



CENTRAL PURCHASING

POLICIES, PROCEDURES & PROTOCOLS

*In Compliance With City Charter, City Ordinances, and
Driven by Purchasing/Procurement Best Practices*

*In Compliance with Federal Awards Procurement Requirements
as Established by 2 CFR 200 (a.k.a. OMB Supercircular)*

Revised: May 2015



Budget & Finance Department
Central Purchasing

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CPD MISSION STATEMENT CITY OF TAYLOR

Mission Statement

Provide efficient services that meet the customers' needs by innovative strategic sourcing programs, taking advantage of emerging technologies, practices, resources, and economies of scale, and appropriate consideration of the use of statewide contracts and purchase card systems.

Goal

Sound financial systems and practices to support departmental operations, ensuring accurate and accountable financial performance, while working to achieve the greatest economic benefit of the City of Taylor as possible.

CPD PURCHASING POLICY COMPLIANCE STATEMENT

City Charter Compliance

In the event that any portion of this document is found to be in contradiction or violation of the City Charter, the requirements as set forth in the City Charter shall prevail. However, with the exception of the portion that is deemed noncompliant, all other sections of the City of Taylor Purchasing Policy shall remain in force and in effect.

State and Federal Funding Compliance

In the event that any portion of this document is found to be in contradiction or violation of requirements set forth by the State of Michigan or the Federal Governmental Agency in relation to funding that they are providing to the City of Taylor, the requirements as set forth by the State of Michigan or the Federal Agency shall prevail. However, with the exception of the portion that is deemed noncompliant, all other sections of the City of Taylor Purchasing Policy shall remain in force and in effect.

SECTION I – DEFINITIONS

1.1 DEFINITIONS

The following terms and corresponding definitions shall be the recognized terms & definitions in relationship to this document, as well as all other purchasing related documents that are generated in the conduction of doing business with or on behalf of the City of Taylor. No other definition of these terms shall be recognized unless explicitly documented and agreed upon by all affected parties.

- 1.1.1 **As is.** A term indicating that goods offered for sale are without warranty or guarantee, and that the purchaser takes the goods at his/her own risk without recourse against the seller for the condition or performance of the goods.
- 1.1.2 **Award.** The acceptance of a bid or proposal.
- 1.1.3 **Bid Bond.** An insurance agreement in which a third party agrees to be liable to pay a certain amount of money in the event that a specific bidder, if its bid is accepted, fails to accept the contract as bid.
- 1.1.4 **Bid Deposit.** A sum of money or check deposited with and as instructed by the prospective purchaser to guarantee the bidder (depositor) will, if selected, accept the contract in accordance with the bid. If the bidder does not accept the contract, it forfeits the amount of the bid deposit.
- 1.1.5 **Bid (noun).** The response submitted by a bidder to an invitation for bids (IFB) or to a multi-step bid. The term is used to refer to the complete bid document.
- 1.1.6 **Bid (verb).** To submit a bid response. By submitting a bid response, the bidder gives the City the legal power to create a contract with the bidder in accordance with the bid response.
- 1.1.7 **Bid Opening.** The process through which the contents of bids are revealed for the first time to the City, other bidders, and the public.
- 1.1.8 **Bid Security.** A guarantee, in the form of a bond or deposit, that the bidder, if awarded a contract, will accept the contract as bid, otherwise the bidder (in the case of a deposit) or the bidder's guarantor (in the case of a bond) will be liable for the amount of the bond or deposit.
- 1.1.9 **Blanket Purchase Order.** Should be used for professional services, construction contracts, utility bills, insurance payments, lease payments, or any contractual service (or product) where multiple payments are to be made over a period of time.
- 1.1.10 **Brand Name or Equal Specification.** A specification limited to one or more items by manufacturers' names or catalogue numbers to describe the standard of quality, performance, and other salient characteristics, and which provides for the submission of equivalent products.
- 1.1.11 **Brand Name Specification.** A specification limited to one or more items by manufacturers' names or catalogue numbers.

- 1.1.12 **Change Order.** A written order signed and issued by the City directing the contractor to make changes to the original contract.
- 1.1.13 **City official or employee.** A person elected, appointed or employed, or otherwise serving in any capacity involving the exercise of a public power or trust.
- 1.1.14 **Client Department.** The department within the City initiating the solicitation for goods or services.
- 1.1.15 **Competitive Bidding.** The submission of prices by vendors competing for a contract, privilege, or right to supply merchandise or services. Competitive sealed bidding is the preferred method of procuring construction projects.
- 1.1.16 **Competitive Negotiation.** A method for contracting for goods and services, whereby proposals are solicited from qualified suppliers, following submission of which changes in proposals and prices be allowed, and the offer deemed by the awarding authority to be most advantageous in terms of criteria as designated in the Request for Proposals is accepted; a negotiated purchase.
- 1.1.17 **Conflict of Interest.** A personal interest or a duty or loyalty to a third party that competes with or is adverse to a City official's or employee's duty to the public interest in the exercise of official duties or official actions.
- 1.1.18 **Construction Projects.** The process of building, altering, repairing, improving, or demolishing any public structure or building, or other public improvements of any kind to any public real property. It does not include the routine operation, routine repair, or routine maintenance of existing structures, buildings, or real property.
- 1.1.19 **Contract.** An obligation such as an accepted offer between competent parties upon a legal consideration to do or abstain from doing some act. The essential elements of a contract are: an offer and acceptance of that offer; the capacity of the parties to contract; consideration to support the contract; legality of purpose; and sufficient certainty of terms.
- 1.1.20 **Contract Administration.** The management of various facets of contracts to assure that the contractor's total performance is in accordance with the contractual commitments and obligations to the purchaser are fulfilled.
- 1.1.21 **Contractor.** In compliance with MCL § Act 57 of 1998, Section 125.1591 the word "contractor", as used in this Purchasing Policy, means any person, co-partnership, association of persons, company, or corporation to whom is awarded any contract for the construction, erection, repair, maintenance, or improvement of any public work of this municipality.
- 1.1.22 **Cooperative Purchasing.** The combining of requirements of two or more governmental entities to obtain the advantages of volume purchases, reduction in administrative expenses, or other public benefits.
- 1.1.23 **Cost Analysis.** The evaluation of cost data for the purpose of arriving at costs actually incurred or estimates of costs to be incurred, prices to be paid, and costs to be reimbursed.

- 1.1.24 **Debarment.** To prohibit a vendor/contractor from bidding on future solicitations for cause for a certain period of time. A sanction brought against a vendor/contractor whereby they may not engage in future procurement actions.
- 1.1.25 **Default.** The phrase "in default to the city" as used in MCL 117.5(f), means that, at the point in time the contract is to be made or given, the person has failed to meet a financial, contractual, or other obligation to the city after adequate notice of the obligation and an opportunity to cure it were provided.
- 1.1.26 **Department.** Any City department, commission, or board, requiring supplies, services, or construction procured pursuant to this Policy.
- 1.1.27 **Emergency Purchase.** A purchase made without following the normal purchasing procedures in order to obtain goods or services quickly to meet an urgent and unexpected requirement.
- 1.1.28 **Environmentally Preferable Products.** Products that have a lesser impact on human health and the environment when compared with competing products. This comparison may consider raw materials, acquisition, production, manufacturing, packaging, distribution, reuse, operation and/or disposal of the product.
- 1.1.29 **Financial Interest.** Ownership of any interest in or involvement in any relationship which, or as a result of which, a person has recently received, or will receive, a sum of money (or something of value).
- 1.1.30 **Frivolous Complaint.** A complaint where it is determined that at least one of the following conditions are met: (1) the primary purpose of initiating the complaint was to harass, embarrass, or injure or; (2) there was no reasonable basis to believe that the facts alleged by the complainant were in fact true.
- 1.1.31 **Gift.** Anything of true value which is given to a public official or city employee without payment of fair market value.
- 1.1.32 **Grant.** A transfer of funds to support or stimulate programs authorized by federal or state laws, to accomplish objectives that are locally defined and managed.
- 1.1.33 **Gratuity.** A payment, loan, subscription, advance, deposit of money, service, or anything of more than nominal value, present or promised, except as excluded by City Charter and State Law, unless consideration of substantially equal or greater value is received.
- 1.1.34 **Immediate Family.** A spouse, children, step-children, parents, step-parents, brothers, sisters, step-siblings, grandparents, step-grandparents, grandchildren, step-grandchildren, members of the immediate household to include significant others and domestic partners, and in-laws of the above.
- 1.1.35 **Ineligible Bidder.** A vendor who, by reason of financial instability, unsatisfactory reputation, poor history of performance, or other deficiency, does not meet the qualifications for placement on the bidders list or for award; also non-responsible bidder. Justification for ineligibility must be documented in writing and retained by the Purchasing Department.

- 1.1.36 **Informal Bid.** An unsealed competitive offer conveyed by letter, telephone, facsimile, electronic submission, or other means, and under conditions different from those required for formal bidding.
- 1.1.37 **Invitation for Bids (IFB).** All documents, whether attached or incorporated by reference, utilized for soliciting sealed bids.
- 1.1.38 **Local Bidder.** A local bidder is defined as a person, partnership, corporation, limited liability company or joint venture which is authorized to transact business in Michigan, and which maintains a business office within the City of Taylor.
- 1.1.39 **Local Preference.** An advantage in consideration for award of a bid granted to a local bidder by reason of the bidder's business location. Local bidders shall receive a 3% of low bid preference for projects between \$0 to \$30,000; a 2% low bid preference for projects between \$30,001 to \$100,000; and a 1% low bid preference for amounts over \$100,000 to overall bidders. **For bids related to goods or services funded with Federal grants, local preference is not considered.**
- 1.1.40 **Michigan Inter-governmental Trade Network (MITN).** A group of agencies that joined forces to create an online Regional Bid Notification System to notify companies of new bid opportunities. Companies now have access to all MITN participating agencies bid information from the website. This system provides instant access to our Invitation to Bids, RFP's, and Awards online.
- 1.1.41 **Multi-Year Contract.** A procurement contract that extends for longer than one year. All multi-year contracts are subject to annual appropriations by the City Council.
- 1.1.42 **No Bid.** A response to an IFB stating that the respondent does not wish to submit a bid.
- 1.1.43 **Non-Resident Bidder.** A non-resident bidder is defined as a person, partnership, corporation, limited liability company or joint venture which is authorized to transact business in Michigan, and which maintains its principal place of business outside Wayne County or the SE region of Michigan
- 1.1.44 **Non-responsive Bid.** A bid that does not conform to the essential requirements of the IFB; nonconforming bid; unresponsive bid.
- 1.1.45 **Offer or Proposal (noun).** The response submitted by an offeror/proposer to a request for proposals (RFP), and at the City's option, to be used as a basis for negotiations for a contract. The term is used to refer to the complete proposal document.
- 1.1.46 **Offer or Propose (verb).** To submit a proposal/offer to a request for proposals. By submitting a response, the offeror/proposer gives the City the legal power to create a contract with the offeror/proposer in accordance with the response.
- 1.1.47 **Official Duties or official actions.** Decisions, recommendations, approvals, disapprovals, or other actions which involve the use of discretionary authority.

- 1.1.48 **Payment Bond.** A contract of guaranty executed subsequent to award by a successful bidder 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.
- 1.1.49 **Performance Bond.** A contract of guaranty executed subsequent to award by a successful bidder to protect the City from loss due to contractor inability to complete the contract as agreed.
- 1.1.50 **Piggyback (Piggyback Cooperatives).** A form of intergovernmental cooperative purchasing in which an entity will be extended the pricing and terms of a contract entered into by another entity to achieve economies of scale not normally received on its own.
- 1.1.51 **Prequalification of Bidders.** The screening of vendors in which a purchaser considers such factors as financial capability, reputation, management, previous work product and other factors in order to develop a list of prospective qualified bidders.
- 1.1.52 **Price Analysis.** The evaluation of price data, without analysis of the separate cost components and profit as in cost analysis, which may assist in arriving at prices to be paid and costs to be reimbursed.
- 1.1.53 **Pricing Data.** Factual information concerning prices for items substantially similar to those being procured. Prices in this definition refer to offered or proposed selling prices, historical selling prices and current selling prices. The definition refers to data relevant to both prime and sub-contract prices.
- 1.1.54 **Procurement.** The combined functions of purchasing, inventory control, traffic and transportation, receiving, inspection, storekeeping, salvage and disposal operations.
- 1.1.55 **Procurement Card (P-Card).** A payment method whereby Client Departments are empowered to deal directly with vendors or contractors using a City-issued credit card.
- 1.1.56 **Project File.** The file containing documents pertaining to a specific project which is maintained in the office of the Purchasing Agent.
- 1.1.57 **Project Manager.** An individual who shall be responsible for a specific City project.
- 1.1.58 **Proposal.** An offer made by a vendor as a basis for negotiations for entering into a contract.
- 1.1.59 **Proposal Evaluation Criteria.** Factors, usually weighted, relating to management capability, technical capability, and manner of meeting performance requirements, price and other important considerations used to evaluate which proposer in a competitive negotiation has made the most advantageous offer.
- 1.1.60 **Proposer.** A person submitting a proposal in response to a Request for Proposals (RFP).

- 1.1.61 **Public Notice.** The advertisement of a notice in a newspaper or other public place according to City policy to inform the public that the City is requesting bids on a specific purchase it intends to make.
- 1.1.62 **Public Works Projects.** Any construction, alteration, repair, demolition, or improvement of any land, road, highway, bridge, or other public improvement suitable for and intended for use in the promotion of the public health, welfare, or safety and any maintenance programs for the upkeep of such projects.
- 1.1.63 **Purchasing Agent.** An employee within the Budget & Finance Department, Central Purchasing Team who is responsible at some level for buying or approving the acquisition of goods and services needed by the City of Taylor. Several of the duties include, but not limited too, seeking reliable vendors or suppliers to provide quality goods at reasonable prices, negotiating prices and contracts, reviewing technical specifications, determining quantity and timing of deliveries, forecasting upcoming demand, and executing the acquisition of materials or services.
- 1.1.64 **Purchase Order.** A City contract to formalize a purchase transaction with a vendor. The purchase order should contain statements as to the quantity, description, and price of the goods or services ordered; applicable terms as to payment, discounts, date of performance, and transportation; and other factors or suitable references pertinent to the purchase and its execution by the vendor.
- 1.1.65 **Purchase Requisition.** A document created for a request to purchase a good or service. The request is documented in the Paramount System or via communications with the Purchasing Agent. If the amount is unknown the best estimate including all cost (e.g. Freight and Surcharges) shall be the requested amount.
- 1.1.66 **Purchasing.** Purchasing Department of the City of Taylor or its staff.
- 1.1.67 **Qualified Bidder.** A bidder determined by the city to meet standards of business competence, reputation, financial ability, and product quality for placement on a list of prospective bidders.
- 1.1.68 **Quotation.** A statement of price, terms of sale, and description of goods or services offered by a vendor to the City, usually for informal purchases; the stating of the current price of a commodity, or the price so stated.
- 1.1.69 **Request for Proposals (RFP).** All documents, whether attached or incorporated by reference, utilized for soliciting proposals.
- 1.1.70 **Responsible Bidder or Offeror.** A person who has the capability in all respects to perform fully the contract requirements, including but not limited to experience, integrity, reliability, capacity, facilities, equipment, and credit which will assure good faith performance. In determining this classification, a Duns & Bradstreet profile may be requested.
- 1.1.71 **Responsive Bidder or Offeror.** A person who has submitted a bid or proposal, which conforms in all material respects to the invitation for bids or request for proposals.

- 1.1.72 **Salvage.** Property that is no longer useful as a unit in its present condition but has some value in addition to its value as scrap, usually because parts from it may be recovered and reused.
- 1.1.73 **Scrap.** Property that has no value except for its basic material content.
- 1.1.74 **Scope of Work.** A description of services to be purchased (as opposed to specification, a description of goods).
- 1.1.75 **Sealed Bid or Proposal.** A bid which has been submitted in a sealed envelope to prevent its contents from being revealed or known before the deadline for the submission of all bids; usually required by law or rule on major purchases, to enhance fair competition.
- 1.1.76 **Service Contract.** A contract that calls for a contractor's time and effort rather than for a concrete end product. The term as defined here does not include employment agreements or collective bargaining agreements.
- 1.1.77 **Services.** The furnishing of labor, time, or effort by a contractor on an independent contract basis.
- 1.1.78 **Sole Source Purchasing.** Selection of one particular supplier to the exclusion of all others. This decision may be based on lack of competition, proprietary technology, copyright or a supplier's unique capability. The City of Taylor shall not purchase any proprietary goods or services, unless absolutely necessary and deemed in the City's best interest.
- 1.1.79 **Solicitation.** The process of notifying vendors that the City wishes to receive bids for furnishing goods or services. The process may consist of using MITN, public advertising, mailing notices, electronic notification, posting notices, telephone or faxing messages to prospective bidders, or all of these.
- 1.1.80 **Specification.** A description of what the City seeks to buy and, consequently, what a bidder must be responsive to, in order to be considered for award of a contract. A specification may be a description of the physical or functional characteristics, or the nature of a supply or service. It may include a description of any requirements for inspecting, testing, or preparing a supply or service item for delivery.
- 1.1.81 **Standard.** A level of quality accepted as norm.
- 1.1.82 **Standardization.** The adoption of a single product or group of products to be used by different organizations or all parts of one organization.
- 1.1.83 **Stock. (Inventory).** A supply of goods maintained on hand in a supply system to meet anticipated demands.
- 1.1.84 **Subcontractor.** One who agrees to perform part of a contract for the principal [general] contractor.
- 1.1.85 **Taylor Service Area.** The area which includes services provided by the City of Taylor (i.e. water and trash services). This area includes, but is not necessarily limited to, the incorporated town limits of the City of Taylor.

- 1.1.86 **Transportation Charges.** All purchases shall be delivered FOB City of Taylor it at all possible. Under this form of delivery the seller not only pays the freight, but also assumes all risk to goods in transit except those borne by the carrier. No “Cash on Delivery” orders shall be placed by any department.
- 1.1.87 **Unit Price.** The price for a given unit of goods or service.
- 1.1.88 **Utilities** Competitive bidding shall not be required for utility vendors (natural gas, electric, telephone service and water and sewer). A RFQ request for quote will be performed by the purchasing department if utility is not a commodity.
- 1.1.89 **Vendor.** A supplier of goods, general services, or professional services.
- 1.1.90 **Waiver of Mistake or Informality.** The act of disregarding errors or technical nonconformities in the bid which do not go to the substance of the bid and will not adversely affect the competition between bidders.
- 1.1.91 **Warranties & Guarantees.** The city may purchase items that have a warranty or guarantee for a certain length of time. Each department shall be responsible for maintaining an up-to-date warranty/guarantee file for items purchased by the department. Before any item is repaired or replaced, the informational file shall be reviewed to determine whether said item is covered by a warranty of guarantee.

SECTION II – CENTRAL PURCHASING DEPARTMENT, BUDGET & FINANCE

2.1 PUBLIC ACCESS TO PURCHASING INFORMATION.

Purchasing information shall be a public record to the extent provided in MCL Act 442 of 1976 *et seq.* and shall be available to the public as provided in said statute.

2.2 CITY PURCHASING RECORDS

- 2.2.1 **Project File.** All determinations and other required written records pertaining to the solicitation, award, or performance of a contract shall be maintained for the City in the Project file, by the Purchasing Agent.
- 2.2.2 **Original Purchase Orders/Direct Pay Requisitions.** After a purchase is complete, original purchase orders and original invoices are retained in the Budget & Finance Department.
- 2.2.3 **Retention of Purchasing Records.** All purchasing records shall be retained and disposed of by the City in accordance with retention guidelines and schedules as required by law.

2.3 POSITION OF PURCHASING AGENT

The Purchasing office is part of the Department of the Budget & Finance. The Purchasing Department is responsible for the purchasing functions for the City of Taylor. The public contact for the Purchasing Department is the Purchasing Agent.

The Purchasing office is located at 23555 Goddard Road, Taylor, MI 48180 and the phone number is (734) 374-1459; fax number (734) 374-1344.

2.4 PRINCIPAL PUBLIC PURCHASING OFFICIAL

The Purchasing Agent shall be responsible for the purchasing of supplies, services, and construction in accordance with this Policy, as well as the management and disposal of supplies, for all City departments.

The basic principles of the Purchasing Department is to centralize the purchasing authority; establish standardized specifications for commonly used items; consolidate purchases of like or similar items to take advantage of volume purchase discounts; eliminate emergency purchases for non-emergency situations; implement procedures to require requisitions and authorizations of all goods and services.

With the exception of the exemptions listed below and as defined by the purchasing limits outlined on page 19 of this document, departments must utilize the Purchasing Department in acquiring goods and services for the City.

2.5 EXEMPTIONS

The following purchases may be exempt from the Centralized Purchasing Department. This exemption does not include an exemption from other applicable City Policies and Procedures for Contracts, and other applicable topics.

- a. Travel expenses
- b. Subscriptions and dues
- c. Training and seminars
- d. Postage and post office box rent
- e. Utilities

SECTION III – VENDOR: CONTRACTOR / SUPPLIER RESPONSIBILITIES

3.1 GENERAL

All vendors are responsible for complying with the terms within this Policy. City staff may refer vendors and unsolicited proposals to the Central Purchasing Department, or a specific Purchasing Agent if applicable. The Purchasing Agent shall contact Client Departments to determine interest or need in these products or services.

3.1.1 Direct contact with city elected officials or city staff, other than the Purchasing Agent, during the bid/proposal process may render the bid/proposal as non-compliant. At the Purchasing Agent's discretion no further consideration may be given the bid/proposal.

3.1.2 When, for any reason, collusion or other anti-competitive practices are suspect among vendors, notice of the relevant facts shall be transmitted to the City Attorney, District Attorney and Michigan State Attorney.

3.2 STANDARDS OF RESPONSIBILITY

In order to do business with the City, a vendor must be able to demonstrate that it:

- a) Is currently not in "Default" to the City as is mandated by City Charter, Section 15.4(b);
- b) Has the appropriate financial, material, equipment, facility, and personnel resources experience, and expertise, or the ability to obtain them, necessary to indicate the capability to meet all contractual requirements;
- c) A satisfactory record of performance and integrity;
- d) The legal capacity to contract with the City; and
- e) Supplied all necessary information in connection with any inquiry concerning responsibility including but not limited to the prequalification procedures as set forth in this Policy, when applicable.

The City reserves the right to inspect the plant, place of business, or worksite of a vendor. The unreasonable failure of a vendor to promptly supply information in connection with an inquiry with respect to responsibility may be grounds for a determination of non responsibility.

3.3 DETERMINATION OF NON-RESPONSIBILITY

If a vendor who otherwise would have been awarded a contract is found non-responsible, a written determination of non-responsibility, setting forth the basis of the finding, shall be prepared by the City and a copy thereof shall be forwarded to the vendor. Once the determination of non-responsibility has been made, the City shall conduct no further business with such vendor unless and until the vendor has submitted supplemental information which indicates compliance with the Standards of Responsibility set forth in Section 3.2 of this Policy.

3.4 PRE-QUALIFICATION

At the sole discretion of the City, projects may require that the prospective contractor be pre-qualified. On such projects, prospective contractors may be asked to submit relevant information as required for the specific project. All prospective contractors shall fill out and return a pre-qualification questionnaire. Pre-qualification shall be determined on an individual basis by the Purchasing Agent and Client Department. All contractors determined not to be qualified shall be notified in writing as to why they did not meet the qualifications.

SECTION IV – SOURCE SELECTION, REQUISITIONING AND SPECIFICATIONS

4.1 REQUISITION & INVOICING PROCEDURES

4.1.1 **Purchase Requisition.** The Client Department will initiate a Requisition by utilizing the automated Paramount system in conjunction with Microsoft Great Plains system. If the Department does not have access to the Paramount system, a paper Requisition may be submitted to the Purchasing Agent. The Department is responsible for following the appropriate method of Purchasing based on the dollar amount of the purchase as noted in section 4.3.

The requisition is initially approved by the Department Director, and then forwarded to the Purchasing Agent who verifies that Purchasing Policy has been followed and converts the Requisition to a Purchase Order. After conversion, the Purchase Order is routed to the proper authority for final approval, if required as defined in City Charter. Purchasing prints the Purchase Order, faxes or mails it to the vendor, distributes the original to the department where the request was generated to be held until the order is received. In an effort to be paperless, the Purchasing Department may communicate through electronic means.

4.1.2 **Invoicing.** The city issued purchase order number shall be the primary identification number utilized by the city in the tracking of orders and processing of payments. A vendor's failure to comply with one or more of the following actions could result in a delay of payment. In such an event, the City will not be responsible for late payment penalties.

- 1) Vendors are required to visibly place the city issued purchase order number on the invoice.
- 2) Invoice details must reflect and correspond with purchase order details.
- 3) Vendors are required to submit the invoice directly to Central Purchasing

4.2 SPECIFICATIONS OR SCOPE OF WORK – GENERAL

Departments must write a specification or scope of work to provide Purchasing with clear guidelines and to provide vendors with specific measurable limits of minimum product or service acceptability. In order to ensure that the solicitation documents meet all Purchasing Policy requirements, a minimum of two weeks shall be required for Purchasing review and comment. Failure to provide adequate time for Purchasing review shall result in the delay of distribution, and subsequent timeline, of a project.

A specification has the following four characteristics:

- 4.2.1 It sets the minimum acceptability of the goods or service. Too low a standard, and the goods or service will not meet the needs of the department.
- 4.2.2 It promotes competitive bidding. The maximum number of responsible vendors should be able to bid the specification. Restrictive specifications decrease competition.
- 4.2.3 It contains provisions for reasonable tests and inspections for acceptability of the goods or service. The methods and timing of testing and inspections must be indicated in the specification. Tests should refer to nationally recognized practices and standards, whenever possible.
- 4.2.4 **BRAND NAME OR EQUAL SPECIFICATION.** When a brand name *or equal* specification is used in a solicitation, the solicitation shall contain explanatory language that the use of a brand name is for the purpose of describing the standard of quality, function, performance, and characteristic desired and is not intended to limit or restrict competition.

4.3 PURCHASING PROCEDURES

SELECTING THE APPROPRIATE METHOD OF PURCHASING

Competitive Proposal - 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.

Non-Competitive Proposal - Procurement through solicitation of a proposal from only one source.

The following table identifies when each competitive purchasing method applies to procuring goods and services:

	Estimated Cost of Single Item	Purchasing Method to Use
Micro-purchase	Less than \$2,000	Micro-purchases may be awarded without soliciting competitive quotations if purchasing considers the price to be reasonable.
Small Purchase	\$2,000 to \$99,999	Small purchase procedures are those that use relatively simple and informal procurement methods for securing services, supplies, or other property that do not cost more than the threshold noted to the left. If small purchase procedures are used, price or rate quotations must be obtained from an adequate number (3) of qualified sources and approved by City Council before awarded. If three quotes are not obtained justification will be provided.
Sealed Bid	Greater than \$100,000	The invitation for bids will be publicly advertised and 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. 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 publicly opened at the time and place prescribed in the invitation for bids. The recommended bid must be approved by City Council before awarded.

4.4 MICRO-PURCHASE (\$0 - \$1,999)

4.4.1 **Conditions for Use.** Procurement of goods or services which cost between \$0 - \$1,999. Purchases shall not be artificially divided so as to falsely constitute a micro purchase under this Section.

4.4.2 **Solicitations.** To the extent practicable, the department must distribute micro-purchases equitably among qualified suppliers. Micro-purchases may be awarded without soliciting competitive quotations if the Purchasing Department considers the price to be reasonable.

4.4.3 **Award.** If applicable, the Purchasing Department shall document the informal quote documentation and issue the Purchase Order.

4.5 Purchasing Card.

4.5.1 Departments may purchase items utilizing their city issued credit card, also referred to as Purchasing Card, in compliance with Council Resolution 9.846-98.

4.5.2 A requisition is needed to obtain authorization for credit card purchases. Under no circumstances are purchases to be artificially divided to fall within this limitation.

4.5.3 The Purchasing Card shall be used whenever possible to minimize paperwork and to expedite procurement. Cardholders should refer to the Purchasing Card policy for procedures regarding authorization of purchases and cost-coding of same.

4.5.4 That an officer or employee may spend up to \$1,000 but must obtain permission from a Department Head to charge any greater amount. In any circumstance, a requisition must be submitted and approved before the purchase is made.

4.5.5 Each purchasing card shall have a \$2,000 credit limit.

4.6 Petty Cash.

4.6.1 Petty Cash purchases in excess of \$100 require a requisition and a PO approved by the department director and purchasing department. If a requisition is required, and the amount of the purchase is unknown, a best estimate should be used. **Under no circumstances will sales tax be reimbursed.** The City has Tax Exempt cards which are available in the purchasing department if needed. If sales tax is included in the purchase, the requestor or department director will be responsible for reimbursing the petty cash fund for the amount of the sales tax.

4.6.2 Petty cash shall not be used for employee reimbursements for travel, related gas, meals seminar registrations and similar expenses. Petty cash is not to be used to pay for personal services.

4.7 SMALL PURCHASE (\$2,000 to \$99,999)

4.7.1 **Conditions for use.** Small purchase procedures are those relatively simple and informal procurement methods for securing services, supplies, or other property that do not cost more than \$99,999. If small purchase procedures are used, price or rate quotations must be solicited from an adequate number (3) of qualified sources. In some cases, 3 qualified sources may not exist.

4.7.2 Project requirements shall not be artificially divided so as to constitute a small purchase under this Section.

4.7.3 **Solicitations.** Upon receiving a requisition, Purchasing, with assistance from the requesting department, shall solicit informal bids or quotes from as many businesses as is practical. In no circumstance shall the requesting department solicit their own bids or quotes.

4.7.4 **Award.** The Central Purchasing Department shall document the informal bid documentation as necessary, and issue the Purchase Order.

4.7.5 **Council Approval.** Purchases over \$2,000 are subject to City Council approval before the quote or bid is awarded and the P.O. is issued.

4.8 COMPETITIVE SEALED BIDDING

4.8.1 **Conditions for Use.** Competitive Sealed Bidding shall be used for any products or services: which cost \$100,000 or more, including public works and construction projects. Competitive bidding is intended to enable the City to acquire goods and services it requires to conduct public business at the lowest possible cost. It also gives qualified and responsible vendors desiring to do business with the City a fair and equitable opportunity to do so. The City may opt to use a *multi-step sealed bid process* wherein an invitation for bids is issued requesting the submission of un-priced offers to be followed by an invitation for bids limited to those bidders whose offers have been determined to be technically acceptable under the criteria set forth in the first solicitation.

4.8.2 **Procurement by sealed bids (formal advertising).** 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.

4.8.3 A department contacts Purchasing to initiate the competitive sealed bidding process. Purchasing (with assistance from the department) assigns a project name, determines the time, date and location of bid opening, and begins a Project File for the project.

(1) In order for sealed bidding to be feasible, the following conditions should be present:

- (i) A complete, adequate, and realistic specification or purchase description is available;

- (ii) Two or more responsible bidders are willing and able to compete effectively for the business; and
- (iii) 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.

(2) If sealed bids are used, the following requirements apply:

- (i) The invitation for bids will be publicly advertised and 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;
- (ii) 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;
- (iii) All bids will be publicly opened at the time and place prescribed in the invitation for bids;
- (iv) A firm fixed price contract award will 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; and
- (v) Any or all bids may be rejected if there is a sound documented reason.

4.8.4 Timeline. A Project Timeline shall be used for all projects or purchases over \$100,000. Pre-bid meetings (if required) must be held at least 14 days prior to bid opening date and at least four (4) days following publication date. Vendor/Contractor questions shall be due a minimum of nine (9) days prior to bid opening date. Any questions arising from an addendum shall be accepted up to 48 hours from addendum release date. If questions arising from addendum require response from the City in the form of additional addendums, the final addendum must be released a minimum of six (6) days prior to bid opening date, or the opening date must be rescheduled.

4.8.5 Public Notice. A project subject to formal bidding must be given public notice. Said notice shall be published in a local newspaper of general circulation, and may be advertised in other publications or websites. The advertisement shall be published at least 14 calendar days prior to the bid opening date. However, if a bidder must be pre-qualified, the first advertisement must run 21 calendar days before the date of the bid opening.

The notice must contain:

- a) The project name;
- b) A brief description of the goods or services desired;
- c) The closing date and time for receiving bids or proposals;
- d) The place where bid packets may be obtained;
- e) Date, time and location of any pre-bid conferences;
- f) Any special instructions to bidders (whether prequalification is required, the cost of bid packet, etc.) or where same may be obtained;
- g) Statement regarding the City's right to waive informalities, reject all bids, and accept the bid/proposal deemed most advantageous to the City of Taylor;
- h) Incorporation by reference of the City of Taylor Purchasing Policy and City Standardized Contracts, unless otherwise stated; and
- i) Late bids will not be accepted

4.8.6 Invitation for Bids. Purchasing shall compile an Invitation for Bid (IFB) for Formal Bidding to inform interested vendors of the requirements of the project. The client department shall provide the specifications or scope of work to Purchasing.

Depending upon the scope of the project, the IFB may contain the following:

- a) *Cover Form.* The information provided in the Public Notice. Departments may use a copy of the Public Notice for the Cover Form.
- b) *Vendor Information.* Business name; address; telephone number; name and signature of person preparing the bid/proposal.
- c) *Pre-bid Conference.*
 - a. Mandatory pre-bid conferences are required for all projects over \$100,000. At the sole discretion of the Purchasing Agent, the mandatory pre-bid conference may be waived if the Client Department provides sufficient justification.
 - b. Pre-bid conferences are optional for projects under \$100,000. Optional pre-bid conferences may be conducted for the purpose of explaining the procurement requirements and details of the project. For any project, the City may deem the pre-bid conference mandatory if determined necessary to insure familiarity of the project prior to bidding. The Invitation for Bid shall specify the starting time and estimated length of each pre-bid conference. The pre-bid meeting shall utilize the Purchasing Agent's clock, and anyone arriving after the meeting begins shall be disqualified. An official sign-in sheet shall document those in attendance, their time of arrival and the time the meeting is concluded. In the event only one bidder is in attendance, the project may be placed on hold and re-advertised. Nothing stated at such conference shall change the Invitation for Bids unless the change is made by written amendment.
- d) *Specifications.* The description of the purchase requirements.
- e) *Evaluation Criteria.* The criteria upon which the bids will be evaluated and awarded, which may include items such as inspection, sample testing, quality, service, workmanship, delivery, and suitability for a particular purpose. Those criteria that will affect the bid price and be considered in evaluation for award shall be objectively measurable, such as discounts, warranties, transportation costs, total or life cycle costs and any other special requirements. The IFB shall set forth the evaluation

criteria to be used. No criteria may be used in bid evaluation that is not set forth in the invitation for bids.

- f) *Sub-Contractors*. A list of sub-contractors shall be attached to each proposal and/or bid. The vendor shall submit a list showing each specialty sub-contractor to whom he proposes to sub-contract any portion of the work and or warranty service. All sub-contractors must be approved by the City prior to start of work.
- g) *Standard Statement Regarding Bid Process*. Bids may contain a statement similar to the following: Bids are awarded to the lowest responsible bidder who submits the responsive bid that is most advantageous to the City of Taylor. Such bidder understands the scope of the project, has the experience and expertise to complete said project, and has met all criteria stated in the Scope of Work. The City of Taylor reserves the right to reject any and all bids, to waive any informalities and minor irregularities in bids, and to accept the bid deemed, in the opinion of staff, to be in the best interest of the City of Taylor.
- h) *Bid, performance, and payments bonds or other security*. Security may be requested for projects. Any such bonding requirements shall be set forth in the IFB. Bid or performance bonds shall not be used as a substitute for a determination of a vendor responsibility.
- i) *Retainage*. Retainage may be withheld for public works and construction projects. If a department desires retainage withheld on any other type of project, it should be delineated in the IFB.
- j) *Multi-year Contract*. If the department wishes to award the project on a multi-year basis, it shall be stated in the IFB. It shall also be stated that all multi-year contracts are subject to annual appropriations by the City Council.
- k) *All or None Award*. If an all or none award is anticipated prior to issuing a solicitation, it shall be stated in the IFB.
- l) *Insurance and Tax Reporting Requirements*. Insurance (Section 5.3) and Tax Reporting Requirements must be stated in the IFB. Selected vendors must provide the City with a completed W9 form, proof of workers' compensation insurance and a Certificate of Insurance.
- m) *Special Provisions*. Any other terms or conditions which are required for the project, including, but not limited to, any prequalification or special licenses.
- n) *Bid Schedule Form*. Form for the vendor to quote prices in accordance with the specification requirements. Prices are usually provided by unit and total cost.
- o) *Document Exhibits*. Copies of documents that will be used throughout the project; i.e., Notice of Award, Sample Contract, Notice to Proceed, Contract Modification. Document exhibits may be incorporated by reference.

Purchasing shall place a copy of the IFB in the Project File and notify vendors/contractors via local newspaper advertising and/or electronic posting of bids online utilizing the MITN System and/or contacting vendors on the City's master vendor list. Whichever method that solicits the most number of bids possible.

4.8.7 Qualified Bidders List. If the requesting department requires prequalification of vendors for a Formal Bid, the department shall coordinate with Purchasing to issue a Request for Qualifications. The prequalification process may add up to four weeks to any solicitation process. Purchasing shall place the Qualified Bidders List in the Project File.

4.8.8 Receipt of Bids. Receiving the sealed bids must be conducted properly to ensure that no possibility of favoritism or even the appearance of favoritism exists. Receipt shall be as follows:

- a) Vendors shall submit to the City Clerks Office as instructed in the IFB all bids in a sealed envelope, with the project name clearly marked on the outside of the envelope.
- b) The City Clerk's Office shall stamp the date and time that it was received and hold unopened in a secure location until time of bid opening.
- c) Should an unmarked envelope believed to contain a bid be received; it will be opened on the "Bid Opening" date only to establish that it contains a bid and shall be automatically disqualified.

4.8.9 Bid Opening. Vendors and the public are invited and encouraged to attend bid openings. The City Clerk, with the attendance of the Purchasing Agent or designee shall open bids publicly at the time and place designated in the IFB, and shall read the names of the bidders and the amount of each bid, and any other information deemed appropriate by the Purchasing Agent or designee. If it is necessary, to reduce controversy or the perception of a conflict of interest, the Purchasing Agent may request that an independent City officer publicly open the bids. Upon bid opening, all bids become part of the public record, and therefore are available to the public. No statement shall be made as to any "winning bid" at the bid opening or any time until the bid is awarded.

Immediately following the Bid Opening, the Purchasing Agent shall verify all calculations for accuracy, and put all original bids in the Project File. A copy of the bid tabulation shall be forwarded to each bidder, as well as the Client Department. The Client Department shall return a recommendation of award to the Purchasing Agent.

4.8.10 Disqualification of Bids. The following may be grounds for disqualification of bids:

- a) Vendor/contractor not attending a mandatory pre-bid conference;
- b) Unsigned bids;
- c) Bids received after the date and time for opening;
- d) Bids where prices are conditional on award of another bid, or when prices are subject to unlimited escalation;
- e) Irregularities in bid bonds;
- f) Alternative bids (those not conforming to the specifications) may be deemed non-responsive, and may not be considered for award; and
- g) Bids submitted by debarred vendor/contractors or vendor/contractors not meeting the qualifications as described in the bid documents. Any disqualified bids shall be destroyed and any bid security that may have been furnished by the bidder shall be returned to the bidder.

4.8.11 Correction or Withdrawal of Bids. Correction or withdrawal of inadvertently erroneous bids before or after bid opening, or cancellation of awards or contracts based on such bid mistakes, may be permitted where appropriate. Mistakes discovered before bid opening may be modified or withdrawn by written, electronic, or facsimile notice received in the office designated in the invitation for bids prior to the time set for bid opening. After bid opening, corrections in bids shall be permitted in the City's sole discretion, only to the extent that the bidder can show by clear and convincing evidence that a mistake of a nonjudgmental character was made, the

nature of the mistake, and that the bid price actually intended is evident from the bid document previously submitted. After bid opening, no changes in bid prices or other provisions of bids prejudicial to the interest of the City or fair competition shall be permitted. In lieu of bid correction, a low bidder alleging a material mistake of fact may be permitted or required by the City to withdraw its bid if:

- a) The mistake is clearly evident on the face of the bid document but the intended correct bid is not similarly evident; or
- b) The bidder submits evidence that clearly and convincingly demonstrates that a mistake was made. All decisions to permit the correction or withdrawal of bids, or to cancel awards or contracts based on bid mistakes, shall be supported by a written determination made by the Purchasing Agent and approved by the Mayor or his designee.

4.8.12 Bid Evaluation. Departments shall evaluate bids based on the requirements set forth in the IFB in writing. This evaluation should include whether each bid or proposal meets criteria of the IFB (responsive bid); and whether vendor has a record of being a responsible bidder.

- a) *Life Cycle or Total Cost.* A concept designed to assure that the emphasis is placed on total cost of ownership, not just purchase price. This method of purchasing attempts to arrive at a more realistic cost over the *actual useful life* of a product. The rationale is that a quality product may initially cost more than a lower quality one, but may last longer and/or require less repair and maintenance. This kind of evaluation includes: (i) initial cost; (ii) operating cost over the item's life at *present value*; (iii) maintenance cost over the item's life at *present value*; (iv) trade-in or salvage value at *present value*.
- b) *Energy Efficiency/Economy Performance.* This evaluation method uses energy efficiency factors, if available, to evaluate the operating cost of items being considered for purchase.
- c) *Warranties.* Many product or project warranties are not the same, and coverage may be substantially different. The coverage on each product should be carefully evaluated for its potential to save money on repair or down time. All warranty statements shall provide a detailed recap of conditions and provisions. In addition, the vendor shall specify the process for warranty repairs as well as where and by whom the warranty repair shall take place. If the warranty is to be provided by a sub-contractor, that information shall be stated on the bid form. Bidder shall provide time frame for warranty repairs.
- d) *Price Versus Performance.* Price versus performance is a concept designed to assure that a product is not chosen simply on the basis of price when the lower priced product does not contain performance factors necessary to complete the task. The performance factors of each product should be carefully evaluated to ensure that an inferior product in terms of performance (which will cost more money in the long run) is not chosen.
- e) *Discounts.* The City may potentially save taxpayers money by taking discounts when they are offered.
- f) *Fleet and Equipment Standardization.* Due to training, immediate availability of operating or replacement supplies or parts, less down time, maintenance costs,

and/or ease of operations, it may be in the best interest of the City to standardize fleet vehicles and operations equipment.

g) *Other Factors*. Consideration also may be given to:

- 1) Local vendors, including local preferences; no provision is made in these regulations for routine local preference, however it is the policy of the Purchasing Department to solicit bids from local suppliers whenever and wherever such competitive local sources exist, and where no sacrifice or loss in price or quality would result. This subsection is not considered for procurement of goods or services funded with Federal grants.
- 2) Mechanical factors such as quietness of operation or cleanliness of operation (freedom from emissions of pollutants, either exhausted or manufactured as a by-product, etc.);
- 3) Availability of supplies or parts;
- 4) Shipping date;
- 5) Other environmental factors, including health and welfare of employees and/or citizens, social factors, and/or socio-economic factors.
- 6) Other factors relevant to a particular using department need or requirement.
- 7) In the event the low responsive and responsible bid exceeds available funds, as certified by the Finance & Budget Director, the Purchasing Agent is authorized, when time or economic considerations preclude re-solicitation of work of a reduced scope, to negotiate an adjustment of the bid price with the low responsive and responsible bidder, in order to bring the bid within the amount of available funds. The City reserves the right to reject any and all bids when the lowest qualified bid exceeds the budget limit.

Bids shall be awarded to the lowest responsible bidder who submits the responsive bid that is most advantageous to the City of Taylor.

4.8.13 Tie Bid. In the event of a tie bid, the following steps shall be taken to determine award:

- a) Local preference shall be invoked. Local bidders shall receive, depending on the amount of the project as stated in bid document, a 5% discount preference over all bidders. Not applicable to Federal funded projects.
- b) If non-pricing factors (point system) are considered in the bid, as specified by the IFB, the bid shall be awarded to the vendor that obtains the most bid points.
- c) If local preference is not a factor, and a point system is not considered, award shall be determined by a flip of the coin. Purchasing Agent shall notify bidders of action to be taken prior to coin toss so that bidders may be present to witness determination.

4.8.14 Award Recommendation. After evaluating the bids, the Purchasing Agent will prepare a bid tabulation, which will be submitted to the department. The Department Director shall provide an award recommendation and advise the Purchasing Agent, in writing. A Department Director may recommend a non-award if the department documents a specific reason for such recommendation such as lack of adequate funding. A multiple source award may be made when award to two or more vendors is necessary for adequate delivery, service, or product

compatibility. Multiple source awards shall not be made when a single award will meet the City's needs without sacrifice of economy or service.

4.8.15 Notice of Award. For projects which the Department Director has recommended the lowest responsible and responsive bidder whose bid meets the requirements and criteria set forth in the IFB and this Policy, is priced within the budgeted amount, and has been approved by Mayor & City Council in accordance with City Charter, the award shall be made by the Purchasing Agent, and in the case of construction projects, with the approval of the City Engineer.

4.8.16 Only One Bid Received. If only one responsive bid is received, an award may be made to the single bidder. The Purchasing Agent, and Client Department may bring forth the bid to the Mayor and City Council during the course of a regular council meeting for their review and it is determined the price submitted is fair and reasonable and that all other prospective organizations had time to respond, or there is not adequate time for re-solicitation, the bid may be approved by majority vote. Otherwise, the bid may be rejected and (a) new bids may be solicited, (if new bids are solicited, the bid amount originally submitted shall not be released to the public in order to maintain the integrity of the procurement) (b) the proposed procurement may be canceled, or (c) if the Purchasing Agent and Client Department determine that the price of the one bid is not fair and reasonable, and that re-solicitation would likely be futile, negotiations may be entered into with the lone bidder.

4.8.17 Award To Other Than Low Bidder. When a department finds just cause to award a bid to other than the lowest bidder, a full and complete statement of reasons must be prepared. This statement, along with all documentation relating to the bid's disqualification, shall be submitted to the Purchasing Agent. The Purchasing Agent shall be responsible for verifying the justification. Upon verification, the Purchasing Agent, and Client Department shall bring forth the bid to Mayor and City Council during the course of a regular council meeting for their review and consideration. Should the Bid be accepted by majority vote, the award shall be made by the Purchasing Agent.

4.9 COMPETITIVE SEALED PROPOSALS

4.9.1 Conditions for Use. 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:

- (1) 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;
- (2) Proposals must be solicited from an adequate number of qualified sources;
- (3) The non-Federal entity must have a written method for conducting technical evaluations of the proposals received and for selecting recipients;

(4) Contracts must be awarded to the responsible firm whose proposal is most advantageous to the program, with price and other factors considered; and

(5) The non-Federal entity 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.

4.9.2 Public Notice. Public notice shall be accomplished in the same manner as for Formal Bids except in the following regards:

The proposal specification is written using performance standards rather than the description of the good or service.

- a) Vendors submit their own design, ideas, or plans for a product or service to satisfy the requirements set forth in the proposal. Proposals may incorporate entirely different products or services to accomplish the same performance.
- b) During the opening of the proposal, the only information which will be released are the names of the offerors and any other information deemed appropriate by the Purchasing Agent or designee; prices shall not be released.
- c) After proposals are received, the City may enter into negotiations, in order to arrive at the best possible proposal for the City.
- d) A cost analysis or a price analysis, when required, may be conducted prior to award of the project. A written record of such cost analysis or price analysis shall be made a part of the contract file.

4.9.3 Discussion with Responsible Offerors and Revisions to Proposals. Discussions may be conducted with responsible offerors for the purpose of clarification to assure full understanding of, and conformance to, the solicitation requirements. Offerors shall ordinarily be accorded fair and equal treatment with respect to any opportunity for discussion and revision of proposals and such revisions may be permitted after submissions and prior to award for the purpose of obtaining best and final offers.

4.9.4 Only One Proposal Received

If only one responsive proposal is received, an award may be made to the single submitter. The Purchasing Agent, and Client Department may bring forth the proposal to the Mayor and City Council during the course of a regular council meeting for their review and it is determined the price submitted is fair and reasonable and that all other prospective organizations had time to respond, or there is not adequate time for re-solicitation, the proposal may be approved by majority vote. Otherwise, the proposal may be rejected and (a) new proposals may be solicited, (if new proposals are solicited, the bid amount originally submitted shall not be released to the public in order to maintain the integrity of the procurement) (b) the proposed procurement may be canceled, or (c) if the Purchasing Agent and Client Department determine that the price of the one bid is not fair and reasonable, and that re-solicitation would likely be futile, negotiations may be entered into with the lone bidder.

4.10 PROFESSIONAL SERVICES

4.10.1 Conditions for Use. The services of accountants, architects, auditors, certified consultants, land surveyors, lawyers, and physicians, etc. shall be and are considered exempt from the bidding requirements. The determination of professional services will be made by the Purchasing Department.

4.11 CANCELLATION OF IFBs OR RFPs

An invitation for bids, a request for proposals, or other solicitation may be canceled, or bids or proposals may be rejected in whole or in part. Notice of cancellation shall be posted online, at the source of the original bid solicitation. The notice shall identify the solicitation, explain the reason for cancellation and, where appropriate, explain that an opportunity will be given to compete on any re-solicitation or any future purchase of similar items. In the event of rejection of all bids or solicitations, no additional information shall be released to the public in order to maintain the integrity of the procurement.

4.12 NONCOMPETITIVE PROPOSAL - SOLE SOURCE PURCHASING

On rare occasion, a Purchasing Agent may determine procurement through solicitation of a proposal from only one source and may be used only when one or more of the following circumstances apply:

- (1) The item is available only from a single source;
- (2) The public exigency or emergency for the requirement will not permit a delay resulting from competitive solicitation;
- (3) The Federal awarding agency or pass-through entity expressly authorizes noncompetitive proposals in response to a written request from the non-Federal entity; or
- (4) After solicitation of a number of sources, competition is determined inadequate.

The Purchasing Agent shall conduct negotiations, as appropriate, as to price, delivery, and terms.

A Sole Source Justification Form shall be filled out by the Purchasing Department and Client Department, signed by the Department Director and approved by the Purchasing Agent. Client Department is responsible for providing satisfactory justification for the sole source procurement, including detailed description of products or services, why the requested vendor is the only practical source for the products or services, and why alternates are unacceptable.

The Purchasing Agent and Client Department shall present to Mayor and City Council during the course of a regular council meeting for their review. If it is determined by majority vote that the Sole Source Justification and price submitted is fair and reasonable, the Purchasing agent shall award the Requisition.

The approved Sole Source Justification form shall be affixed to the method of payment record for auditing purposes.

4.13 EMERGENCY PURCHASING

The Mayor may make or authorize others to make emergency purchases over \$2,000 of supplies or services at times when there exists a threat to the public health, welfare, or safety and/or the City's ability to operate in service to the community is impeded. The basis for the emergency and for the selection of the particular contractor shall be maintained as a public record.

SECTION V – BOND AND INSURANCE REQUIREMENTS

5.1 BID SECURITY/BID BOND

5.1.1 Requirement for Bid Security/Bid Bond. Bid security shall be required for all competitive sealed bidding for Public Works or construction contracts. Bid security shall be a bond provided by a surety company authorized to do business in the State of Michigan, or the equivalent in cash, or otherwise supplied in a form satisfactory to the City.

5.1.2 Amount of Bid Security/Bond. Bid security shall be in an amount equal to at least 5% of the amount of the bid, or as determined by the Purchasing Agent.

5.1.3 Rejection of Bids for Noncompliance with Bid Security Requirements. When the IFB requires security and the vendor fails to provide such security, the bid will be rejected, unless it is determined that the failure to fully comply was a minor irregularity and such irregularity is promptly corrected.

5.1.4 Withdrawal of Bids. If a bidder is permitted to withdraw its bid before award as provided for in this document, no action shall be taken against the bidder or the bid security.

5.2 CONTRACT PERFORMANCE AND PAYMENT BONDS.

5.2.1 When Required – Amounts. The following bonds or security are required on Public Works or construction projects in excess of \$50,000;

- a) A performance bond satisfactory to the City, executed by a surety company authorized to do business in the State of Michigan or otherwise secured in a manner satisfactory to the City, in an amount equal to 100% of the price specified in the contract; and
- b) A payment bond satisfactory to the City, executed by a surety company authorized to do business in the State or otherwise secured in a manner satisfactory to the City, 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 bond shall be in an amount equal to 100% of the price specified in the contract.

5.2.2 Security for Other Projects. The City may require bonds or security on projects other than construction and Public Works projects if determined to be in the best interest of the City.

5.2.3 Right to Withhold Retainage. In any construction or public works contract in excess of \$50,000, the City shall deduct retainage from the partial payments in amounts specified to protect the interests of the City and will retain this money until after completion of the entire contract as is permitted by Act 524 of 1980, Section 125.1563.

- a) The retainage shall be:
 1. Ten 10% of the dollar value of all work in place until work is 50% in place.
 2. After the work is 50% in place, additional retainage shall not be withheld unless the City determines that the contractor is not making satisfactory progress, or for other specific cause relating to the contractor's performance under the contract.
 3. If the City so determines, the City may retain not more than 10% of the dollar value of work more than 50% in place.
- b) The retained funds shall not exceed the pro rata share of the City's matching requirement under the construction contract and shall not be commingled with other funds of the City and shall be deposited in an interest bearing account in a regulated financial institution in this state wherein all such retained funds are kept by the City which shall account for both retainage and interest on each construction contract separately. The City is not required to deposit retained funds in an interest bearing account if the retained funds are to be provided under a state or federal grant and the retained funds have not been paid to the City.
- c) Except as provided, retainage and interest earned on retainage shall be released to a contractor together with the final progress payment.
- d) At any time after 94% of work under the contract is in place and at the request of the original contractor, the City shall release the retainage plus interest to the original contractor only if the original contractor provides to the public agency an irrevocable letter of credit in the amount of the retainage plus interest, issued by a bank authorized to do business in this state, containing terms mutually acceptable to the contractor and the City.
- e) Upon publication of notice of final settlement, it shall be the responsibility of the contractor to prepare a written request for retainage withheld.

5.2.4 Timely Payments of Sub-Contractors by Contractors. Public Works or Improvement Project contracts that exceed \$50,000 shall require contractors to pay sub-contractors within seven (7) days of monies received from the public entity. Should an issue come to the attention of the City, staff may require proof from the contractor that sub-contractors are paid in a timely manner.

5.2.5 Suits on Payment Bonds – Right to Institute. Unless otherwise authorized by law, any person who has furnished labor or material to the contractor or subcontractors for the work provided in the contract, for which a payment bond is furnished under this Policy, and who has not been paid in full within 90 days from the date of final settlement may prosecute an action as provided.

5.3 INSURANCE & INDEMNIFICATION REQUIREMENTS

5.3.1 This section outlines insurance requirements for those doing business with the City of Taylor. Contractors are required to download the "Insurance Requirements" document that may be found at (<http://www.cityoftaylor.com/DocumentCenter/View/2755>), sign and include as part of the bid package submission.

- a) Any deviations from these requirements must be submitted to the Risk Management Committee and be approved by the City Council.
- b) All Insurance Certificates are to be turned in to the City Clerk Office. The City Clerk will then forward them to Risk Management for review.
- c) For all NON-BID SITUATIONS: (Events, Activities, etc.)
 - 1. Certificates of Insurance must be received in the office of the City Clerk thirty (30) days prior to commencement of activity or advertisement of activity.
- d) For all BID SITUATIONS:
 - 1. Insurance requirements are to be included in all bid package specifications.
 - 2. If bid package specifications are being prepared by outside concern (i.e. engineers, architects, etc.), preparer shall utilize these same insurance requirements.
 - 3. A Certificate of Insurance must be submitted with bid showing the current insurers and limits of liability being carried. In instances where the current insurer or limits of liability do not meet the City's requirement but can be revised if the bidding firm is awarded the bid, this must be so stated in a separate letter attached to the current Certificate of Insurance. It must be further stated that a revised Certificate of Insurance meeting all City requirements will be provided within five (5) days of the award of bid to said firm.
 - 4. Upon award, original executed contracts are to be forwarded to the Clerk's office.

5.3.2 **CATEGORY IV: Contractors Doing Work for the City of Taylor**

- a) General Liability Coverage to be obtained:
 - 1. Minimum limit of \$1,000,000 per occurrence, \$2,000,000 aggregate.
 - 2. Include products & completed operations coverage.
 - 3. Fire legal coverage of \$100,000 for projects involving a City-owned structure.
- b) Automobile Liability Coverage to be obtained:
 - 1. Minimum of \$1,000,000 combined single limit.
- c) Workers Compensation Coverage to be obtained:
 - 1. Minimum Employers Liability limits of \$100,000 each accident; \$500,000 disease policy limit and \$100,000 disease each employee.
- d) The insurance carrier must have an A.M. Best rating of A-, VII or better.

- e) The City of Taylor must be made an additional insured on all General Liability Policies by using one of the following methods:
 - 1. If a written contract has been signed for the work to be performed and the Contractor's General Liability Insurance Policy contains a "Blanket Additional Insured" endorsement which provides for additional insured status "as required by contract", a Certificate of Insurance stating that the Blanket Additional Insured endorsement is included in the G/L policy will be acceptable. However, the "Blanket Additional Insured Endorsement" must also state that it is primary and the additional insured's insurance coverage's are non-contributory. If this is not stated then a "Waver of Subrogation" will be required.
 - 2. A standard certificate of Insurance. Also, endorsement CG 2026, or it's equivalent, showing the following language will be acceptable: "The City of

Taylor, and its Officials, Officers, Agents, Representatives, Employees, Boards, Commissions, and Volunteers are named as additional insured parties and this coverage shall be considered to be primary coverage to these additional insured's and the City of Taylor's insurance coverage is non-contributory".

- f) The Description of Operation section of the Certificate of Insurance must describe the project, event, service, etc.
- g) If, in the opinion of the Risk Management Committee, the liability exposure to the City is greater than anticipated by these guidelines, the following additional requirements may apply:
 - 1. Owners Protective Liability: Minimum Limit of Liability in the amount of \$1,000,000 per occurrence, \$2,000,000 aggregate.
 - 2. Higher limits of liability and/or higher A.M. Best Ratings, subject to City Council approval.
- h) The Contractor shall save harmless, indemnify and defend the City of Taylor and its officials, agents, officers, employees, and representatives from and against any and all claims, actions, losses, liabilities, injuries, damages, expenses, and attorney fees which arise out of or involve the performance of the work or the completion of the work for this project.

5.3.3 CATEGORY III: Special Limits for Community Development Block Grants (C.D.B.G.) Funded Home Rehabilitation Projects.

- a) The limit of liability for these projects will be \$500,000 Combined Single Limit. In addition, the Workers' Compensation Liability required limit will be \$100,000. The remaining requirements concerning the acceptability of companies will remain as previously stated in these requirements.

SECTION VI – CONTRACTS AND CONTRACT ADMINISTRATION

6.1 TYPES OF CONTRACTS

Purchase Orders, correspondence, standard City forms, or contractor provided documents, may be used as contracts. The form of contract most appropriate for the project and that which will promote the best interests of the City shall be used. The City Attorney shall approve all formal contracts. The Department Director shall be responsible for ensuring that all specifications are clearly stated in the contract documents, whether formal or informal. For construction-related projects, contracts shall be finalized prior to start of work.

6.2 THE PURCHASE ORDER

The Purchase Order (P.O.) is a contract for the acquisition of goods or services. Authority to sign the purchase order form is limited to the Purchasing Agent, and shall only be done so upon the prior majority approval of the City Council by way of resolution.

6.3 RECEIPT OF GOODS

All items, unless otherwise noted on the Purchase Order, shall be delivered to the Client Department, where staff insures that correct, undamaged merchandise has been received. Receiving staff member shall verify quality and quantity of items received. Purchasing Agent shall follow up with the vendor regarding any discrepancies.

6.4 SERVICE CONTRACTS

If a contract is necessary, the Purchasing Department is responsible for issuance of the contract. Multi-year contracts may be entered into for a maximum of three years, renewable yearly, provided the term of the contract and conditions of renewal or extension, if any, are included in the solicitation and funds are available for the first fiscal period at the time of contract. Payment and performance obligations for succeeding fiscal periods shall be subject to the availability, lawful appropriation of funds and approval by the City Council. When funds are not appropriated or otherwise made available to support continuation of performance in a subsequent fiscal period, the contract shall be canceled and the contractor shall be reimbursed for the reasonable value of any non-recurring costs incurred but not amortized in the price of the supplies or services delivered under the contract. The bid price and conditions shall remain firm for multi-year contracts. Service contracts for maintenance of equipment previously purchased by the City shall be administered by the using department and copies of such contracts shall be maintained by the department.

6.5 EXECUTION OF THE CONTRACT

Upon receipt of the executed contracts, requested bonds, proof of insurance, W-9 and other required documents from the vendor, the Purchasing Agent shall forward the contract to the Mayor for signature, as appropriate.

Provided that all necessary authorizations have been obtained in compliance with City Charter, and the contract subject matter is funded in the budget, the Mayor may execute all contracts. This shall include contracts related to the sale and purchase of real property, provided that the subject matter of the sale or purchase was approved by the Taylor City Council.

Following execution of a contract by the Mayor, the City Clerk shall attest to the Mayor's signature, file the original document, scan and post a copy to the appropriate electronic folder within the Great Plains System and/or the appropriate network drive and forward additional originals and/or copies to the Purchasing Agent for distribution to the vendor/contractor.

6.6 NOTICE TO PROCEED

For Public Works or construction projects, the Client Department may issue the "Notice to Proceed" to the contractor, and shall forward a copy of the Notice to Proceed to the Purchasing Agent

6.7 CHANGE ORDERS AND CONTRACT MODIFICATIONS

Change orders or contract modifications shall be initiated by the City Engineer or Client Department using standard forms. Execution of contract modifications, change orders, or contract price adjustments with the City not in excess of the projects budget may be executed. Copies of these documents shall be immediately provided to the Purchasing Agent to be financially accounted for in the Great Plains system and hard copies kept in the project file.

6.8 CAUSES FOR ISSUING A STOP WORK ORDER, FILING A SURETY CLAIM AND CANCELING THE CONTRACT

The Project Manager may stop the project work if the Contractor commits any of the following acts/omissions which shall constitute a substantial breach of the contract:

- a) Fails to begin the work within the time specified in the Contract;
- b) Fails to perform the work with sufficient workers and equipment or with sufficient materials to assure the prompt completion of said work;
- c) Fails to perform the work in accordance with contract requirements or refuses to remove and replace rejected materials or unacceptable work;
- d) Discontinues the work;
- e) Fails to resume work which has been discontinued within a reasonable time after notice to do so;
- f) Becomes insolvent or is declared bankrupt or commits any act of bankruptcy or insolvency;
- g) Allows any final judgment to remain unsatisfied for a period of 10 days;
- h) Fails to comply with contract requirements regarding minimum wage payments;
- i) Is a party to fraud; or
- j) For any other cause whatsoever, fails to carry on the work in an acceptable manner.

In addition to stopping the work, if the Contractor commits any one of the above-described acts/omissions, the City may file a claim with the surety company and may immediately terminate the contract upon written notice to the Contractor.

6.9 STOPPING THE WORK AND CANCELING THE CONTRACT

If the Project Manager discovers that the Contractor has committed any of the above-described acts/omissions, the department shall order the work stopped as follows:

- a) Verbally inform the job-site supervisor and company project supervisor (if different than job-site supervisor) that the work must be stopped immediately;
- b) Prepare a written stop work order explaining the deficiencies;
- c) Deliver the written stop work order (and copies thereof) to the company, the Mayor, the Purchasing Agent (for the Project File).

Work shall not progress until the deficiencies have been corrected to the satisfaction of the City. If the Contractor fails to cure the deficiencies, or the deficiencies are of such a nature that it is in the City's best interest to cancel the contract, the City may file a claim with the surety company, and upon written notice, immediately cancel the contract. In order to file a claim and cancel the contract, the Project Manager shall confer with the Mayor, the City Attorney, the Finance Director, and the Purchasing Agent.

In the event a contractor has been notified of any of the items stated, and has failed to correct the documented problem, the contractor shall be considered disqualified. The disqualified contractor shall be debarred from bidding on City projects for a period of one year. After that time, the contractor shall be required to demonstrate to the City that the reason for disqualification has been rectified.

6.10 RIGHT TO AUDIT RECORDS

6.10.1 Audit of Cost or Pricing Data. The City may at reasonable times and places, audit the books and records of any contractor who has submitted all cost or pricing data pursuant to the Policy to the extent that such books, documents, papers, and records are relevant to such cost or pricing data. Any person who receives a contract, change order, or contract modification for which cost or pricing data is required, shall maintain such books, documents, papers, and records that are pertinent to such cost or pricing data for three (3) years from the date of final payment under the contract.

6.10.2 Audit of Contractor. The City shall be entitled to audit the books and records of any contractor or subcontractor at any tier under any negotiated contract or subcontract other than a firm fixed-price contract to the extent that such books, documents, papers, and records are relevant to the performance of such contract or subcontract. Such books and records shall be maintained by the contractor for a period of three (3) years from the date of final payment under the prime contract and by the subcontractor for a period of three (3) years from the date of final payment under the subcontract.

6.10.3 Contractor Records. If a contract is being funded in whole or in part by assistance from a Federal agency, then the contractor and subcontractors at any tier are required to maintain for three (3) years from the date of final payment, or as required by the grantor, all books, documents, papers, and records pertinent to the contract; and to provide to the City, the Federal grantor agency, the Comptroller General of the United States, or any of their duly authorized representatives access to such books, documents, papers, and records for the purposes of examining, auditing, and copying them.

6.11 FINAL SETTLEMENT

6.11.1 Final/Partial Acceptance Report. The department may complete a Final/Partial Acceptance Report to document the completion or partial completion of a project; the department's level of satisfaction with the contractor; and any recommendations to disqualify the contractor. Upon completion, the department may forward a copy of the Final/Partial Acceptance Report to the Purchasing Agent, and for construction projects, the City Engineer.

6.11.2 Final Settlement. For any Public Improvement contract of \$50,000 or greater, the Purchasing Agent shall initiate a Notice of Final Settlement upon receipt of the Final Inspection Report. A legal notice shall be advertised in a public newspaper, at least twice in a period not less than ten (10) days prior to the date of final settlement. It is unlawful for any person to divide a Public Works contract into two or more separate contracts for the sole purpose of evading or attempting to evade the requirements of this subsection.

SECTION VII – DEBARMENT OR SUSPENSION

7.1 AUTHORITY TO DEBAR OR SUSPEND

After notice by hand-delivery or by certified mail, return receipt requested, to the vendor/contractor and reasonable opportunity for that person to be heard, the Purchasing Agent with the concurrence of the Mayor, after consulting with the City Attorney is authorized to debar a person for cause from consideration for award of contracts. The debarment shall be for a period one year from January 1 of the year after issuance of the notice of debarment. The causes for debarment of a contractor include the following acts by the contractor or its subcontractors:

- a) Conviction for commission of a criminal offense as in incident to obtaining or attempting to obtain a public or private contract or subcontract, or in the performance of such contract or subcontract;
- b) Conviction under State or Federal statutes of embezzlement, theft, forgery, bribery, falsification or destruction of records, receiving stolen property, unlawful price fixing between competitors or any other violation of federal or state anti-trust laws, or any other offense indicating a lack of business integrity or business honesty which currently, seriously, and directly affects responsibility as a City contractor;
- c) Conviction under State or Federal antitrust statutes arising out of the submission of bids or proposals;
- d) Violation of contract provisions, as set forth below, of a character, which is regarded by the Purchasing Agent to be so serious as to justify debarment action:
 - 1) Failure without good cause to perform in accordance with the specifications or within the time limit provided in the contract; or
 - 2) A recent record of failure to perform or of unsatisfactory performance in accordance with the terms of one or more contracts; provided that failure to perform or unsatisfactory performance caused by acts beyond the control of the contractor shall not be considered to be a basis for debarment. "Recent" for purposes of this subsection, shall mean within the prior three years or the last contract with the City, whichever is greater in time.
- e) No contract shall be made with any person/vendor who is in default to the City.
- f) Any vendor under litigation with the City of Taylor may have their contract terminated.
- g) Any other cause the Purchasing Agent determines to be so serious and compelling as to affect responsibility as a City contractor, including debarment by another governmental entity for any cause listed in this code or as set forth in the State of Michigan Department of Transportation Rules for Prequalification, Debarment from bidding and performing work on Michigan Department of Transportation Road, Highway and Bridge Public Projects;
- h) For violation of the ethical standards set forth in this document;

- i) A willful and material violation of a statutory or regulatory provision or requirement applicable to a contract on a public project.

7.2 DECISION TO DEBAR OR SUSPEND

The Purchasing Agent shall issue a written decision to debar or suspend. The decision shall state the reasons for the action taken and inform the debarred or suspended person involved of his rights concerning review. A copy of the decision shall be mailed or otherwise furnished immediately to the debarred or suspended person.

7.3 FINALITY OF DECISION

A decision under the above section shall be final and conclusive, unless fraudulent, or the debarred or suspended person within 10 days after receipt of the decision takes an appeal to the Mayor. A timely appeal to the Mayor shall be a required administrative remedy prior to the commencement of a required action.

SECTION VIII – APPEALS AND REMEDIES

8.1 BID PROTESTS

8.1.1 Right to Protest. All claims by a vendor against the City relating to a bid protest shall be submitted in writing to the Purchasing Agent. The vendor may protest within seven (7) days before the bid opening or protest the Notice of Intent to Award within seven (7) days after receiving notice. Protestors shall have the burden of determining the date and time of the consideration and award of the bid. A protest with respect to an IFB or RFP shall be submitted in writing prior to the opening of bids/proposals, unless the aggrieved vendor did not know and should not have known of the facts giving rise to each such protest prior to bid/proposal opening. Protests shall be in writing and shall specify each allegation relevant to the claims. The Purchasing Agent shall consult with appropriate City officials such as the requesting department, the City Attorney, and the Mayor. Based on the gravity of the complaint, the Purchasing Agent may determine that a hearing is necessary. If appropriate, one shall be scheduled at the earliest possible date. The Purchasing Agent shall issue and deliver to the vendor a written decision regarding the protest.

8.1.2 Stay of Purchasing During Protests. In the event of a protest under the above section, the City shall not proceed further with the solicitation or award of the project until appeal remedies have been exhausted or until the Mayor makes a determination that the award of the project without delay is necessary to protect the best interests of the City.

8.1.3 Exhaustion of the Administrative Remedies. Exhaustion of the administrative remedies as provided in this Section shall be mandatory.

8.2 CONTRACT PROTESTS

8.2.1 Right to Protest. All claims by a vendor against the City relating to a contract, except bid protests, shall be submitted in writing to the Purchasing Agent for a decision. The Purchasing Agent shall consult with appropriate City officials such as the Client Department, the City Attorney, and the Mayor. Claims 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.

8.2.2 Notice to the Contractor of the Decision. The decision of the Purchasing Agent shall be promptly issued in writing, and shall be immediately furnished to the contractor. The decision shall state the reasons for the decision reached, and shall inform the contractor of its appeal rights.

8.2.3 Finality of Decision; Contractor's Right to Appeal. The Purchasing Agent's decision shall be final and conclusive unless, within ten (10) calendar days from the date of receipt of the decision, the contractor delivers a written appeal to the Mayor. The Mayor shall issue a written decision regarding the appeal, which shall state the reasons for the decision. The Mayor's decision shall be final and conclusive administrative action.

8.2.4 Failure to Render Timely Decision. If the Purchasing Agent does not issue a written decision regarding any contract controversy within ten (10) days after written request for a final decision, or within such longer period as may be agreed upon between the parties, then the aggrieved party may proceed as if an adverse decision had been received.

SECTION IX – TRAVEL

When it is necessary for an employee to travel on behalf of the City, the following policies and procedures shall be followed:

9.1 MOST ECONOMICAL TRANSPORTATION

The City will pay for the most economical transportation on any approved trip.

9.2 GROUND TRANSPORTATION.

- a) When a City employee uses their personal vehicle for City use, that employee receives a mileage reimbursement (at the current IRS rate) to cover all expenses associated with the use of the vehicle. If the employee is involved in an accident while acting in the course and scope of their employment, the employee's insurance will provide primary coverage for the use of a personal vehicle. If the employee's personal insurance declines coverage under these circumstances, then the City of Taylor, through its insurance carrier, will provide the insurance coverage subject to the terms and conditions of the policy.
- b) A City employee may utilize a City vehicle, when available, with department head approval.
- c) An employee may rent a vehicle. The City's insurance coverage will apply to all rental vehicles (liability/collision) subject to the terms and conditions of the policy. In addition, vehicles rented with a City P-card are also covered by Master Card's insurance policy. Fuel for rental vehicles should be purchased with a Fleet card so that the fuel will be tax-exempt. Fleet cards are checked out from the Finance Department in advance of travel.

9.3 AIR TRANSPORTATION

The City will pay the most economical daylight round trip flight charge available. The “most economical airfare” will have different terminology on different airlines; however, in any event, it will be the “economy” or equivalent fare. Reimbursement for airfare shall include reasonable additional charges including, but not limited to, charges for a single checked bag and change fees. The City will also pay the most economical transportation cost available between the airport and the hotel facility.

9.4 HOTEL OR MOTEL OVERNIGHT ACCOMMODATIONS

The City will pay the charges for a single room at the designated conference hotels as outlined on the registration form and such forms shall so indicate. Where there is no designated conference hotel, the City will pay for a single room in an acceptable mid-priced hotel. Additional hotel charges such as in-room videos and games shall not be charged to the City under any circumstances.

9.5 MEAL EXPENSE

The per diem for meal expenses will be paid at the rate posted by the Finance Department. The per diem rate for meals does include tips for same. Note: The employee may choose to use the conference meal ticket **or** receive the per diem rate for a meal.

Meal expenses should NOT be charged on the City of Taylor Purchasing Card. Meals and/or beverages may not be charged to the hotel room under any circumstances. For more information please see the Purchasing Card Program Policies and Procedures.

9.6 LIQUOR/ENTERTAINMENT CHARGES

The City will not pay for any liquor or any entertainment charges not directly necessary for the transaction of business for the City. This includes, but is not limited to sporting events, cultural events and fund-raisers.

9.7 REGISTRATION FEES

The City will pay registration fees for employees and other authorized City representatives only.

9.8 EXPENSE VERIFICATION

The City will require verification of all airline and hotel expenses. This shall come in the form of original airline ticket receipts, original hotel receipts and the like. The employee shall also provide the pre-registration listing of room accommodations. The City will accept charges for other miscellaneous expenses that are reasonable. Examples of miscellaneous expenses would be parking or taxi fees.

9.9 TRAINING/TRAVEL AUTHORIZATION AND EXPENSE FORM

The Expense Voucher Form will be used for processing all travel requests. Upon completion of the trip, all expenses must be substantiated.

Seminars are to be pre-approved by the Mayor’s Office, and, if overnight travel is involved, also by City Council. The request for approval should include the seminar brochure, dates of the seminar, the location, expected costs, and attendees. The estimated costs to be reimbursed to attendees should be broken down relating to use of personal vehicle, meals, etc. When submitting a request for repayment, an expense voucher is to be used by the attendee.

An expense voucher should be attached to each warrant processed for the seminar, including any Visa charges. The expense voucher should include all expenses, not just the expenses related to the warrant being processed. Please provide copies of the original information that went to the Mayor and Council with the warrant request so that a proper comparison can be made.

Within five (5) working days after completion of the trip, the employee must complete and sign the Expense Voucher in full. The form is signed by the Department Director and forwarded to Finance, with all receipts attached. It will then be verified and any extra monies spent by the employee will be reimbursed by check during the next scheduled check run. If the employee owes the City money, a check should be included with the form. If air travel was required, attach copies of boarding passes or e-ticket receipt.

9.10 REASONS FOR TRAVEL

Approved reasons for travel may include:

- a) Travel for conferences, seminars, conventions and meetings of state, regional, or national organizations.
- b) Travel for the purpose of obtaining information from other cities and organizations that would be useful to the City of Taylor.
- c) Travel necessary to obtain Federal and State grants and travel necessary to meet the terms of Federal and State programs or contracts.
- d) Travel for any other reason as deemed necessary by the Department Director and approved by the Mayor.

SECTION X – CAPITAL EQUIPMENT MANAGEMENT (FIXED ASSETS)

10.1 GENERAL

The fixed assets of the City consist of long-lived resources. Capital equipment is one of the subclasses of the fixed asset category, and includes industrial and office machinery, tools, transportation equipment, vehicles, computers, furniture and fixtures, and other like items. Fixed Asset Capital equipment items are items costing in excess of \$5,000, with a life expectancy in excess of five years.

Operating Equipment Capital items are items typically costing less than \$5,000. It is the responsibility of the department directors to maintain an inventory of capital equipment assigned to their department. Property tags will be assigned by the Purchasing Agent upon receipt of capital equipment.

10.2 TRANSFERRING EQUIPMENT

Equipment may be transferred from one department to another. An "Equipment Transfer/Delete" form must be filled out by the transferring Department Director. The form must be sent to the Purchasing Agent where the equipment inventory shall be updated.

10.3 THEFT, LOSS OR DAMAGE OF EQUIPMENT

The Department Director or Supervisor shall be notified immediately upon discovery of the theft, loss or damage of City property. It is the Department Director's responsibility to report, when appropriate, the damage or loss on an Accident Report form.

The "Equipment Transfer/Delete" form must be completed, and sent to the budget and finance department, stating:

- a) How the item was broken or destroyed;
- b) When the item was reported missing;
- c) Whether an insurance report was filed with the Risk Manager;
- d) Whether the item will be replaced.

10.4 INVENTORY OF CAPITAL EQUIPMENT

An inventory of fixed assets shall be completed, at least, every two years. An equipment inventory printout is sent to each department by the Finance Department, to use as a worksheet. The Department Director or appointee shall visually check each piece of equipment against the list, noting any exceptions, i.e., items that cannot be found or have been transferred to another department. The worksheet is then returned to the Finance Department.

SECTION XI – ENVIRONMENTAL PURCHASING POLICY

11.1 PURPOSE

In recognizing the link between the health and wellbeing of citizens and employees and the wellbeing of the environment, the City is committed to minimizing the environmental impacts associated with its operations to the greatest extent possible. The City seeks to achieve continual improvement in the management of its environmental effects. It is the City's intention to integrate the concept of sustainable development into all of its business operations and to pursue a vision of sustainability to achieve a fairer, safer, and healthier world.

The City of Taylor's goal is to encourage and increase the use and procurement by City departments of recycled and environmentally preferable products. By including environmental considerations in purchasing decisions, the City of Taylor can promote practices that improve public and worker health, conserve natural resources, and reward environmentally conscious manufacturers, while remaining fiscally responsible.

The policy objectives are to:

- a) Expand the purchase of environmentally preferable products;
- b) Identify environmentally preferable alternatives;
- c) Recommend as goals for City of Taylor operations, the adoption of alternative processes, where practicable, that will reduce the use/disposal of hazardous substances and will promote resource conservation; and
- d) Collect and maintain up-to-date information regarding manufacturers, vendors, and other sources for locating/ordering environmentally preferable products.

The City of Taylor has the opportunity to serve as a community model for environmental leadership by incorporating a plan of action that will conserve precious resources such as water, raw materials, and energy, reduce the use of hazardous substances, and potentially improve the environmental quality of the region. By incorporating environmental consideration in public procurement, The City of Taylor can reduce its burden on the local and global environment, remove unnecessary hazards from its operations, protect public health, reduce costs and liabilities, and help develop markets for environmentally responsible products.

11.2 ENVIRONMENTAL POLICIES

11.2.1 The City of Taylor Purchasing Agent will strive to focus its environmental efforts on research, evaluation, and implementation in the following areas:

- a) Recycled Content Products (e.g. paper, motor oil, carpets, plastic lumber)
- b) Less Harmful and Non-toxic Materials and Processes (e.g. cleaning products, pest management chemicals, paint)
- c) Energy and Water Efficient Products and Processes (e.g. office equipment consolidation, energy efficient lighting, appliances, vehicles, and equipment)
- d) Natural Resource and Landscaping Management (e.g. integrated pest and vegetation management, drought tolerant plants)
- e) Renewable Products (e.g. certified forests, renewable energy resources)
- f) Disposal and Pollution Reduction (e.g. integrated waste management, double-sided copies, reusable holiday decorations, office equipment consolidation)
- g) Packaging (e.g. bulk packaging, reusable boxes, shipping pallets)
- h) Green Building Program (e.g. use of recycled products in construction and renovation, disposal of building materials in an environmentally sensitive manner, designing and renovating for energy and resource conservation)
- i) Reuse (e.g. rechargeable batteries, consider reuse of surplus items/material before discarding, purchase used products when feasible, repair existing products when possible)

The Purchasing Agent is aware that the evaluation and implementation phases of the project will require changes in awareness, behaviors, practices, and procedures.

11.3 BEST PRACTICE

In cooperation with City Departments, the City Purchasing Department shall follow procedures to maximize purchase of products with post-consumer recycled content and environmentally preferable products.

11.3.1 As practicable, all bid documents shall include information on the City's program to buy environmentally preferable and recycled products. Vendors shall be encouraged to provide bids on products with recycled content or which meet criteria for environmentally preferable products wherever such products meet the performance criteria specified in bid documents.

11.4 EXEMPTION

Nothing contained in this policy shall be construed as requiring a department or contractor to procure products that do not perform adequately for their intended use, exclude adequate competition, or are not available at a reasonable price in a reasonable period of time. The City is aware that there may be an increased cost to purchase environmentally preferable products.

SECTION XII – DISPOSAL OF CITY PERSONAL PROPERTY (SURPLUS)

12.1 DISPOSAL OF CITY PERSONAL PROPERTY (SURPLUS)

Any equipment or goods, which are no longer being used by a department, should be transferred to the Central Purchasing Department. The Purchasing Agent will attempt to reassign the items to other departments. If the items cannot be used by other City departments, or other government agencies, they will be:

- a) Sold at public auction.
- b) Sold via the MITN government surplus internet auction site.
- c) Sold as salvage or scrap for the highest return available (i.e. scrap metal).
- d) Sold by sealed bid.

Notification and associated revenues of items sold or transferred will be sent to the Treasurer's Office and the Finance Department by the Purchasing Agent. Notification will be documented with a fixed asset disposal form.

SECTION XIII – COOPERATIVE PURCHASING

13.1 COOPERATIVE PURCHASING

When it is in the best interests of the City of Taylor, the Purchasing Department may elect to coordinate the City's purchasing needs with other public purchasing agencies, in the same manner utilized by the State in accordance with MCL Public Act 431 of 1984, §18.1261. Bid documents issued by the City may contain cooperative language to allow other public agencies to utilize the City's price agreements.

SECTION XIV – ETHICS IN PUBLIC CONTRACTING

14.1 CRIMINAL PENALTIES

To the extent that violations of the ethical standards of conduct set forth in this Section constitute violations of the State of Michigan Criminal Code, they shall be punishable as provided therein. Such penalties shall be in addition to any civil sanctions set forth in this Policy. Criminal, civil, and administrative sanctions against employees or non-employees, which are in existence on the effective date of this Policy shall not be impaired.

14.2 NONDISCRIMINATION

14.2.1 Affirmative Action. Any Contractor involved in a City project shall, in all hiring or employment made possible or resulting from this agreement, take affirmative action to ensure that there shall be no unlawful discrimination against any employee or applicant for employment because of sex, race, age, color, creed, national origin, sexual orientation, marital status or the presence of any sensory, mental or physical handicap, unless based upon a bona fide occupational qualification, and this requirement shall apply to but not be limited to the following: employment, advertising, layoff or termination, rates of pay or other forms of compensation and selection for training, including apprenticeship.

14.2.2 Discrimination. No person shall be denied or subjected to discrimination in receipt of the benefit of any services or activities made possible by or resulting from a City Contract on the grounds of sex, race, color, creed, national origin, age except minimum age and retirement provisions, sexual orientation, marital status, or the presence of any sensory, mental or physical handicap.

14.3 GRATUITIES AND KICKBACKS

The officers, employees, and agents of the non-Federal entity must neither solicit nor accept gratuities, favors, or anything of monetary value from contractors or parties to subcontracts. However, non-Federal entities may set standards for situations in which the financial interest is not substantial or the gift is an unsolicited item of nominal value. The standards of conduct must provide for disciplinary actions to be applied for violations of such standards by officers, employees, or agents of the non-Federal entity.

14.3.1 Gratuities. In compliance with MCL Act 196 of the Public Acts of 1973, entitled "Standards of Conduct for Public Officers and Employees", and MCL Act 388 of 1976, entitled "Michigan Campaign Finance Act", of the Michigan State Constitution; City Employees, Public Officials and members of their families shall not accept or solicit gifts or gratuities offered because of the employee's duties, functions or responsibilities as an employee of the City. This does not pertain to gifts of a general commercial advertising nature having an aggregate value of less than \$150.00 in any one calendar year, scholarships, awards (plaques or trophies), or to food or drink consumed by the employee at the time of receipt at an appropriate social or City business occasion.

14.3.2 Kickbacks. It is unethical for any payment, gratuity, or offer of employment to be made by or on behalf of a subcontractor under a contract to the prime contractor or higher tier subcontractor or any person associated therewith, as an inducement for the award of a subcontract or order.

14.4 PROHIBITION AGAINST CONTINGENT FEES

It is unethical for a person to be retained, or to retain a person, to solicit or secure a City contract upon agreement or understanding for a commission, percentage, brokerage, or contingent fee, except for retention of bona fide employees or bona fide established commercial selling agencies for the purpose of securing business providing that full disclosure of all cost and pricing data as well as such commission percentage, brokerage, or contingent fee is made when requested.

14.5 CONTEMPORANEOUS EMPLOYMENT PROHIBITED

It is unethical for any City employee or public official who is participating directly or indirectly in the purchasing process to become or to be, while such a City employee or officer, the employee of any person contracting with the City.

14.6 CONFLICT OF INTEREST

No employee, officer, or agent may 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, or agent, any member of his or her immediate family, his or her partner, or an organization which employs or is about to employ any of the parties indicated herein, has a financial or other interest in or a tangible personal benefit from a firm considered for a contract.

Organizational Conflict of Interest – If the non-Federal entity has a parent, affiliate, or subsidiary organization that is not a state government, local government, or Indian tribe, the non-Federal entity must also maintain written standards of conduct covering organizational conflicts of interest. Organizational conflicts of interest means that because of relationships with a parent company, affiliate, or subsidiary organization, the non-Federal entity is unable or appears to be unable to be impartial in conducting a procurement action involving the related organization.

14.7 WAIVERS FROM CONFLICTS OF INTEREST

The Mayor may grant a waiver from the conflict of interest provision or the contemporaneous employment provision upon making a determination on the record that:

- a) The contemporaneous employment or financial interest of the City employee or officer has been publicly disclosed;
- b) The City employee or officer is not a part of the purchasing process or approval process; and
- c) The award will be in the best interest of the City.

14.8 USE OF CONFIDENTIAL INFORMATION

It is unethical for any public employee or official to knowingly use confidential information for actual or anticipated personal gain, or for the actual or anticipated personal gain of any other person.

14.9 SANCTIONS

14.9.1 Employees. The Mayor may impose any one or more of the following sanctions on a City employee for violations of the ethical/conflict of interest standards in this Policy:

- a) Oral or written warnings or reprimands;
- b) Suspension with or without pay for specified periods of time; or
- c) Termination of employment.

14.9.2 **Non-employees.** The Mayor may impose any one or more of the following sanctions on a non-employee for violations of the ethical/conflict of interest standards:

- a) Written warnings or reprimands;
- b) Termination of contracts; or
- c) Suspend or revoke prequalification as provided in this Policy.

14.10 RECOVERY IN BREACH OF ETHICAL STANDARDS

14.10.1 **Recovery from Employees.** The value of anything transferred or received in breach of the ethical standards of this Policy by a City employee, public official or a non-employee may be recovered from the City employee, public official and non-employee.

14.10.2 **Recovery from Vendors.** Upon a showing that a subcontractor made a kickback to a prime contractor or a higher tier subcontractor in connection with the award of a subcontract or order there under, it shall be conclusively presumed that the amount thereof was included in the price of the subcontract or order and ultimately borne by the City and will be recoverable hereunder from the recipient. In addition, that amount may also be recovered from the subcontractor making such kickbacks. Recovery from one offending party shall not preclude recovery from other offending parties.

SECTION XV - Federal Awards

15.1 CONTRACTS UNDER FEDERAL AWARDS

In addition to other provisions required by the Federal agency or non-Federal entity, all contracts made by the non-Federal entity under the Federal award must contain provisions covering the following, as applicable.

15.1.1 Acquisition Threshold Contracts for more than the simplified acquisition threshold currently set at \$150,000, which is the inflation adjusted amount determined by the Civilian Agency Acquisition Council and the Defense Acquisition Regulations Council (Councils) as authorized by 41 U.S.C. 1908, must address administrative, contractual, or legal remedies in instances where contractors violate or breach contract terms, and provide for such sanctions and penalties as appropriate.

15.1.2 Termination Cause All contracts in excess of \$10,000 must address termination for cause and for convenience by the non-Federal entity including the manner by which it will be effected and the basis for settlement.

15.1.3 Equal Employment Opportunity. Except as otherwise provided under 41 CFR Part 60, all contracts that meet the definition of "federally assisted construction contract" in 41 CFR Part 60-1.3 must include the equal opportunity clause provided under 41 CFR 60-1.4(b), in accordance with Executive Order 11246, "Equal Employment Opportunity" (30 FR 12319, 12935, 3 CFR Part, 1964-1965 Comp., p. 339), as amended by Executive Order 11375, "Amending Executive Order 11246 Relating to Equal Employment Opportunity," and implementing regulations at 41 CFR part 60, "Office of Federal Contract Compliance Programs, Equal Employment Opportunity, Department of Labor."

15.1.4 Davis-Bacon Act, as amended (40 U.S.C. 3141-3148). When required by Federal program legislation, all prime construction contracts in excess of \$2,000 awarded by non-Federal entities must include a provision for compliance with the Davis-Bacon Act (40 U.S.C. 3141-3144, and 3146-3148) as supplemented by Department of Labor regulations (29 CFR Part 5, "Labor Standards Provisions Applicable to Contracts Covering Federally Financed and Assisted Construction"). In accordance with the statute, contractors must be required to pay wages to laborers and mechanics at a rate not less than the prevailing wages specified in a wage determination made by the Secretary of Labor. In addition, contractors must be required to pay wages not less than once a week. The non-Federal entity must place a copy of the current prevailing wage determination issued by the Department of Labor in each solicitation. The decision to award a contract or subcontract must be conditioned upon the acceptance of the wage determination. The non-Federal entity must report all suspected or reported violations to the Federal awarding agency. The contracts must also include a provision for compliance with the Copeland "Anti-Kickback" Act (40 U.S.C. 3145), as supplemented by Department of Labor regulations (29 CFR Part 3, "Contractors and Subcontractors on Public Building or Public Work Financed in Whole or in Part by Loans or Grants from the United States"). The Act provides that each contractor or subrecipient must be prohibited from inducing, by any means, any person employed in the construction, completion, or repair of public work, to give up any part of the compensation to which he or she is otherwise entitled. The non-Federal entity must report all suspected or reported violations to the Federal awarding agency.

15.1.5 Contract Work Hours and Safety Standards Act (40 U.S.C. 3701-3708). Where applicable, all contracts awarded by the non-Federal entity in excess of \$100,000 that involve the employment of mechanics or laborers must include a provision for compliance with 40 U.S.C. 3702 and 3704, as supplemented by Department of Labor regulations (29 CFR Part 5). Under 40 U.S.C. 3702 of the Act, each contractor must be required to compute the wages of every mechanic and laborer on the basis of a standard work week of 40 hours. Work in excess of the standard work week is permissible provided that the worker is compensated at a rate of not less than one and a half times the basic rate of pay for all hours worked in excess of 40 hours in the work week. The requirements of 40 U.S.C. 3704 are applicable to construction work and provide that no laborer or mechanic must be required to work in surroundings or under working conditions which are unsanitary, hazardous or dangerous. These requirements do not apply to the purchases of supplies or materials or articles ordinarily available on the open market, or contracts for transportation or transmission of intelligence.

15.1.6 Rights to Inventions Made Under a Contract or Agreement. If the Federal award meets the definition of "funding agreement" under 37 CFR §401.2 (a) and the recipient or subrecipient wishes to enter into a contract with a small business firm or nonprofit organization regarding the substitution of parties, assignment or performance of experimental, developmental, or research work under that "funding agreement," the recipient or subrecipient must comply with the requirements of 37 CFR Part 401, "Rights to Inventions Made by Nonprofit Organizations and Small Business Firms Under Government Grants, Contracts and Cooperative Agreements," and any implementing regulations issued by the awarding agency.

15.1.7 Environmental. Clean Air Act (42 U.S.C. 7401-7671q.) and the Federal Water Pollution Control Act (33 U.S.C. 1251-1387), as amended—Contracts and subgrants of amounts in excess of \$150,000 must contain a provision that requires the non-Federal award to agree to comply with all applicable standards, orders or regulations issued pursuant to the Clean Air Act (42 U.S.C. 7401-7671q) and the Federal Water Pollution Control Act as amended (33 U.S.C. 1251-1387). Violations must be reported to the Federal awarding agency and the Regional Office of the Environmental Protection Agency (EPA).

15.1.8 Debarment and Suspension (Executive Orders 12549 and 12689) A contract award (see 2 CFR 180.220) must not be made to parties listed on the governmentwide exclusions in the System for Award Management (SAM), in accordance with the OMB guidelines at 2 CFR 180 that implement Executive Orders 12549 (3 CFR part 1986 Comp., p. 189) and 12689 (3 CFR part 1989 Comp., p. 235), “Debarment and Suspension.” SAM Exclusions contains the names of parties debarred, suspended, or otherwise excluded by agencies, as well as parties declared ineligible under statutory or regulatory authority other than Executive Order 12549.

15.1.9 Byrd Anti-Lobbying Amendment (31 U.S.C. 1352) Contractors that apply or bid for an award exceeding \$100,000 must file the required certification. Each tier certifies to the tier above that it will not and has not used Federal appropriated funds to pay any person or organization for influencing or attempting to influence an officer or employee of any agency, a member of Congress, officer or employee of Congress, or an employee of a member of Congress in connection with obtaining any Federal contract, grant or any other award covered by 31 U.S.C. 1352. Each tier must also disclose any lobbying with non-Federal funds that takes place in connection with obtaining any Federal award. Such disclosures are forwarded from tier to tier up to the non-Federal award.

SECTION XVI – TITLE VI

16.1 TITLE VI

During the performance of this contract, the contractor, for itself, its assignees and successors, in interest (hereinafter referred to as the “contractor”) agrees, as follows:

1. **Compliance with Regulations:** The contractor shall comply with Regulations relative to nondiscrimination in Federally-assisted programs of the Department of Transportation, Title 49, Code of Federal Regulations, Part 21, as they may be amended from time to time (hereinafter referred to as the Regulations), which are herein incorporated by reference and made a part of this contract.
2. **Nondiscrimination:** The contractor, with regard to the work performed by it during the contract, shall not discriminate on the grounds of race, color, sex, or national origin in the selection, retention, and treatment of subcontractors, including procurements of materials in the discrimination prohibited by Section 21.5 of the Regulation, including employment practices when the contractor covers a program set for in Appendix B of the Regulations.

3. Solicitation for Subcontracts, Including Procurements of Materials and Equipment: In all solicitations either by competitive bidding or negotiation made by the contractor for work to be performed under a subcontract, including procurements of materials or leases of equipment, each potential subcontractor or supplier shall be notified by the contractor of the contractor's obligations under the contract and the Regulations relative to nondiscrimination on the grounds of race, color, or national origin.
4. Information and Reports: The contractor shall provide all information and reports required by the Regulations, or directives issues pursuant thereto, and shall permit access to its books, records, accounts, other sources of information, and its facilities as may be determined by the State Highway Department or the Federal Highway Administration to be pertinent to ascertain compliance with such Regulations or directives. Where any information required of a contractor is in the exclusive possession of another who fails or refuses to furnish this information, the contractor shall so certify to the State Highway Department or the Federal Highway Administration, as appropriate, and shall set forth what efforts it has made to obtain the information.
5. Sanctions for Noncompliance: In the event the contractor's noncompliance with the nondiscrimination provisions of this contract, the State Highway Department shall impose such contract sanctions as it or the Federal Highway Administration may determine to be appropriate, including, but not limited to:
 - a. Withholding payments to the contractor under the contract until the contractor complies and/or
 - b. Cancellation, termination or suspension of the contract, in whole or in part.
6. Incorporation of Provisions: The contractor shall include provisions of paragraphs (1) through (6) in every subcontract, including procurement of material and leases of equipment, unless exempt by the Regulations, or directives issued pursuant thereto. The contractor shall take such action with respect to any subcontract or procurement as the State Highway Department or the Federal Highway Administration may direct as a means of enforcing such provisions including sanctions for noncompliance: provided, however, that, in the event a contractor becomes involved in, or is threatened with, litigation with a subcontractor or supplier as a result of such direction, the contractor may request the State Highway Department to enter into such litigation to protect the interests of the State, and, in addition, the contractor may request the United States to enter into such litigation to protect the interests of the United States.