



PURCHASING

It is the policy of the Board of County Road Commissioners of the County of Kalamazoo (Board) to obtain the appropriate and necessary supplies, goods, equipment, services and construction at the lowest cost that meet or exceed the specifications for performance, quality and availability at time of purchase supporting the operations of the Road Commission of Kalamazoo County (RCKC). The purchasing activities shall:

- Maximize the purchasing power and value of public funds through a procurement policy that maintains a system of quality and integrity and promotes efficiency, effectiveness and equity in public purchasing.
- Provide equitable access to qualified suppliers through a competitive and open process.
- Consider multiple factors, including but not limited to the price, the supplier's capability, capacity, historical performance, value and time.
- Ensure compliance with all applicable local, state and federal laws and regulations.
- Be conducted in accordance with standard procurement practices and strategies.
- RCKC, as a Michigan Municipal Corporation, is exempt from sales tax.

Procurement Methods:

- 1) **Procurement by micro-purchases** –Procurement by micro-purchase is the acquisition of supplies, goods, equipment or services, when the aggregate dollar amount is **less than \$3,000**. Micro-purchases may be awarded without soliciting competitive quotations if RCKC considers the price to be reasonable and customary. Factors to be considered are: price, quality, durability, servicing, delivery time, standardization and other applicable factors.
- 2) **Procurement by small purchase procedures** – Procurement by small purchases is the acquisition of supplies, goods, equipment or services, when the aggregate dollar amount ranges from \$3,000 to \$14,999. This process requires use of written quotations, verbal quotations or any other method that assures the purchase from a responsible vendors at the best competitive pricing, while considering quality, delivery, service and other applicable factors.
 - a) When the aggregate dollar purchase amount ranges from **\$3,000 to \$4,999**
 - i) Staff is to request three (3) quotations.
 - (1) Quotations may be received by telephone, written or electronically. Written quotations are preferred.
 - (2) If a verbal quotation is obtained the date, product description, supplier name and the name and phone number of the person giving the quotation must be recorded.
 - (3) If three quotations are not available, staff is to document dates, name and phone number of those contacted.

- ii) All quotes are to be submitted to the Finance Department for review and approval. A purchase order will be generated to authorize the purchase.
 - b) When the aggregate dollar purchase amount ranges from **\$5,000 to \$14,999**;
 - i) Staff is to request three (3) formal quotations or proposals.
 - (1) Quotations or proposals may be received in written or electronic format.
 - (2) If three quotations are not available staff is to document dates, name and phone number of those contacted.
 - ii) All quotations are to be submitted to the Finance Department for review and approval. A purchase order will be generated to authorize the purchase.
- 3) **Procurement by Sealed Bids** (formal advertising) – Procurement by Sealed Bid is the acquisition of supplies, goods, equipment or most services, when the aggregate dollar amount is **\$15,000 or greater**. All bids must be awarded by the Board. Procurement by Sealed Bid will be utilized when:
- a) Purchases when the aggregate is **\$15,000 or greater**
 - b) Passenger vehicles and trucks weighing less than 5,000 pounds, regardless of the cost of the vehicle.
 - c) Situations where it is appropriate to obtain sealed bids for items of less than \$15,000.00
 - d) Extended purchasing program/ Cooperative procurement organizations may be utilized, eliminating the need for the formal sealed bid process. These programs allow the participant to purchase goods and services with volume pricing regardless of order size. Examples: State of Michigan- MIDeal; REMC Association of -\$ave Bid Project. Staff are encouraged to explore all purchasing factors on these type of transactions. Due diligence consideration may include cost, specification, time and/or vendor qualification.
 - e) The Board may consider a purchase based upon another road commission or municipality public bid opening and subsequent vendor award, if the awarded vendor agrees to extend the same pricing to the RCKC and the specifications, goods or services match RCKC needs.
 - f) Sealed Bid Process:
 - i) An invitation for bid shall include the specifications and all contractual terms and conditions applicable to the procurement.
 - ii) Solicitation notices shall be disseminated in a variety of formats. RCKC shall take all reasonable steps to ensure small businesses, minority-owned firms and women's business have the opportunity to compete and perform contracts.
 - (1) Solicitations for bids will be publicly advertised.
 - (2) The notice with the complete solicitation packet will be posted on the RCKC website (3) Notices will be sent to suppliers on the most recent applicable vendor list.
 - (4) Notices will make a reasonable effort to submit notices to contractor, council and membership organizations when applicable.
 - (5) Notices will be submitted to the County Road Association (CRA) of Michigan website.
 - (6) RCKC encourages vendors subscribe to our website newsfeed to receive timely notices regarding new purchase opportunities.
 - iii) Bid Opening:
 - (1) Bids or proposals may be received by mail, package, delivery service or in person.
 - (2) Bids or proposals will not be accepted by fax or electronically.

- (3) Before the public bid opening process is completed, RCKC will announce the anticipated/tentative date that a recommendation of bid award will be made to the Board.
 - (4) Bids shall be opened publicly in the presence of one or more witnesses following the deadline set for the submission of bids, at the time and place designated in the invitation for bids.
 - (5) A preliminary bid tabulation will be made available to all bidders after the bid opening and before the Board award.
- iv) Bid Acceptance and evaluation:
- (1) Staff are to audit the opened bids for their responsiveness, completeness and accuracy based on the requirements, set forth in the invitation to bid, prior to making a recommendation to the Board for award.
 - (2) Bids which do not comply with all criteria set forth in the invitation to bid, will be subject to disqualification.
- v) Cancellation, Correction or Withdrawal of Bids:
- Correction or withdrawal of inadvertently erroneous bids before or after the bid opening, or cancellation of awards or contracts based on such bid mistakes, may be permitted in the sole discretion of the RCKC.
- (a) Mistakes discovered before bid opening may be modified or withdrawn by written notice received in the office designated in the invitation for bids, prior to the time set for bid opening.
 - (b) After bid opening, corrections in bids shall be permitted only to the extent that the bidder can show by clear and convincing evidence, as determined by the Finance Director, that a mistake of a nonjudgmental character was made.
- ii) Bid Award:
- i) Staff shall make final recommendation for award for the responsible and responsive bidder(s) whose bid meets the requirements and response selection criteria set forth in the invitation for bids. Award recommendations may include awarding the bid to other than the low bidder, considering the best interest of RCKC.
 - ii) Staff may recommend and the Board may approve an award of a bid that includes one or multi-year extensions. Subsequent extensions take place only if staff is satisfied that the awarded vendor satisfactorily meets all aspects of the purchase/award and if the vendor is willing to continue with the extension at their awarded price.
 - iii) All Bid awards must be approved by the Board.
 - iv) The Board reserves the right to reject any or all bids, to waive irregularities in any bid and to accept the bid they deem is in the best interests of RCKC.
 - v) Nothing in the award process shall prevent the Board from acting in RCKC's best interest when making the bid award, including awarding the bid to other than the low bidder, considering the best value.
 - vi) After Board approval, the Finance Director will issue a purchase order to the awarded vendor(s) and notify other bidders.
 - vii) The bid award results will be made available on the RCKC website.

4) **Procurement by noncompetitive proposals**

a) **Sole Source Purchases**: After conducting a good faith effort of available resources, staff may utilize a sole source when determined appropriate and in the best interest of RCKC with authorization from the Finance Director. Rationale documentation supporting the purchase is recommended to include:

- i) Detailed information about why it is needed, including unique features or qualifications of this product or service, which are not available through any other product or service including specific, quantifiable factors/qualifications.
- ii) Details of past purchases.
- iii) Details of alternative goods/services evaluated and why they were unacceptable.

Examples:

- Compatibility with existing equipment, accessories, parts or service is of paramount importance and the compatible item or service is only available from this source
- Features of the item or service are unique and are not available except from the holder of the copyright or patent
- Items or services are unique and only available, or are less expensive, direct from the original manufacturer or producer
- Supplier has the exclusive rights or franchise to the geographic region of interest.

b) **Emergency Purchases**: The Board authorizes the Managing Director to make an emergency purchases of supplies, materials, equipment, services or construction up to \$50,000 utilizing competition, only if practical and reasonable under the circumstances. An emergency purchase is deemed such if the purchase is necessary to protect the public health of the citizens or when immediate repair is necessary to prevent further damage to public property, machinery or equipment. Generally an emergency is an unexpected and sudden event such as related to unforeseen circumstances, weather or homeland security issues. Such purchases shall be reported to the Board as soon as possible.

5) **Professional Service**: Procurement of Professional Services is the acquisitions of services which are predominately intellectual in character even though the professional may not be required to be licensed.

- a) Professional services engagements may involve partnerships, corporations or individuals. Examples of "professional services" typically acquired by the RCKC include: consulting, legal counsel, design engineering, construction engineering, construction contracting, telecommunication, banking, medical, information technology, software development and audit services.
- b) KCRC may enter into cooperative professional services arrangements/agreements with other governmental jurisdictions or cooperatives whenever the best interests of the RCKC are served.
- c) Normal competitive bidding procedures may not be appropriate in securing professional services such as attorneys, engineers, certified public accountants, planners and other professional people who, in keeping with the standards of their discipline, may not enter into a competitive bidding process.

- d) Staff may reference “Sole Source Purchase” or “Procurement by Sealed Bid” guidelines for purchasing methods and processes, as appropriate and applicable to the individual situation and purchase amount.
 - e) A Request for Proposal (RFP) Request for Qualifications (RFQ) or Qualifications Based Selection (QBS) process may be considered by the Finance Director to assist in procuring professional services. The components and process of an RFP, RFQ, and QBS are similar and include accurately evaluating the qualifications, competence and capability of the firms that are interested in performing the required professional service. The selected firm or firms may be engaged for a period of time, for a specific project or a combination of both.
 - i) Generally, the RFP, RFQ and QBS solicitation will include a scope of work, the time frame under consideration and specific criteria to use in evaluating the submittals. Staff will follow the general steps outlined in “Procurement by Sealed Bid” process as applicable.
 - ii) Vendor or firm submittals to the RFP, RFQ, or QBS process will be evaluated according to the criteria in the solicitation and based upon the submittal evaluation, staff will make a recommendation to the Board for award based upon one of the following options:
 - (1) a specific firm for a specific professional service
 - (2) a specific firm for a specified passing of time
 - (3) to several firms for a specified passing of time or specific professional service
 - (4) Awarding to several firms for a specified passing of time or specific professional service (item (3) above) will then allow staff to negotiate budgeted projects or services with the awarded firms.
- 6) **Service and Repair Orders:** Procurement of Service and Repair Orders is the acquisitions of certain services and repairs for vehicles, equipment and/or facilities to ensure continuity of operations, and/or protection of the RCKC assets. This process is not intended to supersede other purchasing policy procedures, but to be utilized as a tool to support vital needs of the organization.
- a) Typically the needs are unplanned and of an urgent nature, costs are unknown, and/or operational or facility needs require an expedited purchasing process and approval. Examples include:
 - i) Service or maintenance due to failure in or around facilities that could cause significant damage to buildings, mechanical systems and equipment. These situations could create unmanageable or unsafe conditions.
 - ii) Necessary vehicle and equipment repairs, when it is determined in-house service is not appropriate, considering time and resource constraints or specific vehicle and equipment needs.
 - b) Staff will conduct a good faith effort considering all available resources and applicable criteria when determining the appropriate vendor. The supervisor will make the necessary arrangements to schedule the repair. Consideration will be given to:
 - i) Type of service or repair needed.
 - ii) Applicable equipment, specific factors such as:
 - (1) warranty
 - (2) manufacturer/vendor serviceability
 - (3) equipment age and condition
 - (4) parts availability

- iii) Vendor experience and qualification
 - iv) Past performance
 - v) Vendor availability
 - vi) Cost
 - vii) Other applicable criteria.
- c) The Supervisor will monitor the repair/maintenance and authorize repairs and purchases at appropriate intervals. The Supervisor shall keep the Operations Director and Finance Director apprised of the situation as needed.
 - d) The Supervisor will review and approve all charges. The Supervisor is to verify work is complete and acceptable, invoice reflects the work completed and the charges are reasonable.
 - e) A purchase order is not required for these types of Service and Repairs.
- 7) **Other:** The following purchase types may be utilized if staff have conducted a good faith effort to review available resources and determine the following options are deemed as the appropriate acquisition method and in the best interest of RCKC. Prior authorization from the Finance Director and a purchase order must be generated if the purchase amount is over \$3,000. Staff are to provide documented rationale for the purchase. Consideration may include price, quality, durability, servicing, delivery time, standardization and other applicable factors.
- a) RCKC may enter into cooperative purchasing arrangements/agreements with other governmental jurisdictions/government cooperatives.
 - b) RCKC may accept extended government pricing, with appropriate documentation, if it is determined to be cost-effective and in the best interest of RCKC.
 - c) Used capital outlay items approved in the budget costing more than \$15,000 may be purchased from an auction or a negotiated acquisition.

Purchase Orders Requirements and Process:

A purchase order is prepared to communicate and document precisely what is being authorized/ordering from a supplier indicating types, quantities, agreed prices, terms and delivery information for products or services.

- 1) Purchases order requests are to be submitted to the Finance Department. They will be reviewed for compliance to purchasing policies and approved by the Finance Director or the designee.
- 2) Purchase Orders are required for the following:
 - a) Any purchase of parts or supplies that are maintained in inventory with its own item number and are included on the physical inventory.
 - b) All purchases of capital outlay
 - c) All Board awarded or authorized purchases.
 - d) Purchases greater than \$3,000 or more, as detailed above.
 - e) Blanket purchase orders for purchase of repetitive, specified services or items, from the same supplier; which are purchased and paid in a predictable manner during a certain time period, usually one (1) year.
- 3) Purchase Orders are NOT required for the following:
 - a) Service and Repair Order purchases. See item 6) above.
 - b) Utilities: Natural Gas, Electric expenses, Telephone service expense

- c) Insurances
- d) Travel / Meal Expenses
- e) Conferences / Seminars
- f) Subscriptions
- g) Membership fees/dues
- h) Advertising

This list is not all inclusive, but provides general guidance.

Reference:

MCL Act 283 of 1909, Section 224.10

Federal Grant Guidelines 2 CFR § 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards

Act 167 of Public Acts of 1933. MCL 205.54(7); MSA 7.525(4)(7), and the Michigan Sales and Use Tax Rule, 1979 MAC Rule 205.79.

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