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YCUA Purchasing Policy

I. Premise

The advent of the Civic software system has provided additional capabilities in managing our purchasing processes. In order to take advantage of these capabilities, and similarly to provide for the most efficient means of order fulfillment, the following are the approved procedures for completing *Purchase Requisitions* and *Purchase Orders*.

II. Financial Classes and Requirements

Class A - \$1.00 through \$2,499 – Purchases under \$1000 require prior approval from the Assistant Director. Purchases greater than \$1,000 also require prior approval from the Authority Director.

Class B - \$2,500 through \$9,999 – *Three (3) quotes must be solicited and at least two (2) must be received.* These are not required to be ‘sealed bids’. Documentation of the quotes must be attached to the final Purchase Order sent to the Accounts Payable department. Any purchases made from a “Sole Supplier” require an explanation attached to the purchase requisition. Any deviation from the above procedure must be approved in advance by the Director and/or Assistant Director.

Class C - \$10,000 and Above – *Either a Request for Proposal (RFP) or a Sealed Bid (RFB) is required, as well as YCUA Board of Commissioner Approval.* The YCUA Director or Assistant Director will make the final determination as to whether a **Class C** requisition requires a RFP or a RFB.

The Primary Distinction between choosing a **Request for Bid (RFB)** versus a **Request for Proposal (RFP)** is as follows:

Request for Bid (RFB): *A solicitation in which the terms, conditions, and specifications are described and responses are not subject to negotiation (i.e. specifically known items: equipment, roof replacement)*

Request for Proposal (RFP): *A solicitation in which it is not advantageous to set forth all the actual, detailed requirements at the time of solicitation and responses are subject to negotiation (i.e. software proposal).*

'Public Notice' of the **RFP** or **RFB** is recommended in at least two (2) advertising / informational mediums, unless a 'Sole Source Provider' is the only available option. The initiating Department Director is responsible for placing the *Notice(s)* and for ensuring that the bid process is a sealed bid process (if **RFB**). A minimum of **10 business days** is required from the date of an advertisement, to the date of the opening of sealed bids.

Local Preference Provision

The *Ypsilanti Community Utilities Authority*, believing there is a benefit to expending purchasing dollars within the local community, will give additional consideration to bids from local firms with a 'regular place of business' within the **YCUA Service Area** (currently defined as including the *Townships of Ypsilanti, Pittsfield, Superior, Augusta, Sumpter, York, Northville, Plymouth, Canton as well as the City of Ypsilanti*).

A copy of the bidder's business license must be included with their Official Bid, establishing the location of their business address. A post office box will not be acceptable, for these purposes, as a 'business address'.

In the event that the *prima facie* low bid or quote for a product or service shall be \$250,000 or less, local businesses shall receive an allowance of three percent (3%) of their bids.

This allowance shall be for the purpose of identifying a nominal low bidder only, and shall not affect the actual amount of the bid award. In the event the *prima facie* low bid or quote shall exceed \$250,000, there shall be no local preference allowance.

Nothing in this policy shall modify or constrain YCUA's power to reject any or all bids and to accept any proposal it considers to be in the best interest of the *Ypsilanti Community Utilities Authority*.

For **Non-Construction Projects**, it is recommended that at least two of the following mediums be utilized:

- The Michigan Intergovernmental Trade Network website (www.mitn.info).
- *The Ann Arbor News* newspaper (Ann Arbor, MI)
- The YCUA website

For **Construction Projects**, it is recommended that at least two of the following mediums be utilized:

- *Michigan Contractor & Builder* magazine (Reed Business Information, Philadelphia, PA)
- The Michigan Intergovernmental Trade Network website.
- *The Ann Arbor News* newspaper (Ann Arbor, MI)
- The YCUA website

Resource Note: for specific samples of the following, see earlier examples of YCUA RFPs, RFBs and Newspaper Advertisement Copy held in the YCUA intranet archive (department director restricted access, path as follows – <g:\deptdata\RFP History>):

III. Exceptions to the Purchasing Requirements

1. Emergency Items – Items which, as the situation dictates, are required immediately in order to ensure the safety of the YCUA facility, its employees and/or its surrounding population. **Emergency items must have the Verbal Approval of either the YCUA Director or Assistant Director prior to purchase.** Documentation after the purchase event will be required to support this action, which will be reviewed by the YCUA Director and YCUA Assistant Director.
Note: *These ‘emergency’ items must then go through the official Purchase Order process after the fact, to ensure proper authorizations.*
2. Contracts and YCUA Board Approved Projects – Certain large-scale, capital construction projects (See item II - ‘**Financial Classes and Requirements / Level C**’) are currently exempt from the nominal Purchase Order process, but may be included under the umbrella of ‘Blanket Purchase Orders’ (See item IV.3. – **Exceptions / ‘Blanket Purchase Orders**’).
 - a. If no Purchase Order is generated, a copy of the approved contract and/or Board Minutes should accompany the invoice to the Accounting department.
3. Blanket Purchase Orders – Items that are purchased in bulk on a continuing basis (the same specific item; not various items from the same vendor). A Blanket Purchase Order may be issued at the beginning of the fiscal year to cover the entire year’s estimated usage cost, and will be drawn against as the year proceeds. Determine your annual estimated usage, and create line items of equal amounts (i.e. one per month), totaling your annual expense requirements. If the activity exceeds the original Purchase Order amount, a new Purchase Order will have to be approved. Examples of Blanket Purchase Orders may include: office and copier supplies; chemicals and hardware; refuse and recycling services. **The Director of Finance will review all requests for the use of Blanket Purchase Orders** in order to coordinate organization-wide purchases of similar items.
4. Extendable and Cooperative Contracts -
 - a. Extended and Cooperative Contracts- Contracts that have been competitively priced by other entities and extended to YCUA are exempt from section II requirements. *YCUA Board of Commissioners Approval is still required if the contract is \$10,000 or more.*