are released by the Village Manager. If any successful bidder fails or refuses to enter into the contract awarded to him or her within fifteen days after the same has been awarded, or to file the bond required within the same time, the deposit accompanying his or her bid shall be forfeited to the Village, and the Village Council may, in its discretion, award the contract to the next lower qualified bidder, or the contract may be re-advertised.

(C) Informal Bids. Purchases of supplies, materials or equipment, the cost of which is \$5,000 or less, may be made in the open market, but such purchases shall, where practicable, be based on at least three competitive bids or quotes and shall be awarded to the lowest qualified bidder. The Village Manager or designee may solicit bids or quotes verbally or by telephone, or may contact prospective bidders by written communication. A record shall be kept of all open market orders and the bids or quotes submitted thereon, which records shall be available for public inspection. Any or all bids or quotes may be rejected. Purchases costing \$5,000 or less may be made without the prior approval of the Village Council under the authority granted the Village Manager in this chapter.

(D) The responsibility for the inspection and acceptance of all materials, supplies and equipment shall rest with the ordering department.

**(5) SOLE SOURCE PROCUREMENT.**

(A) A contract may be awarded without competition when the Village Manager determines in writing, after he or she or the Village Manager or designee has conducted a good faith review

construction item. The Village Manager or designee or other appropriate designee of the Village Manager shall conduct negotiations, as appropriate and under the supervision of the Village Manager, as to price, delivery and terms. A record of sole source procurement shall be maintained as a public record and shall list each contractor's name, the amount and type of each contract, a listing of the items procured under each contract and the date of the contract.

**(6) EMERGENCY DIRECT PURCHASE PROCEDURE.**

(A) In case of an actual emergency, any officer or department head may make direct purchase of materials, supplies or services, where the immediate procurement thereof is essential to the conduct of his or her office or department and the delay caused by following established purchasing procedures would vitally affect the public health, safety or welfare, provided that a purchase order therefore shall be filed with and approved by the Village Manager as to the existence of the emergency and shall be likewise approved by the Finance Officer as to the sufficiency of funds for such purchase, and provided, further, that the Village Manager shall advise Council at its next regular meeting after the emergency purchase of the circumstances for and terms of said procurement.

**(7) PURCHASES FROM PETTY CASH.**

(A) All departmental petty cash funds shall be authorized and approved by the Village Manager. Purchases from petty cash shall not individually exceed \$25.

**(8) DEBARMENT.**

After reasonable notice to the person involved and reasonable opportunity for that person to be heard, the Village Manager, after consulting with the Village Attorney, is authorized to debar a person for cause from consideration for award of contracts. The debarment shall be for a period of not more than one year. The causes for debarment include:

(A) A violation of contract provisions, as set forth herein, of a character which is regarded by the Village Manager to be so serious as to justify debarment action, such as:

(1) Deliberate failure, without good cause, to perform in accordance with the specifications or within the time limit provided in the contract; or

(2) A recent record of failure to perform or of unsatisfactory performance in accordance with the terms of one or more contracts, provided that failure to perform or unsatisfactory performance caused by acts beyond the control of the contractor shall not be considered to be a basis for debarment; and

(B) A violation of the provisions of this chapter or any other Village policy, regulation or law.

The Village Manager shall issue a written decision to debar. The decision shall state the reasons for the action taken and inform the debarred person involved of his or her rights concerning administrative or judicial review. A copy of the decision shall be mailed or otherwise furnished upon the rendering of a decision by the Village Manager to the debarred person. A

decision to debar shall be final and conclusive, unless the debarred person, within ten days after receipt of the decision, takes an appeal to the Village Council or commences a timely action in court in accordance with applicable law.

**(9) BID PROTESTS**

(A) Any actual or prospective bidder, offeror or contractor who is aggrieved in connection with the solicitation or award of a contract may protest to the Village Council. Protestors are directed to seek resolution of their complaints initially with the Village Manager. A protest with respect to an invitation for bids or request for proposals shall be submitted in writing prior to the opening of bids or the closing date of proposals, unless the aggrieved person did not know and should not have known of the facts giving rise to such protest prior to bid opening or the closing date for proposals. The protest shall be submitted within ten days after such aggrieved person knows or should have known of the facts giving rise thereto.

In the event of a timely protest under this section, the Village Manager or designee shall not proceed further with the solicitation or award of the contract until all administrative and judicial remedies have been exhausted or until the Village Council makes a determination on the record that the award of a contract without delay is necessary to protect a substantial interest of the Village.

**(10) NOTICE OF FEDERAL AND STATE PUBLIC POLICY REQUIREMENTS;  
NOTICE OF VILLAGE POLICY REQUIREMENTS.**

(A) For any contract that is subject to one or more Federal, State or Municipal public policy requirements, whether or not such contract is being funded in whole or in part by assistance from a Federal or State agency, the Village Manager or designee shall include contract provisions giving the contractor notice of these requirements, and, where appropriate, shall include in those contract provisions the requirement that the contractor give a similar notice to all of its subcontractors.

(B) The Village Manager or designee shall take affirmative steps to assure that local businesses are utilized when possible as sources of supplies, services and construction items.

Affirmative steps to be taken shall include:

- (1) Including qualified local businesses on solicitation lists;
- (2) Assuring that local businesses are solicited whenever they are potential sources;
- (3) When economically feasible, dividing total requirements into smaller tasks or quantities so as to permit maximum participation;
- (4) Where the requirements permit, establishing delivery schedules which will encourage local business participation.

(5) Preference shall be given to local businesses in awarding contracts if the lowest responsible bids are for the same amount and each bidder is equally qualified.

**(11) RECORDS; PUBLIC ACCESS.**

(A) The Village Manager or designee shall keep a record of all purchases of materials, supplies and services, and of all bids and the manner in which such bids were procured, which he or she shall forward to the Finance Officer when each respective material or supply is purchased or service is provided. All such records shall be public. All procurement records shall be retained and disposed of by the Village in accordance with records retention guidelines and schedules established by the Village Record Retention Schedule.

**(12) CONFLICTS OF INTEREST.**

(A) It shall be unethical for any Village employee to participate directly or indirectly in a procurement contract, except as provided in Act 317 of the Public Acts of the 1968, as amended

**(13) GRATUITIES; SANCTIONS.**

(A) It shall be unethical for any person to offer, give or agree to give any Village employee or officer or former Village employee or officer, or for any Village employee or officer or former Village employee or officer to solicit, demand, accept or agree to accept from another person, a gratuity or an offer of employment in connection with any decision, approval, disapproval, recommendation or preparation of any part of a program requirement or a purchase request, influencing the content of any specification or procurement standard, rendering of advice, investigating or auditing, or in any other advisory capacity in any proceeding or application, request for ruling determination, claim or controversy, or other particular matter, pertaining to any program requirement, contract or subcontract, or to any solicitation or proposal therefore.

(B) The prohibition against gratuities prescribed in this section shall be conspicuously set forth in every contract and solicitation therefore.

(C) The Village Manager may impose sanctions on a Village employee for violations of this section consistent with governing employee contract provisions, if applicable.

## Professional Services Contracts – Guidelines for Selection

When selecting firms to perform services under a professional services contract the Village of Dexter will utilize the following steps to make a qualification based selection:

1. The Village will identify the general scope of the work
2. A selection schedule is established
3. A list of professional firms is compiled
4. Qualification documents are requested
5. Qualification documents are evaluated
6. A shortlist of firms to be interviewed is composed
7. Interviews are conducted
8. Firms are ranked for selection
9. A detailed scope of work is negotiated with the top ranked firm
10. Contract is negotiated with the top ranked firm
  - a. If an agreement cannot be reached, those negotiations are ended and the negotiations begun with the second ranked firm, and so on until an agreement is reached and a firm is selected
11. All firms involved receive post selection communications and the process is evaluated

Evaluations of the firms will be based on their qualifications and competence in relation to the scope and needs of the work to be performed, along with the cost.