

POLICY 2021-006
VILLAGE OF ONTONAGON
PURCHASE POLICY

Intent & Purpose

This Purchase Policy, authorized by the Village Council, is to establish that purchases made on behalf of the Village of Ontonagon be conducted in a fair, accountable and orderly manner. Neither this policy, nor the adopted Village Budget, shall be interpreted as a mandate to spend Village funds.

Purchase Agent

The Village Manager (or Interim Village Manager) shall act as the Purchasing Agent for the Village of Ontonagon and each of its departments, and including but not limited to its boards, commissions, committees, component units and entities created pursuant statute or ordinance. The manager (or interim manager) shall be responsible for or authorize the making of all purchases or selling or disposing of surplus or obsolete materials or property of the Village.

Budget Approval

No purchase shall be made on a budgetary line item with insufficient funds. A budget amendment must be approved before the Purchase Agent may authorize a purchase.

Pre-Approved Expenses

The following expense may be paid upon authorization of the Purchase Agent provided funds are available:

1. Bond payments for interest and/or principal.
2. Employee payroll, taxes and benefits
3. Utility payments
4. Any other payments within the spending limits to avoid late charges or fees.

Spending Limits

The spending limits are authorized by the Village Council as part of the Annual Budget Resolutions for the current fiscal year. The Village Council shall set the upper Procurement Procedure limits for Best Price, Best Quote, Formal Quotes, and Formal Bids for the following categories:

1. Capital Purchases & Projects: \$3,000 - \$10,000
2. General Purchases: \$500 - \$5,000
3. Contracted Services: \$1,000 - \$5,000

Procurement Procedure

The prices for products and services shall be solicited and authorized as follows:

1. Best Price: The DPW and Water Department supervisor may authorize purchase based on the best available price for a product or service up to the established spending limits.
2. Best Quote: The DPW and Water Department Supervisor shall *seek and document* not less than three (3) quotes, via phone, fax, e-mail or mail, from likely vendors for a product or service within the established spending limits. The Purchasing Agent shall concur with the purchase price.
3. Formal Quotes: The Purchase Agent shall request in writing and obtain not less than three (3) written quotes from likely vendors for a product or service within the established spending limits. The Finance Committee shall concur with the purchase price.
4. Formal Bids: The Purchase Agent shall publish notice or may solicit in writing from likely vendors formal bids for the purchase of products or services exceeding the established spending limits. The Village Council shall authorize the purchase price by roll call vote.

Qualified Bidder Lists

The Village of Ontonagon shall develop a Qualified Bidders List (QBL). The QBL will be developed by the Purchasing Agent and maintained by the Village Clerk. The Purchasing Agent will seek qualified service vendors annually following the adoption of the village budget by solicitations from local media and posing on the village website. Vendors shall provide, at a minimum, their name, address, telephone number, e-mail address, current licensing information, and current insurance information. Bidders must have no unresolved past or current work performance issues at the time of vendor registration. Open performance issues may cause bidder exclusion until remedied to the satisfaction of the Village.

As needed, the Village Clerk may also solicit additional bidders throughout the fiscal year by the utilizing methods listed above. The QBL shall be posted on the Village Website.

The QBL of both construction and maintenance trades will be utilized when seeking bidders for village projects. Vendors are encouraged to register by trade class for all work for which they hold license. Although vendors may also register at the time of bidding, inclusion on the QBL will assure them inclusion on village project bids. Village projects out for bid will be posted on the village website. Unless registered with the village as noted above, it is the service vendor's responsibility to be aware of projects out for bid. Bid results and Bid Awards will be posted with the Village Council meeting minutes.

Local Vendor Discretion

The Village Council, Purchase Agent and Employees of the Village of Ontonagon each have the discretion to award purchases to local vendors when in the best interest of the Village. This section of the Purchase Policy is merely a guide and shall not be interpreted as an obligation or mandate on behalf of the Village. Local preference shall in no way limit, restrict, mandate or obligate the Village in any manner for purchasing goods and services. The term "local vendor" shall mean any individual, agent or business located within the Village of Ontonagon, Ontonagon Township, or Ontonagon County, in order of preference.

The Purchasing Agent may give preference to a local vendor if the purchase price or quote is within 10% of the lowest price or quote for the product or service of equivalent specifications. For formally bid products or services, if all other relevant factors are met, the Purchasing Agent is authorized to negotiate with a local vendor to reduce their bid to that of the lowest responsive, responsible bid received from a non- local vendor. The Village Council reserves the right to consider any formal bid from a local vendor that is within 15% of the lowest bid price.

Time & Delivery

The Purchasing Agent may consider Best Time and Delivery as a factor when evaluating lower cost quotes or bids when Products or Services solicited will impact the operations of the Village. All purchases shall be within authorized spending limits.

MiDeal

The Purchasing Agent may purchase products or services under MiDeal (the State of Michigan extended purchase program) contracts when the items provide a cost advantage to the Village. MiDeal purchases are deemed to have met the Procurement Procedure.

Co-op Purchases

The Purchasing Agent may purchase products or services in cooperation with other units of government or agencies when the items provide a cost advantage to the Village. Purchases made through another agency are deemed to have met the Procurement Procedure.

No Bid Proposals

The Purchase Agent may request proposals for additional products or services from existing providers without soliciting bids, only if the proposal is for an extension of a current project or for the purchase of additional units. Spending limits must be followed.

Single Vendor

Due to the fact that there are some products or services that are only available through a single vendor, the Purchasing Agent may waive formal quotes or bids for purchases up to \$15,000.

Purchase Orders

All purchases over \$100 shall require a purchase order.

Employee Purchases

Village Employees may make local purchases up to \$500 with consent of their supervisor.

Use of Credit Cards or Accounts

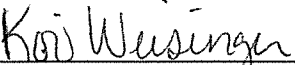
All employees who make purchases on behalf of the Village, using a Village credit card or account, shall provide a receipt, invoice or other documentation as proof of such purchase. Documentation must be promptly provided to the Village Clerk. All employees must have authorization to possess and use a Village credit card. Employees shall be liable for any undocumented credit card charges that occur while the card is in their possession. No personal purchases shall be made on any Village credit card or accounts. Any employee who violates this policy will be subject to disciplinary action up to discharge, restitution and legal prosecution.

Emergency Spending

If events or a situation warrants; the Village President is authorized to suspend the Purchase Policy for up to 48 hours. The Purchase Agent, with concurrence of the Village President, may make necessary expenditures related to the specific situation or event.

Cost Reductions in Projects, Contracts and Grants

The Purchase Agent is authorized to approve any project change orders, changes in vendors, products or contracts, which result in a lower price for the same product or service. The Purchase Agent is authorized to apply for and accept any grants which result in lower purchase costs or no costs to the Village for the purchase of products or services.



Kori Weisinger, Clerk/Treasurer