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**PURPOSE:**

To establish purchasing and contracting procedures for the City of Kalamazoo.

**SCOPE:**

This policy applies to the purchasing of and contracting for materials, supplies, capital outlay or services necessary for the maintenance, repair, and operation of city facilities pursuant to Chapter 2, Article VII of the Kalamazoo City Code.

**POLICY****I. Requirements of Competition.**

Purchases and contracts shall be awarded to the responsible bidder submitting the lowest quote or bid that is responsive to the City's specifications, terms, and conditions. This shall not, however, restrict the City from:

Purchases and contracts shall be awarded to the responsible bidder submitting the lowest quote or bid that is responsive to the City's specifications, terms, and conditions. This shall not, however, restrict the City from:

- A. Awarding professional services contracts based solely upon qualifications of the bidder, nor limit the City from being the sole determiner of which bidder meets the required specifications, terms, and conditions;
- B. Making purchases and entering into contracts bid cooperatively or through pricing extended by other governmental agencies;
- C. Contracting with other governmental agencies on a non-competitive basis for required services or commodities;
- D. Adopting a local preference ordinance such as Resolution No. 04-36, adopted on May 3, 2004.

The following methods shall be used to achieve competition:

- E. \$0 to \$3,000- Pursuant to the City Charter of the City of Kalamazoo, competition for purchases up to \$3,000 is not required, but it may be required at the direction of the

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- Purchasing Agent. Departments are encouraged to seek competition for all purchases.
- F. Over \$3,000 to \$25,000 - Purchases may be by informal competition taken by City departments with appropriate documentation. Verbal inquiry may be used with documentation as to responses and written confirmation by bidders. The local preference policy (resolution 04-36) shall only apply to purchases and contracts in the amount of over \$25,000.00.
  - G. Over \$25,000 to \$50,000 - Competition may be by written quotations, with the Purchasing Agent requesting a price quotation in writing and bidders responding in writing.
  - H. Over \$50,000 - Formal sealed bidding shall be used for any purchase over \$50,000 unless it is determined to be a single (sole) source procurement or the Purchasing Agent, in his or her discretion, determines that formal, sealed bids are not appropriate, in which case the Purchasing Agent shall use such other form of written competition as he or she deems necessary.

Preference given to Kalamazoo County bidders

- I. If the bidder that submits the lowest responsive bid and would otherwise normally qualify to receive the bid pursuant to Resolution No. 05-05 is not a Kalamazoo County business as defined herein, the lowest bid submitted by a Kalamazoo County business that is within 2% percent of the lowest bid, whether or not that bidder is the second low bidder, shall be deemed to be the lowest bidder if the bidder agrees to reduce its bid to match the bid of the lowest bidder, and providing that the Purchasing Director determines that said Kalamazoo County bidder is a responsible bidder submitting a bid that is responsive to the City's specifications, terms and conditions.
- J. If the lowest Kalamazoo County bidder within 2% of the lowest bid does not elect to reduce its bid to match the bid of the lowest bidder, then the next lowest Kalamazoo County bidder shall be given the opportunity to match the bid of the lowest bidder as set forth above, providing that this bidder is also within 2% percent of the lowest bid that has been deemed responsive.
- K. When considering the qualifications of firms providing professional services, the location of the business will be one of the criteria considered. Specifically, proposals from firms meeting the requirements of being a Kalamazoo County bidder shall be so identified and evaluators instructed to give consideration to the positive impact on the

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local economy and the benefits of local access to that professional firm when weighing their qualifications. Such consideration shall be one of several criteria evaluated which include but are not limited to: experience of the firm, qualifications and experience of the staff performing the work, capacity of the firm, proposed work plan, qualifications unique to the project contracted for, the City's past experience with the firm, and cost in relation to the value of the work and available budget.

The additional weight given the qualifications for firms located within Kalamazoo County should be approximately two percent of that firm's qualifications score.

- L. To qualify as a Kalamazoo County bidder, the bidder must meet both the following criteria:
- a. Have a physical presence in Kalamazoo County by maintaining a permanent office, factory or other facility in Kalamazoo County with employees working in Kalamazoo County.
  - b. Have paid real or personal property taxes relating to said business to the City of Kalamazoo, County of Kalamazoo or other municipal corporation within Kalamazoo County in the previous tax year, except that a non-profit entity need not meet this requirement.

The Purchasing Director is hereby granted the authority to finally determine if the bidder qualifies as a Kalamazoo County bidder as set forth herein. The Purchasing Director may take into account the permanency of the business in Kalamazoo, and whether the business appears to be claiming to be a Kalamazoo County business solely or primarily to qualify as a Kalamazoo County business under this Resolution, and any other material factors.

- M. This local preference policy shall only apply to the purchasing and contracting of materials, supplies, capital outlay or services, including professional services, necessary for maintenance, repair or operation of City facilities, pursuant to Chapter 2, Article VII, of the Kalamazoo City Code of Ordinances, and it shall only apply to said purchases and contracts in the amount of over \$25,000.00.
- N. No contract awarded to a Kalamazoo County business under this resolution shall be assigned or subcontracted in any manner that permits 50% or more of the dollar value of the contract to be performed by an entity that is not a Kalamazoo County business as defined herein.

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- O. This local preference policy shall not apply to any purchase or contract in which a local preference is prohibited by law.
- P. This local preference policy shall apply commencing with purchases and contracts whereby bidders have received notice of this local preference policy in the bidding document or price quotation.

II. Authority Granted to City Manager and Purchasing Agent Without Further Commission Action.

A. City Manager.

- 1. The City Manager is hereby granted the authority to make purchases and approve contracts, including term contracts, when the total expenditure of the purchase does not exceed \$100,000 and sufficient funding is provided for within the current budget. (Budgeted funding for term contracts is required for the contract period within the current budget.)
- 2. The City Manager is further granted the authority to approve change orders to contracts, including construction contracts, if there is money budgeted to cover said change order; and:
  - a. The change order does not alter the scope of the original contract, and
  - b. The amount of the change order does not exceed \$100,000.
  - c. The City Manager is further granted the authority to approve single (sole) source purchases up to \$100,000.

B. Purchasing Agent.

- 1. The Purchasing Agent is hereby granted the authority to make purchases and approve contracts, including term contracts, when the total expenditure does not exceed \$50,000 and sufficient funding is provided within the current budget. (Budgeted funding for term contracts is required for the period within the current budget.)
- 2. The Purchasing Agent is further granted the authority to approve change orders to contracts, including construction contracts, if there is money budgeted to cover said change order, and:

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- a. The change order does not alter the scope of the original contract, and
  - b. The amount of the change order does not exceed \$50,000 with Department Director recommendation.
3. The Purchasing Agent is further granted the authority to approve single (sole) source purchases up to \$50,000.

### III. Commission Approval Required.

- A. The approval of the City Commission is required to make purchases and approve contracts notwithstanding the authority granted in Paragraph II above:
  1. if the contract term exceeds the current fiscal year and does not contain the provision that it may be canceled for non-appropriation of funds; or
  2. if the contract term or contract as extended exceeds five years and a total, including extension, of \$100,000; or
  3. if a change order to a contract not approved by the City Commission causes that contract to exceed \$125,000, or
  4. in any other situation wherein the Purchasing Agent, City Manager, City Attorney, or Internal Auditor deems it appropriate to have formal action by the City Commission.

### IV. Exceptions to Regular Procedures.

- A. The City Manager may, if deemed appropriate due to emergency situations that may affect the health, welfare, or safety of the City, purchase necessary materials and supplies without the above procedural requirements with the consent of the Purchasing Agent and the City Attorney; but such purchase must be reported to the City Commission at its next meeting.

### V. Reporting Requirements.

- A. A list of purchases shall be maintained in the Management Services Department and in the Purchasing/Risk Management Division by the Purchasing Agent for public inspection.

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B. The City Manager shall provide monthly to the City Commission:

1. A list of all administratively approved contracts between \$50,000 and \$100,000; and
2. A list of all administratively approved change orders to City Commission approved contracts that exceed 15% of the contract or \$50,000.

VI. Insurance.

The authority to determine insurance requirements for each purchase, contract, or project shall be vested in the City's Risk Manager. The Risk Manager shall also review all certificates of insurance to determine if they comply with said requirements before a Notice to Proceed is issued.

VII. City Attorney Review.

The City Attorney shall review all contracts when the amount exceeds \$100,000 and shall review all personal and professional service contracts, including architectural and engineering contracts, when the contract amount exceeds \$50,000. The City Attorney shall also be consulted when standard bid specifications and contract terms and conditions are modified.

VIII. Sufficiency of Funds.

- A. Except in cases of emergency, departments shall not requisition any purchase or contract for which there is not a sufficient appropriation balance, in excess of all unpaid obligations, to defray the cost of the contract.
- B. The Director of Finance, as identified by City Charter, shall be designated by the City Manager. That person or his/her designee shall certify the sufficiency of funds for all purchases in excess of \$50,000.

IX. Procurement Cards.

The City's policy for use of procurement cards is as follows:

- A. The City Purchasing Agent is responsible for the issuance, accounting, monitoring and retrieval and generally for overseeing compliance with this procurement card policy as it pertains to procurement cards.

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- This responsibility includes developing a system of internal controls to monitor the use of the procurement cards and preparing such additional rules and regulations for the use of the cards as may appear necessary and helpful.
- B. Procurement cards may be used only by an officer or employee for the purchase of goods or services including travel expenses for the official business of the City of Kalamazoo. Use for non-City business may be grounds for cancellation of the procurement card and disciplinary action up to termination from the City.
  - C. The officer or employee using the procurement card must submit properly coded and authorized documentation detailing the goods or services purchased, cost, date of the purchase, and the nature of the official business.
  - D. The officer or employee issued the card is responsible for its protection and custody and shall immediately notify the Purchasing Agent if the card is lost or stolen.
  - E. The officer or employee must immediately surrender the card upon termination.
  - F. All procurement card invoices must be approved by either a Department Director or designee prior to payment to the card-issuing vendor.
  - G. The balance on any individual procurement card shall be paid in accordance with the terms of the procurement card agreement, but in no case more than 60 days from the initial statement date.
- X. Purchasing Agent.
- The Purchasing Agent, as identified by City Charter and by this resolution, shall be designated by the City Manager.

**EFFECTIVE DATE:** March 16, 2009**SIGNATURE:**

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**Bobby J. Hopewell, Mayor****HISTORY:**

July 1, 2002 Resolution 02-71 rescinded Resolutions 96-85 and 99-116 and restated the City Commission's Purchasing Policy. This restatement included changes to the dollar ranges in sections I-D through I-G, and the addition of Section IX regarding Procurement Cards.

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- May 3, 2004 Resolution 04-36 amended this policy by adding provisions allowing Kalamazoo County (local) bidders the option to match the low-bid if the local bidder is within 2% of the low bid.
- January 18, 2005 Resolution 05-05 rescinded Resolution 02-71 and restated the City Commission's Purchasing Policy. This restatement included changes to the dollar amounts in almost every section.
- May 1, 2006 Resolution 06-40 amended Resolutions 04-26 and 05-05 by restating the preference for Kalamazoo County bidders and extending this local preference policy for 24 months.
- April 21, 2008 Resolution 08-26 amended Resolutions 05-05 and 06-40 by restating the preference for Kalamazoo County bidders and extending this local preference policy indefinitely.
- March 16, 2009 Resolution 09-18 amended Resolution 05-05 to extend the local preference purchasing policy to bids for professional services.