

CHAPTER 9 - PURCHASING POLICY

1 – GENERAL INFORMATION

9-101 - Introduction

This Purchasing Policy provides guidelines for making County purchases and applies to all departments. The Administration Committee is the committee of jurisdiction for this policy and any disputes with regard to interpretation will be addressed it.

9-102 - Authority of County Purchasing

The County Purchasing Policy provides for uniform purchasing procedures for the County and states that the provisions of the Purchasing Policy shall be administered by the County Administrator or designee.

Purchasing is responsible for overseeing the following functions:

- Procuring supplies, services and construction needed to implement Board programs and policy.
- Maintaining and enhancing public confidence in public procurement.
- Ensuring fair and equitable treatment of all people who deal with the County's procurement system.
- Ensuring that the purchasing value of County funds is maximized to the fullest extent practicable.
- Fostering effective competition within the free enterprise system.
- Maintaining the quality and integrity of the procurement system.

9-103 – Definition of Purchases

Purchases for the purpose of this policy include; supplies, materials, contractual services, equipment and furniture. It is meant to include all items for which the county budgets to expend funds unless specifically excluded or subject to other guidance, such as advertising in the official county newspaper.

9-104 - End of Year Purchases

When ordering goods and services, allow enough time to receive the goods and services prior to yearend. Goods and services received after year end will be charged to the following year's budget. Any requests for exceptions shall be brought to the attention of the County Administrator or designee. Any recommended carryover of appropriation to the following year must be approved by the County Board of Supervisors.

9-105 - Prompt Payment - Receipt and Acceptance of Supplies, Service or Construction

It is important to process the receipt of goods and services promptly in order to take advantage of early payment discounts. Promptly notify the County Administrator or designee of any discrepancies, damages, or if the item was not received. Also, notify the County Administrator, or designee, of unsatisfactory performance of a vendor.

9-106 - Ethics

It is unethical for employees to participate directly or indirectly in a purchase when there is a conflict of interest, such as the employee or a member of the employee's immediate family has a financial interest in the purchase or its outcome.

No public employee or public official shall receive or offer to receive, either directly or indirectly, any gift, gratuity or anything of value from any person, if such person:

- has, or is seeking to obtain contractual or other business or financial relationships with such public employee's employer or the governmental body of the public official, or;
- conducts operations or activities which are regulated by such public employee's employer or the governmental body of the public official.

Any single public official or county employee may enter into contracts with Sawyer County in which they have a private interest in and that it does not exceed an aggregated amount of \$15,000 per year. (Wisconsin State Statute 946.13) No such contract will be entered into without full disclosure.

9-107 - Justifications for Not Accepting Low Bid

Awards will be made to the lowest responsible bidder meeting all of the bid specifications, not only the purchase price. For bids not awarded to the lowest bidder, justification used to determine the lowest responsible bidder shall be documented with the County Administrator or noted in the committee minutes. Written justification for not selecting the lowest bidder for informal bids is also required. If the department has delegation for informal bids, this documentation should be forwarded to the County Administrator, or designee.

A responsible bidder is one who possesses the potential ability to perform successfully under the terms and conditions of the proposed procurement. Consideration shall be given to such matters as contractor integrity, compliance with public policy, record of past performance, financial and technical resources, sufficient staff and equipment to provide the service, demonstrated ability to satisfactorily perform the work in a prompt and conscientious manner or accessibility to other necessary resources.

9-108- Purchases by Auction Websites

The County recognizes the potential for savings by using auction websites for purchases. Most purchases using auction websites will be for budgeted equipment. When departments plan to use an auction website, they are to notify the County Administrator, or designee, which website they are using and what they are purchasing. Users shall use an official county logon to the auction site and any correspondence shall also be with an official County email address. It is the department's responsibility to establish an account, bid on the item, make arrangements for the purchase with the County Administrator, or designee, and make arrangements for the delivery of the item. Due to the nature of bidding online, there will be deviations from the normal procedures of the purchasing policy.

9-109 - Disposal of Excess Supplies or Obsolete Equipment.

Supplies or equipment no longer serving a useful purpose are to be reported to the Maintenance Director. The Maintenance Director will dispose of the supplies or equipment by transferring the material to a department which may need similar supplies or equipment, by competitive sealed bidding, by public auction, or in such a manner considered to be in the best interest of the County.

Information Technology (IT) equipment shall have IT check off to insure any device used for data storage be properly cleaned or destroyed prior to transfer or disposal.

County owned supplies or equipment shall not be sold to County employees except by public auction or competitive bidding.

2 COUNTY ADMINISTRATOR'S RESPONSIBILITIES

9-201 – County Administrator

The County Administrator is the principle purchasing official of the County. The primary responsibility of this position is to purchase only those supplies, services, equipment and leasehold improvement type construction needed to carry out the programs, functions, and services required and budgeted by the County Board in accordance with the County Policies. Purchases are to be made in the most efficient and effective manner and at the lowest possible cost from a responsible vendor consistent with the quality and quantity needed.

9-202 - Delegation

The County Administrator may delegate responsibility for purchasing to specific individuals in various departments, based on the dollar amount of the purchases, number of purchases, technical qualifications, past compliance with purchasing procedures and other factors. With the

purchasing delegation, there is a responsibility to follow the written purchasing procedures. Failure to follow purchasing procedures may result in the reduction or loss of delegation.

Purchases for items which central stores carries, or has access to, shall be purchased through central stores. Extenuating circumstances shall be discussed with and resolved by the County Administrator, or designee.

9-203-Contracting Authority

Only the County Board Chair, County Administrator or designee, or Department Heads with approval can legally bind the County to any total lease valued or contract valued at or above \$12,000, unless the law requires the specific signature of others to legally bind the County to a contract. The Health and Human Services Department is exempt from the provisions of this policy whenever contracting for client services.

3 PROCUREMENT LEVELS

9-301 – Standard Purchasing Levels

This Section outlines the buying levels and when a bid or request for proposal is necessary.

A. Orders under \$5,000.

If the expected cost is less than \$5,000, and the items are not offered on standard contracts, the County Administrator, or designee, may place the order directly with the vendor using best judgment as the basis for vendor selection. The use of purchase orders is optional for orders less than \$5,000.

B. Orders over \$5,000 to \$30,000.

1. The department determines the need for products or services and is instructed to obtain the necessary three (3) informal price quotes. For sole source purchases, prepare the necessary documentation on why the purchase should be considered sole source. Please see Section 9-404 for details.
2. The departments are required to document at least three (3) informal/verbal price quotes they received. To assure prices quoted are comparable, be certain that the total price represents all costs, including delivery and annual on-going costs. The issuance of a purchase order is required for all purchase of supplies and material in which the total order is expected to exceed \$5,000.
3. Multiple facets of a project are combined as one project when determining the cost of a project.
4. Upon approval of the Department and County Administrator or designee, the purchase is placed with the successful vendor by issuance of a purchase order.

C. Orders over \$30,000.

1. A written request for proposals (RFP, see section 9-403) must be developed and made available to all vendors.
2. All items/services in excess of \$30,000 are to be procured through a publicly advertised process. Multiple facets of a project are combined as one project when determining the \$30,000 cutoff.
3. The County Administrator, or designee, must give the authority for the advertisement of the RFP upon the department furnishing complete and detailed specifications on the item/service to be purchased.
4. All proposals received must be sealed and received prior to the determined date of opening.
5. All pricing received as part of the proposal will be publicly opened.
6. The County has the right to accept or reject any and all proposals. (See Section 9-107, Justifications For Not Accepting Low Bid).

9-302 – Grant Funded Purchases

Unless specifically prohibited by the granting authority, grants must be administered through a written contractual agreement between the County and the party providing the services. All purchases made with grant funds must comply with the terms and conditions of the grant and this policy. If the grant requirements conflict with this policy, the County Administrator may suspend those provisions of this policy only for the specific grant and for the duration of that grant. The department head is responsible to comply with purchases covered by grant funds.

Uniform Grant Guidance issued by the Federal Office of Management and Budget (OMB) outlined the following procurement standards for all dollars applied to federal grant programs:

A. Micro Purchases (Items less than \$3,000):

Procurement by micro-purchase is the acquisition of supplies or services, the aggregate dollar amount of which does not exceed the micro-purchase threshold (§200.67 Micro-purchase). To the extent practicable, the County must distribute micro-purchases equitably among qualified suppliers. Micro-purchases may be awarded without soliciting competitive quotations if the County considers the price to be reasonable.

B. Small Purchases (Items between \$3,000 and \$150,000):

Small purchase procedures are those relatively simple and informal procurement methods for securing services, supplies, or other property that do not cost more than the Simplified Acquisition Threshold. If small purchases are used, price or rate quotations must be obtained from an adequate number of qualified sources.

C. Large Purchases (Items greater than \$150,000):

Follow requirements under 1 (construction) or 2 (all other) below depending on applicability:

1. Sealed Bids for Construction Contracts: Note that a federally funded public works project shall follow the lower dollar threshold requirements of Wisconsin Statutes 66.0901 and 59.52(29) outlined in the public works section (9-502). Bids are publicly solicited and a firm fixed price contract (lump sum or unit price) is awarded to the responsible bidder whose bid, conforming with all the material terms and conditions of the invitation for bids, is the lowest in price.

In order for sealed bidding to be feasible, the following conditions should be present:

- a) A complete, adequate, and realistic specification or purchase description is available;
- b) Two or more responsible bidders are willing and able to compete effectively for the business; and
- c) The procurement lends itself to a firm fixed price contract and the selection of the successful bidder can be made principally on the basis of price.

If sealed bids are used, the following requirements apply:

- a) Bids must be solicited from an adequate number of known suppliers, providing them sufficient response time prior to the date set for opening the bids. The invitation for bids must be publically advertised;
 - b) The invitation for bids, which will include any specifications and pertinent attachments, must define the items or services in order for the bidder to properly respond;
 - c) All bids will be opened publicly opened;
 - d) A firm fixed price contract award will be made in writing to the lowest responsive and responsible bidder. Where specified in bidding documents, factors such as discounts, transportation cost, and life cycle costs must be considered in determining which bid is lowest. Payment discounts will only be used to determine the low bid when prior experience indicates that such discounts are usually taken advantage of, and
 - e) Any or all bids may be rejected if there is a sound documented reason.
2. Competitive Proposals for Other Contracts Greater than \$150,000: The technique of competitive proposals is normally conducted with more than one source submitting an offer, and either a fixed price or cost-reimbursement type contract is awarded. It is generally used when conditions are not appropriate for the use of sealed bids. If this method is used, the following requirements apply:

- a) Requests for proposals (RFP) must be publicized and identify all evaluation factors and their relative importance. Any response to publicized requests for proposals must be considered to the maximum extent practical;
- b) Proposals must be solicited from an adequate number of qualified sources;
- c) The County must have a written method of conducting technical evaluations of the proposals received and for selecting recipients;
- d) Contracts must be awarded to the responsible firm whose proposal is most advantageous to the program with price and other factors considered; and
- e) The County may use competitive proposal procedures for qualifications-based procurement of architectural/engineering (A/E) professional services whereby competitors' qualifications are evaluated and the most qualified competitor is selected, subject to negotiation of fair and reasonable compensation. The method, where price is not used as a selection factor, can only be used in procurement of A/E professional services. It cannot be used to purchase other types of services though A/E firms are a potential source to perform the proposed effort.

D. Noncompetitive Proposals:

Procurement by noncompetitive proposals is procurement through solicitation of a proposal from only one source and may be used only when one or more of the following circumstances apply:

1. The item is available only from a single source;
2. The public exigency or emergency for the requirement will not permit a delay resulting from competitive solicitation;
3. The Federal awarding agency or pass-through entity expressly authorizes noncompetitive proposals in response to a written request from the County; or
4. After solicitation of a number of sources, competition is determined inadequate.

4 TYPES OF PURCHASES

9-401 - Effective Price Quotes or Bids

Effective price quotes or bids require the development of clear specifications that will result in the quality level appropriate for the purchase. Poorly designed bid specifications lead to ambiguities and are almost always the reason for purchasing discrepancies. When developing bid specs, it is advisable to establish a time period for which bids are to be held open.

Awards will be made to the lowest responsible bidder. "Responsible" means the vendor who meets the specifications and is a qualified vendor.

9-402 – Informal Price Quotes (Bids)

Although titled “informal”, this is still a competitive procedure. It involves the comparison of bid quotations from at least three (3) or more vendors whenever possible by using:

- Current price lists or catalogs.
- Recent price quotations on file (within the calendar year).
- Phone or verbal quotations solicited from vendors.
- Written informal price quotations or bids (including email or fax quotes).

All departments will obtain and document the quotes. Documentation for quotes must include the vendor’s name, the salesperson providing the quote, the quoted price, the date of the quote and the contact information. To assure prices quoted are comparable, be certain that the total price represents all costs, including delivery.

9-403 – Publicly Advertised Request for Proposal (RFP) Process

This method of purchasing is appropriate when the purchase amount exceeds \$30,000 or the specifications or scope of the services cannot be adequately prepared to provide all prospective contractors with a complete and accurate description of the work to be performed. Professional services often fall into this category. The basis for selection includes other performance factors along with price.

Examples of performance factors include work experience on projects of a similar size, expertise of the staff, and technical solution to the problem. Cost is always a factor to be considered.

All responses to publicly advertised RFPs will be received by the County Administrator’s or designee office. The County Administrator or designee will record receiving each RFP and forward them to the appropriate department head after the deadline for submission has passed. The County Administrator, with input from knowledgeable parties, will evaluate and score the performance factors of each proposal. Sealed pricing proposals are to be opened by the County Administrator. Based on the criteria outlined in the RFP, a recommendation will be submitted to

the County Board of Supervisors. The County Board of Supervisors will vote to accept or reject the recommended proposal at the earliest convenient county board meeting.

9-404 - Sole Source Purchases

Occasionally, there is only one source for a good or service. Although commonly referred to as "sole source" purchases, they should be thought of as "noncompetitive negotiations." In such instances, every effort will be made to assure that the best possible price has been obtained. Documentation stating the reasons for the sole source purchase shall be submitted to the County Administrator.

One or more of the following circumstances, with adequate justifications, may serve as the basis for using noncompetitive negotiation:

- The service or good is unique or of a proprietary nature and available from only one source.
- Grant moneys are involved that require subcontracts and specify the contractor.
- A public emergency exists where the urgency for the required service will not permit competitive solicitation.
- Substantial time pressure exists beyond the department's control. (This does not include administrative delays or confusion in processing the necessary paperwork for approval.)
- To avoid numerous vendors serving a connected system. Example – more than one vendor installing and maintaining key card accesses.

9-405 -- Emergency Purchases

An emergency is a situation which threatens the public health, safety, or welfare and all of the following conditions exist:

- the circumstance was unforeseen;
- it calls for immediate action; and
- it cannot be responded to using established purchasing methods.

When such situations occur and the purchase will exceed your delegated amount, inform the County Administrator of the emergency, and then secure the goods or services without regard to normal purchase selection procedures. Try to obtain at least two (2) competitive prices, if it will not hamper or delay activities necessary to eliminate the emergency. A formal written determination declaring that an emergency exists or existed must be made by the department head and submitted to the County Administrator within 24 hours. If the emergency occurs after regular working hours, purchase what is necessary and notify the County Administrator on the next working day.

For emergencies within your delegated responsibility, document the circumstances detailing why it meets the definition of an emergency and document any competitive process that was used and submit to the County Administrator.

9-406 -- Cooperative Purchases

If the total expenditure is \$30,000 or less, any purchase made from the State of Wisconsin cooperative purchase contracts, or made through other purchasing associations, will constitute compliance with the competitive bidding requirements. No additional bidding is required since the contracts established by these entities have already gone through the competitive bidding process.

In addition, if the identical product can be obtained at a lower price, you may order from that vendor without additional bidding as long as the cooperative purchasing contract you are using for the price comparison is a current contract.

9-407 - Professional Services

The method of purchasing professional services is appropriate when it is difficult to provide all prospective contractors/vendors with a complete and accurate description of the work to be performed. Examples of those services are auditing, legal, engineering, architecture, landscaping, information technology, etc. The basis for selection includes other performance factors along with price. Examples of performance include work experience on projects of similar size, expertise of staff, and the technical ability for their firm to resolve the problem. RFP's will be written by the department to solicit the necessary firms.

5 PUBLIC WORKS CONSTRUCTION PURCHASES

9-501-- Definition of Public Works Projects

Public Works projects are defined as any repairs, remodeling, construction or changes to any County owned land or building or county and/or state roads. Public works projects also include capital purchases and construction projects in the highway department. Public Works projects may also be the purchase of the materials used for the repairs, remodeling, construction or changes to any county owned land or building or County and/or state roads.

9-502 -- Public Works Construction Purchases

All public work, including any contract for the construction, repair, or improvement of any public work, building, or furnishing of supplies or material of any kind where the estimated cost of such work will exceed \$30,000 shall be let by contract to the lowest responsible bidder. Any public work, the estimated cost of which does not exceed \$30,000, shall be let as the board may direct. If the estimated cost of any project is between \$5,000 and \$30,000, the board shall give a class 1 notice under chapter 985 before it contracts for the work or shall contract with a person qualified as a bidder under s. 66.0901(2). A contract, the estimated cost of which exceeds \$20,000, shall be let and entered into under s. 66.0901, except that the board may by a three-fourths vote of all the members entitled to a seat provide that any class of public work or any part thereof may be done directly by the county without submitting the same for bids.

This subsection does not apply to public construction if the materials for such a project are donated or if the labor for such a project is provided by volunteers. This subsection does not apply to highway contracts which the County Highway Committee or the County Highway Commissioner is authorized by law to let or make.

9-503 – Wisconsin’s Prevailing Wage Rate

Generally, the prevailing wage rates apply when the county does projects as identified at 9-501. Section 66.0903 of Wisconsin Statutes covers projects bid or negotiated by a local governmental unit and projects dedicated to and accepted by local governmental units. It is the Counties responsibility to apply these rules when the circumstances apply.

9-504 - Assessment of Vendor Qualifications

Bid specifications may be sent to any vendor, and bids will be accepted from any vendor submitting a bid. Vendor qualification will be assessed before the award is made.

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