

CHAPTER 208
Purchasing, Contracts and Sales

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CROSS REFERENCES

Intergovernmental contracts - see CHTR. Sec. 2.4
Purchases and contracts - see CHTR. Ch. 12
Duties and authority of Manager re purchasing - see ADM. 232.07
Sales of abandoned vehicles - see TRAF. 410.04 (UTC Sec. 2.5g)
Nondiscrimination clauses in contracts - see GEN. OFF. 616.01
Sale of bonds for water system - see S.U. & P.S. 1040.10 et seq.
Garbage collection contracts - see S.U. & P.S. 1060.09

208.01 DEFINITIONS.

As used in this chapter:

- (a) "Construction" means the process of building, altering, repairing, improving or demolishing any City structure or building, or other City improvements of any kind to any City real property.
- (b) "Contract" means all types of City agreements, regardless of what they might be called, for the procurement of supplies, services or construction.
- (c) "Contractor" means any person having a contract with the City.

- (d) "Council" means the Caseville City Council.
- (e) "Formal purchase limit" means the dollar amount that is set by the City Council as the limit that if exceeded requires the competitive sealed bid process.
- (f) "Informal purchase limit" means the dollar amount range that is set by the City Council that is less than the formal purchase limit but exceeds the self purchasing limit.
- (g) "Invitation for bids" means the complete assembly of related documents, whether attached or incorporated by reference, furnished to prospective bidders for the purpose of soliciting sealed bids.
- (h) "Open purchase order accounts" means those vendor accounts that are established annually by the City Council. The use of the formal or informal purchase limit procedure, whichever applies, is used once annually for repetitive purchases of the same service or supply.
- (i) "Procurement" means purchasing, renting, leasing or otherwise acquiring for monetary consideration any supplies, services, or construction items for the City.
- (j) "Request for proposals" means all documents, whether attached or incorporated by reference, utilized for soliciting proposals.
- (k) "Responsive bidder" means a person who has submitted a bid which conforms in all respects to the requirements set forth in the invitation for bids.
- (l) "Self purchasing limit" means the dollar amount that is less than the informal purchase limit amount.
- (m) "Services" means the furnishing of labor, time or effort by a person, except that the term does not include the furnishing of labor, time or effort by any City employee, whether performed pursuant to a collective bargaining agreement or not, or appointed or elected officials, or the hiring of outside legal counsel or expert witnesses to assist the City Attorney in legal matters.
- (n) "Supplies" means all property, including, but not limited to, equipment, materials and printing, but excluding insurance, any land or any interest in land or any benefit that is specifically provided for in any collective bargaining agreement.

(Ord. 91-4. Passed 8-12-91; Ord. 2005-02. Passed 3-14-05.)

208.02 ITEMS TO BE PAID BY DIRECT PAYMENT PROCESS.

The following non-competitive purchases shall be paid on direct payment claim vouchers:

- (a) Advertisements in periodicals;
- (b) Firms providing deposition and court transcript services, including register of deeds documents and surveyors' documents;
- (c) Renewable dues and subscriptions;
- (d) Medical services;

- (e) Publications and copyrighted materials;
- (f) Insurance deductibles/payments;
- (g) Lease payments;
- (h) Postage;
- (i) Utility charges;
- (j) Any further items deemed to be direct payments by the City Council as established by resolution.

Direct payments shall be reviewed by the City Council on a monthly basis.
(Ord. 91-4. Passed 8-12-91.)

**208.03 PURCHASES IN EXCESS OF THE FORMAL PURCHASE LIMIT;
COMPETITIVE SEALED BIDS REQUIRED.**

(a) When the estimated cost of purchases equals or exceeds the formal purchase limit designated by the City Council, all supplies, service and construction items, except as otherwise provided, shall require the development of a request for proposal, except when deemed impractical or inappropriate by a majority vote of the City Council, or in the case of an emergent need.

(b) The City Council and/or City Supervisors shall provide for the procurement of competitive sealed bids as follows:

- (1) Bids shall be solicited from responsible prospective suppliers.
- (2) Bids shall be sealed and identified as a bid on the envelope and submitted to the City Office.
- (3) Bids shall be opened in public at the time and place stated in the public announcement. Bids may be opened during a committee meeting if a recommendation to Council is to be made by a specific committee. Each bid, together with the name of the bidder, shall be recorded and the tabulation of all bids received shall be available for public inspection in the City Office.
- (4) An invitation for bids may be cancelled, or any or all bids or proposals may be rejected, in whole or in part, as specified in the invitation for bids, when such rejection or cancellation is determined by the City Council and/or City Supervisors to be in the best interests of the City.
- (5) The City Council and/or City Supervisors shall not knowingly accept the bid of a person who is in default in the payment of any taxes, licenses, fees, permits or any other moneys due the City or who is in any other respects disqualified according to any Federal or State law or any Municipal ordinance provision. A contract with a person who is discovered to have been in default or disqualified at the time of the awarding of the contract shall be voidable.
- (6) In determining the best responsible bidder, in addition to price, the City Council and/or City Supervisors shall consider:

- A. The ability, capacity and skill of the bidder to perform the contract or provide the services or supplies required;
- B. Whether or not the bidder can perform the contract or provide the services or supplies promptly or within the time specified, without delay or interference;
- C. The character, integrity, reputation, judgment, experience and efficiency of the bidder in business;
- D. The quality of performance and time of completion by the bidder of previous contracts or services;
- E. The previous and existing compliance by the bidder with laws and ordinances relating to contract performance;
- F. The sufficiency of the financial resources, equipment and personnel resources, and the ability of the bidder to satisfactorily perform the contract or provide the services or supplies;
- G. The quality, availability and adaptability of the supplies or services to the particular use required;
- H. The ability of the bidder to provide future maintenance and service for the use of the subject of the contract;
- I. The number and scope of any additional, limiting or qualifying conditions attached to the bid by the bidder; and
- J. Whether the supplies are recyclable, biodegradable or otherwise compatible with environmental concerns.

The failure of a bidder to promptly supply information in connection with any inquiry from the City Council and/or City Supervisors with respect to any of the provisions enumerated herein may be grounds for a determination of non-responsibility with respect to such bidder.

- (7) The respective committee shall make a recommendation to the City Council and they shall have the sole responsibility and the authority to award any City contract for supplies, services or construction items when the contract amount exceeds the formal purchase limit as designated by the City Council. When the award is not given to the lowest bidder, a written statement of the reasons for placing the award with a bidder who is not the lowest bidder shall be filed with the other papers relating to the bid. The written statement shall be available for public inspection in the City Office.

(Ord. 2000-2. Passed 3-20-00; Ord. 2005-02. Passed 3-14-05; Ord. 2015-05. Passed 9-14-15.)

208.035 COMPETITIVE SEALED BIDS FOR CONTRACTS OF \$20,000 OR MORE; COMPLIANCE WITH STATE LAW. (REPEALED)

(EDITOR'S NOTE: This section was repealed by Ordinance 2005-02, passed March 14, 2005.)

208.04 CANCELLATION OF INVITATIONS FOR BIDS OR REQUESTS FOR PROPOSALS.

An invitation for bids, a request for proposals or other solicitation may be cancelled, or any or all bids or proposals may be rejected in whole or in part, as may be specified in the solicitation, when it is for good cause and in the best interests of the City. The reasons shall be made part of the contract file and shall be available for inspection in the City Office. Notice of cancellation shall be sent to all businesses from which bids were solicited.

(Ord. 91-4. Passed 8-12-91.)

208.05 FORMAL PURCHASE LIMIT.

(a) All purchases of supplies, services and construction items with a value in the formal purchase limit range must be approved by the City Council after recommendation by the respective committee. The City Council shall evaluate bidders in accordance with Section 208.03 and be based on at least three quotations.

(b) Quotations shall be solicited under the formal purchase limit procedure by one or more of the following methods:

- (1) Direct mail request to prospective vendors;
- (2) Telephone;
- (3) Direct personal contact with prospective vendors.

(c) The name of each person submitting a quotation and the date and amount of each quotation shall be recorded and shall be available for inspection in the City Office. Freight should be included in the quote, FOB Caseville, Michigan, preferred.

(d) Orders exceeding the budget line item or not in the budget must have the approval of the City Council.

(Ord. 2015-05. Passed 9-14-15.)

208.06 INFORMAL PURCHASE LIMIT.

(a) All purchases of supplies, services and construction items with a value in the informal purchase limit range may be made, provided that the respective committee has approved the purchase. (Ord. 2000-2. Passed 3-20-00.)

(b) All informal purchase limit valued purchases of supplies, services and construction items shall, whenever practical, be based on at least three quotations as described in Section 208.05 and shall be awarded to the lowest and most responsible bidder when evaluated in accordance with Section 208.03.

(c) Orders exceeding the budget line item or not in the budget must have the approval of the City Council.

(Ord. 91-4. Passed 8-12-91; Ord. 2005-02. Passed 3-14-05; Ord. 2015-05. Passed 9-14-15.)

208.07 SELF-PURCHASE LIMIT.

(a) Purchases of supplies, services, and construction items valued less than the informal purchase limit may be made, provided the signature of the department head or a Council member is secured. (Ord. 2000-2. Passed 3-20-00; Ord. 2005-02. Passed 3-14-05.)

(b) Purchases exceeding the budget line item or not in the budget must have the approval of the City Council.

(Ord. 91-4. Passed 8-12-91; Ord. 2015-05. Passed 9-14-15.)

208.08 OPEN ORDER ACCOUNTS.

(a) When a department purchases goods or services from a vendor where the City maintains an open account, a unit price is to be established by either the formal or informal purchase procedure whichever applies.

(b) The department head will be held strictly accountable for purchases and budgetary control under this procedure.

(c) Purchases exceeding the budget line item or not in the budget must have the approval of the City Council.

(d) The list of open account vendors is to be set annually by the City Council.

(e) An annual purchase order number shall be established and used for each vendor for which an open order account is created.

(Ord. 91-4. Passed 8-12-91; Ord. 2005-02. Passed 3-14-05.)

208.09 CONFERENCE OR SEMINAR ATTENDANCE REQUESTS.

(a) Each fiscal year, a seminar attendance amount will be budgeted to department heads for their respective departments.

(b) Department heads will allocate seminar costs for themselves and their respective employees of up to five hundred dollars (\$500.00) per seminar.

(c) Seminar requests exceeding five hundred dollars (\$500.00) per meeting shall require written majority committee approval.

(d) Conference or seminar requests, plus related expenses exceeding the budget line item or not in the budget, must have approval of the City Council.

(e) A written report to the City Council from the department head shall be due thirty days or at the next regular Council meeting, whichever is greater, following each seminar or conference attended.

(Ord. 208-A. Passed 2-8-93.)

208.10 EMERGENCY PROCUREMENT.

(a) Whenever there exists an apparent threat to the public health, welfare or safety of the City or its residents, the City Council or if time does not allow, the respective department committee head or Mayor, may approve the department supervisor to award a contract without competitive sealed bids by utilizing open market procedures as set forth in Section 208.03, or such other competition procedure as may be practical under the circumstances for the emergency purchase of supplies, services or construction items.

(b) The emergency purchase shall be made at the lowest obtainable price, and as soon as possible after the award, the appropriate department head shall file with the City Office a full written report of the circumstances surrounding the emergency purchase.

(Ord. 91-4. Passed 8-12-91; Ord. 2015-05. Passed 9-14-15.)

208.11 SOLE SOURCE PROCUREMENT.

A contract for supplies, services or construction items may be awarded by the City Council, without competitive sealed bids, when the City Council determines, after conducting a good faith review of available sources, that there is only one source for supplying the requested supply, service or construction item. The department head shall provide written documentation as to the reasons for awarding a purchase under this section, which will be available for public inspection in the City Office.

(Ord. 91-4. Passed 8-12-91.)

208.12 SALE OR DISPOSAL OF OBSOLETE OR SURPLUS SUPPLIES.

(a) All department heads shall submit to the City Council reports showing stocks of all supplies which, in the department heads opinion, are no longer used or which have become obsolete or worn and unsuitable for City use prior to the City fiscal year end.

(b) The City Council shall have the authority to transfer surplus stock from one City department to another, so as to secure for the City maximum efficiency in utilizing City resources and in budgetary planning.

(c) Sales or disposal of obsolete supplies or supplies worn-out and unsuitable for City use shall be made to the highest bidder in conforming with the procedures set forth in Section 208.03, by trade-in for new equipment, by direct sale to other governmental entities or by public auction, whichever the City Council deems applicable.

(d) A department head along with a council member can waive the requirements if the cost to comply with Section 208.03 exceeds the anticipated sales income from the surplus equipment.

(Ord. 91-4. Passed 8-12-91; Ord. 2005-02. Passed 3-14-05.)

208.13 COOPERATIVE PURCHASING; STATE AND/OR FEDERAL GRANTS.

The City shall have the authority to join with other units of government, including the State, in cooperative purchasing plans. Regardless of any other procedure set forth in this chapter, the City may negotiate and contract directly with persons when participating in State and/or Federal grant programs or projects, provided that the City Council determines that the best interests of the City would be served thereby.

(Ord. 91-4. Passed 8-12-91.)

208.14 UNAUTHORIZED PURCHASES.

Except as otherwise provided in this chapter, no City officer, employee or official shall order or enter into the purchase of supplies, services or construction items other than through the City Council and according to the procedures specified in this chapter. Purchases exceeding the budget line item or not in the budget must have the approval of the City Council. Any purchase or contract made contrary to the provisions of this chapter shall not be approved by the City officials and the City shall not be bound thereby.

(Ord. 91-4. Passed 8-12-91; Ord. 2005-02. Passed 3-14-05.)

208.15 FISCAL YEAR PURCHASING CUT-OFF. (REPEALED)

(EDITOR'S NOTE: This section was repealed by Ordinance 2005-02, passed March 14, 2005.)

208.16 PROCUREMENT, LABELING AND RECORDING OF RECYCLED PRODUCTS. (REPEALED)

(EDITOR'S NOTE: This section was repealed by Ordinance 2005-02, passed March 14, 2005.)

208.17 PURCHASE ORDERS.

(a) Numerically numbered purchase orders shall be utilized for all purchases except when purchasing from open purchase order vendors.

(b) A supply of purchase orders shall be supplied to department heads by the City Office for purchasing and emergency procurement, as set forth in this chapter.

(c) Purchases under twenty-five hundred dollars (\$2,500.00) do not require purchase orders.

(Ord. 91-4. Passed 8-12-91; Ord. 2005-02. Passed 3-14-05; Ord. 2015-05. Passed 9-14-15.)

208.18 RULES AND REGULATIONS.

The City Council may promulgate further rules or regulations to carry out the provisions of this chapter.

(Ord. 91-4. Passed 8-12-91; Ord. 2005-02. Passed 3-14-05.)