

**ST JAMES TOWNSHIP, BEAVER ISLAND**  
Adopted August 2017

<b>Policy Title</b>	<b>Purchasing/Fiscal/Bidding Procedures</b>
<b>Adoption Date:</b>	<b>August 2, 2017</b>
<b>Revision Date:</b>	

I. Purpose/Objective

The purchasing and fiscal policies guidelines are to assure that the Township of St James maintains lawful, prudent, and ethical methods to procure or dispose of supplies, materials, equipment, contract services, and construction projects for the Township.

II. Purchasing

- A. All purchases require that the appropriate funds are budgeted and sufficient funds are available at the time of purchase.
- B. No employee or any person shall make purchases or commit Township funds without proper authorization.
- C. Employees/designated persons are authorized to make purchases of goods and services up to \$100.00 with their Department Head or the Township Supervisor verbal approval.
- D. Department Heads are authorized to make purchases of goods and services up to \$500.00 provided the funds are budgeted and available.
- E. The Township Supervisor is authorized to make purchases of goods and services up to \$2,000.00 provided the funds are budgeted and available.
- F. The Township Supervisor is authorized to make emergency purchases of goods and services up to \$5,000.00.
- G. The Township Supervisor is authorized in the course of his/her duties to make expenditures within the bounds established by the line items of the Township budget.
- H. Expenditures greater than those listed above that require transfers among cost centers of a fund budget must be approved by the Township Board in advance of any purchase or commitment of funds.

- I. Expenditures greater than what the Township has budgeted within its various fund budgets requires the Township Board approval in advance of any purchase or commitment of funds.
- J. The Township Supervisor shall report to Board the details of all purchases of goods and services or commitment of funds in excess of \$2,000.00 that exceed the scope of the line items of the approved budget.
- K. The Township Supervisor may impose a spending freeze on all discretionary purchasing if instructed by Board or determines it is in the best interest of the Township.

### III. Fiscal Policies

- A. All purchases must have an accompanying itemized receipt or invoice prior to issuing a check.
- B. All planned expenditures above \$2,000.00 must have at least two accompanying quotes prior to selecting a vendor. The quotation selected is the one that provides the highest acceptable quality at the lowest price.
- C. All planned expenditures above \$5,000.00 must have at least two (three preferred) detailed written quotes prior to selecting a vendor. The quotation selected is the one that provides the highest acceptable quality at the lowest price.
- D. The requirement of having two quotes in section B. and C. above may be waived if in the opinion of the Township Supervisor efforts to obtain two quotes were exhausted or are impractical to obtain.
- E. All expenditures above \$5,000.00 must have an accompanying contract prior to any payments for purchases or services unless waived by the Township Supervisor when deemed impractical or otherwise inappropriate. All contracts above \$5,000.00 require Township Board approval unless stipulated otherwise herein.
- F. All checks issued by the Township shall have two authorized signatures recorded on its front surface before the check is valid.
- G. All purchases expected to be in excess of \$10,000.00 requires the development of a Request for Quotation, Request for Proposal, or Request for Bid except when deemed impractical or otherwise inappropriate by the Township Supervisor or in the case of an emergent need. In the event that the contract amount is greater than \$20,000.00, the Township will comply and follow the requirements of Public Acts 167 and 168 of 1993. (See attached resolution).

#### IV. Bid Procedure

- A. The Competitive bidding process for services is useful for several reasons:
  - a. Allows the Township of St James to make an informed and objective choice among potential contractors.
  - b. Encourages competition among contractors.
  - c. Gives the Township of St James a list of qualified contractors for future bids.
- B. A notice inviting bids for all jobs estimated as greater than \$5000 shall be published on the Township of St James Web Site and Governmental Center bulletin board, the BI Forum, the BI Chamber Message Board, BI News on the Net, and the Post Office at least ten days preceding the date set for receipt of the bid.
- C. Bids shall be sealed and identified as a bid on the envelope and submitted to the Township Clerk. All bid openings are conducted by the Township Clerk with a representative of the department making the purchase request. Bid openings are at 11:00am of the date advertised unless otherwise specified in the public announcement.
- D. All contractors/vendors shall receive identical copies of the Request for Bid (RFB)
- E. All contractors/vendors must be notified in writing if bid specifications change. Every consideration should be given to allow sufficient time for all bidders to accommodate the requested changes.
- F. Specify a deadline for submitting all bids. The deadline should be reasonable to provide time for quality responses.
- G. Late bids will be returned unopened to the bidder.
- H. When the bids are received, the Township of St James should sign, date and indicate the time that each is received. All competitive bids are confidential.
- I. Bids requested via email to submitted by email to the Township Supervisor and/or the Clerk only.
- J. When evaluating the bids, the following selection criteria should be considered:
  - a. Price
  - b. Bidder's previous record of performance, service and references.
  - c. Ability of bidder to render value-added services (maintenance, etc.)
  - d. Delivery schedule
  - e. Warranty
  - f. Terms and conditions
  - g. State and Federal Guidelines to be met

- K. If the lowest bid is found unacceptable because of one or more factors above, the department head or Supervisor shall document a concise and factual justification for the decision in written form.
- L. Tips on evaluating bids:
  - a. Narrow the field by determining which contractors/vendors are “responsive”. A responsive bid provides all the information asked for and addresses all of the issues in the RFB.
  - b. Look carefully at proposed bid price. Be wary of contractor/vendors who substantially underbid his competitors. They may be “low-balling “to win the bid, but the work product may be of inferior quality, not meet the specifications or the contractor **may** not be able to meet the requirements.
  - c. Consider the contractor’s/vendor’s past performances by checking references.
- M. In any case where competitive bidding is not practical or it is to the Township’s advantage to contract without competitive bidding, the Township, upon recommendation of the Township Supervisor, may authorize the execution of a purchase without competitive bidding.

#### V. Award of Contract and Rejection of Bid

- A. The Township shall have the authority to reject any and all bids when the best interest of the public is served.
- B. The Township shall not accept the bid of a contractor/vendor who is in default on the payment of taxes, licenses, or other monies due the Township.
- C. After a bid is awarded, a contract will be executed with the successful bidder. A performance bond, certificate of liability insurance or worker compensation maybe required if applicable and appropriate for the contracted service.

#### VI. Performance Bonds

- A. The Township shall have the authority to require a performance bond before entering a contract in an amount necessary to protect the interests of the Township.

#### VII. Co-operative Purchasing

- A. The Township shall have the authority to join with other units of government in a co-operative purchasing plan when the best interest of the Township would be served.

## VIII. Legal and Professional Services

- A. Only the Township Supervisor is authorized to purchase legal or professional services that are not otherwise already contracted for execution.

## IX. Conflict of Interest - Employees

- A. No employee will participate directly or indirectly in a procurement when the employee knows that the employee or any member of the employee's immediate family has a financial interest in the procurement; when a business or organization in which the employee, or any member of the employee's immediate family, has a financial interest pertaining to the procurement; or when any other person, business or organization with whom the employee or any member of the employee's immediate family is negotiating or has an arrangement concerning prospective employment is involved in the procurement.
- B. Upon discovery of an actual or potential conflict of interest, an employee shall promptly file a written statement of disqualification and shall withdraw from any further participation in the transaction involved. Failure to do so could result in immediate dismissal.

## X. Conflict of Interest – Board Members

- A. The Township of St James can enter into a contract with a contractor/vendor which a board member has a conflict of interest as defined in IX above. In entering into a contract with this contractor/vendor the board member must not vote on the contract and must disclose any pecuniary interest. A vote of two thirds of the full Township Board must approve the contract.

### **DEFINITIONS**

Board shall mean St James Township Board

Department Head shall mean maintenance director, harbormaster, board treasurer, board clerk