



Purchasing Policy & Guidelines

April 11, 2017

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Overview

The City of East Lansing's Purchasing Policy is set out to aid employees, officers, and agents of the City in obtaining maximum value at minimum cost for the expenditures necessary for the operations of the City, while establishing internal control over the procurement process. The City may only spend funds that are appropriated by Council through the budgetary process. All City expenditures must be in compliance with federal and state laws, as well as local charter, ordinances, and policy resolutions. In addition, all employees, officers, and agents making purchases on behalf of the City must abide by the code of ethics set forth in Section 2-84 of the City's Code of Ordinances.

No employee, officer, or agent, besides the City Manager or his designee, may enter into a contract and sign any contract on behalf of the City. The City Manager, or designee, may do so for contracts under \$20,000. The City Manager must receive approval from City Council to enter into contracts that are \$20,000 and greater. **No City employee has the authority to sign any City contract, regardless of dollar amount; only the City Manager or his designee has that authority.**

In the decentralized procurement environment of the City, expenditures under \$5,000 (\$3,000 for Federal purchases, \$2,000 for acquisitions or construction subject to the Davis-Bacon Act) are at the discretion of Department Directors. Although those expenditures are exempt from the City's competitive bid guidelines, all persons making purchases with appropriated funds are required to explore the market for the lowest cost for the good or service and ensure that vendors are in compliance with all applicable City ordinances and policy resolutions. Expenditures of \$5,000 (\$3,000 for Federal purchases, \$2,000 for acquisitions or construction subject to the Davis-Bacon Act) or more require purchase orders with at least one level of approval from the Finance Department.

Please note that if the procurement of goods or services uses Federal Grant dollars, then Policy Resolution 2016-6, Policies for Federal Grant Awards, should be followed; it outlines more restrictive purchasing guidelines set forth by the Federal Government.

Also note that the City is exempt from Michigan sales tax. Employees are responsible for providing vendors with the sales tax exemption certificate when goods are ordered (utilizing the forms available on the Employee Intranet, under Forms). All sales tax issues should be resolved by the Department making the purchase before sending to Finance for approval and payment.

Purchase Orders

Purpose: The purchasing system is designed to provide a method to approve and issue purchase orders (a purchase order is the authorization to make a purchase), account for the disbursement of funds, and keep a record of purchases made and in-process.

Purchase orders are to be used for the following:

- Purchase of all supplies, materials, and equipment necessary for the function of the department
- Equipment rentals
- Services rendered, repairs, maintenance, and installations
- Contracted items and construction

Procedure: The process begins with the completion of a purchase order in the City’s online purchasing system. Please refer to the “Competitive Bid Guidelines” in the next section of this document to determine if a purchase requires competitive bids.

In general, a purchase order is to be completed through the City’s online purchasing system before the order is placed, received, and paid. Once the purchase order is entered into the purchasing system, it is to be approved by the department supervisor (or designee) and the accounts payable department to ensure the purchase is needed for the necessary operation of the department and that sufficient funds are available in the departmental budget for said purchase. This approval requires the appropriate documentation be attached during the purchasing order entry. Appropriate documentation includes: all bids/quotes (including winning bid/quote), the signed contract (if applicable), and council minutes outlining the approval of the expenditure (if applicable). The purchase order is also subject to additional approvals as described below:

- Purchases exceeding \$10,000 must have the Finance Director’s (or designee) approval
- Purchases for computer equipment must have IT Department’s approval

Once the purchase order has been entered and approved by the applicable parties, the City’s online purchasing system will then assign a purchase order number.

When the items have been received or the service has been rendered, it is the responsibility of the department supervisor (or designee) to have the items or services inspected for proper quantity and quality. An invoice batch is then created in the online purchasing system and the supporting purchase order and invoice are attached to the batch. It is then approved by department supervisor (or designee) and the accounts payable department before the vendor is paid.

Guidelines: Please use vendors from the permanent vendor file unless it is a one-time payment of less than \$600, in which case you may use a temporary vendor. If the vendor will be used more than once, for any amount, or if a one-time vendor is to be paid \$600 or more, then the vendor needs to be added to the permanent vendor file. To add a vendor to the permanent vendor file a completed Vendor Application form and W-9 must be provided to the accounts payable department, who will then review and add the vendor into the purchasing system.

Emergency Purchases: Under normal circumstances, no invoice will be paid without a properly approved purchase order, as applicable. In situations where an unforeseen need for services, equipment, or materials arises after office hours, purchases may be made without prior approval of a purchase order. The invoice for the emergency purchase must be entered into the online accounts payable system in a timely manner for payment. A statement explaining the reason for the emergency purchase must be provided in the online comments section of the invoice batch.

Blanket Purchase Orders: Items purchased from one particular vendor on a regular basis can have a yearly blanket purchase order (BPO). The BPO will allow purchases for the fiscal year from that particular vendor without having to obtain a formal purchase order for each order. The department supervisor (or designee) is required to approve such purchases. BPOs are per fiscal year; a new BPO must be established each fiscal year.

Items Not Requiring Purchase Orders: The following items do not require a purchase order:

1. Expenditures of \$5,000 or less (\$3,000 for Federal purchases, \$2,000 or less for acquisitions or construction subject to the Davis-Bacon Act)
2. Magazine/Newsletter subscriptions
3. Conference registrations fees
4. Dues and membership fees
5. Utility bills
6. Expenditure reimbursements
7. Travel expenditures

For the above items, enter an invoice batch in the online accounts payable system and attach the supporting documents. It is then approved by department supervisor (or designee) and the accounts payable department before the vendor is paid. Supporting documentation for travel-related expenditures should include a Travel Request form approved by the Finance Director (for state travel) or the City Manager (for out-of-state travel). See Appendix J for the full Overnight Travel Policy.

Competitive Bid Guidelines

Purpose: In order to ensure fairness and to comply with State Laws and City Resolutions, the City has established purchasing guidelines for quotes/bids that must be followed.

Procedure: The following bid requirements are based upon the estimated amount of expenditure:

- \$5,000 (\$3,000 for Federal purchases, \$2,000 for acquisitions or construction subject to the Davis-Bacon Act) to \$9,999 – Three written quotes
- \$10,000 to \$19,999 – Request for Proposal (RFP) with written bids
- \$20,000 and greater – RFP with written bids and advertising

Guidelines: To ensure fairness in quotes and bids, each vendor shall be given the same information which shall include a description of services, equipment, or materials to be purchased along with any special terms and/or specifications and the desired delivery date. The Request for Proposal template can be obtained by City employees through the Employee Intranet, under Forms.

All quotes and bids received must be described in the online comments section of the purchase order or attached as documentation. If the low quote/bid is not the one accepted, per competitive-bid guidelines, an explanation must be provided in the online comments section of the purchase order detailing the reason for not accepting the low bid (such as a sole-source vendor requirement).

The City's website, an applicable trade journal, and a local newspaper publication must be used to advertise for bids that are \$20,000 and greater.

Whenever possible, City employees, officers, and agents should take advantage of co-operative purchasing with other governmental organizations. Specifically, MiDEAL, of which the City is a member, is an extended purchasing program which allows Michigan local units of government to use state contracts to buy goods and services. It allows local governments to benefit directly from the reduced cost of goods and services and indirectly by eliminating the time needed to process bids.

Pertinent Special Directives

From time to time, City council may issue purchasing directives/restrictions by approving a resolution or ordinance. Currently, these are:

Prevailing Wage

Policy Resolution 1976-4 requires the City to enter no contract, agreement, or other arrangement over \$20,000, (whether oral or written), for construction related contracts unless all craftsman, mechanics, and laborers so employed shall receive at least the prevailing wages and fringe benefits of the Building Trades Department for corresponding classes of craftsman, mechanics, and laborers, as determined and published by the Davis – Bacon Division of the United States Department of Labor for the Ingham County area. See Appendix A for full Policy Resolution.

Purchase of Recycled Products

Policy Resolution 1990-2 requires City personnel to inquire as to the availability of products made with recycled material and make efforts to purchase said products if they are offered at a reasonably competitive price. See Appendix B for full Policy Resolution.

Minority and Women Owned Businesses

Policy Resolution 1992-1 commits the City to a “Good Faith Effort” policy of encouraging the use of minority business enterprises and women business enterprises as vendors of goods and services whenever possible. See Appendix C for full Policy Resolution.

Local Purchasing Preference

Policy Resolution 2009-3 states that the City Council believes that its purchasing policies should encourage local vendors to provide goods and services to the City of East Lansing government, resulting in increased economic activity through more local jobs, tax revenues and to entice business relocations to the City and Tri-County region. See Appendix D for full Policy Resolution.

Green Fleet Purchasing

Policy Resolution 2014-8 promotes the purchase of the most energy efficient vehicles possible that meet the operational needs of the department for which the vehicles are intended and use such vehicles in the most energy efficient way possible. See Appendix E for full Policy Resolution.

Equal Benefits Ordinance

Ordinance No. 1340 was approved on September 2, 2014 and prohibits the city from entering into a contract with any contractor that discriminates against its employees on the basis of marital status, sexual orientation, or gender identity or expression by failing to provide employment benefits for employees with domestic partners that it otherwise provides for the spouse of a married employee. See Appendix F for full Ordinance.

Federal Grant Awards

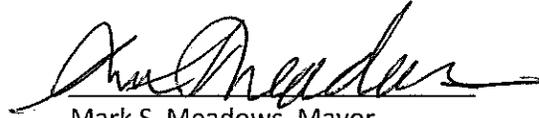
Policy Resolution 2016-6 sets forth guidelines that the City must abide by when using Federal Grant money to purchase goods and services. See Appendix G for full Policy Resolution.

Conflicts of Interest in Contracts Supported by Federal Awards

Ordinance No. 1374 was approved on June 21, 2016 and prohibits the participation in the selection, award, or administration of a contract supported by a Federal award if the employee, officer, or agent has a real or apparent conflict of interest. See Appendix H for full Ordinance.

Environmentally Preferable Purchasing Policy

Policy Resolution 2017-2 requires the City to maintain environmentally preferable purchasing standards and specifications that promote continuous improvement of environmental performance and cost competitiveness in the marketplace. See Appendix I for full Policy Resolution.



Mark S. Meadows, Mayor

Adopted: April 11, 2017

Moved by Council member: Draheim

Supported by Council member: Altmann

ADOPTED:	Yeas:	5
	Nays:	0
	Absent:	0

CLERKS CERTIFICATION: I hereby certify that the foregoing is a true and complete copy of a Resolution adopted by the East Lansing City Council at its meeting held on September 20, 2016, the original of which is part of the Council's minutes.



Marie E. Wicks, City Clerk

City of East Lansing

Ingham and Clinton Counties, Michigan