



CITY of NOVI CITY COUNCIL

**Agenda Item C
August 27, 2012**

SUBJECT: Approval of a resolution to amend the purchasing policy to reflect changes and improvements in the City's procurement processes, including an increase in the threshold amount for which a purchase order must be used from \$1,000 to \$5,000; authorization of the use of P-Cards for some purchases; establishment of a formal change order policy; and clarification of certain exceptions to purchases in excess of \$15,000 that do not require City Council approval.

SUBMITTING DEPARTMENT: Finance

CITY MANAGER APPROVAL: 

BACKGROUND INFORMATION: The Purchasing Policy currently in effect was last amended on January 10, 2005. At that time, Council amended the City's purchasing policy with regard to the amount that required approval by City Council (from \$3,000 to \$15,000) and the amount that required sealed bids (from \$5,000 to \$15,000). It also added to Section 2-201 of the City Code, that future changes in amounts can now be done by resolution.

The purchasing policy has been developed to provide a set of guidelines for an efficient purchasing system. It is within the guidelines set in the City Charter and is intended to clarify the general Charter requirements. The substantive changes proposed to the current policy are summarized below and are a result of requests from user departments which include Public Safety, DPS, IT, Facilities and PR&CS. In addition, language changes to simplify, clarify and update procurement practices currently in place have been added.

In broad terms, the Policy stipulates that:

1. **Purchases under \$4,999 (from \$1,000 to \$5,000):** In total, 674 purchase orders were issued for the period July 1, 2011 thru June 30, 2012. Of this total, 416 or 62% represent purchases under \$5,000. Under the revised policy:
 - Departments are authorized to make the purchase. No purchase orders are required for goods or services.
 - Departments will still be responsible for obtaining competitive pricing for purchases under \$4,999 and for submitting at least three written quotes for purchases between \$5,000 and \$14,999.
2. **Exceptions to Council approval requirement:**
 - Annual contract renewals when no changes in price, terms, or conditions are required.
 - Annual membership renewals budgeted and approved by City Council.
 - Proprietary maintenance agreements.
 - Change orders when the amount is less than \$15,000 **or** is less than 20% of the amended contract price.
3. **Change Order Policy**
 - **Change orders are always required for amounts that exceed the original contract price.** Change orders when the amount is less than \$15,000 **or** is less than 20% of the amended contract price **must** be approved by the Department

Head and Purchasing Manager. All change orders in excess of \$15,000 **and** that increase the contract price by 20% or greater, must be approved by City Council.

4. Purchasing Cards

- The City may distribute Purchasing Cards (P-Cards) to staff in order to streamline and simplify the purchasing function for low dollar expenditures. Purchases will be limited by type of goods/services, type of business, and a monthly credit limit.

The revised Policy has been reviewed and recommended by the City Attorney as well.

RECOMMENDED ACTION: Approval of a resolution to amend the purchasing policy to reflect changes and improvements in the City's procurement processes, including an increase in the threshold amount for which a purchase order must be used, from \$1,000 to \$5,000; authorization of the use of P-Cards for some purchases; establishment of a formal change order policy; and clarification of certain exceptions to purchases in excess of \$15,000 that do not require City Council approval.

	1	2	Y	N
Mayor Gatt				
Mayor Pro Tem Staudt				
Council Member Casey				
Council Member Fischer				

	1	2	Y	N
Council Member Margolis				
Council Member Mutch				
Council Member Wrobel				

CITY OF NOVI

COUNTY OF OAKLAND, MICHIGAN

RESOLUTION ADOPTING REVISED PURCHASING POLICY

Minutes of a Meeting of the City Council of the City of Novi, County of Oakland, Michigan, held in the City Hall of said City on August 27, 2012, at 7:00 o'clock P.M. Prevailing Eastern Time.

PRESENT: Councilmembers _____

ABSENT: Councilmembers _____

The following preamble and Resolution were offered by Councilmember _____ and supported by Councilmember _____.

WHEREAS, Chapter 12 of the City Charter requires that "The Council shall, by ordinance or resolution, establish detailed purchasing, sale, and contract procedures, including procedures for written contracts and purchase orders, not inconsistent with this Charter"; and

WHEREAS, the City Council has adopted Section 2-201 of the city code, which provides basic requirements for purchasing, including the authority for the City Manager, or designee/representative, to make purchases; and

WHEREAS, the City Council has from time to time also adopted by resolution a detailed purchasing policy, which is updated as necessary to reflect changes in laws or other requirements and to reflect improvements in the City Administration's purchasing procedures; and

WHEREAS, the City Administration has proposed certain revisions to the purchasing policy, including changes that allow for an increased dollar threshold for purchases requiring issuance of a purchase order, certain exceptions to Council responsibilities relative to contract awards and change orders, and distribution of Purchasing Cards (P-Cards) to identified staff members.

NOW THEREFORE, IT IS THEREFORE RESOLVED that the City Council adopts the attached revised purchasing policy, effective August 27, 2012.

AYES:

NAYS:

RESOLUTION DECLARED ADOPTED.

Maryanne Cornelius, City Clerk

CERTIFICATION

I hereby certify that the foregoing is a true and complete copy of a resolution adopted by the City Council of the City of Novi, County of Oakland, and State of Michigan, at a regular meeting held this 27th day of August 2012, and that public notice of said meeting was given pursuant to and in full compliance with Act No. 267, Public Acts of Michigan, 1976, and that the minutes of said meeting have been kept and made available to the public as required by said Act.

Maryanne Cornelius, City Clerk
City of Novi

	PO threshold amount	Purchasing Policy include P-Cards?	Formal Change order policy?
Rochester Hills	All purchases require PO except petty cash and P-card purchases	No. P-card policy is separate document	No formal change order policy in purchasing ordinance. Departments must take all change orders to Council unless they specified a % contingency in the original award. Change orders that bump the contract price over the limit that requires Council approval must be taken to Council.
Livonia	\$500	No. They do not use P-cards.	No formal change order policy included in their purchasing policy. Their internal policy is that the department head can approve change orders up to 5% of the the contract amount awarded by Council.
Farmington Hills	\$500 (\$999 with P-card purchase)	No. P-card policy is separate document	No formal change order policy included in their purchasing policy. They have an internal policy. All change orders over 10% of original contract must go to council. If change order pushes contract amount over the threshold that requires council approval, they must take it to council.
Troy	\$1,000	No	No. However it is understood go to council if the contract was "not-to-exceed" and it exceeds 10% of the estimated amount. They might include language in the motion sheet that asks for 20-25% over the amount for contingency or they might include language that says that they will not exceed budgetary limitations. This gives them the ability to do change orders without returning to council.
Sterling Heights	Per ordinance, all purchases require PO (except P-card purchases)	Yes	Yes. Do not need to go to Council if funds available and if CO does not exceed 10% of original contract amount. CO that do not meet these requirements or exceed \$10,000 must go to Council.



CITY OF NOVI PURCHASING POLICY

August 2012

THE CITY OF NOVI PURCHASING POLICY

SECTION I

INTRODUCTION

This policy has been developed to provide a set of guidelines for an efficient purchasing system. It is within the guidelines set in the City Charter, and is intended to clarify and implement the general Charter requirements.

MISSION STATEMENT

The mission of the Purchasing Division of the City of Novi is to provide responsible procurement service to all City departments ensuring that our citizens benefit from the integrity, quality, and efficiency of the departments while maintaining the highest level of professional ethics by:

- Working together to institute creative approaches to the procurement process.
- Offering assistance and guidance on products, services and procurement options.
- Optimizing purchasing leverage in concert with other municipalities and State agencies.
- Providing potential suppliers with equal consideration of their products and services.
- Instilling the confidence of our citizens that all bids are awarded in an equitable manner.

SECTION II

OBJECTIVES

The objectives of the City of Novi's purchasing program are as follows:

- A. To operate a purchasing system that meets both the short and long term needs of the City of Novi.
- B. To maintain a fiscally responsible program not only for daily purchases, but also for the procurement of contractual services and capital outlay items.
- C. To utilize the principles of competitive purchasing and assure buying at the lowest cost combined with the best possible quality and service.

City of Novi Purchasing Policy

- D. To enhance the efficiency of the purchasing system and ensure the timely procurement of materials and services.
- E. To further City-Vendor and inter-departmental relations relative to purchasing.

SECTION III

ORGANIZATION

The Purchasing Division shall be responsible for the administration of the procurement system of the City of Novi. The Purchasing Division shall be managed by the Purchasing Manager, acting on behalf of and at the direction of the Finance Director, who may designate other individuals to undertake specific functions on behalf of the Division. Procurement authority and responsibility shall be delegated as follows:

A. CITY COUNCIL

1. Shall approve and adopt the purchasing policy by resolution.
2. Shall set monetary limits for quotations and bids.
3. Shall approve and adopt all revisions to the purchasing policy.
4. Shall award all contracts for goods and services \$15,000 and over in value, except:
 - i. Annual contract renewals when no changes in price, terms, or conditions are required.
 - ii. Annual membership renewals budgeted and approved by Council.
 - iii. Maintenance or support agreements that are supplementary to an approved agreement.
 - iv. Change orders when the amount of the change order is less than \$15,000 **or** when the change order (regardless of amount) increases the contract price by less than 20%:
 - (1) Change orders are always required for amounts that exceed the original contract price.
 - (2) Change orders must be approved by the Department Head and Purchasing Manager.
 - (3) All change orders that are in excess of \$15,000 **and** that increase the contract price by 20% or more must be approved by City Council.

B. PURCHASING MANAGER

1. Shall procure or supervise the procurement of all goods and services required to maintain City operations.
2. Shall obtain formal sealed bids for goods or services in excess of \$15,000.

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3. Shall assist and/or develop specifications in conjunction with departmental requirements.
4. Shall coordinate purchases among departments and where practicable and possible combine specifications for like items into a single purchase where consolidation is economically advantageous to the City of Novi.
5. Shall develop and provide all purchasing forms, maintain records, and approve all purchase orders.
6. Shall establish a working relationship of mutual confidence and satisfaction between the City of Novi and its suppliers.
7. Shall see all vendors upon their initial visit to the City. The Purchasing Manager will advise the using department of all information presented.
8. Shall review all bid specifications and RFP's BEFORE release.
9. Shall receive all RFP's and formal sealed bids.
10. Shall maintain a relationship with the Michigan Inter-governmental Trade Network (MITN).

Adherence to the above is critical if the purchasing system is to function properly.

C. USING DEPARTMENTS

1. Shall obtain goods and services under \$5,000. It is the responsibility of the individual Department Head to assure that a competitive price is received.
2. Shall obtain a purchase order for all goods and services over \$5,000 prior to the commitment to purchase. All requisitions shall be accompanied by at least three (3) written quotations, unless the Department Head can establish to the satisfaction of the Purchasing Manager that there are not 3 qualified vendors, in which case as many quotations as can be secured are required.
3. Shall provide specifications for such goods and services or shall assist the Purchasing Manager in the development of specifications.
4. Shall assist the Purchasing Manager in establishing standards of quality for goods and services for use by the City of Novi.
5. Shall maintain an adequate supply of materials, and shall request replacements on a timely basis prior to depletion of current inventory.
6. Shall submit requests for goods or services in writing with complete details as to quantity, size, color, delivery time requirement, and any other pertinent special instructions necessary to procurement.

D. THE MICHIGAN INTER-GOVERNMENTAL TRADE NETWORK

1. Shall be the primary mechanism for solicitations of Invitations to Bid (ITBs), Requests for Proposals (RFPs), Requests for Information (RFIs), and Statements of Qualifications (SOQs).
2. Shall maintain a regional e-Procurement system wherein participating

City of Novi Purchasing Policy

organizations post bids, quotes, and other solicitations.

SECTION IV

GENERAL GUIDELINES

A. SOURCE OF SUPPLY

The selection of the source of supply will be a joint effort between the Purchasing Division and the using department.

B. ADDITIONAL QUALIFICATION OF VENDORS

The City maintains the right to further qualify vendors/bidders when it is in the best interest of the City of Novi. This will be done in an effort to eliminate problems such as receiving sub-standard products or services. When this option is exercised, the City will request additional information such as (but not limited to) the following:

1. Physical location information and/or inspection.
2. Number of years in business.
3. Number of employees.
4. References.
5. Financial statements.

C. VENDOR RELATIONS

The Purchasing Division will deal with all vendors in a fair and like manner. Procurement decisions shall be based on price, quality, delivery, written standards, previous service history, and other relevant factors promoting the best interests of the City of Novi.

1. Representatives will be seen promptly providing that an appointment has been made. Vendors who "drop in" will be seen as time permits. Referrals from Department Heads will be seen as time permits if there has been prior notice to the Purchasing Division.
2. The Purchasing Division will handle all correspondence with vendors except when it is in a technical area more appropriately handled by the using department.
3. No employee shall furnish any prospective bidder information that would afford that bidder an unfair advantage over other bidders.

D. VENDOR DISQUALIFICATION

The City maintains the right to disqualify vendors under the following conditions:

1. In addition to any other remedies authorized by law, a vendor may be disqualified from bidding on any City contracts for up to three (3) years if it has

City of Novi Purchasing Policy

been determined that the vendor, after award of the contract:

- (a) Failed to provide the service or supplies required;
- (b) Provided the service or supplies in an untimely manner causing delays and interference;
- (c) Lacked financial resources and the ability to satisfactorily perform the contract or provide the services or supplies;
- (d) Exhibited poor quality of performance in delivering the service;
- (e) Delivered poor quality of goods;
- (f) Failed to comply with laws and ordinances relating to the contract performance;
- (g) Defaulted on its quotations;
- (h) Such other action what leads the City to believe that the contractor's duties will not comport or comply with the bid requirements.

2. Vendors who are listed on the Excluded Parties List System at www.epls.gov.

E. SUBDIVISION OF AWARD

No purchase shall be subdivided for the purpose of circumventing the dollar value limitations as defined in Sec. 12 of the City Charter.

F. TAX EXEMPT STATUS

The City of Novi, a municipality, is exempt from state sales and federal excise tax.

G. INTER DEPARTMENT RELATIONS

The Purchasing Division cannot know all the needs and demands of various departments, nor can it be expected to know the technical aspects of each and every item required by the various departments. Therefore, the system only functions properly with the cooperation of all involved personnel. The Purchasing Division may make suggestions pertaining to supplier, quantity, etc., if it appears to be in the best interest of the City of Novi to do so; however, the final recommendation will be the responsibility of the using department.

H. BIDS AND QUOTATIONS

Splitting purchase requests to avoid quotation or bid requirements is not acceptable. In determining whether quotations or bids are required, the total estimated expenditures for the succeeding twelve months shall be considered.

SECTION V

E-PROCUREMENT

In partnership with other governmental agencies the City is a participant in the Michigan Intergovernmental Trade Network (MITN), an e-Procurement system. The MITN

City of Novi Purchasing Policy

is a centralized internet-based system that provides broader exposure for competitive bidding and a single point of contact to vendors throughout our region.

SECTION VI

PURCHASING CARDS

- A. The City may distribute Purchasing Cards (P-Cards) to staff in order to streamline and simplify the purchasing function for low dollar expenditures. Purchases will be limited by type of goods/services, type of business, and monthly credit limit.

SECTION VII

PURCHASING PROCEDURES

A. PURCHASES OR CONTRACTS UNDER \$5,000

For expenditures of less than \$5,000, Department Heads are authorized to make the purchase. It is the responsibility of the Department Head to ensure the quality of goods/services and that competitive prices are received.

B. PURCHASES OR CONTRACTS BETWEEN \$5,000 - \$14,999

For expenditures over \$5,000, a purchase order is required before a commitment may be made for the material and/or services.

It is the individual Department Head's responsibility to assure that a competitive price is received. At least three written quotations must be obtained, unless the Department Head can establish to the satisfaction of the Purchasing Manager that there are not 3 qualified vendors, in which case as many quotations as can be secured are required. Quotations must be attached to purchase order requisition.

If you do not choose the lowest cost, you must include an explanation. Factors including, but not limited to, product quality, serviceability, delivery, and other considerations of a similar kind normally relevant to the exercise of good business judgment shall constitute sufficient and good cause on which to base such decisions.

C. PURCHASES OR CONTRACTS OF \$15,000 AND OVER

Goods and services with a dollar value of **\$15,000** or more shall be procured by the formal sealed bid process.

Engineering services for projects that are awarded using the *Agreement for Professional Engineering Services Public Projects* to the pre-qualified firms on a rotating basis do not require formal sealed bids.

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D. CAPITAL PURCHASES

All Capital Purchases require PRIOR approval. CAPITAL is defined as:

ANY ITEM WITH A COST OF \$5,000 OR MORE AND HAS A LIFE OF ONE (1) YEAR OR MORE.

SECTION VIII

BIDS

A. INVITATION FOR BIDS

An invitation for bids shall be issued and shall include specifications, expected contractual terms, and all conditions applicable to procurement. The invitation for bids shall be posted on the MITN website.

B. BID OPENING

Bids shall be opened publicly at the time and place designated in the invitation for bids. The amount of the bid, any other relevant information and the bidder's name shall be recorded and shall be open for public inspection.

C. BID ACCEPTANCE AND EVALUATION

Bids shall be received without alteration or correction at the City Clerk's Office. Bids shall be evaluated based on the criteria contained in the invitation for bids, specifications, and contract documents.

D. CORRECTION OR WITHDRAWAL OF BIDS

Correction of errors in bids may be made by the bidder before the bid opening. After the bid opening, no change in bid prices or other provisions shall be permitted. Bids may be withdrawn prior to the bid opening. No bidder may withdraw his bid after the bid opening for a period of one hundred twenty (120) days after the stated closing time. All decisions to permit correction or withdrawal shall be documented in writing by the Purchasing Manager.

E. LATE BIDS

Late bids will not be accepted.

F. BIDS VIA FACSIMILE

Bids sent via facsimile will not be accepted.

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G. MULTI-STEP SEALED BIDS

When it is considered impractical to prepare initially a purchase description to support an award based on price, an invitation for bids may be issued requesting the submission of non-priced offers with separate sealed fee proposals. Offers from bidders determined to be technically acceptable under the criteria set forth in the solicitation will then also be evaluated on their fee proposals.

H. BID AWARD

A motion sheet shall be prepared by the using department for consideration by the City Manager and presentation to City Council.

The Council retains the right to take any of the following actions:

1. Award the bid to the lowest qualified bidder.

Definition of lowest bidder - A person or firm who has the capability in all respects to perform the contract in full and the integrity and reliability to assure good faith performance. Further, a person or firm must have submitted a bid which conforms in all aspects to the specifications, terms and conditions required in the invitation for bids.

2. Accept or reject in part or whole any or all bids.
3. Waive any irregularities.
4. Award the bid to other than the low bidder when it is in the best interest of the City.
5. Subdivide the bid if it is indicated in the invitation for bids and is in the best interest of the City.

I. WAIVER OF BID REQUIREMENTS

The City Council further retains the right to waive bid requirements under the following conditions:

1. When it is documented in writing by the using department that the item(s) being requested are available only from a single source which has been approved by the Purchasing Manager.
2. When the Purchasing Manager or the City Council shall determine that no advantage to the City would result from competitive bidding as indicated in Section 12.1 of the City Charter.
3. Engineering services for projects awarded to pre-qualified firms using the Agreement for Professional Engineering Services Public Projects.
4. Professional services (i.e. engineers, consultants, accountants, appraisers, and other similar professions) which may be appointed by City Council upon recommendation of the City Manager, or the Purchasing Manager solicits proposals and a recommendation is made to by the using Department.

SECTION IX

OTHER

A. EMERGENCY PURCHASES

An emergency purchase is defined as one that presents a threat to public health or safety. The using department shall make the purchase and follow up the next day with a purchase requisition with notation that indicates it was an emergency purchase.

B. JOINT PURCHASING

The Purchasing Manager shall, when feasible and economically advantageous to the City, participate with other governmental agencies in cooperative bidding ventures. The dollar value and procedure for award shall follow the same procedure as written quotations and formal sealed bids.

C. EXEMPTIONS FROM PROCEDURAL BIDDING/QUOTATION REQUIREMENTS

The following are considered exceptions and are exempt from procedural bidding/quotation requirements:

- Food (including catering services)
- Books and subscriptions
- Airplane and hotel reservations
- Utilities (including gas, electric, water, sewage, and local phone service)
- Advertisements in periodicals
- Payments to arbitrators
- Dues and subscriptions
- Medical services
- Conferences, seminars, and classes
- Television and radio advertising
- U.S. Postal, United Parcel Service, Federal Express, or other delivery services;
- Vehicle repair which requires tear-down to diagnose repair required
- Sole source maintenance agreements

SECTION X

RECEIPT AND DISPOSITION OF CITY PROPERTY

A. RECEIVING MATERIALS

The Purchasing Manager shall have the right to inspect or designate a person to inspect

City of Novi Purchasing Policy

all supplies, materials or equipment to determine their conformance with the specifications set forth in the purchase order or contract.

If receipt is made in the using department, it shall be the responsibility of the using department to ensure conformance with the specifications. If quality or quantity is not as specified, the Purchasing Manager shall be notified immediately of the discrepancy.

B. DISPOSITION OF MATERIALS

Obsolete, worn out, damaged, or surplus materials and equipment shall be disposed of by the Purchasing Manager through the following methods:

1. Trade-in on new equipment.
2. Return to manufacturer.
3. Transfer to other City departments.
4. Sealed Bid.
5. Auction.
6. Junking.

Each department shall report any material or equipment for disposition to the Purchasing Manager.

SECTION XI

BONDS

A. PERFORMANCE, PAYMENT, AND MAINTENANCE BONDS

Performance, payment, and/or maintenance bonds may be required on construction projects to protect the City against default by the contractor. The bonds shall guarantee faithful performance of work according to the contract terms and guarantee payment of all indebtedness incurred for labor, material, or any cause whatsoever on account of the contract, according to the current statutes of the State of Michigan.

B. BID BONDS

Bid bonds (surety bonds) may be required to secure against loss or damage in the event that the bidder fails to furnish a performance bond or does not execute the contract document. If required, the bond must be submitted with the bid.

SECTION XII

INSURANCE & INDEMNIFICATION

The City has the authority to specify insurance coverage's and limits as deemed appropriate and applicable to a given procurement project. These coverage's and limits will be included in the bidding documents.

The contractor shall not commence work under any contract until he/she has obtained all required insurance and has furnished satisfactory proof of the required coverage's to the City. The contractor shall maintain the required coverage's and shall provide proof of these coverage's to the City for the duration of the contract.

The City also has the authority to require a successful bidder to indemnify, hold harmless and defend the City and various associated persons. Detailed indemnification/hold harmless requirements will be included in the bidding documents.

SECTION XIII

ADOPTION OF PURCHASING POLICY

The City Council shall adopt the Purchasing Policy by resolution. The policy shall be consistent with the Charter of the City of Novi. Any future amendments to the policy deemed necessary for efficient operation of the City's procurement shall likewise be adopted by resolution by the City Council.

SECTION XIV

BUDGETARY AUTHORIZATION

No purchase shall be made without proper budgetary authorization by the Department Head. Purchase orders without an authorizing signature will be returned to the using department for approval.

Revised: August 2012

Certified by: _____

Maryanne Cornelius, City Clerk



Strike-out version of Purchasing Policy



CITY OF NOVI PURCHASING POLICY

August 2006 August 2012

THE CITY OF NOVI PURCHASING POLICY

SECTION I

INTRODUCTION

This policy ~~manual~~ has been developed to provide a set of guidelines for an efficient purchasing system. It is within the guidelines set in the City Charter, and is intended to clarify and implement the general Charter requirements.

MISSION STATEMENT

The mission of the Purchasing ~~Department~~ Division of the City of Novi is to provide responsible procurement service to all City departments ensuring that our citizens benefit from the integrity, quality, and efficiency of the departments, while maintaining the highest level of professional ethics by:

- Working together to institute creative approaches to the procurement process.
- Offering assistance and guidance on products, services and procurement options.
- Optimizing purchasing leverage in concert with other municipalities and State agencies.
- Providing potential suppliers with equal consideration of their products and services.
- Instilling the confidence of our citizens that all bids are awarded in an equitable manner.

SECTION II

OBJECTIVES

The objectives of the City of Novi's purchasing program are as follows:

- A. To operate a ~~centralized~~ purchasing system that meets both the short and long term needs of the City of Novi.
- B. To maintain a fiscally responsible program ~~not limited to~~ not only for daily purchases, but including also for the procurement of contractual services and capital outlay items.
- C. To utilize the principles of competitive purchasing and assure buying at the ~~least~~ lowest cost combined with the best possible quality and service.
- D. To enhance the efficiency of the purchasing system and ensure the timely procurement of materials and services.

E. To further City-Vendor and inter-departmental relations relative to purchasing.

SECTION III

ORGANIZATION

~~The Purchasing Director~~Purchasing Manager, ~~(or designee by the Finance Director,~~) ~~shall~~The Purchasing Division shall be responsible for the administration of the procurement system of the City of Novi. The ~~functions of the Purchasing Office~~ Division shall be managed by the ~~Purchasing Director~~Purchasing Manager, acting on behalf of and at the direction of ~~(or designee) who shall report to the Finance Director, who may designate other individuals to undertake specific functions on behalf of the Division.~~
Procurement authority and responsibility shall be delegated as follows:

A. CITY COUNCIL

1. Shall approve and adopt the purchasing policy by resolution.
2. Shall set monetary limits for quotations and bids.
3. Shall approve and adopt all revisions to the purchasing policy.
4. Shall award all contracts for goods and services \$15,000 and over in value, except:-

— Exceptions:

- i. Annual contract renewals when no changes in price, terms, or conditions are required.
- ii. Annual membership renewals budgeted and approved by Council.
- iii. Proprietary Maintenance or support agreements that are supplementary to an approved agreement. [Marina -- Not sure it's obvious what a proprietary maintenance agreement is....Is this for computer software maintenance stuff? Call that out more clearly for folks not in the purchasing business??]
- iv. ~~Change orders are always required for amounts that exceed the original contract price.~~ Change orders when the amount of the change order is less than \$15,000 or when the change order (regardless of amount) increases the contract price by less than 20% of the amended contract price:
 - (1) Change orders are always required for amounts that exceed the original contract price.
 - (2) Change orders must be approved by the Department Head and Purchasing Manager.
 - (3) All change orders that are in excess of \$15,000 and that increase the contract price by 20% or greater more, must be approved by City Council.

City of Novi Purchasing Policy

~~B. Contracts originally less than \$15,000 (not requiring Council approval) with change order(s) that cause the amended contract amount to exceed \$15,000.~~

~~Change orders on contracts originally awarded by Council than increase the amended contract by 20% or less.~~

4. ~~B~~

B. ~~PURCHASING DIRECTOR~~ PURCHASING MANAGER

1. Shall procure or supervise the procurement of all goods and services required to maintain City operations.
2. Shall obtain formal sealed bids for goods or services in excess of \$15,000 ~~as provided for in the Council Resolution of February 7, 2005.~~
- ~~3. Shall maintain a qualified bidders list.~~
- 4.3. Shall assist and/or develop specifications in conjunction with departmental requirements.
- 5.4. Shall coordinate purchases among departments and where practicable and possible combine specifications for like items into a single purchase where consolidation is economically advantageous to the City of Novi.
- 6.5. Shall develop and provide all purchasing forms, maintain records, and approve all purchase orders.
- 7.6. Shall establish a working relationship of mutual confidence and satisfaction between the City of Novi and its suppliers.
- 8.7. Shall see all vendors upon their initial visit to the City. The ~~Purchasing Director~~ Purchasing Manager will advise the using department of all information presented.
- 9.8. Shall review all bid specifications, ~~and RFP's, quotation letters, contract documents, and notices~~ **PRIOR** to ~~BEFORE~~ release.
- 10.9. Shall ~~review all written quotations, and~~ receive all RFP's and formal sealed bids.
- 11.10. Shall maintain a relationship with the Michigan Inter-governmental Trade Network (MITN).

Adherence to the above is critical if the purchasing system is to function properly. ~~These procedures are not intended to restrict using departments. They are intended to coordinate the City of Novi's purchasing efforts into a centralized system.~~

C. USING DEPARTMENTS

1. Shall obtain goods and services under ~~\$1,000~~ \$5,000. It is the responsibility of the individual Department Head to assure that a competitive price is received.
2. Shall ~~request~~ obtain a purchase order for all goods and services over ~~\$1,000~~ \$5,000

City of Novi Purchasing Policy

~~through the Purchasing Director prior to the commitment to purchase. -- All requests-requisitions shall be accompanied by at least three (3) written quotations, unless the Department Head can establish to the satisfaction of the Purchasing Manager that there are not 3 qualified vendors, in which case as many quotations as can be secured are required.-~~

- ~~3. Shall provide specifications and a vendor list, if possible, for such goods and services or shall assist the Purchasing Director~~Purchasing Manager in the development of specifications.
4. Shall assist the ~~Purchasing Director~~Purchasing Manager in establishing standards of quality for goods and services for use by the City of Novi.
5. Shall maintain an adequate supply of materials, and shall request replacements on a timely basis prior to depletion of current inventory.
6. Shall submit requests for goods or services in writing with complete details as to quantity, size, color, delivery time requirement, and any other pertinent special instructions necessary to procurement.

D. THE MICHIGAN INTER-GOVERNMENTAL TRADE NETWORK

1. Shall be the primary mechanism for solicitations of Invitations to Bid (ITBs), Requests for Proposals (RFPs), Requests for Information (RFIs), and Statements of Qualifications (SOQs).
2. Shall maintain a regional e-Procurement system wherein participating organizations post bids, quotes, and other solicitations.

SECTION IV

GENERAL GUIDELINES

~~A. CENTRALIZED PURCHASING SYSTEM~~

~~It is the intent of the City of Novi to maintain a centralized purchasing system in order to obtain competitive prices and coordinate and combine like purchases on a City-wide basis.~~

~~A. B. SOURCE OF SUPPLY~~

The selection of the source of supply will be a joint effort between the Purchasing ~~Department- Division~~ and the using department.

~~B. C. VENDOR/BIDDER LIST~~

~~A bid list is maintained in the Purchasing Department. The information is available to all using departments and includes the following:~~

- ~~1. Type of Business~~
- ~~2. Type of equipment, material, supplies or services provided~~

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~~3. Catalogues or brochures~~

~~4. References~~

~~It is the intent of the City of Novi to compile the bidder's list using manufacturers, contractors, or authorized dealers in an effort to eliminate paying a "fee" to a middleman who adds nothing to the value of the item or service being purchased.~~

DC. ADDITIONAL QUALIFICATION OF VENDORS

The City maintains the right to further qualify vendors/bidders when it is in the best interest of the City of Novi. This will be done in an effort to eliminate problems such as receiving sub-standard products or services. When this option is exercised, ~~the following information may be requested:~~the City will request additional information such as (but not limited to)- the following:

1. Physical location information and/or inspection.
2. Number of years in business.
3. Number of employees.
4. References.
5. Financial statements.

ED. VENDOR RELATIONS

The Purchasing ~~Department~~ Division will deal with all vendors in a fair and like manner. Procurement decisions shall be based on price, quality, delivery, written standards, previous service history, and other relevant factors promoting the best interests of the City of Novi.

1. Representatives will be seen promptly providing that an appointment has been made. Vendors who "drop in" will be seen as time permits. Referrals from Department Heads will be seen as time permits if there has been prior notice to the Purchasing ~~Department~~ Division.
2. The Purchasing ~~Department~~ Division -will handle all correspondence with vendors except when it is in a technical area more appropriately handled by the using department.
3. Price information from vendors will be held confidential from other vendors. No employee shall furnish any prospective bidder information that would afford that bidder an unfair advantage over other bidders.

F.E. REMOVAL FROM BID LIST VENDOR DISQUALIFICATION

The City maintains the right to ~~remove vendors from the bid list~~disqualify vendors under the following conditions:

1. In addition to any other remedies authorized by law, a bidder vendor may be disqualified from bidding on any City contracts for up to three (3) years if it has been determined that the bidder vendor, after award of the contract:

(a) Failed to provide the service or supplies required;

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(b) Provided the service or supplies in an untimely manner causing delays and interference;

(c) Lacked financial resources and the ability to satisfactorily perform the contract or provide the services or supplies;

(d) Exhibited poor quality of performance in delivering the service;

(e) Delivered poor quality of goods;

(f) Failed to comply with laws and ordinances relating to the contract performance;

(g) Defaulted on its quotations;

(h) Such other action what leads the City to believe that the contractor's duties will not comport or comply with the bid requirements.

- ~~1. Repeated "No Reply" (3 successive requests) to bid invitations or quotation requests.~~ 2.
- ~~2. Sub-standard products or services previously rendered. Vendors who are listed on the Excluded Parties List System at www.epls.gov.~~

GF. SUBDIVISION OF AWARD

No purchase shall be subdivided for the purpose of circumventing the dollar value limitations as defined in Sec. 12 of the City Charter.

HG. TAX EXEMPT STATUS

The City of Novi, a municipality, is exempt from state sales and federal excise tax.

HI. INTER DEPARTMENT RELATIONS

The Purchasing ~~Department Division is not cognizant of~~ cannot know all the needs and demands of various departments, nor can it be expected to know the technical aspects of each and every item required by the various departments. Therefore, the system only functions properly with the cooperation of all involved personnel. The Purchasing ~~Department Division~~ may make suggestions pertaining to supplier, quantity, etc., if it appears to be in the best interest of the City of Novi to do so; however, the final recommendation will be the responsibility of the ~~requisitioning using~~ department.

I. BIDS AND QUOTATIONS

Splitting purchase requests to avoid quotation or bid requirements is ~~clearly~~ not acceptable. ~~On~~ In determining whether quotations or bids are required, the total estimated expenditures for the succeeding twelve months shall be considered.

SECTION V

E-PROCUREMENT

In partnership with other governmental agencies the City is a participant in the Michigan Intergovernmental Trade Network (MITN), an e-Procurement system. The MITN is a centralized internet-based system that provides broader exposure for competitive bidding and a single point of contact to vendors throughout our region.

SECTION VI

PURCHASE ORDERS

A purchase order is required for **ALL** purchases over \$1,000. After the purchase order is completely and properly filled out by the using department, the following procedure shall be followed:

A. The using department forwards the purchase order electronically to the Purchasing Department for approval. The following information must be completed by the using department:

"DEPARTMENT"	Name of the requisitioning department
"VENDOR NAME"	Source being used complete with address, phone number and contact person, if known
"DATE"	Date of request
"SHIP TO"	Please fill in completely if different from billing address. Include contact name.
"MATERIAL REQUIRED BY"	Use reasonable time; Avoid RUSH except in actual emergency
"QUANTITY"	Number of units being ordered
"UNIT"	This refers to the type of packaging; i.e. box, case, dozen.
"DESCRIPTION"	In describing an article, place the principal noun first, e.g.: desk, steel secretarial, 30" x 60". Make description as complete as possible.
"UNIT PRICE"	Type in price per unit
"AMOUNT"	Extended price
"ACCOUNT NO."	Account this purchase is budgeted in
"CHECK REQUIRED FOR"	Please indicate if check is applicable
"MAIL ATTACHMENTS"	Please indicate if attachments must be mailed with check.
"SPECIAL INSTRUCTIONS"	Include any special instructions necessary for completing purchase.

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~~B. The Purchasing Director and the Finance Department will approve and sign the purchase order. The vendor copy and the department copy will be returned to the designated employee in the using department. This indicates the purchase has been approved and the using department may proceed to order.~~

~~C. If goods are received directly by the using department, packing slips are to be signed and dated and sent immediately to the Finance Department. A packing slip **AND** an invoice constitute complete receipt of merchandise.~~

~~D. No invoices will be placed on the warrant for payment without all supporting documentation. This includes the following items:~~

- ~~• Packing slip (if provided)~~
- ~~• Signed invoice complete with authorizing signature and account number~~
- ~~• Purchase order~~

SECTION VI

PURCHASING CARDS

~~A. The City may distribute Purchasing Cards (P-Cards) to staff in order to streamline and simplify the purchasing function for low dollar expenditures. Purchases will be limited by type of goods/services, type of business, and monthly credit limit.~~

SECTION VII

PURCHASING PROCEDURES

A. PURCHASES OR CONTRACTS UNDER \$15,000

For expenditures of less than \$15,000, ~~department head~~Department Heads are authorized to make the purchase. It is the responsibility of the ~~department head~~Department Head to ensure the quality of goods/services and that competitive prices are received.

~~All written contracts shall be signed by~~

B. PURCHASES OR CONTRACTS BETWEEN \$15,000 - \$14,999

~~For expenditures over \$5,000, a purchase order is required before a commitment may be made for the material and/or services.~~

It is the individual ~~department head~~Department Head's responsibility to assure that a competitive price is received. At least three written quotations must be obtained, ~~unless the Department Head can establish to the satisfaction of the Purchasing Manager that there are not 3 qualified vendors, in which case as many quotations as can be secured are required.~~ Quotations must be ~~attached to purchase order requisition, sent to~~

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~~Purchasing (acceptable forms include facsimile, e-mail, or web pages). No commitment may be made for the material and/or services until receipt of the approved purchase order. If you do not choose the lowest cost, you must attach an explanation.~~

~~If you do not choose the lowest cost, you must include an explanation. Factors including, but not limited to, product quality, serviceability, delivery, and other considerations of a similar kind normally relevant to the exercise of good business judgment shall constitute sufficient and good cause on which to base such decisions.~~

~~If timing is a problem, if a purchase order is needed quickly, the using department must contact the Purchasing Manager in order to expedite the approval process. you may have to walk the purchase requisition through the procedure to get the necessary approvals.~~

~~For expenditures over \$1,000, a pre-approved purchase order is required. You must have the vendor and department copies returned to you PRIOR to making the purchase.~~

~~All written contracts shall be signed by _____~~

C. PURCHASES OR CONTRACTS OF \$15,000 AND OVER

Goods and services with a dollar value of **\$15,000** or more shall be procured by the formal sealed bid process.

~~The method for securing formal sealed bids is as follows:~~

- ~~1. Memo or e-mail requesting to seek bids from the using department to the Purchasing Director/Purchasing Manager.~~
- ~~2. Set of specifications, if available.~~
- ~~3. List of suggested vendors, if available.~~
- ~~4. Bid documents/packets will be published on internet the MITN website and/ or mailed from by Purchasing Director/Purchasing 's Department office.~~
- ~~5. Sealed bids/, RFPs and RFQs shall then be submitted delivered by vendors to the Purchasing Director City Clerk's Office pursuant to the issuance of public notice by the City/the bid documents.~~

~~The using department makes the recommendation to the City Manager's office. Forward the recommendation to the Purchasing Director for review and submission to the City Manager. The item, if approved by the City Manager, will be placed on the next Council agenda for action. Engineering services for projects that are awarded using the Agreement for Professional Engineering Services Public Projects to the pre-qualified firms on a rotating basis do not require formal sealed bids.~~

~~All written contracts shall be signed by the Mayor and City Clerk.~~

D. CAPITAL PURCHASES

All Capital Purchases require PRIOR approval. CAPITAL is defined as:

ANY ITEM WITH A COST OF \$5,000 OR MORE AND HAS A LIFE OF ONE (1) YEAR OR MORE.

SECTION VIII

BIDS

A. INVITATION FOR BIDS

An invitation for bids shall be issued and shall include specifications, expected contractual terms, and all conditions applicable to procurement. The invitation for bids shall be ~~mailed to vendors who have filed a bid application with the City~~ posted on the MITN website.

~~B.~~ PUBLIC NOTICE AND ADVERTISING

~~Invitations for bids may be advertised at least once in a newspaper of general circulation in the City and/or published on the Internet. A minimum of ten (10) days notice shall be given prior to bid opening. Pre-bid meetings, if determined necessary, will be contained within the bid request notice and published as such.~~

~~C.~~ BID OPENING

Bids shall be opened publicly at the time and place designated in the invitation for bids. The amount of the bid, any other relevant information and the bidder's name shall be recorded and shall be open for public inspection.

~~D.~~ BID ACCEPTANCE AND EVALUATION

Bids shall be received without alteration or correction at the ~~office of the Purchasing Director~~ City Clerk's Office. Bids shall be evaluated based on the criteria contained in the invitation for bids, specifications, and contract documents.

~~E.~~ CORRECTION OR WITHDRAWAL OF BIDS

Correction of errors in bids may be made by the bidder ~~prior to~~ before the bid opening. After the bid opening, no change in bid prices or other provisions shall be permitted. Bids may be withdrawn prior to the bid opening. No bidder may withdraw his bid after the bid opening for a period of one hundred twenty (120) days after the stated closing time. All decisions to permit correction or withdrawal shall be documented in writing by the ~~Purchasing Director~~ Purchasing Manager.

FE. LATE BIDS

Late bids will not be accepted.

GF. BIDS VIA FACSIMILE

Bids sent via facsimile will not be accepted.

HG. MULTI-STEP SEALED BIDS

When it is considered impractical to prepare initially a purchase description to support an award based on price, an invitation for bids may be issued requesting the submission of non-priced offers with separate sealed fee proposals. Offers from bidders determined to be technically acceptable under the criteria set forth in the solicitation will then also be evaluated on their fee proposals.

IH. BID AWARD

~~A memo from the Department Head shall be sent to the Purchasing Director containing the recommendation for bid award.~~ A motion sheet shall be prepared by the using department Purchasing Director and/or Department Head for consideration by the City Manager and presentation to City Council.

~~The City Council awards any and all contracts for goods or services of \$15,000 or more.~~

The Council retains the right to take any of the following actions:

1. Award the bid to the lowest qualified bidder.

Definition of lowest bidder - A person or firm who has the capability in all respects to perform the contract in full and the integrity and reliability to assure good faith performance. Further, a person or firm must have submitted a bid which conforms in all aspects to the specifications, terms and conditions required in the invitation for bids.

2. Accept or reject in part or whole any or all bids.
3. Waive any irregularities.
4. Award the bid to other than the low bidder when it is in the best interest of the City of Novi.
5. Subdivide the bid if it is indicated in the invitation for bids and is in the best interest of the City.

JJ. WAIVER OF BID REQUIREMENTS

The City Council further retains the right to waive bid requirements under the following conditions:

1. When it is documented in writing by the using department that the item(s) being requested are available only from a single source and which has been approved by the Finance Director Purchasing Manager.
2. When the Finance Director Purchasing Manager or the City Council shall determine that no advantage to the City would result from competitive bidding

as indicated in Section 12.1 of the City Charter.

3. Engineering services for projects awarded to pre-qualified firms using the Agreement for Professional Engineering Services Public Projects.
4. Professional services (i.e. engineers, consultants, accountants, appraisers, and other similar professions) which may be appointed by City Council upon recommendation of the City Manager, or the Purchasing Manager solicits proposals and a recommendation is made to by the using Department.

~~2.~~

SECTION ~~IX~~

OTHER

~~A. CONTRACT ITEMS PROCEDURES~~

~~A number of items, through the bid process, are on annual contracts. The Purchasing Director maintains a complete list of contracts. If in doubt of the existence of a contract, contact the Purchasing Director. All contract purchase orders are issued through the Purchasing Director's office regardless of dollar amount.~~

~~B. PRINTING PROCEDURES~~

~~3. A written request shall be submitted to the Purchasing Department with an original of the requested form(s) attached.~~

~~4. List the quantity, note any changes to be made on the form(s), date by which material is needed, color, type of stock, or if a proof is required.~~

~~5. The printing contract allows the vendor ten (10) days for completion of standard orders. Special orders, such as multi-part forms, decals, and similar forms take approximately four (4) weeks. Please allow sufficient lead time.~~

~~C. ROAD CONSTRUCTION~~

~~Road, drain and utility line construction will be handled through the Purchasing Office.~~

~~D. PROFESSIONAL SERVICES~~

~~The procurement of professional services where technical expertise is critical, such as engineers, consultants, accountants and other similar professions shall not require bidding. These services shall be obtained by the following method:~~

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- ~~1. The City Council shall make an appointment upon the recommendation of the City Manager.~~
- ~~2. The Purchasing Director shall solicit competitive proposals and make a recommendation to the City Council.~~

EA. EMERGENCY PURCHASES

~~An emergency purchase is defined as one that presents a threat to public health or safety. The using department shall make the purchase and follow up the next day with a purchase requisition with notation that indicates it was an emergency purchase. clearly marked "Emergency Purchase". Emergency purchases are costly. Please keep them to a minimum.~~

F. STOREROOM

~~The Purchasing Director will establish and control a central storeroom for items such as office supplies, printing supplies, janitorial supplies, etc. This system will enable the Purchasing Director to buy Storeroom items in large quantities at a considerable cost savings as compared to buying such items "as required." The Storeroom will also allow the City of Novi to standardize frequently used operating supplies.~~

G. MAINTENANCE CONTRACTS

~~The Purchasing Director will maintain all records and information concerning maintenance agreements. Before reviewing/renewing any such agreement, the Purchasing Director will check with the concerning requesting Department Head to determine if the agreement should be renewed. Department Heads will advise the Purchasing Director of any change in the status of items covered by the maintenance agreements.~~

HB. JOINT PURCHASING

~~The Purchasing Director/Purchasing Manager shall, when feasible and economically advantageous to the City, participate with other governmental agencies in cooperative bidding ventures. The dollar value and procedure for award shall follow the same procedure as written quotations and formal sealed bids.~~

C. EXEMPTIONS FROM PROCEDURAL BIDDING/QUOTATION REQUIREMENTS

~~The following are considered exceptions and are exempt from procedural bidding/quotation requirements:~~

~~Food (including catering services)~~

~~Books and subscriptions~~

~~Airplane and hotel reservations~~

~~Utilities (including gas, electric, water, sewage, and local phone service)~~

~~Advertisements in periodicals~~

~~Payments to arbitrators~~

~~Dues and subscriptions~~

Medical services
Conferences, seminars, and classes
Television and radio advertising
U.S. Postal, United Parcel Service, Federal Express, or other delivery services;
Vehicle repair which requires tear-down to diagnose repair required
Sole source maintenance agreements

SECTION XI

RECEIPT AND DISPOSITION OF CITY PROPERTY

A. RECEIVING MATERIALS

The ~~Purchasing Director~~Purchasing Manager shall have the right to inspect or designate a person to inspect all supplies, materials or equipment to determine their conformance with the specifications set forth in the purchase order or contract.

If receipt is made in the using department, it shall be the responsibility of the using department to ensure conformance with the specifications. If quality or quantity is not as specified, the ~~Purchasing Director~~Purchasing Manager shall be notified immediately of the discrepancy.

B. DISPOSITION OF MATERIALS

Obsolete, worn out, damaged, or surplus materials and equipment shall be disposed of by the ~~Purchasing Director~~Purchasing Manager through the following methods:

1. Trade-in on new equipment.
2. Return to manufacturer.
3. Transfer to other City departments.
4. Sealed Bid.
5. Auction.
6. Junking.

Each department shall report any material or equipment for disposition to the ~~Purchasing Director~~Purchasing Manager.

SECTION XI

BONDS

A. PERFORMANCE, PAYMENT, AND MAINTENANCE BONDS

Performance, payment, and/or maintenance bonds may be required on construction projects to protect the City against default by the contractor. The bonds shall guarantee faithful performance of work according to the contract terms and guarantee payment of all indebtedness incurred for labor, material, or any cause whatsoever on account of the contract, according to the current statutes of the State of Michigan.

B. BID BONDS

Bid bonds (surety bonds) may be required to secure against loss or damage in the event that the bidder fails to furnish a performance bond or does not execute the contract document. If required, the bond must be submitted with the bid package.

SECTION XIII

INSURANCE & INDEMNIFICATION

The City has the authority to specify insurance coverages and limits as deemed appropriate and applicable to a given procurement project. These coverages and limits will be included in the bidding documents.

The contractor shall not commence work under any contract until he/she has obtained all required insurance and has furnished satisfactory proof of the required coverages to the City. The contractor shall maintain the required coverages and shall provide proof of these coverages to the City for the duration of the contract.

The City also has the authority to require a successful bidder to indemnify, hold harmless and defend the City and various associated persons. Detailed indemnification/hold harmless requirements will be included in the bidding documents.

INSURANCE REQUIREMENTS

~~The City has the authority to specify the appropriate insurance limits as deemed necessary which will be stated in the invitation for bids. General guidelines are illustrated below:~~

- ~~1. The Contractor shall maintain at its expense during the term of this Contract, the following insurance:~~
 - ~~a. **Worker's Compensation** insurance with the Michigan statutory limits and Employers' Liability insurance with minimum limits of \$100,000 each accident.~~
 - ~~b. **Commercial General Liability Insurance** shall be procured by the contractor and maintained during the life of the contract. Commercial General Liability Insurance, Personal Injury, Bodily Injury and Property Damage on an~~

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~~"Occurrence Basis" with limits of liability not less than \$1,000,000 (One Million Dollars) per occurrence combined single limit.~~

- ~~c. **Automobile Liability** insurance covering all owned, hired and non-owned vehicles with Personal Protection insurance and Property Protection insurance to comply with the provisions of the Michigan No-Fault Insurance Law including Residual Liability insurance with minimum bodily injury limits of \$1,000,000 (One Million Dollars) each person and \$1,000,000 (One Million Dollars) each occurrence and minimum property damage limits of \$1,000,000 (One Million Dollars) each occurrence.~~
- ~~2. The Contractor shall be responsible for payment of all deductibles contained in any insurance required hereunder.~~
- ~~3. If during the term of this Contract changed conditions or other pertinent factors should in the reasonable judgment of the City render inadequate insurance limits, the Contractor will furnish on demand such additional coverage as may reasonably be required under the circumstances. All such insurance shall be effected at the Contractor's expense, under valid and enforceable policies, issued by the insurers of recognized responsibility which are well-rated by national rating organizations and are acceptable to the City.~~
- ~~4. All policies shall name the Contractor as the insured and shall be accompanied by a commitment from the insurer that such policies shall not be canceled or reduced without at least thirty (30) days prior notice date to the City.~~

~~All policies except Professional Liability Insurance shall name the City of Novi, its officers, agents and employees an additional insured. Certificates of Insurance evidencing such coverage shall be submitted to Attn: Purchasing Director, City of Novi, 45175 W. Ten Mile Road, Novi, Michigan 48375 prior to commencement of performance under this Contract and at least fifteen (15) days prior to the expiration dates of expiring policies.~~

- ~~5. If any work is sublet in connection with this Contract, the Contractor shall require each subcontractor to effect and maintain at least the same types and limits of insurance as fixed for the Contractor.~~
- ~~6. The provisions requiring the Contractor to carry said insurance shall not be constructed in any manner as waiving or restricting the liability of the Contractor under this contract.~~

ADDITIONAL REQUIREMENTS

INDEMNITY

- ~~1. The contractor agrees to save harmless and defend the City against and from any and all liability, loss or damage (including without limitation, fees and expenses of attorneys, expert witnesses and other consultants) which the City may suffer as a result of claims, demands, costs, or judgments against it arising from, out of or in consequence of the performance of this agreement, excepting only such liability, loss or damage as shall have been occasioned by the sole~~

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~~negligence of the City of Novi, its officers, agents or employees.~~

- ~~1. The Contractor agrees that it is its responsibility and not the responsibility of the City of safeguard the property and materials used in performing this Contract. Further the Contractor agrees to hold the City harmless for any loss of such property and materials used in pursuant to the Contractor's performance under this Contract.~~
- ~~2. The Contractor shall not discriminate against any employee or applicant for employment because of race, color, sex, age, handicap, religion, ancestry, marital status, national origin place of birth, or sexual preference. The Contractor further covenants that it will comply with the Civil Rights Act of 1964; Section 504 of the Rehabilitation Act of 1973, as amended; and the Michigan Civil Rights Act of 1976 (78. Stat. 252 and 1976 PA 4563) and will require a similar covenant on the part of any consultant or subcontractor employed in the performance of this contract.~~

~~Nothing herein provided prevents the City of Novi from requiring additional insurance not indicated above. The stated amounts may be increased or decreased by the Purchasing Director or the City Attorney when it is in the best interest of the City of Novi.~~

SECTION ~~XIII~~XIV

ADOPTION OF PURCHASING POLICY

The City Council shall adopt the Purchasing Policy by resolution. The policy shall be consistent with the Charter of the City of Novi. Any future amendments to the policy deemed necessary for efficient operation of the City's procurement shall likewise be adopted by resolution by the City Council.

SECTION XIV

BUDGETARY AUTHORIZATION

No purchase shall be made without proper budgetary authorization by the ~~department head~~Department Head. Purchase orders without an authorizing signature will be returned to the using department for approval.

SECTION ~~XVI~~

PAYMENTS

~~Some vendors offer a cash discount if their invoices are paid promptly. To take advantage of this discount policy and to maintain good vendor relations, it is important that all invoices and packing slips be forwarded to the Finance Department without delay. These documents should reach the Finance Department within one day after their receipt.~~

Revised: ~~August 2012~~August 14, 2006

Certified by:



Maryanne Cornelius, City Clerk