

Allegan County Purchasing Policy



**Adopted by the Allegan County Board of Commissioners
August 15, 1995**

Effective January 1, 1996

Amended May 10, 2001

Attachment B

Allegan County Purchasing Policy Request for Written Quotations

Instructions & General Guidelines

1. Written quotations subject to the conditions listed below, and any other special conditions attached, will be received by the County of Allegan, 113 Chestnut Street, Allegan, Michigan, until 3:00 p.m. on the day specified on the enclosed form for furnishing the County the product(s) and/or service(s) described. Quotations shall include all charges for delivery, packing, etc.
2. The County reserves the right to accept or reject any or all of a quote, to waive technicalities, and to accept the offer the County considers most advantageous.
3. Vendors must fully complete the forms provided to submit a quote. If you do not wish to submit a quote, please return the forms and note your reason.
4. Vendors must fully complete the forms provided to submit a quote on the brand/manufacturer name and part number. Specifications and descriptive literature should also be furnished.
5. Whenever the County uses the name of a particular product or producer in specifications, it is intended for description and does not imply a restriction to that product or producer unless so stated.
6. Do not include Federal Excise Tax or Michigan Sales Tax in the quote, as the County is an exempt organization by law. The County will provide documentation of exemption upon request.
7. The delivery or start of work date(s) shall be stated in definite terms, as they will be taken into consideration in making the award.
8. The County reserves the right to cancel all or any part of an order if delivery is not made or work is not started as guaranteed.
9. Prices must be stated in units of quantity specified and must be firm. Shipping estimates must also be included.
10. Any questions regarding this request should be addressed to the Department requesting the quote.
11. Said bidder shall comply with the requirements of all Federal and State Laws and Regulations relating to Social Security, Unemployment Insurance and Workmen's Compensation, so that the County of Allegan will not be liable in any way for any claim evolving from said work in carrying out the contract.

Attachment C

Allegan County Purchasing Policy Invitation to Bid Package

Instructions to Bidders

Notice to Bidders

Sealed bids will be received until the time and the place and for the product(s) or service(s) as listed on the PROPOSAL-CONTRACT form attached and as further specified. These bids will be publicly opened at the Allegan County Courthouse or other designated area, in the presence of bidders, attendance is optional, and County officials. After tabulation and review and when required, bids will be presented to the County Commissioners for award of contract. The County reserves the right to review all bids submitted for a period of 30 days after the date of bid opening.

How to Submit a Proposal

All bids shall be submitted in *sealed envelopes*, mailed or delivered to: County of Allegan, Attention: County Administrator, 113 Chestnut Street, Allegan, MI 49010, and plainly marked on the outside with *bid number, identification of item being bid and date of bid opening*. It will be the sole responsibility of the bidder to ensure that the proposal reaches the location where bids are to be sent before the closing hour and date shown on the enclosed PROPOSAL-CONTRACT form.

Purpose of Bid

The County of Allegan intends to secure a source of supply for the product(s) and service(s) at the lowest price; early and satisfactory manufacture; and prompt and convenient shipment and service by the supplier to the County. Any failure on the part of the supplier to comply with the ensuing conditions and specifications shall be reason for termination of contract.

Examination of Contract Documents and Existing Conditions

Before submitting a proposal, bidders should carefully examine the entire Contract Document, including the specifications, and by the submission of a bid, the bidder will be understood to have read and be fully informed as to the contents of all of the bidding documents. Bidders should especially note any state or federal regulations and/or requirements in bids involving funds from respective agencies and be prepared to adhere to those requirements.

Should a bidder find any discrepancies, omissions, ambiguities, or conflicts among the contract documents, or be in doubt about their meaning, they should bring such questions to the attention of the County Finance Director no later than five (5) business days prior to the date of the receipt of bids. The County Finance Director will review the questions and, where information sought is not already indicated or specified, there will be a clarifying "Notice to Bidders," which will become part of the Bid Documents. Neither the County nor the County Finance Director will be responsible for any oral instructions.

Rejection of Bids

The County reserves the right to reject any and all bids or to accept the bid or any part thereof which is determined to best serve the needs of the County and to waive any informalities or irregularities in the bids. While cost is a factor in any bid award, it is not the only factor and may not be the determining factor.

Quantities

The quantities or usage shown are estimated only unless otherwise stated. No guarantee or warranty is given or implied by the County as to the total amount that may be or may not be purchased from any resulting contracts. These quantities are for bidders information only and will be used for tabulation and presentation of bid and the County reserves the right to increase or decrease quantities as required.

Bidding on Equivalent Products

If and wherever in the specifications a brand name, make, name of manufacturer, trade name, or vendor catalog number is mentioned, it is the purpose of establishing a grade or quality of material only. Since the County does not wish to rule out other competition and equal brands or makes, the phrase **or approved equal** is added. However, if a product other than those specified is bid, it is the bidder's responsibility to name such a product within the bid, and to prove to the County that said product is equal to that specified and to submit brochures, samples, and/or other specification in detail on the item(s) bid. The County shall be the sole judge concerning the merits of bids submitted.

Trade Discounts and Price Variances

Bids on individual items must include unit prices, as well as total price. Where a variance exists on the bid form between the unit price and the extension or whenever other discrepancies are noted between prices on the bid form and prices quoted elsewhere in the bid package, the unit price quoted on the bid form shall prevail. The County will also consider trade discounts and other pricing features in each individual bid prior to determining the successful bidder.

Submissions

Bidders must submit two (2) copies of PROPOSAL-CONTRACT forms.

- A. Unless otherwise specified, bidders must use PROPOSAL-CONTRACT forms furnished by the County. Failure to do so may cause a bid to be rejected. Removal of any part of the bid proposal may invalidate the bid.
- B. Proposals having any erasures or corrections must be initialed by bidder in ink. Bids shall be signed in longhand, in ink, by the principal authorized to make contracts. All quotations shall be typewritten or filled in with pen and ink.

Descriptive Data

Bidders must enclose with their bid forms data sheets, specifications, catalogs or literature completely describing the equipment, product or service to be furnished.

Equal Opportunity Clause

Bidders must verify with their bid that they are an Equal Opportunity Employer.

Assignment of Contract

The successful bidder shall not assign, transfer, convey, sublet or otherwise dispose of said contract, or his right, title or interest in or to same, or any part thereof, without previous consent in writing from the County Administrator, endorsed on or attached to the Contract.

Service and Parts

Bidders must be prepared to submit evidence to the County, in addition to that required in the attached specifications, that qualified personnel and adequate parts inventory are available to maintain all bid equipment in effective operation.

Guarantees/Warranties

Bidders must indicate the full guarantees and/or warranties prevailing on all equipment, parts and labor.

Delivery and/or Completion

Bidders shall indicate delivery or completion date of product(s) or service(s). These dates may be taken into consideration in making the award. Penalties imposed upon the County for late performance, shall be the responsibility of the vendor.

Contract Performance and Payment Bond

When a construction contract that exceeds \$50,000 is awarded, the following bonds or security may be required and shall become binding on the parties upon the execution of the contract:

- (a) A performance bond satisfactory to the County, executed by a surety company authorized to do business in the State of Michigan or otherwise secured in a manner satisfactory to the County, in an amount equal to 100% of the price specified in the contract; and
- (b) A payment bond satisfactory to the County, executed by a surety company authorized to do business in the State of Michigan or otherwise secured in a manner satisfactory to the County, for the protection of all persons supplying labor and material to the contractor or its subcontractors for the performance of the work provided for in the contract. The bonds shall be an amount equal to 100% of the price specified in the contract.

Nothing herein shall prevent the requirement of such bonds on construction contracts under \$50,000 when the circumstances warrant.

Manuals, Instructions, etc.

Successful bidder must deliver with the product two (2) copies each of operation, shop and parts manual; instructions and schematics pertaining to the equipment or product to be furnished by the County.

Samples and/or Demonstrations

Evidence in the form of samples may be requested if brand is other than specified. Such samples are to be finished after the date of bid opening only upon request of the County unless otherwise stated in the Bid Documents. If samples should be requested, such samples

Quality

All materials used for the manufacture or construction of any item(s) covered by this bid shall be new. The items bid must be new, the latest model, of the best quality and highest grade of workmanship, unless the option to include supplemental proposals for pre-owned, or demonstrator equipment or materials has been specified by the County.

Default Provision

In case of default by the bidder or contractor, the County of Allegan may procure the products or services from other sources and hold the bidder or contractor responsible for any excess costs occasioned or incurred thereby.

Compliance with Law

All goods or equipment bid shall comply with all applicable Federal, State, and local laws relative thereto including all safety related items as required by the Federal Occupational Safety and Health Act (OSHA). The successful bidder shall defend actions or claims brought and hold harmless the County from loss, cost or damage by reason of actual or alleged violations of Federal, State or local law in the design or manufacturing of equipment and/or material.

Royalties and Patents

The successful bidder shall pay all royalties and license fees and shall defend all suits or claims for infringement of any copyright or patent rights and shall hold and save the County and its officers, agents, servants and employees harmless from any and all loss and liability of any nature or kind whatsoever, including costs and expenses of defense, for or on account of any copyrighted, patented or unpatented invention, process, article or appliance manufactured or used in the performance of the contract, including its use by the bidder unless otherwise specifically stipulated in the Contract Document.

Inspection Expenses

Should it be required that County personnel travel outside of the County to inspect product(s) or equipment, all expenses covering such travel shall be at the expense of the bidder.

Liability Insurance

The successful bidder must carry Public Liability Insurance with limits of at least \$500,000/\$1,000,000 to protect the County of Allegan, and said bidder shall comply with the requirements of all Federal and State Laws and Regulations relating to Social Security, Unemployment Insurance and Workmen's Compensation so that the County of Allegan will not be liable in any way for any claim evolving from said work in carrying out the contract.

Delivery Provisions

Bid price is to be based upon the delivery terms of Free on Board { } 113 Chestnut , Allegan, Michigan or { } _____. Title to the purchased goods does not pass until the item(s) is received by the County.

Withdrawal of Bids

A written request for the withdrawal of a bid or any part thereof will be granted if the request is received by the County Administrator prior to the specified time of opening. Formal bids, amendments thereto, or requests for withdrawal of bids received by the County Finance Director after time specified for bid opening will not be considered.

Failure to Quote

If you do not choose to submit a bid, please return bidding documents, state reason thereon, and request that your name be retained on our bidders list. Failure to respond may result in your firm's removal from our bid mailing list.

Taxes

The County of Allegan is exempt from Federal Excise Tax and Michigan Sales Tax and same shall not be charged to the County.

Hold Harmless Agreement

The successful bidder shall agree to save and hold harmless and defend the County of Allegan from and against any or all claims, demands, suits and liability for death or injury to any person or damage to or loss of property, which injury, loss or damage is caused by or arises out of the execution of this contract of agreement.

Endorsement Prohibition

The successful bidder is specifically denied the right of using in any form or medium the name of Allegan County, supportive documentation or photographs of County projects, plant, equipment or employees for public advertising unless express permission is granted by the Allegan County Board of Commissioners.

Further Information or Clarification

Should prospective bidders require further information or clarification, contact the County Finance Director.

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ALLEGAN COUNTY PURCHASING POLICY

SECTION I OBJECTIVES

The objectives of the Allegan County Purchasing Policy are as follows:

- Comply with the legal requirements of public purchasing
- Assure vendors of impartial and equal treatment
- Assure taxpayers that the County is receiving maximum dollar value
- Assure that departments have the necessary supplies needed for a specific task
- Keep purchases within budgetary limits by securing only those goods and services for which funds have been approved
- It is the County's intent to participate in any and all cooperative purchasing programs that are statutorily permissible and approved for use by the County Administrator

SECTION II

GENERAL GUIDELINES

The guidelines of the Allegan County Purchasing Policy are as follows:

A. APPLICATION

This policy applies to contracts for the purchase of supplies, equipment, services and construction entered into by Allegan County and its constituent departments and agencies, after the effective date of this policy. It shall apply to every expenditure of public funds by Allegan County regardless of the source of the funds. When the purchase involves the expenditure of federal or state assistance or contract funds, the purchase shall be conducted in accordance with any mandatory applicable federal or state laws and regulations. Nothing in the Policy shall prevent any public agency from complying with the terms and conditions of any grant, gift, or bequest that is otherwise consistent with the law.

B. PLANNING

Planning for purchases should be done on both a short-term and long-term basis. Small orders and last minute purchases should be minimized, thereby increasing the capability of each department to purchase its goods¹ and services in larger quantities which often offer discounts in payment terms. Planning will also minimize the number of trips required by County employees to obtain materials and also minimize the amount of clerical and supervisory time spent on documenting purchases. Purchasing amounts larger than what will be needed in one fiscal year or that will not be used prior to the end of a material's shelf-life is discouraged.

Large purchases or projects may require additional planning. In these instances, professional and/or technical assistance in preparing bid specifications and/or contract documents may be needed. The time needed to contact and secure the services of these types of resource people must be considered when in the planning stage.

¹ Recycled goods should be considered when deemed appropriate

A further concern is the careful examination of applicable regulations in those cases where state or federal grant or loan funds are involved. These funds usually require recipients to meet specific bid requirements and specifications. Moreover, bids may need to be requested prior to confirmation that the grant or loan will be made to the County. The County and the bidder chosen must be aware of the additional record keeping and methods necessary to submit payment requests from the agency involved.

C. OVERDRAFTS PROHIBITED

Purchases will not be authorized which would overdraft a budgetary activity. Department Heads contemplating a purchase that may result in taking a line item over budget must make the necessary budget adjustments at the next scheduled mass budget update. If it is not desirable to wait for a budget update or if there are no more scheduled in the fiscal year, the Department Head may contact the Finance Director to arrange a special budget transfer.

D. BUYING PROPER QUALITY

Quality and service are just as important as price and it is the duty of the requisitioning department to secure the best quality for the purpose intended. Quality buying is the buying of goods or services that will meet but not exceed the requirements for which they are intended. In some instances, the primary consideration is durability. With other purchases, primary consideration may be immediate availability, ease of installation, frequency of repair or efficiency of operation. In the case of motor vehicles and other capital expenditures, departments may want to investigate life cycle costs or EPA mileage ratings to compare bids as opposed to utilizing the price as the criterion for determining the lowest responsible bidder. It is the responsibility of the Department Head to become familiar enough with the available equipment to determine the appropriate quality required in order to develop specifications.

E. LOCAL BUYING

It is the desire of the County to purchase from local vendors whenever possible. This can be accomplished by assuring that local vendors who have goods or services which are needed by the County are included in the competitive shopping process which precedes most purchases. The County has a responsibility to its residents, however, to assure the maximum value is obtained for each public dollar spent. It is assumed the local vendors who wish to do business with the County will offer the lowest possible quote for the item being purchased.

F. ETHICS IN PUBLIC CONTRACTING

This section deals with the responsibilities, potential liabilities and limitations imposed upon employees, County officials and their families when they are involved in the purchasing process and dealing with vendors. As with all County activities, purchasing must be undertaken in such a way as to not endanger the public trust in County staff. Two areas that must be addressed in this regard are bribery and conflict of interest.

Bribery in any form represents malfeasance in office and means that public funds are being mismanaged. Bribery by vendors in order to secure favorable consideration is seldom attempted. Vendors will usually attempt to secure favoritism by offering money or gifts to County officials. Attempts to influence decisions regarding expenditures of public funds may be directed against any employee who has influence over the selection of vendors. To avoid any implication of bribery, employees are prohibited from asking for or receiving any gifts/gratuities from any vendor. Employees guilty of accepting bribes will forfeit their employment with the County, as indicated in the County's Rules & Regulations.

To avoid implications of "conflict of interest," employees and County officials may be prohibited from dealing with a vendor if they or members of their immediate families have any financial relationship with the vendor. Circumstances may vary for individual cases. For assistance in applying any portion of this section to a given situation, contact the Finance Director.

G. SALES TAX

The County is exempt from paying all State Sales Tax and Federal Excise taxes. The Finance Director and Accounts Payable Clerk can provide the necessary exemption documents to any vendor upon request.

H. PUBLIC ACCESS

Whenever any person outside the County requests information on a bid, including costs estimates, refer the caller to the Finance Department or contact the Finance Director as to what information is acceptable to release. Trade secrets and confidential or proprietary information submitted by a bidder cannot be revealed to any person outside the County or to any County employee not involved in the bid or award process. Whenever in doubt, contact the Finance Director.

I. ENDORSEMENTS

It is County policy to not endorse or in any way permit any employee's name, position, or the County's name to be used and advertised as supporting a product or vendor. Firms may not use the County's name, supportive documentation or photographs of County projects they have participated in for promotional use without the explicit approval of the Allegan County Board of Commissioners.

J. PERSONAL PURCHASES

Non-public purchases by employees of equipment or supplies through the County for personal use are prohibited. County employees are also prohibited from using the County's name or the employee's position to obtain special consideration in personal purchases.

K. VIOLATION OF POLICY

Purchases made outside the approved procedures contained in this document will be considered void and not an obligation of the County of Allegan. Employees making unauthorized purchases will be held personally responsible for the purchase and will be subject to disciplinary action, which may include termination.

L. “BRAND NAME OR EQUAL” SPECIFICATION

The use of “Brand name or equal” specification may be used when the Department Head determines that use of a “brand name or equal” specification is in the County’s best interest.

The Department Head shall seek to identify sources from which the designated brand name item or items can be obtained and shall solicit such sources to achieve whatever degree of price competition is practicable. If only one source can supply the requirement, the procurement shall be made under Section III-F (Sole Source Procurement).

M. NON-DISCRIMINATION

Every contract or purchase order issued by Allegan County shall be entered into under the provision which requires the contractor, subcontractor or vendor not to discriminate against any employee or applicant for employment because of his or her religion, race, color, national origin, age, height, weight, or marital status.

N. RECYCLING

In recognition of the continuing need to be environmentally responsible, recycled goods should be considered when deemed appropriate and fiscally responsible.

Section III

PURCHASING PROCEDURES

When supplies, equipment, construction, and services can be obtained through a cooperative purchasing program, those programs shall be the preferred source of procurement and the bidding requirements of this section will be waived. Before any purchases are made, the Department Head and the Finance Director, or his/her designee, shall make a determination that the required supplies, equipment, construction, and services are not available through a cooperative purchasing source.

Current contract listings from the State of Michigan, Department of Management and Budget, Office of Purchasing, Extended Purchasing Program, and any other lists made available by other cooperative purchasing programs the County participates in will be distributed, by the Finance Department, to each County Department and County entity utilizing the County Purchasing Policy.

Professional services such as attorneys, engineers, certified public accountants and other professionals are specifically addressed in item H, "Professional Services".

When seeking quotes, each vendor must be given exactly the same specifications so as to assure bidding is based upon the same product concept. One also cannot act as an auctioneer by disclosing competitors quotes or asking a vendor to revise a quotation. Vendors may, however, call back and revise a quote on their own accord. This revision will be considered void if the order has already been placed. Additional cost associated with the purchase (shipping, handling, etc.) *should be* included in the total purchase cost. Special circumstances requiring a deviation from these procedures must be approved by the County Finance Director.

A. PURCHASES UNDER \$500

Department Heads shall make purchases of \$500 or less using operational procedures which provide for obtaining adequate and reasonable competition for the supply, equipment,

service, or construction being purchased. The Telephone Quotation Form (Attachment A) may be helpful in securing the lowest price. These forms do not need to be submitted to the Finance Department with the Payment Voucher.

B. PURCHASES FROM \$500 TO \$2,000

Purchases falling within this range must be submitted on a Telephone Quotation Form (Attachment A). Department Heads must obtain three oral quotations for the good or services desired. The Telephone Quotation Form should then be forwarded along with the Payment Voucher to the Finance Department for processing. The Department Head is responsible for insuring that the Telephone Quotation Form has been completed correctly and that funds are available in the appropriate budget. If three oral quotations were not secured, a notation explaining efforts to secure quotes and the lack of response should be made on the quotation form. The vendor providing the lowest quote does not have to be used, however, the Department Head must document valid reasoning on the quotation sheet for using a higher bidder.

C. PURCHASE FROM \$2,001 TO \$10,000

Prior to requisitioning purchases in this range, the Department Head will need to secure a minimum of three written quotations. Vendor Quotation Forms (Attachment B) will be used for this purpose. If three written quotes are unavailable, a written memorandum explaining the effort to solicit bids and the lack of response should be attached to the Purchase Requisition and forwarded to the Finance Director. Department Heads are reminded that the use of written quotation forms requires appropriate planning to insure adequate lead time (three to four weeks) is available to satisfy the purchasing requirements. Department Heads are responsible for insuring that each Vendor Quotation form is completely and accurately filled out and that funds are available in the appropriate budget.

D. PURCHASES IN EXCESS OF \$10,000

Department Heads anticipating the purchase of goods or services exceeding \$10,000 in value should prepare specifications based upon standards appropriate to meet the County's needs. Specifications should be forwarded to the County Administrator's office for review,

comment and approval. The County Administrator's Office, in conjunction with the Department Head, will prepare the necessary Invitation to Bid packet (Attachment C), public notices and advertisements to meet the requirements of this purchasing policy, and also send invitations to bid to qualified vendors. Department Heads should submit a list of vendors with the bid specifications. The list of qualified vendors should contain a brief explanation of the method used to choose said qualified bidders (i.e., past experience, yellow pages, recommendations, etc.). An Invitation to Bid packet containing an invitation to bid, specifications and general bid documents will be sent to these vendors and to vendors who respond to published notices. Formal bids will be advertised for at least ten (10) business days prior to bid opening.

Bid openings will be attended by a minimum of one person representing the Administration Department and one person representing the department requesting the purchase. After the bids are publicly opened, the bids will be turned over to the Department Head for review. The Department Head will prepare a written tabulation of all bids and draft a memorandum to the County Administrator, which will include the Department Head's recommendation for the bid award. All purchases over \$10,000 must be awarded the Board of Commissioners at a public meeting.

The bid award will normally be made to the low bidder meeting specifications. However, there may be instances when the low bid is not from a responsible bidder. When such a situation arises, it is incumbent upon the Department Head to thoroughly document the reasons why the low bidder should be disqualified. While it is the intention of the County to accept the low bid from a responsible bidder, cost may not always be the determining factor in a bid award. Therefore, bids may sometimes be awarded for reasons other than cost.

E. EMERGENCY PURCHASES

The bid procedure outlined in this manual may be waived under emergency conditions. An emergency exists when a dangerous condition develops or when supplies are needed for immediate work which may vitally affect the safety, health or welfare of the public. Emergency purchasing may also occur after breakdown in machinery and/or a threatened termination of other necessary public services, including maintenance and repair of essential

office equipment. Department Heads faced with an emergency purchase are to notify the County Administrator or Finance Director as quickly as possible.

F. SOUL SOURCE

In the event there is only one vendor capable of providing a particular product or service, then the competitive bidding procedures outlined in this manual may be waived by the Finance Director. Whenever a Department Head determines that they must purchase goods or services from a “sole source” vendor, they should document why only one company or individual is capable of providing the goods or services required. This documentation should be forwarded to the Finance Director for approval.

G. USED EQUIPMENT

New equipment is to be preferred over used equipment. However, there are situations where the purchase of used equipment should be considered. These include instances where:

- a. Price is of utmost importance and the difference in cost between new and used equipment is significant
- b. Equipment will be used infrequently, for a limited time, for training or for auxiliary operations.
- c. Better delivery is essential

The purchase of used equipment requires careful shopping and the requisitioning department should make every effort to secure a minimum warranty or guarantee that the equipment will perform as needed and that service or replacement parts are reasonably available.

H. PROFESSIONAL SERVICE

Normal competitive Invitation to Bid procedures cannot be utilized 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, will not enter into a competitive bidding process. In most cases, at the discretion of the Finance Director, a Request for Qualifications (RFQ) will be sent to those professionals known to provide the

service needed by the County. The purpose of the RFQ is to determine the best qualified bidders, who will then be sent Request for Proposals.

A Request for Proposal (RFP) can be prepared much the same way as an Invitation to Bid. RFP's should be submitted to the County Administrator for review and approval prior to distribution. When the RFP for professional services is approved, a limited number of qualified professionals known to the County will be invited to submit a proposal, which sets forth their interest and qualifications, and explains how they can meet the County's needs.

In securing professional services, it is the primary goal of the County to obtain the services of a professional who has a proven record of providing, in a professional way, those service which are required. A contract will be negotiated with the professional deemed to best meet the County's needs.

I. Cooperative Purchasing

The County shall not use the State of Michigan Extended Purchasing Agreement or any other cooperative purchasing agreement as a leverage to gain lower prices. The County shall make all purchases under cooperative purchasing agreements for public use only. The County shall issue orders in accordance with its authorized purchasing procedures. Cooperative purchasing contract numbers shall be shown on all purchase orders.

Payment for all purchases under cooperative purchasing agreements shall be made directly to vendors in accordance with its established procedures. The County shall not make purchases through cooperative purchasing agreements and subsequently resell the item(s) or service(s) to non-members, including private companies and individuals. When the County assumes administrative responsibility for the particular product or service being cooperatively purchased, it shall conduct its purchasing operations according to the principles of open competition.

SECTION IV

SPECIFICATIONS

Bid specifications assure that the materials or equipment to be purchased will meet the needs of the County in the most cost-effective manner. Specifications are very important in that they are the County's only documentation to challenge a vendor when an item is not performing in the use for which its purchase was intended.

A. GENERAL GUIDELINES

Specifications should be specific enough to guarantee the quality required, but flexible enough to allow vendors to be creative in their proposals. Care must be taken to maintain exactness in the specifications to prevent bidders from utilizing a loophole to avoid providing the quality goods or services intended to be purchased. Unnecessary precision can also be detrimental, in that it may remove less expensive materials capable of performing the job. Specifications should be written with clear, simple language, free of vague terms or those subject to variation in interpretation.

Specifications should also promote competition. By encouraging competition, the County will be provided with alternatives and the assurance that it will obtain the lowest possible price for the goods or services required. If a proposal does not meet the County's needs, it can be rejected and the bid that most closely follows the specifications will be accepted.

Specifications should also include payment schedules and conditions of payment. In the case of large and/or lengthy projects, partial payment will be held by the County until the project is satisfactorily completed.

An additional concern in developing specifications, is the establishment of the time period in which delivery and performance is to take place. In cases where the County may be penalized by law for late performance, specifications must be written to make said penalties the responsibility of the vendor.

SECTION V

DELIVERY AND PERFORMANCE

The importance of the delivery schedule should be emphasized to the vendor. Delivery requirements must be clearly written and fully understood by all contract participants. It is also important that you clearly show the place for delivery and the receiving time schedule at the delivery points. In determining delivery locations, you should analyze each specific location in respect to product, cost, timeliness and other relative factors.

A. DELINQUENT DELIVERIES

When follow-up efforts fail and delivery is delinquent, one may authorize additional time or cancel and order from another source. Factors to consider in this decision are the needs and requirements of the County, agreements with the vendor, availability of other sources, and the reorder time from an alternative vendor.

B. NONPERFORMANCE

Should the vendor fail to meet any requirements of the specifications, the vendor can be cited for nonperformance. The seriousness of nonperformance must be evaluated based on the circumstances surrounding each violation. There should always be some recourse to the County when a vendor fails to perform in accordance with the terms and conditions. These recourse include:

- a) The County may exercise its right under a liquidated damages clause or under the terms of a performance bond, if required by the specifications.
- b) The County may obtain the needed items from another source and charge the delinquent vendor the excess difference in costs.

Obtaining the delinquent items from another source is not always an acceptable solution since additional delivery time may be required. A revised delivery schedule with the vendor may be the best remedy.

C. APPEALS AND REMEDIES

Bid Protest

Any actual or prospective bidder or contractor who is aggrieved in connection with the solicitation or award of contract may protest to the County Administrator. Protestors are urged to seek resolution of their complaints initially with the appropriate Department Head and/or the Finance Director. The County Administrator shall make a determination and that determination shall be final and conclusive.

Contract Claims

All claims by a contractor against the County relating to a contract, except bid protest, shall be submitted in writing to the Finance Director. The contractor may request a conference with the Finance Director on the claim. Claims include, without limitation, disputes arising under a contract modification or rescission.

The decision of the Finance Director shall be issued in writing and shall be mailed or otherwise furnished to the contractor within fifteen (15) working days.

The Finance Director's decision shall be final and conclusive unless within five (5) calendar days from the date of receipt of the decision, the contractor mails or otherwise delivers a written appeal to the County Administrator.

If the County Administrator does not issue a written decision regarding any contract controversy within five (5) working days after written request for final decision or within such longer period as may be agreed upon between parties, then the aggrieved party shall proceed as if an adverse decision had been received.

SECTION VI

APPENDIX

APPENDIX I – DICTIONARY OF PURCHASING AND SHIPPING TERMS

Acknowledgement – A form used to inform the buyer that the seller has accepted the order.

Advertising – The solicitation of competitive sealed bids through advertising

Advice of Shipment – A notice sent to a purchaser advising that shipment has gone forward and usually containing details of packing, routing, etc.

Agent – One acting for another (called principal) in dealing with third parties.

Agreement – An understanding or arrangement between two or more parties.

Approval – Failure to take exception to standard terms and conditions of purchase orders constituting approval of terms.

As Is – An expression in a sales agreement implying that the buyer taking delivery of goods without warranty or guarantee has no recourse on the vendor for the quality or condition of the goods.

Backorder – The undelivered part of a previous order which the vendor agrees to ship later.

Bid – An offer at a price, whether payment or acceptance; a quotation specifically given to a prospective purchaser upon his request, usually in competition with other bidders.

Bill – A form used by a carrier as an invoice showing consignee, consignor, description of shipment, weight, freight rate, freight charges and other pertinent information about goods being shipped.

Billed Weight – The weight used by the carrier to assess freight charges.

Bill of Lading – A shipper's receipt for goods. A contract between the shipper and the carrier for the transportation of a given shipment.

Bill of Sales – A formal document transferring ownership of property specified in the document from one party to another.

Blanket Order – Generally, specifies prices, terms, conditions and the periods covered, but does not specify the quantity. May also be referred to as an Open Purchase Order.

Bond (Performance) – A bond executed in connection with a contract which secures the fulfillment of all undertakings, covenants, terms, conditions, and agreements contained in the contract.

Borderline Quality – A product barely within the limit of acceptability.

Breach of Warranty – A condition in which the material fails to meet the specifications.

Bulk Buying – The concentration of total demand for a commodity on a purchase order.

Buyer's Market – A competitive market condition that produces low prices – is favorable for the buyer.

Buyer's Option – The right to buy something at a fixed price within a specified time.

Buyer's Right of Routing – When the seller does not pay freight, the buyer's right to name the carrier must be made part of the contract of the same. Such right shall be exercised before actual shipment of goods. If seller disobeys buyer's orders as to carrier or route, he incurs all risks of transportation.

Carrier – An organization whose primary function is the transportation of passengers of commodities.

Cash in Advance – Same as “cash with order”.

Cash on Delivery (C.O.D.) – Seller wants carrier to collect payment from the buyer upon delivery of goods. May also be referred to as “collect on delivery”.

Cash Discount – A discount from the purchase price allowed to the purchaser if payment is made and received within a specified period.

Cash with Order – Payment is to accompany buyer's order.

Caveat Emptor – Latin phrase meaning, “let the buyer beware.” The purchaser buys at their own risk.

Caveat Venditor – Latin phrase meaning, “let the seller beware.” The responsibilities for defects or deficiencies in goods or services lie with the seller.

Certificate of Compliance – Supplier's written assurance that goods or services delivered fulfill requirements.

Certified Check – A check drawn from a bank that guarantees payment.

Change Order – Purchaser's written modification or addition to a purchase order.

Common Carrier – A person or corporation licensed by an authorized state, federal or other governmental agency, engaged in the business of transporting personal property from one place to another for compensation.

Concealed Damage – Damage that is not evident from viewing the unopened package.

Conditional Sale – A sale with the understanding that title will not pass the buyer until some prerequisite condition is satisfied.

Confirming Order – A purchase order restating the same terms originally placed orally.

Conformance Quality – The extent to which the standard is met or how closely particular pieces comply with the specification.

Consignee – The person or organization to whom a shipper directs the carrier to deliver goods. Such person or organization is usually the buyer of the goods and is listed as the consignee on a bill of lading.

Consignor – A person or organization who directs the bill of lading to be executed by the carrier.

Contract – A verbal or written, legally binding mutual promise between two parties.

Contract Carrier – Any person or corporation, not a common carrier, who under special and individual contracts or agreements, transports passengers or property by motor vehicle for compensation.

Contract Date – The date when a contract is accepted by all parties.

Cooperative Purchasing – An agreement between two or more entities to purchase supplies, services, equipment, or construction through contracts with specific vendors, which is statutorily authorized. Entities include, but are not limited to cities, villages, counties, townships, school districts, intermediate school districts, institutions of higher education, community or junior colleges, and states.

Counteroffer – A modified acceptance of an offer to contract; or rejection of a previous offer with a new proposal.

Covenant – A promise in writing.

D.b.a. – “Doing Business As”

Damage, Concealed – Internal damage to freight without the container showing corresponding damage.

Damage, Visible – Damage to freight which is apparent and noted on a carrier’s freight bill when shipment is offered for delivery.

Defect – Any non-conformance of the merchandise to order specifications.

Delivery – Transfer of possession. In shipping, the submission of the bill of lading or title of goods by the carrier to the recipient.

Destination – The location to which a shipment is consigned.

Discount – Vendor’s deduction from the selling price, usually upon some cost reducing conditions such as prompt payment.

En Route – Shipment is in the possession of the carrier and being transported.

Estimate – An approximate calculation of the charges or cost to the buyer for whom the estimator proposes to supply goods or services, particularly repair work.

Excess Freight – Freight in excess of that shown on the original carrier billing.

Expedite – Follow-up tracing of the status of an order to ensure that goods are delivered in accordance with contract terms.

Express Warranty – An undertaking, in the definite words of the seller, by which the seller assures the existence of certain facts as to the items sold.

F.O.B. – “Free on Board” A term used in connection with price quotation under which the seller pays all expenses and assumes all risks until actual delivery of the merchandise at the point agreed upon with the buyer.

F.O.B. Destination – Title of goods passes to buyer upon delivery.

F.O.B. Origin – Title of goods passes to buyer when shipped.

Gross Weight – The entire weight for a shipment, including containers and packaging materials.

Guarantee – A pledge or assurance that something is represented and will be replaced if it fails to meet the stated specifications.

Independent Contractor – A supplier of personal services who must, a) Exercise independent judgement as to buyer for payment, b) Be free from control or orders from any other persons and c) Be responsible under his contract for the result obtained.

Invoice – Seller’s itemized bill stating prices and quantities of goods and/or services delivered and sent to buyer for payment.

Invitation for Bid – All documents, whether attached or incorporated by reference, utilized for soliciting sealed bids.

Jobber – A middleman or dealer who purchases goods or commodities from manufacturers or importers and sells them to retailers.

Known Damage – Damage discovered before or at the time of delivery of a shipment.

Lead Time – The reasonable amount of time, after the date ordered, that it would take the supplier to prepare the goods for delivery.

Lien – A right one person, usually a creditor, has to keep possession of or control of the property of another for the purpose of satisfying a debt.

Liquidated Damages – A sum agreed upon between the parties to a contract, to be paid as ascertained damages by that party who breached the contract.

List Price – The price published in a catalog or other means of publication.

Negligence – Under a legal duty, the doing or omission of something which a reasonable prudent person would not have done or omitted under the circumstances.

Net Price – Price after all discounts, rebates, etc. have been allowed.

Offer – To bid, to present for approval.

Offeree – A person to whom an offer is made.

Offeror – A person who makes an offer.

Open Account Purchase – A term usually referring to a manner of supplying credit charging goods and services to a purchaser’s account, payment for which is to be made at some future date.

Option – The right acquired for consideration to buy or sell something at a fixed price within a specified time.

Order – An instruction issued to a supplier for goods to be delivered at a specific price.

Packing List – A document that itemizes, in detail, the contents of a particular package or shipment.

Partial Payment – The payment authorized in a contract upon delivery of one or more complete units called for under the contract, or upon completion of one or more distinct items of service called for.

Point of Origin – The station at which a shipment is received by a transportation line from the shipper.

Prepaid – A term denoting that transportation charges have been or are to be paid at the point of shipment by the consignor (shipper).

Purchase Order – A purchaser's written offer to a supplier stating all terms and conditions of a proposed transaction.

Quantity Discount – Reduction in unit price offered for large contracts.

Quotation – Generally, a sales proposal includes price and sales terms and conditions. A bid.

Refused Shipment – Freight which the consignee refuses to accept.

Retention – The withholding of part of the purchase payment until the time of final acceptance, according to the contract terms, by the purchaser. The amount retained, as well as the period of retention, is stipulated in the sales contract.

Request for Proposals – All documents, whether attached or incorporated by reference, utilized for soliciting proposals.

Request for Qualifications – The screening of potential vendors in which the County considers such factors as financial capability, reputation, management, etc., in order to develop a listing of bidders to qualify to bid on County contracts.

Salvage – What is saved after damage has been done; the value of the goods after damage.

Samples – One or more units of product selected at random from the material or process represented.

Screening Inspection – Each item received is inspected resulting in defective parts being rejected.

Seller's Market – A competitive market condition in favor of the seller. This may exist when relatively few suppliers exist or when demand for goods is high.

Statement of Account – A detailed listing, usually prepared by the seller, of transactions between seller and buyer for a stated period of time, usually a month, concluding with the open or unpaid balance.

Subject to Being Sold – The buyer may purchase goods provided that they have not been sold elsewhere in the meantime.

Subrogation – The substitution of one person in another’s place, whether as a creditor or as the possessor of any lawful right, so that the substituted person may succeed to the rights, remedies, or proceeds of the claim.

Tracer – A request made to a carrier to trace a shipment for expediting purposes or to establish a date of delivery.

Trade Discount – A reduction from a list price predicated upon the position of the buyer in the distribution channel.

Visual Inspection – Usually manual inspection, performed without the aid of test instruments.

Voucher – A written certification, usually testifying that services have been performed or goods purchased, that authorizes payment to be made to a vendor.

Volume Discount – A reduction in price predicated upon the size of an order, or upon the total annual volume. May be single or discount, cumulative volume discount, or cumulative retroactive discount.

Warranty – The representation that something is true. Not to be confused with “Guarantee”.