



Policy: 5.20

SUBJECT: **PURCHASING (BIDDING)**

Supersedes:

Effective: September 8, 2008

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Approved by: Detroit Board of Education

1.0 Policy

1.1 GENERAL REQUIREMENTS

Board policy requires competitive bidding for all of the following:

- A. New construction, or addition to, repair or renovation of an existing school building in excess of \$15,574.00 (the dollar amount to be adjusted annually in accordance with state law), except emergency repairs;
- B. Goods in excess of \$15,574.00 (the dollar amount to be adjusted annually in accordance with state law);
- C. Non-professional service contracts in excess of \$250,000.00, and
- D. Other contracts whenever so required for federal or other special funding.

Vendors, suppliers, and contractors wishing to do business with the District must file non-conflict of interest affidavits or disclosure statements, subcontractor/supplier affidavits, where applicable, and supplier qualification documents.

Every bidder for a contract under section 1.1A above must file a bond in an amount not less than 1/20 of the amount of the bid conditions to secure the school District from loss or damage by reason of the withdrawal of the bid or by the failure of the bidder to enter a contract for performance if the bid is accepted.

Goods, non-professional services, and construction, renovation and/or repair will be purchased and/or awarded in keeping with the policy set forth in Section III (D), (E), (F), (G) and (H) attached.

1.2 **BIDDING POLICY**

Preamble to Policies on Awarding of Contracts

The Board of Education (hereinafter the “Board”) of the School District of the City of Detroit is a service institution entrusted with the obligation to enrich human life and talent within the community it serves. In furtherance of this public trust, the Board recognizes that through the administration of its public contracts it can aid in the maintenance of a viable economic community within the City of Detroit. Whenever competitive bids are solicited by the Board, it will be the policy of the Board to grant contracts to the lowest responsible bidder when possible. In determining the lowest responsible bidder, the Board will consider the following factors in addition to the stated amount of a given bid:

A. Compliance with Equal Opportunity Policy

The Board of Education is committed to the goals of equal employment opportunity policy. A contractor will be required to comply with such equal employment opportunity policies as have been adopted by the Board.

B. Prior Performance

In order to assure the receipt of quality goods and services at the lowest possible cost, the Board may refuse to contract with a given firm based on its prior performance.

C. Indirect Return of Contract Cost

The total actual cost of any contract may be determined to include any benefits which may accrue to the Board through indirect methods of taxation. Therefore, the following will be considered plus factors: contractors who (1) are Detroit based, (2) pay Detroit real estate taxes, (3) maintain a work force subject to substantial City of Detroit taxation.

D. Preemption of a Field of Activity

The Board has a vested interest in maintaining a competitive market place in order to assure that it receives the lowest possible cost. Whenever the Board determines that the prior receipt of a number of substantial contracts from the Board or other governmental entities has placed a contractor in an economic position to preempt a field of activity to the extent that other bidders may not effectively compete with this contractor in a free

market place, the Board will, at its discretion, refuse to issue further contracts to such a party.

2.0 **BIDDING PROCEDURE**

A. **Scheduling of Major Purchases**

Since major purchases, which generally will be made under contracts, require a considerable amount of time to obtain bids and properly evaluate them, it is important that they be scheduled evenly throughout the year.

B. **Bidding and Price Quotations**

Bidding is a formal process which must be adhered to when required in this policy. In contrast, obtaining price quotations is an informal process where quotes for specific items or services are obtained from pre-approved vendors.

C. **Bidding Administration**

All bids are to be submitted to the Board Secretary's office. The administration of bids for goods and non-professional services will be conducted by the Purchasing Office. The administration of bids for construction, renovation, repair and related non-professional services will be conducted by the Physical Plant Department.

D. **Selection of Suppliers For Goods**

Bids

- Bids must be obtained for all purchases of \$15,574.00 or more (to be adjusted annually in accordance with state law), using accepted bid forms and bid terms. All qualified suppliers who have requested to be on the bid list and others whom Purchasing determines to be desirable suppliers should be solicited. Bidding should consist of sealed bids, accompanied by bid bonds, where necessary. The general provisions accompanying the invitations to bid will be considered as policy in the handling of such purchases.
- The District shall not open, consider, or accept a bid received after the date and time specified for bid submission.

Price Quotations

One of the primary responsibilities of the Office of Purchasing is to secure prices and terms, wherever possible. It is, therefore, necessary that the following be adhered to regarding price quotations:

- Price quotations from three or more qualified suppliers must be obtained on all purchases for amounts between \$10,000.00 and \$15,573.99, whenever feasible.
- The order will be awarded to the entity providing the lowest quote, except in cases where there are other factors such as quality, performance, integrity or management which outweigh price considerations. If the lowest quotation is not accepted or if price quotations cannot be obtained, the reason and justification of the action should be noted and made a part of the purchase records. In any case, a record and comparison of all quotations received must be included in the papers of the transaction. Exceptions to this policy will be made on supply items and services of \$1,000.00 or less.

Other Requirements

- Except in those circumstances expressly approved by the Board, purchases should not be made covering more than a year's requirements. Where market conditions are such that prices are likely to go lower, buyers should encourage smaller orders.
- Purchase Orders will be issued on a fixed price basis whenever possible. Issuing orders on a price to be determined basis or the use of escalator clauses should be avoided. Under those circumstances in which it is necessary to do so, the Purchase Order should provide for the supplier to advise of the price before proceeding. If this cannot be done, then an explanation should be included in the purchasing papers.
- Rush shipments must be kept at a minimum in order to avoid excess transportation charges and premium prices.
- Supplier requests for price increases will not be accepted unless recommended by the Director of Purchasing and approved by the Deputy Superintendent for Business and Financial Services.

E. Selection of Non-Professional Services

The General Superintendent may request that price quotations or bids be obtained for all non-professional services under \$250,000.00 to ensure fairness and, where necessary, serve the best interest of the District.

Bids must be obtained for all non-professional services of \$250,000.00 or more, using accepted bid forms and bid terms. All qualified individuals or entities who have requested to be on the bid list and others deemed desirable by the District should be solicited. Bidding should consist of sealed bids, accompanied by bid bonds, where necessary. The general provisions accompanying the invitations to bid, will be considered as policy in the handling of such matters.

The District shall not open, consider, or accept a bid received after the date and time specified for bid submission.

All non-professional services of \$15,574.00 or more must be submitted to the Board for approval, prior to securing the services.

F. Notification and Selection of Services for New Construction, Additions, Renovation and Repair

Bids must be obtained for all new construction, additions to, renovations and repairs to buildings in amounts of \$15,574.00 or more, using accepted bid forms and bid terms, except emergency repairs. The District shall advertise for all bids required under this subsection each week for two (2) successive weeks in a Detroit newspaper of general circulation. The advertisement for bids must do all of the following:

- (1) Specify the date and time by which all bids must be received by the Board.
- (2) State that the District will not consider or accept a bid received by the Board after the date and time specified for bid submission.
- (3) Identify the time, date, and place of public meeting at which the Board or its designee will open and read aloud each bid received by the District by the date and time specified in (1) above.

The District shall require each bidder for a contract under this section to file with the Board a bond in an amount not less than 1/20 of the amount of the bid conditioned to secure the school District from loss or damage by reason of the withdrawal of the bid or by the failure of the bidder to enter a contract for performance, if the bid is accepted by the District.

The District shall not open, consider, or accept a bid received after the date and time specified for bid submission in the advertisement for bids described above.

At a public meeting the Board Secretary, or designee, shall open and read aloud each bid that the District received at or before the time and date for bid submission specified in the advertisement for bids. The District may reject any or all bids, and if all bids are rejected, shall re-advertise in the manner described above. The general provisions accompanying invitations to bid will also be considered as policy in the handling of such matters.

All new construction, additions, renovations and/or repairs of \$15,574.00 or more must be submitted to the Board for approval prior to securing the services, except emergency repairs.

G. Approval Limit for Purchases

All purchases in excess of \$15,574.00 must be submitted to the Board for approval prior to placement of orders, whether it is a single purchase or a multiple purchase, based upon the total value of the contract. For example, if the contract covers a period of several years and the total value exceeds \$15,574.00 for this period, Board approval is required. The above policy also covers lease agreements.

H. Authority to Purchase

Authority is granted to purchase goods and services by the Detroit Board of Education. It is essential that the Office of Purchasing proceed with its buying function only after making certain that it has sufficient authority to purchase.

Further, all transactions between the Detroit Public Schools and a supplier that involve a financial consideration in exchange for materials, equipment, supplies or services to be delivered to the school District are to be considered a responsibility of the purchasing activity. Based upon the Board of Education's policy, the authority to make such commitments will rest with the Director of Purchasing and line superior(s). Staff in schools and offices who make contact with supplier representatives, should not commit themselves on preference for any product, service, or give any information regarding performance or price which might in any way violate the school District's purchasing policy. Any staff member making purchases who intentionally fails to follow the purchasing policy approved by the Board may be held liable for any indebtedness thereby incurred. Accordingly, staff will be subject to disciplinary action, including termination and/or personal liability. The establishment of personal liability will be based on the recommendation and determination of the Director of the Office of Purchasing and approved by the Deputy Superintendent of Financial and Business Services. The General

Superintendent will have authority to make the final determination in this regard.

An exception to this is, of course, the purchase of miscellaneous items out of petty cash or school general funds, and the requesting of materials or services by using offices under specific contracts or other purchase agreements with suppliers, specifying price and terms arranged by Purchasing prior to the transaction.

Attachments to Policy 5.20: None

See also: None

Legal References: MCLA § 380.1274

Labor Contract References: None