



City of Jackson Purchasing Manual

Resolution Adopted March 24, 2015
Modified August 11, 2015 – adding section 18.0

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1.0 PURPOSE

- 1.1 The Purpose of this manual is to establish the purchasing policies and procedures of the City of Jackson.

The policies and procedures contained herein shall apply to all transactions where the City is a contractual party, or is not a contractual party but is involved in the bid process, and/or funds under the control of the City are used to pay for goods, services or work.

At such time any changes in policies or procedures are made, or a new procedure is put into effect, the Purchasing Agent will publish such changes or additions and distribute copies to all who have manuals. Each department receiving these changes or additions will be responsible for inserting them in the manual in proper sequence. All changes or additions to the text of this manual are subject to the approval of the City Council.

2.0 TERMINOLOGY

- 2.1 Definitions: The following words, terms and phrases, when used in this manual shall have the means ascribed to them in this section, except where the context clearly indicates a different meaning.
- A. **Bid and Proposal:** Interchangeable words with the same meaning.
 - B. **Construction:** The process of building, altering, repairing, improving or demolishing any City structure or building, or other City improvements of any kind to any City real property.
 - C. **Formal Purchases:** Procedures for purchases not less than \$5,000 and not more than \$50,000 that will require written quotes be obtained through the Purchasing Agent.
 - D. **Informal Purchases:** Procedures for purchases not less than \$1,000 and not more than \$5,000 that must be approved by the department head.
 - E. **MBE:** Minority Business Enterprise
 - F. **Obsolete Material:** Material owned by the City of Jackson that may still be *useable* but for one reason or another no longer serves its intended purpose and needs to be disposed of.
 - G. **Purchase Order:** An order for consumable supplies.

- H. **Purchasing Agent:** The person designated by the City Manager who is responsible for the purchase and sale of all City property in accordance with the provisions of the City Charter and the direction of the City Manager.
- I. **Responsible Bidder or Offeror:** A person who has the capability in all respects to perform fully the contract requirements and who fits the criteria defined in Section 3.2 (0) of this policy.
- J. **Responsive Bidder:** A person who has submitted a bid which conforms in all, material respects to the requirements set forth in the invitation for bids.
- K. **Sealed Bids:** Procedures for purchases greater than \$50,000 that will require advertising for and obtaining sealed bids through the Purchasing Agent and final approval by the City Council.
- L. **Sole (or single) Source:** A commodity or service that can only be purchased from one supplier, usually because of its technological, specialized or unique character. **WBE:** Women Business Enterprise

3.0 PURCHASING AGENT/RESPONSIBILITIES

- 3.1 The Purchasing Agent shall be responsible for the purchase and sale of all City property in accordance with the provisions of the City Charter and the direction of the City Manager.
- 3.2 Responsibilities of the Purchasing Agent:
 - A. To compile contract documents and prepare same for execution.
 - B. To purchase material and secure services for the City of Jackson, or assist other departments in doing so, in such a manner that the maximum value is obtained for every dollar spent.
 - C. To buy without prejudice; conduct all transactions on a strictly ethical basis, avoid all forms of commercial bribery and legal entanglements.
 - D. To handle complaints, claims and adjustments related to the purchase of goods or services handled by the City.
 - E. To explore markets for new sources; products and methods which will result of cost savings to the City.

- F. To assist in the improvement and standardization of materials and supplies.
- G. To conduct correspondence with suppliers relating to quotations, purchase orders, invoices and adjustments.
- H. To dispose of all saleable scrap and obsolete material to the best advantage of the City of Jackson.
- I. To inform the proper departments of lead time on principle items, price trends, availability and other matters of interest to them.
- J. To annually compile and update an accurate and comprehensive listing of persons, firms or corporations wishing to do business with the City and including those who qualify as an MBE or WBE.*

Economic relations between the City of Jackson and MBE's and WBE's shall be deemed adequate if there exists a purchasing contract award ratio for each of such group of at least 9.6%.

- K. To qualify by affidavit, investigation, and any other method he or she deems necessary, any business for inclusion on either of the vendor lists.
- L. To monitor existing qualified MBE's and WBE's to assure compliance with qualification guidelines.
- M. To annually report to the City Manager the results of his or her efforts in achieving the goal of enhanced MBE/WBE participation in economic relations with the City.
- N. To review and recommend to the City Manager changes in the Purchasing Manual.
- O. To determine the lowest responsible bidder. Contracts, except as otherwise provided in this policy, shall be awarded to the lowest responsible bidder. In determining the lowest responsible bidder the Purchasing Agent shall consider in addition to price:
 - 1. The ability, capacity and skill of the bidder to perform the contract or provide the service required;
 - 2. Whether the bidder can perform the contract or provide the service promptly or within the time specified, without delay or interference;

* *The terms MBE (Minority Business Enterprise) and WBE (Women's Business Enterprise), when used in this section, shall have the same meaning as when used by the Michigan Department of Civil Rights.

3. The character, integrity, reputation, judgment, experience and efficiency of the bidder;
4. The quality of performance of previous contracts or services;
5. The previous and existing compliance by the bidder with laws and ordinances relating to any contract or service;
6. The sufficiency of the financial resources and ability of the bidder to perform the contract or provide the service;
7. The quality, availability and adaptability of the supplies or contractual services to the particular use required;
8. The ability of the bidder to provide future maintenance and service for the use of the subject of the contract; and
9. The number and scope of conditions attached to the bid.

4.0 BLANKET PURCHASE ORDER

- 4.1 The use of blanket purchase orders are permitted where a direct advantage to the City of Jackson will result. Such blanket purchase orders shall cover no more than one year.
- 4.2 The standard form to be used as follows:

BLANKET PURCHASE to cover purchases from July 1, 20-- to June 30, —20 . This is not an offer purchase. This document is submitted for the sole purpose of establishing an account with your firm for billing purposes in connection with possible future orders.

5.0 PURCHASES OF \$1,000 OR LESS

- 5.1 Purchases of supplies, materials, services, minor miscellaneous items which are estimated to be \$1,000 or less, shall be made in the open market but shall, if practical, be based upon at least three competitive quotes and awarded to the lowest responsive and responsible bidder.

6.0 PURCHASE OR CONTRACTS

GREATER THAN \$1,000 AND LESS THAN \$5,000

6.1 Informal Quotations:

Purchases of supplies, materials, services or equipment, the costs of which are estimated to be greater than \$1,000 but less than \$5,000, shall be handled using the following procedure:

- A. The Department Head submits a purchase request form and plans and specifications to the Purchasing Agent.
- B. Vendor quotes are requested by the Purchasing Agent through whatever methods appear to the Purchasing Agent to be in the best interest of the City. Quotations may be requested from Vendors on the list created, that provide the goods and/or services. Requesting Departments may solicit quotes if desired. Provided, however, the Purchasing Agent may verify quotes whenever they deem it necessary. **If requesting department solicits quotes they must submit a bid summary sheet together with a Request for Purchase.**
- C. Once the quotes have been returned and analyzed, the contract will be awarded to the lowest responsive and responsible bidder.
- D. Once the lowest responsive and responsible bidder is determined, a notice is sent to the accepted bidder stating the award of the contract. If the contract is a service contract, insurance requirements may also be mailed.
- E. It shall be the goal of the City of Jackson to award to both MBE's and WBE's at least 9.6% of the City's total purchases of goods and services where the estimated cost of each purchase is less than \$5,000.

GREATER THAN \$5,000 AND LESS THAN \$50,000

6.2 Formal Quotations:

Purchase of supplies, materials, services or equipment, the costs of which are estimated to be greater than \$5,000 but less than \$50,000, shall be handled using the following procedure.

- A. All purchases may be made in the open market, without advertisement and without following the procedures described in Section 7.0.

- B. The Department Head submits plans and specifications, to the Purchasing Agent. Department Heads shall prepare specifications for materials, supplies and equipment and submit them to the Purchasing Agent.
- C. Vendor quotes shall be obtained by whatever means applicable; telephone, facsimile, written, or other methods deemed to be in the best interest of the City by the Purchasing Agent. Vendors on the list created, that provide the goods and/or services may be sent a request for quotation.
- D. Once the quotes have been returned and analyzed, the contract will be awarded to the lowest responsive and responsible bidder.
- E. Once the lowest responsive and responsible bidder is determined, a notice is sent to the accepted bidder stating the award of the contract. If the contract is a service contract, insurance requirements may also be mailed.
- F. Department of Neighborhood & Economic Operations Director to award grant funded rehabilitation contracts to the lowest responsible bidder up to \$75,000 and require City Council approval for contracts exceeding \$75,000.

6.3 Sole Source:

The procedures described in Sections 6.1 and 6.2 shall be used unless it is determined to be a single (sole) source procurement by the Purchasing Agent, in his or her discretion.

A sole source procurement exists when:

- A. There is a lack of responsible competition for a commodity or service which is vital to the operation and best interest of the City.
- B. A vendor possesses exclusive and/or predominant capabilities.
- C. A product or service is unique and easily established as one-of-a-kind.
- D. There is a patented feature providing a superior utility not obtainable from similar products; or
- E. A proprietary right exists and the product is available from only one prime source and not merchandised through wholesalers, jobbers or retailers.

**7.0 PURCHASES OR CONTRACTS
\$50,000 OR MORE SEALED BIDS**

- 7.1 All contracts or purchases of \$50,000 or more, not considered service related, shall be awarded by the City Council, and shall involve the use of the following procedure:
- A. Prior to initiating this procedure, the department involved shall determine whether there exists sufficient funds in the budget for the proposed purchase or contract.
 - B. The Department Head shall obtain the City Manager's approval to advertise for sealed bids. Once the City Manager's approval has been obtained, all contract specifications shall be submitted to the Purchasing Agent.
 - C. The Purchasing Agent will make a preliminary determination as to the sufficiency of the submitted materials. Among the things the Purchasing Agent and Director of Finance will consider are the following:
 - 1. Whether the specifications are clear and completely describe the essential qualities of the products or services sought;
 - 2. Whether all the factors that are to be considered in awarding a bid are stated either as a specification or condition of the award, i.e., service, compatibility with existing system, etc.;
 - 3. Any other matters deemed essential by the Purchasing Agent.
 - D. The Purchasing Agent shall advertise for sealed bids. The method of advertising shall be reasonably designed to give publicity to the proposed contract or purchase and thereby secure the utmost competition among bidders. By way of illustration, and not by limitation, "advertising" may include use of city's website, newspapers, bulletin boards, trade journals, radio or television.
 - E. The Purchasing Agent shall maintain a list of prospective bidders and will issue an invitation to bid to bidders thereon, in addition to advertising publicly as indicated above.

The invitation to bid will advise bidders of a prebid meeting if one is to be conducted.

- F. Pre-Opening Inquiries/Response:

Any explanation desired by a prospective bidder regarding the meaning or interpretation of contract documents associated with same, must be received by the Purchasing Agent prior to the deadline for submission of bids.

Any explanation or interpretation concerning contract documents shall be in writing and shall be furnished to all prospective bidders as an addendum. Receipt of such addenda shall be acknowledged on the bid documents. Oral explanations addressing nonsubstantive matters or procedural items relating to contract documents are allowed in order to assist a prospective bidder in submitting a bid

Notwithstanding any other provision contained herein, no oral explanation or instruction by any City employee, representative or official shall be binding upon the City unless such oral explanation or instruction is confirmed in writing by the City employee, agent, representative or official. If the City determines it necessary, it may reschedule the time for bid opening to allow adequate time for addenda to reach all bidders.

- G. All sealed bid proposals received shall be date and time stamped upon receipt.
- H. Sealed bid proposals, will be opened in public at the place and time designated in the bid documents. Attendance at any bid opening will not be denied or limited. The bids will be tabulated and checked by the Purchasing Agent for compliance with the specifications and for compliance with any and all conditions contained in the instructions to bidders. All bid files will be available for public inspection.

Late bids will not be accepted. Any bid received after the deadline will be date and time stamped and returned to the bidder unopened.

- I. All Bid Security requirements shall be determined by the Purchasing Agent.
- J. A bid that does not meet the specifications may be considered non-responsive and may be rejected.
- K. The Purchasing Agent or Department Head shall send a written recommendation as to an award to the City Manager, who shall place same before the City Council for the award of a contract. The contract shall be awarded to the lowest responsive and responsible bidder. If such recommendation does not involve an award to the lowest responsive and responsible bidder, it shall contain specific reasons for any variance therefrom. The Purchasing Agent shall notify the City Attorney of any

deviations from the requirements of this policy he or she may have reason to believe have occurred.

- L. The Purchasing Agent will send notice of award to the successful bidder after action by the City Council and finalize contact documents.
- M. The Attorney's Office shall then review any formal agreements that are necessary prior to signing by the representatives of the City. Such agreements shall then be signed by the Mayor and the City Clerk, and approved as to substance by the City Manager.
- N. Once an agreement has been signed and approved as specified above, then the Purchasing Agent shall send notice to proceed to the successful bidder.

7.2 Facsimile and Email Procedures:

The City will accept bids or proposals (bid documents) by use of facsimile communication equipment or email, which shall be permitted under the following terms and conditions:

- A. The Facsimile or email must be received by the City Purchasing Agent prior to the bid opening date and time specified in the contract documents. Any Facsimile or email received after such date and time will not be considered or processed by the City. All nonconforming bid documents shall be returned by the City by ordinary mail.
- B. A facsimile/email bid must be submitted as identified by the Instructions to Bidders. If required, a copy of a bid bond must accompany the bid documents. The bid documents must be signed by an authorized officer/employee of the company submitting same.
- C. The sender of the Facsimile or email shall be responsible for delivering all original bid documents to the City's Purchasing Agent within three (3) business days of the Facsimile/Email transmittal.
- D. All Facsimile/Email transmissions must be addressed to the City of Jackson Purchasing Agent.
- E. Appropriate procedures will be utilized by the City to ensure that bids received via facsimile transmission shall not be divulged to other prospective bidders prior to the bid opening date and time.

7.3 Discovery of Error:

Where a bid or proposal received from a bidder is determined by City staff to not comply with contract documents associated with same, the bidder submitting such bid or proposal shall not be contacted by any City employee, agent, representative or official to discuss changes or modifications to the bid or proposal, if the said changes or modifications could result in the occurrence of any one of the following:

- A. A change in the dollar amount of the bid;
- B. A change to the specifications or other contract documents which might deny other bidders or prospective bidders an equal opportunity to bid upon the changed specifications or other modified contract documents;
- C. A change in the unit price or other elements used to determine the amount of a bid; or
- D. The destruction of the competitive character of the bid process.

Exception: Upon the discovery of an obvious error in a bid, proposal or other contract document that could affect the amount of a bid, the Purchasing Agent shall contact the bidder in writing and advise the bidder that he/she/it has five working days to correct the error or withdraw their bid. This correction shall be in writing directed to the Purchasing Agent and shall be postmarked not later than seven working days from the date of the City's written correspondence notifying the bidder of the error.

If a bid correction or modification is not received in a timely fashion, then the Purchasing Agent may reject the bid. If a correction is received and deemed to be appropriate and proper, the Purchasing Agent shall attach same to the original bid document and shall proceed to tabulate the bids as corrected.

7.4 Dollar Limitation:

No purchase shall be divided for the purpose of circumventing the dollar value limitation established herein. The Council may authorize the making of public improvements or the performance of any other City work by any City agency without competitive bidding. Additionally, the Council may authorize cooperative agreements or contracts between the City and other governmental units without the requirements of competitive bidding.

7.5 Default to the City: The Purchasing Agent shall not knowingly accept the bid of a person who is in default in the payment of any taxes, licenses, fees, permits or any other moneys due the City or who is in any other respects disqualified according to any Federal or State law, or any charter or ordinance provision. A

contract with a person who is discovered to have been in default or disqualified at the time of the awarding of the contract shall be voidable at the option of the City.

7.6 City's right to negotiate with two lowest bidders: In the best interests of the City, after sealed bids are opened and analyzed in terms of compliance with specifications, the City reserves the right to negotiate terms and conditions, including price, with the two lowest bidders.

7.7 Rejection of Bids:

- A. The City Council has the authority to reject any and all bids, and to accept or recommend the acceptance of other than the lowest responsive bid when the public interest is served thereby and such action is in the best interest of the City.
- B. When the award is not given to the lowest responsive bidder, The City shall provide a full and complete statement of the reasons for placing the order elsewhere shall be prepared by the Purchasing Agent and filed with the other papers relating to the transaction.

7.8 Sole Source

Formal sealed bidding shall be used for any purchase over \$50,000 unless it is determined to be a single (sole) source procurement by the Purchasing Agent, in his or her discretion.

A sole source procurement exists when:

- (A) There is a lack of responsible competition for a commodity or service which is vital to the operation and best interest of the City;
- (B) A vendor possesses exclusive and/or predominant capabilities;
- (C) A product or service is unique and easily established as one-of-a-kind;
- (D) There is a patented feature providing a superior utility not obtainable from similar products;
- (E) A proprietary right exists and the product is available from only one prime source and not merchandised through wholesalers, jobbers or retailers.

7.9 Professional or General Service Contracts:

The requirements and procedures established in Section 6.0 and 7.0 shall not apply to Professional or General Service Contracts.

8.0 MUNICIPAL, STATE OR FEDERAL COOPERATIVE BIDDING AGREEMENT

- 8.1 The Purchasing Agent may join with other governmental units, including the State of Michigan, federal government or other municipalities, in cooperative purchasing plans where sealed competitive bids or a competitive procurement process was used by the original purchaser and an award was made.

9.0 CONTRACTS AND AGREEMENTS

- 9.1 All contracts and agreements will be submitted to the City Attorney for approval before execution by the City.
- 9.2 All original contracts will be filed in the City Clerk's office.

10.0 PERFORMANCE- BONDS AND PAYMENT BONDS

- 10.1 Pursuant to Act 213 of the Michigan Public Acts of 1963, as amended, all contracts exceeding \$50,000 for the construction, alteration or repair of any public building or public work or improvement shall require a performance and payment bond for 100% of the contract amount. The successful bidder must submit a performance bond and a payment bond which are to be reviewed and approved by the City Attorney prior to the commencement of any work. If required by contract documents, a Maintenance & Guarantee Bond shall be submitted simultaneously with the Performance and Payment Bonds.

11.0 INSURANCE

- 11.1 Insurance: The Contractor will be required to show evidence of automobile and commercial general liability insurance, worker's compensation insurance and professional liability insurance (where applicable), which is acceptable to the City. Additional types of insurance may be required where necessary. The commercial general liability insurance policies shall name the City, its agents, representatives, officers and employees as additional insureds to protect their interests. Both bodily injury and property damage insurance must be on an occurrence basis; and said policies shall provide that the coverage afforded thereby shall be primary coverage to the full limits of liability stated in the declarations, and if said City, agents, representatives, officers or employees have other insurance against the loss covered by said policies, that other insurance shall be excess insurance only. The Contractor shall secure and maintain during

the progress of the work such insurance from financially responsible insurance companies, licensed in the State of Michigan, and approved by the City, that will protect the Contractor, its subcontractors, and the City from claims for bodily injury, death, or property damage which may arise from performance of the contract. The Contractor shall at the time of execution of the contract file with the City certificate(s) of insurance, which shall cover all of the insurance as required herein. The certificates shall reference the project or contract to which they apply. Upon request by the City, the Contractor shall submit all insurance policies for review. The amounts and types of such insurance shall be not less than the following:

1. Minimum required limits of liability:

(A) For jobs with an estimated contract cost of less than \$50,000

(1) Comprehensive Commercial General Liability, limits of at least:

- a. Bodily Injury, each occurrence..... \$300,000
- b. Bodily Injury, each aggregate \$500,000
- c. Property Damage, each occurrence \$100,000
- d. Property Damage, aggregate \$100,000
(or in the alternative to a, b, c, d)
- e. Bodily Injury and Property Damage Combined Single Limit
each occurrence \$500,000
and aggregate \$500,000

(2) Automobile Liability Limits of at least:

- a. Bodily Injury, each person \$300,000
- b. Bodily Injury, each occurrence..... \$500,000
- c. Property Damage, each occurrence \$100,000
(or in the alternative to a, b, c)
- d. Bodily Injury and Property Damage Combined Single Limit
each occurrence \$500,000

(B.) For jobs with an estimated contract cost of \$50,000 or greater and smaller jobs deemed to be dangerous in nature which shall include, but not necessarily limited to, demolition, blasting, excavating and tunneling or other underground work.

(1) Comprehensive Commercial General Liability of at least:

- a. Bodily Injury, each occurrence..... \$1,000,000
- b. Bodily Injury, aggregate \$1,000,000

- c. Property Damage, each occurrence \$500,000
- d. Property Damage, aggregate \$500,000
(or in the alternative to a, b, c, d)
- e. Bodily Injury and Property Damage Combined Single
Limit
each occurrence \$1,000,000
and aggregate \$1,000,000

(2) Automotive Liability and Property Damage Insurance with limits of at least:

- a. Bodily Injury, each person \$1,000,000
- b. Bodily Injury, each occurrence \$1,000,000
- c. Property Damage, each occurrence \$1,000,000
(or in the alternative to a, b, c)
- d. Bodily Injury and Property Damage Combined Single
Limit
each occurrence \$1,000,000

NOTE: To comply with the required limits of liability, each insurance may be placed in more than one policy, including an excess umbrella type policy.

- 2. Worker's Compensation and Employer's Liability Insurance as required by the State of Michigan for all Contractor's employees and those of its subcontractors engaged in work under this contract. If Contractor is a sole proprietorship and as such is not eligible for Worker's Compensation Coverage, Contractor must submit proof of same, satisfactory to the City. If Contractor is otherwise not obligated to carry Worker's Compensation Coverage, Contractor must submit documentation from the Michigan Department of Labor (Form MDL 337 or its equivalent); and
- 3. If the contract requires any work procedures involving explosives, blasting, demolition, excavating, trenching, tunneling, underground work, or other dangerous activity as determined by the City, the property damage liability coverage shall include standard explosion, collapse and underground coverage (XCU) for property damage and bodily injury liability coverage with limits of \$1,000,000 each occurrence and \$1,000,000 aggregate; additionally, Contractor shall provide third party pollution liability insurance coverage with minimum limits of \$1,000,000 per occurrence and \$1,000,000 aggregate. The insurance shall name the City and its officers, employees, agents and representatives as an additional insured party.
- 4. Each policy shall provide for thirty (30) days written notice of cancellation, expiration, termination, or change of policy to the City. The Contractor shall submit evidence of the coverage, to the City for review and approval.

The City will, in writing, identify the policies and indicate its approval or disapproval. New policies shall be provided to the City in place of all policies disapproved. Insurances which expire before Contractor's work is accepted by the City shall be renewed and evidence of such renewal shall be submitted to the City for approval.

5. The Contractor shall advise all insurance companies to familiarize themselves with all of the conditions and provisions of the contract, and insurance companies shall waive the right to special notification for any change or modification of the contract, extension of time, decreased or increased work, cancellation or of any other act or acts by the City or its authorized employees or agents pertaining to the contract. Failure to so notify the aforesaid insurance companies of such changes shall in no way relieve the insurance companies of its obligation under the contract.
6. Nothing contained in these insurance requirements is to be construed as limiting the extent of the Contractor's responsibility for payment of damages resulting from its operations under this contract.
7. If the contract involves new construction, Contractor shall purchase and maintain an Owner's and Contractor's Protective Liability insurance policy and property insurance upon the Work at the site in the amount of the full replacement cost thereof. The insurance shall include the interests of the City, Contractor, Subcontractors, and if applicable, Engineer, Engineer's Consultant, each of whom is deemed to have an insurable interest and shall be listed as an insured or additional insured;

Be written on a Builder's Risk "all-risk" or open peril or special causes of loss policy form that shall at least include insurance for physical loss and damage to the Work, temporary buildings, falsework, and Work in transit and shall insure against at least the following perils: fire, lightning, extended coverage, theft, vandalism and malicious mischief, earthquake, collapse, debris removal, demolition occasioned by enforcement of Laws and Regulations, water damage, and such other perils or causes of loss as may be specifically required by supplementary conditions. The form of policy for this coverage shall be Completed Value.

Include expenses incurred in the repair or replacement of any insured property (including but not limited to fees and charges of engineers and architects);

Cover materials and equipment in transit for incorporation in the Work or stored at the site or at another location that was agreed to in writing by City prior to being incorporated in the Work; and,

Be maintained in effect until payment is made unless otherwise agreed to

in writing by City and Contractor with 30 days written notice to each other additional insured to whom a certificate of insurance has been issued.

The policies of insurance required to be purchased and maintained by Contractor in accordance with this paragraph must be approved by City prior to commencement of construction.

- 11.2 Each policy shall provide for thirty (30) days written notice of cancellation, expiration, termination, or change of policy to the City. The Contractor shall submit evidence of the coverage, to the City for review and approval. The City will, in writing, identify the policies and indicate its approval or disapproval. New policies shall be provided to the City in place of all policies disapproved. Insurances which expire before Contractor's work is accepted by the City shall be renewed and evidence of such renewal shall be submitted to the City for approval.
- 11.3 The Contractor shall advise all insurance companies to familiarize themselves with all of the conditions and provisions of the contract, and insurance companies shall waive the right to special notification for any change or modification of the contract, extension of time, decreased or increased work, cancellation or of any other act or acts by the City or its authorized employees or agents pertaining to the contract. Failure to so notify the aforesaid insurance companies of such changes shall in no way relieve the insurance companies of its obligation under the contract.
- 11.4 Nothing contained in these insurance requirements is to be construed as limiting the extent of the Contractor's responsibility for payment of damages resulting from its operations under this contract.

12.0 PREQUALIFICATION PROCEDURE

12.1 Policy

- A. At the discretion of the Department Head responsible for a public works construction project, bidders may be required to become prequalified prior to bidding such projects. When required, bidders shall demonstrate their ability to successfully complete the proposed work as provided below. The City is not required to consider a prequalification application if it submitted less than 10 days before the date for opening bids for a project on which the bidder desires to bid.
- B. Equipment, experience, and key personnel - The bidder shall submit evidence of all of the following:
 - (1) The availability of equipment required to perform work in the

- classifications for which the bidder seeks approval.
- (2) Experience of its key qualified personnel who will provide field supervision of the work in the classifications for which the bidder seeks approval.
 - (3) Experience of the company or principals of the company, or both, in the work classifications requested.
- C. Work classifications - The bidder shall identify the work classification or classifications for which it is requesting prequalification when submitting a prequalification application. A bidder will be classified for types of work on the basis of its experience and resources at the time of filing the prequalification application. When additional experience or resources have been obtained, the bidder may submit information for consideration by the Purchasing Agent to add work classifications.
- D. Evidence of current prequalification with the Michigan Department of Transportation (MDOT) for the classifications of work involved in the contract will be sufficient evidence of qualification.
- E. The Purchasing Agent shall have the right to adjust the prequalification list of bidders as he or she becomes aware of substantial changes in the information and circumstances of a bidder or if other reasonable cause exists such as unsatisfactory contract performance or failure to pay bills and/or claims. Should an applicant for prequalification disagree with the determination of the Purchasing Agent with regard to same, the City Manager shall within ten days of the receipt of a written request review the original information and/or such additional information as the applicant may choose to submit, and confirm in writing either the original determination of the Purchasing Agent or revise same as appropriate.
- F. The Purchasing Agent shall maintain a list of prequalified bidders who are eligible to bid upon public works construction projects for the City of Jackson. The Purchasing Agent shall maintain and update the list as deemed necessary and shall notify bidders of changes in qualification status. Prequalification will expire after five (5) years.
- G. Bidding procedure - The Department Head will identify the required work classification or classifications of the prime bidder for the construction project. The work classification(s) will be included in the advertisement for the project.

13.0 RETAINAGE PROCEDURE

- 13.1 In all contracts involving progress payments, the provisions of Act 524 of 1980 as last amended shall be adhered to.

Upon receipt of a progress payment request from a contractor, the City department head supervising a project shall notify the City Accountant of the appropriate amount of retainage to be deposited in an escrow account for said project; said amounts to be disbursed by the Accountant to the contractor only after written certification by the supervising department head that disbursement is appropriate.

Progress payment retainage amounts to be deposited in such escrow accounts shall be based upon the following schedule:

- A. Retention of up to ten percent (10%) of the payments claimed until all work is fifty percent (50%) complete;
- B. After the work is fifty percent (50%) in place, there shall be no additional retainage beyond that provided for in (A) if the Contractor is making satisfactory progress and there is no specific cause for further withholding; provided, however, that if satisfactory progress is not being made, the City department head supervising a project may cause the City Accountant to place in the above referenced escrow accounts as retainage an additional amount of up to 10 percent (10%) of the dollar value of work more than 50% in place.

It is understood that the process described above shall not be applicable to contracts requiring three or less progress payments or a contract having a dollar value of less than \$30,000.

14.0 EMERGENCY PURCHASES OF GOODS AND SERVICES

- 14.1 Under circumstances deemed to be an emergency by the City Manager, purchases of goods and services may be made by the City in a manner inconsistent with this manual; provided, however, that as soon as practicable thereafter, a full, written explanation reciting the rationale for such extraordinary action shall be provided to the City Council.
- 14.2 Whenever there exists an apparent threat to the public health, welfare or safety of the City or its residents, the Manager may authorize the Purchasing Agent to award a contract without competitive sealed bids by utilizing the quotation

procedures as set forth in Section 6.2 or such other competition procedure as may be practical under the circumstances for the emergency purchase of supplies, services or construction items.

- 14.3 As soon as possible after the award the Manager shall file with the Council a full written report of the circumstances surrounding the emergency purchase.

15.0 PROFESSIONAL OR GENERAL SERVICES

- 15.1 Where professional or general service providers are employed by the City as consultants to draw contracts and supervise and administer construction projects, or provide other general service related functions they may do so using contract documents of their choosing, provided, however, that all such documents shall be approved in advance of use by the City Attorney and Purchasing Agent and all relevant bid procedures of the City shall be adhered to by the Consultant.

All contracts involving consultants/professional, or general services must obtain the prior review and approval of the City Manager. Additionally, any contract for consultants/professional and general services involving an expenditure of funds in excess of \$10,000 shall require proposals from at least three service providers or firms if they are available to submit. Provided, however, if the department wishing to engage in consultant/professional or general service provider is unable to obtain at least two proposals, a written explanation of such inability must be submitted to the City Manager.

16.0 TIE BIDS

- 16.1 If two or more low bids are received for the same total amount or unit price, and the quality and service are equal, the contract shall be awarded to one of the tie bidders by drawing lots in public, unless one of the bidders is a taxpayer or resident of the City, in which case such taxpayer or resident shall be awarded the contract.

17.0 CONTRACT MODIFICATIONS, AMENDMENTS AND CHANGE ORDERS

- 17.1 After a contract has been awarded it may become necessary to make modifications to reflect changes in circumstances and unforeseen needs. Change orders are permitted if the modification does not cause a fundamental change to the contract. If the City reasonably determines that a fundamental change in a contract is necessary, the City may terminate the existing contract, put the matter out for competitive bidding and award a new contract (possibly to a new party).

When a change order increases the dollar amount of a contract, said change must be requested by the Department Head who originally obtained authorization to solicit bids. If the dollar amount of the change order is less than \$50,000, the change order must be authorized by the Department Head and the City Manager; if the change order is \$50,000 or more, it must be authorized by City Council.

18.0 Contracting with MBE's and WBE's

- 18.1 In accordance with 2 CFR Part 200.321 (a), (b) (1-6), all necessary affirmative steps will be taken to assure that minority businesses, women's business enterprises, and labor surplus area firms are used when possible. Affirmative steps must include:
- a) Placing qualified small and minority businesses and women's business enterprises on solicitation lists;
 - b) Assuring that small and minority businesses, and women's business enterprises are solicited whenever they are potential sources;
 - c) Dividing total requirements, when economically feasible, into smaller tasks or quantities to permit maximum participation by small and minority businesses, and women's business enterprises;
 - d) Establishing delivery schedules, where the requirement permits, which encourage participation by small and minority businesses, and women's business enterprises;
 - e) Using the services and assistance, as appropriate, of such organizations as the Small Business Administration and the Minority Business Development Agency of the Department of Commerce; and,
 - f) Requiring the prime contractor, if subcontracts are to be let, to take the affirmative steps listed in paragraphs (a) through (e) of this section.

The purchasing agent shall be responsible to perform said duties as outlined in Section 3.0 of this policy in accordance with 2 CFR Part 200.318-326 when procuring competitive bids.