

Bidding

Page-98: How are goods and services obtained to implement the budget and capital improvement plan? Most villages do not have a policy in place for purchasing big ticket items, or for seeking professional services such as an engineering study or planning ordinance update. There are no longer any state statutes requiring public bids on municipal contracts. 1993 PA 167 & PA 168 which required municipalities to seek competitive bids for purchases over \$20,000 in order to receive state shared revenue money, were **repealed** in 1996. The state has relegated the task of developing public purchasing guidelines to local governments. The GLV Act does not address bidding practices. In order to follow bidding policy control mechanisms, general law villages must enact their own ordinances and/or policies. A bidding policy would contain a:

- designated individual responsible for purchasing function
- monetary threshold for which competitive sealed bids must be obtained;
- method for announcing, collecting and opening bids; and
- method for disposing of obsolete property The MML has sample bidding policies in our library and on our web site.

Q50 Do we have to get bids on village property for sale?

Page 156: Section 4 of Chapter VII provides that real property must be sold by public sale unless it is authorized by ordinance to sell at a private sale. The term “public sale” is not defined by the act. However, the Michigan Supreme Court has held that a “public sale” is synonymous with “public auction.” The Attorney General has approved language appearing in a federal court decision defining a public sale of village property as that which meets the criteria: “[t]hat all persons shall have the right to come in and bid, that the bids shall not be held open, except with the bidder’s consent, and that notice shall be given publicly at which all bids are invited.” OAG No 275, 1947-1948. Presumably, a public sale by sealed bids would meet such definition.

FISCAL POLICIES

Month XX, XXXX

Purchasing and Fiscal Procedures

I. Purpose/Objective

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

II. Purchasing

- A. All purchases require that the appropriate funds are budgeted and sufficient funds are available at the time of purchase.
- B. No employee or any person shall make purchases or commit Village funds without authorization.
- C. All purchases that require a check drawn on Village funds shall have an accompanying purchase order presented prior to the processing of the check.
- D. All employees/designated persons making purchases or presenting claims less than \$20.00 are encouraged to seek reimbursement from the appropriate petty cash fund.
- E. Employees/designated persons are authorized to make purchases of goods and services up to \$100.00 with their Department Head or the Village President verbal approval.
- F. Department Heads are authorized to make purchases of goods and services up to \$500.00 provided the funds are budgeted and available.
- G. The Village President is authorized to make purchases of goods and services up to \$2,000.00 provided the funds are budgeted and available.
- H. The Village President is authorized to make emergency purchases of goods and services up to \$5,000.00.
- I. The Village President is authorized in the course of his duties to make expenditures within the bounds established by the line items of the Village budget.
- J. Expenditures greater than those listed above within a specific cost center of a fund budget requires the Village President to seek the verbal approval of the Village President and/or the Finance Committee Chairperson.
- K. Expenditures greater than those listed above that require transfers among cost centers of a fund budget must be approved by the Finance Committee in advance of any purchase or commitment of funds.
- L. Expenditures greater than what the Village has budgeted within its various fund budgets requires the Village Council approval in advance of any purchase or commitment of funds.
- M. Progressive or repeated purchasing from the same vendor is reviewed for processing at the anticipated annual amount purchased.
- N. The Village President shall report to Council the details of all purchases of goods and services or commitment of funds in excess of \$2,000.00 that exceed the scope of the line items of the approved budget.
- O. The Village President may impose a spending freeze on all discretionary purchasing if instructed by Council or determines it is in the best interest of the Village.

III. Fiscal Policies

- A. All purchases must have an accompanying receipt or invoice prior to issuing a check.
- B. All purchases above \$500.00 must have an accompanying detailed receipt or invoice prior to issuing a check.
- C. All planned expenditures above \$2,000.00 must have three accompanying quotes prior to selecting a vendor. The quotation selected is the one that provides the highest acceptable quality at the lowest price.
- D. All planned expenditures above \$5,000.00 must have three detailed written quotes prior to selecting a vendor. The quotation selected is the one that provides the highest acceptable quality at the lowest price.
- E. The requirement of having three quotes in section C. and D. above may be waived if in the opinion of the Village President efforts to obtain three quotes were exhausted or are impractical to obtain.
- F. All expenditures above \$5,000.00 must have an accompanying contract prior to any payments for purchases or services unless waived by the Village President when deemed impractical or otherwise inappropriate. All contracts above \$5,000.00 require Village Council approval unless stipulated otherwise herein.
- G. All checks issued by the Village shall have two authorized signatures recorded on its front surface before the check is valid.
- H. All checks issued by the Village in excess of \$1000.00 shall have the signature of the Village President or his/her designee.
- I. It is the intent of the Village to engage in the settlement of accounts payable on Wednesday of each week. Request for payments submitted prior to 10:00 a.m. on Tuesday should be available the following Thursday at 2:00 p.m.
- J. Employee reimbursements, except those reimbursed from a petty cash fund, in amounts less than \$100.00 are paid the last week of the month for those expenses occurred during that month. Reimbursements greater than \$100.00 will be made according to III I above.
- K. Petty Cash Funds in the amounts of \$100.00 are established within the Administrative Services office for general fund purchases, within the Water Department office for DPW type fund purchases, within the Water Department for water fund purchases, and within Mobile Home Park Department for mobile home park fund purchases. Minor purchases up to \$50.00 may be reimbursed from the petty cash fund upon presentation of the paid receipt to the respective department. Petty cash funds must be reconciled at least monthly by the appropriate department staff and submitted to the Staff Accountant for reimbursement.
- L. All purchases in excess of \$10,000.00 requires the development of a Request for Quotation, Request for Proposal, or Request for Bid except when deemed impractical or otherwise inappropriate by the Village President or in the case of an emergent need. In the event that the contract amount is greater than \$20,000.00, the Village will comply and follow the requirements of Public Acts 167 and 168 of 1993. (See attached resolution).

IV. Bid Procedure

- A. A notice inviting bids shall be published in local publications at least ten days preceding the date set for receipt of the bid.
- B. Bids shall be solicited from responsible prospective suppliers who have requested that their names be added to the bidder's list. Invitations shall be limited to vendors whose commodities or services are similar in character and ordinarily handled by the trade group to which the invitations are sent.
- C. Bids shall be sealed and identified as a bid on the envelope and submitted to the Village Clerk.
- D. Late bids, at the Village's discretion, may be returned unopened to the bidder.
- E. Purchases of supplies, equipment, and contractual services greater than \$10,000.00 must be from sealed bids/proposals. In any case where competitive bidding is not practical or it is to the Village's advantage to contract without competitive bidding, the Village, upon recommendation of the Village President, may authorize the execution of a purchase without competitive bidding.
- F. All bid openings are conducted by the Village Clerk with a representative of the department making the purchase present. Bid openings are at 11:00 a.m. of the date advertised unless otherwise specified in the public announcement.

V. Award of Contract and Rejection of Bid

- A. The Village shall have the authority to reject any and all bids when the best interest of the public is served.
- B. The Village shall not accept the bid of a contractor who is in default on the payment of taxes, licenses, or other monies due the Village.
- C. In determining the best responsible bidder, in addition to price, the Village shall consider the ability, capacity, and skill of the bidder to perform as contracted; whether the bidder can perform in a timely manner consistent with Village requirements; the character, integrity, reputation, judgment, experience, and efficiency demonstrated by the bidder; the performance experienced with previous contracts; and the predictable ability of the bidder to provide future maintenance and service.
- D. When the award is not given to the lowest bidder, a statement of the reasons for placing the order with the successful contractor shall be prepared and filed with other award documentation.
- E. After a bid is awarded, a contract will be executed with the successful bidder. A performance bond, certificate of liability insurance or worker compensation maybe required if applicable and appropriate for the contracted service.

VI. Performance Bonds

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

VII. Co-operative Purchasing

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

VIII. Legal and Professional Services

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

IX. Conflict of Interest - Employees

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

X. Conflict of Interest – Councilpersons

- A. The Village of Hesperia can enter into a contract with a vendor which a councilperson has a conflict of interest as defined in IX above. In entering into a contract with this vendor the councilperson must not vote on the contract and must disclose any pecuniary interest. A vote of two thirds of the full Village Council must approve the contract.

ADOPTED BY COUNCIL

Month XX, XXXX

Initials Clerk / Initials President

XX/XX/XXXX