

Charter Township of Bloomfield
Purchasing Policy
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I. POLICY

The Charter Township of Bloomfield (the “Township”) will engage in purchasing activities that are fair and equitable, and which provide the maximum purchasing value for public funds. The Township will implement procedures designed to maintain a procurement system of quality and integrity. The provisions of this policy conform to the Township’s charter and applicable code, laws and regulations.

II. STATUTORY REFERENCES

The Board of Trustees may establish such rules and regulations regarding the business concerns of the Township as the Board considers necessary and proper. See: MCL 42.20; Act 359 of 1947, as amended.

III. PROCEDURE

A. Operational Guidelines

1. It is the intent of this Policy to maximize the purchasing power and value of public funds through a procurement policy that maintains a system of quality and integrity and promotes efficiency, effectiveness and equity in public purchasing. It is the goal of this Policy to recognize the obligation to the taxpayers to maximize the purchasing power of public funds to gain the best value for our residents. The Township will comply with all applicable federal and state laws concerning public purchasing.
2. Application
 - a. This Policy applies to the procurement of supplies, goods, equipment, services, and construction entered into by the Township and its constituent departments and agencies, after the effective date of this Policy. It shall apply to every expenditure of public funds by the Township irrespective of the source of the funds unless otherwise noted in this Policy. When the procurement involves the expenditure of federal or state assistance or contract funds, the procurement shall be conducted in accordance with any applicable federal or state laws and regulations. Nothing in this Policy shall prevent any public agency from complying with the terms and conditions of any grant, gift, or bequest that is otherwise consistent with law.
3. Administration
 - a. This Policy shall be administered by the Accounting Department. All formal solicitations are administered through the individual departments or divisions of the Township.
4. Sales Tax Exemption
 - a. The Township shall not be charged or pay sales tax. The Township, as a Michigan Municipal Corporation, is exempt from sales tax as provided in Act 167 of Public Acts of 1933. MCL 205.54(7); MSA 7.525(4)(7), and the Michigan Sales and Use Tax Rule,

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1979 MAC Rule 205.79, provide that sales to the United States government, the State of Michigan, and their political subdivisions, departments and institutions are not taxable when ordered on a Purchase Order and paid for by warrant on government funds. In the alternative, the government may claim exemption at the time of purchase by providing the seller with a signed statement to the effect that the purchaser is a governmental entity. This position was affirmed by the Michigan Department of Treasury through its Revenue Administrative Bulletin 1990-32, approved on October 11, 1990.

- b. The issuance of a Township Purchase Order or a Michigan Sales Tax Exemption Certificate does not, by itself, mandate the seller to exempt the sale. Therefore, all departments, divisions, and Elected Officials shall utilize the Township's Purchase Order and accounts payable system to the fullest extent possible when purchasing and paying for tangible personal property while still adhering to the other provisions within this Policy.

5. Emergency Purchases

- a. Whenever there is an imminent threat to the public health, safety or welfare of the Township or its citizens, the Township Supervisor may authorize purchases or the award of a contract, utilizing competition as may be practical and reasonable under the circumstances, for the emergency purchase of supplies, materials, equipment, services or construction. Such purchases must be reported to the Township Board of Trustees as soon as possible. The requirement for competitive sealed bids shall not apply to emergency purchases.

6. Cooperative Purchasing

- a. The Township may join in cooperative purchasing arrangements with school districts, joint purchasing consortiums or entities, and other government units. The Township may accept extended government pricing with appropriate documentation, if it is determined to be cost-effective and in the Township's best interest. The requirement for competitive sealed bids shall not apply to intergovernmental contracts.

7. Professional Services

- a. Procurement of services classified as professional services shall not require purchase orders, price quotations, or competitive sealed bids. These types of services by nature are recurrent and long-term relationships that benefit the Township to continue. Vendor selection and pricing should be reviewed annually to maintain adequate and reasonable competition. The Township Supervisor, Township Treasurer and Township Clerk will determine what is considered a professional service for the departments they directly oversee. Examples include but are not limited to insurance services, employee benefits, legal services, engineering services, auditing services, medical services, consultants, and hardware and software maintenance fees.

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8. Gratuities, Personal Benefits, and Kickbacks

- a. It shall be a violation of this Policy for any person to offer, give or agree to give any Township employee or former Township employee, or for any Township employee or former Township employee to solicit, demand, accept or agree to accept from another person, a gratuity, personal benefit, or kickback in connection with any purchasing or contracting decision.

9. Failure to Follow Policy

- a. The Township shall not be responsible for the costs of goods and services ordered or purchased by any Township official or employee that are not obtained in accordance with this policy. Contracts negotiated outside of this policy will be considered invalid and non-binding.

B. Standards For Procurement

1. Procurement Procedures:

- a. The procurement procedure to be used is determined by the dollar amount of the procurement. Contracts or purchases shall not be artificially divided to circumvent the purchasing procedures in this policy. An aggregate of regular, reoccurring purchases shall be determined on an annual basis; (for example: gasoline, paper products, cleaning supplies, ammunition, etc.). Grant funded procurements will follow all grant procurement requirements and guidelines.
- b. A cost analysis is required for all procurement actions. This entails verification of the proposed cost data and evaluation of the specific elements of costs and benefits, including comparison with the agency's prior independent cost or price estimate.
- c. Purchase Orders are not required for goods or services that are not ultimately expenditures of the Township. This includes but is not limited to purchases that are temporary, pass-through, or are reimbursable from a vendor, insurance policy, contractor, resident, or other parties. These purchases will be subject to the same system of quality, integrity, and evaluation processes to maximize value.
- d. Standard PO:
 - a. Generally prepared for one-time or individual purchases that require a purchase order.
- e. Blanket PO:
 - a. Generally prepared for ongoing or recurring purchases with the same vendor throughout the fiscal year. Those purchases may be related or unrelated to one another. Not required if individual purchases are less than \$5,000. A blanket PO covering individual purchases of \$10,000 or more shall have three quotes electronically attached. If all individual purchases covered by the blanket PO are less than \$10,000, a Note or

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Document shall be electronically attached to the blanket PO with an explanation supporting why quotes are not required to be obtained.

2. Purchases less than \$5,000:
 - a. A purchase order is not required. Purchases in this dollar amount are made by the Department Head or their designee. Vendor selection and pricing should be reviewed annually for adequate and reasonable competition.
3. Purchases from \$5,000 to \$9,999:
 - a. A purchase order is required prior to the purchase being made. Purchases in this dollar amount are made by the Department Head or their designee. Final approval of purchase orders are by the Township Supervisor. A minimum of three quotes for goods and services must be requested. The vendor's price quote may be verbal, written, or electronic.
4. Purchases from \$10,000 to \$34,999:
 - a. Such purchases or contracts shall be by competition and require the solicitation of a minimum of three (3) price quotations. The quotes should be obtained in writing, and must be electronically attached to the Purchase Order. Award shall be made to the qualified vendor offering the best value in the opinion of the department or division who made the solicitation and the Township Supervisor. Vendor selection and pricing should be reviewed annually by the Department Head for adequate and reasonable competition.
5. Purchases of \$35,000 and above:
 - a. Formal competition required. Purchases or contracts estimated to exceed \$34,999 shall require formal competition as deemed appropriate, including but not limited to competitive sealed bids, requests for proposals, quality-based selection, negotiated purchases, etc.
 - b. Awards shall be made to the offeror determined to be best qualified based on evaluation factors and negotiation of fair and reasonable compensation, with the approval of the Township Board of Trustees. The Township reserves the right to accept any proposal, to reject any or all proposals, and to waive any defects or irregularity in the proposal if it appears advantageous to the Township to do so.
 - c. The request for bids shall contain the following:
 - a. Description of services or goods desired
 - b. Desired delivery date or commencement date
 - c. Desired termination date
 - d. Bidders qualification

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- e. Warranties
 - f. References
 - g. Performance bonds and/or maintenance and guarantee bond
 - h. Acquisition costs, fees or other Township financial obligations
- d. If the Township Board of Trustees awards a contract with a vendor, there is no requirement for a Purchase Order. All invoices approved for payment under that contract shall reference the contract, expiration date, and date of approval by the Township Board of Trustees.

PURCHASING SUMMARY

AMOUNT OF PURCHASE	CONTACT TO INITIATE PURCHASE	TYPE OF QUOTE NEEDED	AWARD AUTHORIZATION REQUIRED BY	PURCHASE ORDER REQUIREMENT
LESS THAN \$5,000	DEPARTMENT HEAD	NONE	DEPARTMENT HEAD	NO
\$5,000 – \$9,999	DEPARTMENT HEAD	THREE VERBAL, OR WRITTEN QUOTES REQUIRED	TOWNSHIP SUPERVISOR	YES
\$10,000 – \$34,999	DEPARTMENT HEAD	THREE QUOTES ATTACHED TO PO	TOWNSHIP SUPERVISOR	YES
\$35,000 OR GREATER	DEPARTMENT HEAD	SEALED BIDS, RFP, OR OTHER FORMAL SOLICITATION	TOWNSHIP BOARD OF TRUSTEES	NO
RECEIVING	DEPARTMENT HEADS ARE RESPONSIBLE FOR DETERMINING THE PROPER QUANTITY AND QUALITY OF GOODS RECEIVED BEFORE FORWARDING THE INVOICE FOR PAYMENT BY THE ACCOUNTING DEPARTMENT.			

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C. Sole Source Procurement

1. Sole source purchases are defined as those in which “only one vendor possesses the unique and singularly available capability to meet the requirements set”. Such as technical qualifications, ability to deliver at a particular time, services from a public utility or in a situation where a particular supplier or person is identified as the only qualified source available.
2. Sole source purchases may also result because of compatibility with existing equipment or systems, the product or service is patented, copyrighted or has other proprietary information or trade secrets retained by the owner.
3. With approval from the Township Supervisor, a purchase may be made or contract awarded, without competition, when the appropriate Department Head determines, in writing, after conducting a good faith review of available sources, that there is only one appropriate source, and/or, when it is in the best interest of the Township to choose the one appropriate source, for the required supply, equipment, service, or construction item.
4. A note or document shall be electronically attached to the Purchase Order documenting why it is a sole source procurement.

D. Emergency Procurements

1. Notwithstanding any other provisions of this Policy, the Township Supervisor may make, or authorize others to make emergency procurements of supplies, services, or construction items, as recommended by a Department Head of the related department or division, when there exists a threat to public health, safety, or welfare, or where it is in the Township's best interest to do so, provided that such emergency procurements shall be made with such competition as is practicable under the circumstances, and shall be documented in writing.

E. Cancellation of Bids or Requests for Proposals

1. A bid or a request for proposal, 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 in the best interest of the Township, as determined by the Township Supervisor. Each solicitation issued by the Township shall state that the solicitation may be cancelled and that any bid or proposal may be rejected in whole or in part when it is in the best interest of the Township.

F. Rejection of all Bids or Offerors; Responsibility of Bidders or Offerors

1. It shall be within the discretion of the Township Board not to award a contract to a bidder or offeror for any reason, including a determination that the party is not a responsible bidder or offeror.

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G. Bid, Payment, and Performance Bonds on Contracts

1. To protect the Township's interests, bid surety, payment bonds, or performance bonds or other security may be required for contracts in conformance with State law, as determined by the appropriate Department Head and Township Supervisor. Any such requirements shall be set forth in the solicitation. Bid or performance bonds shall not be used as a substitute for a determination of a bidder or offeror's responsibility. Financial statements or performance bonds may be required from any company, if deemed appropriate by the Department Head or Finance Director.

H. Township Procurement Records

1. Bid File

- a. All determinations and other written records pertaining to solicitation and award of a contract done shall be maintained in a bid file by the respective Department that initiated and managed the bid process.

2. Retention of Procurement Records

- a. All procurement records shall be retained and disposed of by the Township in accordance with the appropriate Records Retention Schedules issued by the State of Michigan.

I. Nondiscrimination

1. Every contract or purchase order issued by the Township shall be entered into under provisions which require the contractor, subcontractor or vendor not to discriminate against any employee or applicant for employment because of his/her race, religion, age, sex, color, national origin, height, weight, disability or marital status.

J. Appeals and Remedies

1. Bid Protests

- a. Any actual or prospective bidder, offeror, or contractor who is aggrieved in connection with the solicitation or award of a contract may submit a request in writing to the Township Supervisor that the proposal receive a second review within seven (7) day of an award. Aggrieved persons are urged to seek resolution of their complaints initially with the appropriate Department Head. A protest with respect to an invitation for bids or request for proposals shall be submitted in writing within seven (7) calendar days of the date the contract is awarded. The Township Supervisor shall make a determination on the merits of the protest, and, if appropriate, determine a remedy, and that determination shall be final and conclusive.

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2. Contract Claims
 - a. Claims By a Contractor
 1. All claims by a contractor against the Township relating to a contract, except bid protests, shall be submitted in writing to the appropriate Department Head. The contractor may request a conference with the Township Supervisor on the claim. Claims may include, without limitation, disputes arising under a contract, and those based upon breach of contract, mistake, misrepresentation, or other cause for contract modification or rescission.
 - b. Notice of Decision
 1. The decision of the Department Head and Township Supervisor shall be issued in writing, and shall be mailed or otherwise furnished to the contractor.
3. Authority of the Township Supervisor to Settle Bid Protests and Contract Claims
 - a. The Township Supervisor is authorized to settle any protest regarding the solicitation or award of a Township contract, or any claim arising out of the performance of a Township contract.
4. Remedies for Solicitations or Awards in Violation of Law
 - a. Prior to Bid Opening or Closing Date for Receipt of Proposals. If prior to the bid opening or the closing date for receipt of proposals, the Department Head or Township Supervisor, after consultation with the Township Counsel, determines that an invitation to bid or RFP is in violation of applicable law, it shall be canceled or revised to comply with applicable law.
 - b. Prior to Award
 1. If, after bid opening or the closing date for receipt of proposals, the Department Head or Township Supervisor, after consultation with the Township Counsel, determines that an invitation to bid or RFP, or a proposed award of a contract is in violation of applicable law, then the invitation to bid, RFP, or proposed award shall be canceled.
 - c. After Award
 - 1). If, after an award, the Department Head or Township Supervisor, after consultation with the Township Counsel, determines that an invitation to bid, RFP, or award of a contract was in violation of applicable law, then the contract shall be modified to be consistent with the law, or shall be terminated.

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- d. Reservation of Right to Sue for Damages; Equitable Relief
 - 1). Nothing herein shall prohibit, impair or bar the Township's right, to sue for damages or equitable relief, in addition to the remedies set forth herein.
- e. Venue
 - 1). Any action filed by any party for relief on a determination under the terms of this Policy shall be filed in a court of competent jurisdiction within the Township or in Oakland County Circuit Court.

K. Ethics in Public Purchasing/Contracting

- 1. Criminal Penalties
 - a. To the extent that violations of the ethical standards of conduct set forth in this Policy constitute violations of federal statutes or Michigan law, they shall be punishable as those statutes provide therein. Such penalties shall be in addition to the civil and administrative sanctions set forth in this Policy. Violation of this section may result in disciplinary action including termination.
- 2. Employee's Duty to Abide by Township Policies
 - a. Township employees shall abide by existing Township policies including, but not limited to, policies regarding conflict of interest, gratuities or "kickbacks" and confidential information. Violation of this section may result in disciplinary action including termination.
- 3. Overriding the Provisions of the Policy
 - a. Under no circumstance shall Township employees manipulate the circumstances of a purchase transaction to override the provisions of this policy. For example, a proposed or actual purchase for \$35,000 may not be split into separate transactions of lesser amounts to avoid soliciting sealed bids. Violation of this section may result in disciplinary action including termination.
- 4. Conflicts of Interest
 - a. Board of Trustees
 - 1. No member of the Board of Trustees, individually or through a business in which he or she is an owner, partner or has a financial interest other than as an employee, will be allowed to bid or perform as a contractor or sub-contractor on any Township construction project.
 - b. Professional Service Contracts with Former Township Employees or Former Township Board Members

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1. To avoid the potential for conflict of interest, or any appearance thereof, the Township requires that all requests for entering into professional service contracts with former Township employees or former Township Board members be approved by the Board of Trustees.
- c. Vendor/Township Employee Relationships
1. To avoid any real or perceived conflict of interest, all proposals or contracts for professional services should, to the extent possible, identify any family relationship of the contractor or his/her employees and those who are presently employed by the Township.
- d. Contracts with Township Employees
1. Current employees are prohibited from doing business with the Township.