

# COUNTY OF ALPENA

## PROCUREMENT & PURCHASING POLICY

Date Issued: Adopted 04/2019; Amended June \_\_\_\_ 2022

Effective Date: April 01, 2019

### PROCUREMENT

The purpose of this policy is to provide for the fair and equitable treatment of all persons involved in procurement process of the County of Alpena. This policy is intended to maximize the purchasing value of public funds in procurement and to provide safeguards for maintaining a procurement system of quality and integrity to serve the best interest of the County of Alpena. This policy will also serve to utilize the most efficient method of operating the procurement process for the County of Alpena.

County of Alpena routinely procures products and services from third party vendors in the fulfillment of its operation for various departments. As a public entity the County of Alpena has an obligation to conduct procurement activity in a timely, ethical, cost effective and efficient manner, and in accordance with all regulatory requirements of its funding and governing organizations. The County of Alpena also has an obligation to treat all vendors with whom it conducts business in a fair and ethical manner.

This policy applies to contracts for the procurement of supplies, services and construction entered into by the County of Alpena after the effective date of this policy. This includes all forms of procurement activities including written, telephone and online procurements. When the procurement involves the expenditure of federal or state assistance or contracted funds, the procurement shall be conducted in accordance with any mandatory applicable federal or state laws and regulations. Nothing in this policy shall prevent any department or agency from complying with the terms and conditions of any grant, gift or bequest that is otherwise consistent with law.

The County maintains the following purchasing procedures, which are meant to comply with relevant regulations for state and federal grants management.

#### A. CONFLICT OF INTEREST

No employee, officer, agent, elected official or Board Member shall participate in the selection, award, or administration of a contract if he or she has a real or apparent conflict of interest. Such a conflict of interest would arise when the employee, officer, agent, or Board Member, or any member of their immediate family, or organization which employer is about to employ any of the parties indicated herein, has a tangible personal benefit from a firm considered for contract.

B. Responsibility for Purchasing

1. DELGATION OF AUTHORITY

This section sets forth the delegation of authority for the commencement of procurement actions and the award of such actions including contract modifications.

Solicitations for budgeted expenditures for materials, supplies and/or services that cost \$3,499.99 and less are authorized by departmental authority and do not require additional Board approval/action.

It is the responsibility of the department head, elected official or court administrator to set internal approvals. All procurements for materials, supplies and/or services \$3,500.00 and over will be verified by the Procurement Office for compliance in accordance with the Procurement Manual.

The chart below represents a summary of the procurement thresholds and the method of procurement required for each.

## PROCUREMENT SUMMARY

<b>Amount of Procurement</b>	<b>Line Item Budgeted</b>	<b>Initial Authorization</b>	<b>Type of Solicitation</b>	<b>Award Authorization</b>
<b>Petty Cash (\$100 and less)</b>	Yes	Department Head	N/A	Department Head
<b>\$3,499.99 and less</b>	Yes	Department Head	N/A, Unless Required by Grant	Department Head
<b>\$3,500-\$24,999.99</b>	Yes	Department Head	Department Collected Quotes	County Administrator/Elected Official
<b>\$25,000-\$74,499.99</b>	Yes	Appropriate Board	Department Collected Quotes	Appropriate Board
<b>\$75,000 and more</b>	Yes	Appropriate Board	Formal Solicitations	Appropriate Board

### 2. QUOTES

Department Heads will be responsible for obtaining quotes from two businesses/individuals that have comparable products/service. The Department Head will review the quotes and provide a recommendation with all pertinent information attached for the appropriate Committee to review, if required and make a recommendation to the full board.

### 3. SEALED BIDS

Department Heads will be responsible for preparing a bid package and advertising for the item/service to be purchased. Sealed bids will be opened in a posted meeting to be held in the Commissioners' Conference Room with the Finance Chairman or designee present. The original bids will immediately be given to the County Clerk. Department Head will retain a copy of the bids. Bids that are opened prior to this meeting will not be considered. The Department Head will review the bids and provide a recommendation with all pertinent information attached for the appropriate Committee to review and make a recommendation to the full board.

#### B. Purchase Methods

The type of purchase procedures required depends on the cost of the item(s) being purchased. Generally, professional services, such as legal and auditing are exempt from these procurement procedures.

## Procurement Documents, Responsibilities and Quotes.

Required procurement documents, personnel responsibilities and required quotations per purchase method will follow the adopted Bidding/Purchasing Policy noted in the procedures and policies of the County of Alpena. If there are any conflicts between the Purchasing Policy for the County of Alpena and the Procurement policies/procedures for the Grant Administration, the relevant State and/or Federal Grant Administration will supersede to comply with Federal regulations.

### **1. Purchases between \$500 and \$3,499 (Micro-Purchases)**

Micro-purchase means a purchase of supplies or services using simplified acquisition procedures, the aggregate amount of which does not exceed \$3,499. The micro-purchase method is used in order to expedite the completion of its lowest-dollar small purchase transactions and minimize the associated administrative burden and cost. Procurement by micro-purchase is the acquisition of supplies or services, the aggregate dollar amount of which does not exceed the micro-purchase threshold.

To the extent practicable, the County distributes micro-purchases equitably among qualified suppliers.

Micro-purchases may be awarded without soliciting competitive quotations if the County considers the price to be reasonable. The County maintains evidence of this reasonableness in the records of all micro-purchases. Please see *Allowable Costs* for written procedures on how to determine whether a price is reasonable.

### **2. Purchases between \$3,500 and \$24,499 (Small Purchase Procedures)**

Small purchase procedures are those relatively simple and informal procurement methods for securing services, supplies, or other property that do not cost more than \$20,000. If small purchase procedures are used, price or rate quotations are obtained from an adequate number of qualified sources.

*Quotes:* Department Heads will be responsible for obtaining quotes from two businesses or individuals that have comparable products/services. The Department Head will review the quotes and provide a recommendation with all pertinent information attached to the County Administrator/Finance Director to review and make a recommendation to the Ways & Means Committee.

### **3. Purchases between \$25,000 and \$74,999**

*Formal Advertising:* For purchases over \$25,000, bids are publicly solicited, and a firm fixed price contract (lump sum or unit price) is awarded to the responsible bidder whose bid, conforming with all the material terms and conditions of the invitation for bids, is the lowest in price. The sealed bid method is the preferred method for procuring construction, if the following conditions apply:

A complete, adequate, and realistic specification or purchase description is available;

Two or more responsible bidders are willing and able to compete effectively for the business;  
and

The procurement lends itself to a firm fixed price contract and the selection of the successful bidder can be made principally on the basis of price.

If sealed bids are used (for purchases over \$75,000), the following requirements apply:

Bids must be solicited from an adequate number of known suppliers, providing them sufficient response time prior to the date set for opening the bids, for state, local, and tribal governments, the invitation for bids must be publicly advertised;

The invitation for bids, which will include any specifications and pertinent attachments, must define the items or services in order for the bidder to properly respond;

All bids will be opened at the time and place prescribed in the invitation for bids, and for local and tribal governments, the bids must be opened publicly;

A firm fixed price contract award must be made in writing to the lowest responsive and responsible bidder.

Where specified in bidding documents, factors such as discounts, transportation cost, and life cycle costs must be considered in determining which bid is lowest. Payment discounts will only be used to determine the low bid when prior experience indicates that such discounts are usually taken advantage of. Any or all bids may be rejected if there is a sound documented reason.

*Competitive Proposals:* The technique of competitive proposals is normally conducted with more than one source submitting an offer, and either a fixed price or cost-reimbursement type contract is awarded. It is generally used when conditions are not appropriate for the use of sealed bids. If this method is used, the following requirements apply:

Requests for proposals must be publicized and identify all evaluation factors and their relative importance. Any response to publicized requests for proposals must be considered to the maximum extent practical;

Proposals must be solicited from an adequate number of qualified sources; and Contracts must be awarded to the responsible firm whose proposal is most advantageous to the program, with price and other factors considered.

The County may use competitive proposal procedures for qualifications-based procurement of architectural/engineering (A/E) professional services whereby competitors' qualifications are evaluated, and the most qualified competitor is selected, subject to negotiation of fair and reasonable compensation. The method, where price is not used as a selection factor, can only

be used in procurement of A/E professional services. It cannot be used to purchase other types of services though A/E firms are a potential source to perform the proposed effort.

The County's procedure for sealed bids are as follows:

Department Heads will be responsible for preparing a bid package and advertising for the item/service to be purchased. Sealed bids will be opened in a posted meeting to be held in the Commissioners' Conference Room with the Finance Chairman or designee present. The original bids will immediately be given to the County Clerk. Department Head will retain a copy of the bids. Bids that are opened prior to this meeting will not be considered. The Department Head will review the bids and provide a recommendation with all pertinent information attached for the Finance Committee to review and make a recommendation to the full board.

Contract/Price Analysis: The County performs a cost or price analysis in connection with every procurement action in excess of \$75,000, including contract modifications. A cost analysis generally means evaluating the separate cost elements that make up the total price, while a price analysis means evaluating the total price, without looking at the individual cost elements.

The method and degree of analysis is dependent on the facts surrounding the particular procurement situation; however, the Department Head must come to an independent estimate prior to receiving bids or proposals.

When performing a cost analysis, the Department Head negotiates profit as a separate element of the price. To establish a fair and reasonable profit, consideration is given to the complexity of the work to be performed, the risk borne by the contractor, the contractor's investment, the amount of subcontracting, the quality of its record of past performance, and industry profit rates in the surrounding geographical area for similar work.

#### **4. Noncompetitive Proposals (Sole Sourcing)**

Procurement by noncompetitive proposals is procurement through solicitation of a proposal from only one source and may be used only when one or more of the following circumstances apply:

The item is available only from a single source;

The public exigency or emergency for the requirement will not permit a delay resulting from competitive solicitation;

The federal awarding agency or pass-through entity expressly authorizes noncompetitive proposals in response to a written request from the County; or

After solicitation of a number of sources, competition is determined inadequate.

A cost or price analysis will be performed for noncompetitive proposals when the price exceeds \$75,000.

## 5. Emergency Procurement Policy

### Definition of an Emergency

For the purposes of the County of Alpena, an Emergency is defined as: an unforeseen situation involving:

- a breakdown of essential machinery or equipment requiring immediate maintenance, repair, or replacement, or
- threatened termination of essential services provided by the County, or
- a dangerous condition develops, or
- an immediate need for supplies which may vitally affect the safety, health, property or welfare of the public and the normal procurement procedure is too time consuming.

### Emergency Procurement Procedure

The County Administrator may waive established solicitation procedures for procurements \$25,000 and less in accordance with the County of Alpena emergency definition provided, above. Documentation in writing must be provided with the purchase request. Email, memo, or formal letter are a few examples of how this documentation may be provided.

It should be noted that the waiver of procedures may not be allowable for certain grant-funded procurements.

## C. Purchase Cards

### *Credit Card Policy:*

**Purpose:** To provide a policy for authorization and use of County credit cards per Public Act 266 of 1995.

**Policy:** The following policy shall govern the use of County Credit Cards:

The County Administrator/Commissioners' Office is responsible for issuing, accounting for, monitoring, retrieving and generally overseeing compliance with the County's credit card policy.

County credit cards may be used only by an officer or employee of the County for the purchase of goods or services for the official business of the County. The use of a credit card is limited to the purchase of capital outlays, the payment of travel, meals and accommodation expense while on County business (excluding expenses incurred in operating a privately-owned automobile) and gas, oil and other necessary expenses incurred in operating a County-owned vehicle.

County officers and employees who use a County credit card shall, as soon as possible, submit a signed copy of the vendor's credit card slip to their Department Head, who then submits a credit card reconciliation and credit cards slips to the Commissioners' Office. If no credit card slip was

obtained that described the transaction, the employee shall submit a signed voucher that shows the name of vendor or entity from which goods or services were purchased, the date and the amount of the transaction, the official business that required the transaction, and the chart of account number indicating the line item to which the transaction is to be charged. All credit card slips shall include this information as well. Vouchers shall also include a statement why a credit card slip was not obtained.

An official or employee who is issued a credit card is responsible for its protection and custody. If a credit card is lost or stolen, the Commissioners' Office shall be notified immediately. The entity issuing the lost or stolen credit card shall be immediately notified to cancel the card.

An officer or employee issued a credit card shall return the credit card to the Commissioners' Office upon termination of their employment or service with the County.

The Commissioners' Office shall maintain a list of all credit cards owned by the County, along with the name of the officer or employee who has been issued the credit card, the credit limit established, the date issued, and the date returned. Each employee shall initial the list beside their name to indicate agreement that the credit card has been issued, and that the employee has received and read a copy of this policy.

#### D. Full and Open Competition

All procurement transactions for federal and state grants must be conducted in a manner providing full and open competition consistent with 2 C.F.R § 200.319. In order to ensure objective contractor performance and eliminate unfair competitive advantage, contractors that develop or draft specifications, requirements, statements of work, or invitations for bids or requests for proposals must be excluded from competing for such procurements. Some of the situations considered to be restrictive of competition include but are not limited to:

Placing unreasonable requirements on firms in order for them to qualify to do business;

Requiring unnecessary experience and excessive bonding;

Noncompetitive pricing practices between firms or between affiliated companies;

Noncompetitive contracts to consultants that are on retainer contracts;

Organizational conflicts of interest;

Specifying only a " brand name" product instead of allowing " an equal" product to be offered and describing the performance or other relevant requirements of the procurement; and

Any arbitrary action in the procurement process.

#### **1. Geographical Preferences Prohibited for Federal Grants**



The County must conduct procurements in a manner that prohibits the use of statutorily or administratively imposed state, local, or tribal geographical preferences in the evaluation of bids or proposals, except in those cases where applicable federal statutes expressly mandate or encourage geographic preference. When contracting for architectural and engineering (A/E) services, geographic location may be a selection criterion provided its application leaves an appropriate number of qualified firms, given the nature and size of the project, to compete for the contract.

## **2. Local & Regional Bidders Preference – Non Federal Grant Purchases**

### **LOCAL BIDDERS PREFERENCE**

To be considered for local bidder preference, a local bidder/vendor shall have met the following qualifications for at least one year prior to the date bid proposals are due:

- 1) Shall have a legal and permanent business address with the County of Alpena
- 2) Shall be a current personal property and real property taxpayer in the County of Alpena.
- 3) Shall be in compliance with all local codes and ordinances.
- 4) Shall not be indebted or in default to the County of Alpena or any other governmental entity.
- 5) Shall provide all appropriate proofs of insurance relevant to the aforementioned bid.
- 6) All pending litigation has be disclosed.

### **REGIONAL BIDDERS PREFERENCE**

To be considered for regional bidder preference, a regional bidder/vendor shall have met the following qualifications for at least one year prior to the date bid proposals are due:

- 1) Shall have a legal and permanent business address with the County of Alpena
- 2) Shall be a current personal property and real property taxpayer in the County of Alpena.
- 3) Shall have a legal and permanent business address within 50 miles of the County of Alpena.
- 4) Shall be in compliance with all local codes and ordinances.
- 5) Shall not be indebted or in default to the County of Alpena or any other governmental agencies in Alpena County.
- 6) Shall provide all appropriate proofs of insurance relevant to the aforementioned bid.
- 7) All pending litigation has be disclosed.

## **3. Prequalified Lists**

The County must ensure that all prequalified lists of persons, firms, or products which are used in acquiring goods and services are current and include enough qualified sources to ensure maximum open and free competition. Also, the County must not preclude potential bidders from qualifying during the solicitation period.

#### **4. Solicitation Language**

The County must ensure that all solicitations incorporate a clear and accurate description of the technical requirements for the material, product, or service to be procured. Such description must not, in competitive procurements, contain features which unduly restrict competition. The description may include a statement of the qualitative nature of the material, product or service to be procured and, when necessary, must set forth those minimum essential characteristics and standards to which it must conform if it is to satisfy its intended use. Detailed product specifications should be avoided if at all possible.

When it is impractical or uneconomical to make a clear and accurate description of the technical requirements, a "brand name or equivalent" description may be used as a means to define the performance or other salient requirements of procurement. The specific features of the named brand which must be met by offers must be clearly stated; and identify all requirements which the offerors must fulfill and all other factors to be used in evaluating bids or proposals. 2 C.F.R Federal Procurement System Standards.

#### **5. Avoiding Acquisition of Unnecessary or Duplicative Items**

The County must avoid the acquisition of unnecessary or duplicative items. Additionally, consideration is given to consolidating or breaking out procurements to obtain a more economical purchase. And, where appropriate, an analysis must be made of leases versus purchase alternatives, and another other appropriate analysis to determine the most economical approach.

These considerations are given as part of the process to determine the allowability of each purchase made with federal funds. Please see *Allowability of Costs* for written procedures on determining allowability.

#### **6. Use of Intergovernmental Agreements**

To foster greater economy and efficiency, the County enters into state and local intergovernmental agreements where appropriate for procurement or use of common or shared goods and services.

#### **7. Use of Federal Excess and Surplus Property**

The County considers the use of federal excess and surplus property in lieu of purchasing new equipment and property whenever such use is feasible and reduces project costs.

#### **8. Debarment and Suspension**

The County awards contracts only to responsible contractors possessing the ability to perform successfully under the terms and conditions of a proposed procurement. Consideration will be given to such matters as contractor integrity, compliance with public policy, record of past performance, and financial and technical resources.

The County may not subcontract with or award subgrants to any person or company who is debarred or suspended. For all contracts over \$25,000 the County verifies that the vendor with whom the County intends to do business with is not excluded or disqualified. 2 C.F.R. Part 200, Appendix II(I) and 2 C.F.R. §§ 180.220 and 180.300.

#### **9. Maintenance of Procurement Records**

The County must maintain records sufficient to detail the history of all procurements. These records will include but are not necessarily limited to the following: rationale for the method of procurement, selection of contract type, contractor selection or rejection, the basis for the contract price (including a cost or price analysis), and verification that the contractor is not suspended or debarred.

The County follows the State of Michigan Record Retention Policies.

#### **10. Time and Materials Contracts**

The County may use a time and materials type contract only (1) after a determination that no other contract is suitable; and (2) if the contract includes a ceiling price that the contractor exceeds at its own risk. Time and materials type contract means a contract whose cost to the

County is the sum of: the actual costs of materials, and direct labor hours charged at fixed hourly rates that reflect wages, general and administrative expenses, and profit.

Since this formula generates an open-ended contract price, a time-and-materials contract provides no positive profit incentive to the contractor for cost control or labor efficiency. Therefore, each contract must set a ceiling price that the contractor exceeds at its own risk. Further, the County must assert a high degree of oversight in order to obtain reasonable assurance that the contractor is using efficient methods and effective cost controls.

#### **11. Settlements of Issues Arising Out of Procurements**

The County alone is responsible, in accordance with good administrative practice and sound business judgment, for the settlement of all contractual and administrative issues arising out of procurements. These issues include, but are not limited to, source evaluation, protests, disputes, and claims. These standards do not relieve the County of any contractual responsibilities under its contracts. Violations of law will be referred to the local, state, or federal authority having proper jurisdiction.

#### **12. Protest Procedures to Resolve Dispute**

The County maintains protest procedures to handle and resolve disputes relating to procurements and, in all instances, discloses information regarding the protest to the awarding agency.