

Chelsea School District Administrative Guidelines

6320A - PURCHASING

The administrator with responsibility for each building or department is expected to ensure that the funds budgeted for that building or department are managed and expended in accordance with Board Policy and that the budget is followed. Parts of this responsibility may be delegated to other employees in the building or department, but the administrator holds the final authority.

District employees obtaining goods and services with District funds are expected to act responsibly to obtain those goods and services that meet the District's needs at the best possible price. State law and Board Policy impose requirements that must be followed in order to meet the goals enumerated above. All District employees may expect to be held accountable for following the procedures listed below for the purchase of goods and services using District funds.

In evaluating competitive proposals, keep in mind that the best price is not automatically the lowest initial outlay of money, but should also take into account other factors, such as:

- A. the costs of shipping or pick up;
- B. reasonable estimates of supply and maintenance costs over the lifetime of the item purchased;
- C. the past performance of the proposed supplier;
- D. compatibility of the product with existing equipment; and
- E. likely resale or salvage value at the end of the item's useful life.

In evaluating the value of a proposed procurement, the value of the total number of like items purchased will govern. It is not acceptable to obtain multiple smaller invoices for like items from the same vendor over a short period of time in order to avoid competition requirements.

All purchases are subject to administrative approval, and failure to follow appropriate procedures may result in personal liability.

Minor Purchases

For minor purchases, generally those with a total value of \$5,000 or less, the time spent in seeking multiple quotes is often more costly than the probable savings. In such cases, the purchaser is expected to use his/her best judgment to obtain the best price, but will ordinarily not be required to produce multiple quotes unless the effort required is small and the potential savings is significant.

Purchases Requiring Informal Competition

For purchases that are in excess of \$5,000 but not greater than one dollar (\$1) below the State defined bid limit, the purchaser will be required to produce evidence of price competition. These may be in several forms including:

- A. written quotations obtained from vendors;
- B. catalog prices (taking into account any discounts the District may be entitled to receive);
- C. reliance on bids taken by other governmental or non-profit organizations (such as the State of Michigan, REMC, HPS), or
- D. price quotations obtained by telephone with proper documentation. Proper documentation should include:
 - 1. the vendor contacted and person spoken to;
 - 2. the exact item offered including brand and model;
 - 3. the telephone number called; and
 - 4. the date of the conversation.

The person making the purchase should obtain enough quotations to satisfy himself/herself that the best price has been identified. At a minimum three (3) quotations from major suppliers are to be obtained.

Purchases Requiring Formal Competition

For purchases in excess of the State defined bid limit for the year, formal competition is required. Here, there are two (2) types of purchases requiring formal competition: procurement of supplies, materials and equipment and construction of or additions/renovations to school buildings.

A. Procurement of Supplies, Materials and Equipment

Purchases of supplies, materials and equipment are governed under MCL 380.1274. In many cases, the State of Michigan or other governmental entities may solicit bids on behalf of a number of school districts or other governmental units. If such a solicitation meets the District's needs, it may be relied upon for price competition, according to Board Policy [6440](#). Otherwise, District staff must solicit bids.

A written request for bids is prepared and published in a form likely to reach the greatest number of potential offerers. There is no requirement in law that requires these bids to be published in a newspaper of general circulation. The bid request is to contain the complete specifications for the goods or services being purchased, including payment terms and delivery and warranty requirements. The bid request specifies the form in which the offer must be submitted, the address to which the offers must be submitted, the deadline for submission, and the time and place at which the bids will be publicly opened and read. In addition, there is standard language that must be included in most bid requests. A copy of a pro-forma Request for Proposal (RFP) is maintained under the District's web site, under the Business Department area. Contact the Business Office to receive an official RFP number (which is required for each RFP issued) prior to releasing a bid document.

Following the bid analysis, the complete bid file is to be sent to the Business Office along with a copy of the recommendation that will be made to the Superintendent. The original recommendation is to be sent to the Superintendent and, if approved, the recommendation will be forwarded to the Board of Education for their approval. A purchase order will then be issued to the selected vendor.

B. Construction of or Additions/Renovations to School Buildings

Formal bidding requirements related to the construction of or additions/renovations to school buildings is governed by MCL 380.1267.

A written request for bids is prepared and published in a form likely to reach the greatest number of potential offerers. In addition, the bid must be advertised for two (2) consecutive weeks in a newspaper of general circulation and on the State web site. There are many requirements related to what needs to be contained within the advertisement therefore the Business Office is to be contacted for further guidance.

The bid request is to contain the complete specifications for the construction/renovations to be completed, including payment terms and warranty requirements. The bid request specifies the form in which the offer must be submitted, the address to which the offers must be submitted, the deadline for submission, and the time and place at which the bids will be publicly opened and read. A copy of a pro-forma Request for Proposal (RFP) is maintained under the District's web site, under the Business Department area. Contact the Business Office to receive an official RFP number (which is required for each RFP issued) prior to releasing a bid document.

Following the bid analysis, the complete bid file is to be sent to the Business Office along with a copy of the recommendation that will be made to the Superintendent. The original recommendation is to be sent to the Superintendent and, if approved, the recommendation will be forwarded to the Board of Education for their approval. A purchase order will then be issued to the selected vendor.

Emergency Purchases

In an emergency, the administrator in charge at the scene should take necessary steps to stabilize the situation, and contact the Business Office as soon as possible. If goods or services are needed during the emergency, normal purchasing requirements can be waived assuming that compliance was not possible and the administrator acted in good faith.

An emergency is a situation where immediate action is required in order to protect life and limb or to preserve valuable property. (Fire and flood would be clear examples of emergencies.) In such cases, the Superintendent must be notified at the earliest possible time. Board approval, where needed, will be sought after the fact as soon as it is reasonably possible.

Special Cases

- A. **Sole source and unique items.** There is no exception in State Law or in Board Policy for sole source purchasing. If the amount of the purchase requires competition, then competitive proposals must be sought, even if it is unlikely that multiple offers will be received. Evidence of the solicitation of competitive proposals should be submitted along with the purchasing recommendation.
- B. **Professional services.** Professional services, such as architectural, legal, consulting, and auditing services, are not required to be formally bid under MCL 380.1274 and normally do not lend themselves to direct price competition. Often such services are a very small portion of the total cost of a project, and quality may be much more important than price.

When soliciting quotations for such services, the solicitations should be structured in such a way as to measure, as objectively as possible, the quality of the competing proposals. A history of performance in providing the services needed and the experience and professional qualifications of the provider are among the factors that should be taken into account in preparing a recommendation to engage professional services.

Normally, a Professional Services Contract is written controlling the delivery of such services and their payment. This contract will normally be subject to approval by the Board of Education regardless of the amount of money involved.

Bid Protest

A bidder who wishes to file a bid protest must file such notice and follow procedures prescribed by the Request For Proposals (RFP) or the individual bid specifications package, for resolution. Bid protests must be filed in writing with the Office of the Superintendent within seventy-two (72) hours of the opening of the bids in protest.

Within five (5) days of receipt of a protest, the Superintendent shall review the protest as submitted and render a decision regarding the merits of the protest and any impact on the acceptance and rejection of bids submitted. Notice of the filing of a bid protest shall be communicated to the Board and shall be so noted in any subsequent recommendation for the acceptance of bids and awarding of contracts.

Failure to file a notice of intent to protest, or failure to file a formal written protest within the time prescribed, shall constitute a waiver of proceedings.

Revised 10/23/15