

Washburn County Wisconsin

PURCHASING POLICY

Policy A-14

Effective Date: June 21, 2011

1 GENERAL INFORMATION

1-101 - Introduction & Purpose

This Purchasing Policy is to guide you in making County purchases and applies to all departments. **The Finance Committee is the committee of jurisdiction for this policy and any disputes with regard to interpretation will be addressed by the Finance Committee.**

1-102 - Authority of the County Purchasing Division

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

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

1-103 – Definition of Purchases

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

1-104 - Conduct Purchases Under Delegated Responsibility

The County Clerk may delegate responsibility for purchasing to specific individuals in various departments, based on the dollar amount of the purchases, number of purchases, technical qualifications, past compliance with purchasing procedures and other factors. With the purchasing delegation, there is a responsibility to follow the written purchasing procedures. **Failure to follow purchasing procedures may result in the reduction or loss of delegation.**

1-105 - End of Year Purchases

When ordering goods and services, allow enough time to receive the goods and services prior to year end. Goods and services received after year end will be charged to the following year's budget. Any exceptions or carryover of funds shall be brought to the attention of the Finance Director.

1-106 - Prompt Payment - Receipt and Acceptance of Supplies, Service or Construction

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

1-107 - Ethics

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

1-108 - Justifications for Not Accepting Low Bid

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

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

1-109- Purchases by Auction Websites

The county recognizes the potential for savings by using auction websites for purchases. With the exception of the County Clerk, most purchases using auction websites will be for budgeted equipment. When departments plan to use an auction website, they are to notify the County Clerk which website they are using and what they are purchasing. Users shall use an official county logon to the auction site and any correspondence shall also be with an official county email address. It is the department's responsibility to establish an account, bid on the item, make arrangements for the purchase with the County Clerk and make arrangements for the delivery of the item.

Due to the nature of bidding online, there will be deviations from the normal procedures of the purchasing policy. The procedures for the expenditure amount levels will be waived.

2 COUNTY CLERK'S RESPONSIBILITIES

2-101 – County Clerk

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

2-102 - Delegation

Authority to purchase certain supplies, services or construction items may be extended to other County officials or employees for the effective purchasing of those items. The delegation to purchase shall be a Memo of Understanding written to that specific individual or department with a copy on file.

2-103-Contracting Authority

Only the County Board Chair, County Clerk, Administrative Coordinator or Department Heads/Supervisors with Committee approval can legally bind the County to any total lease valued or contract valued at or above \$12,000, unless the law requires the signature of the County Treasurer or the County Clerk in order to legally bind the County to a contract. **The Health and Human Services Department is exempt from the provisions of this policy whenever contracting for client services.**

PROCUREMENT LEVELS

3-101 – Standard Purchasing Levels

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

A. Orders under \$5,000.

1. If the expected cost of the requisition is less than \$5,000.00, **and the items are not offered on standard contracts**, the County Clerk may place the order directly with the vendor using best judgment as the basis for vendor selection. The use of purchase orders is optional for orders less than \$1,000.00.

B. Orders over \$5,000 to \$20,000.

1. The department determines the need for products or services and is instructed to obtain the necessary three (3) informal price quotes. For sole source purchases, prepare the necessary documentation on why the purchase should be considered sole source. Please see Section 4-104 for details.

2. A requisition form is completed. The departments are required to document at least three (3) informal/verbal price quotes they received. To assure prices quoted are comparable, be certain that the total price represents all costs, including delivery and annual on-going costs. The use of the requisition form and the issuance of a purchase order are required for all purchase of supplies and material in which the total order is expected to exceed \$1,000.
3. Multiple facets of a project are combined as one project when determining the cost of a project.
4. The informal/verbal price quotes will be brought to the committee of jurisdiction meeting for committee selection.
5. The purchase is placed with the successful vendor by issuance of a purchase order.

C. Orders over \$20,000.

1. All items/services in excess of \$20,000 are to be procured through a publicly advertised bidding process. Multiple facets of a project are combined as one project when determining the \$20,000 cutoff.
2. The committee of jurisdiction must give the authority for the advertisement of bids and the department must furnish the committee of jurisdiction and County Clerk with complete and detailed specifications on the item/service to be purchased.
3. All public bids must be advertised on the County Website.
4. A written request for proposals (RFP, see section 4-103) must be developed and made available to all vendors.
5. All bids received must be sealed bids and be received prior to the determined date of opening.
6. All bids received will be publicly opened by the Committee of Jurisdiction.
7. The reporting/governing committee has the right to accept and reject any and all bids. See Section 1-108, Justifications For Not Accepting Low Bid.

3-102 – Grant Funded Purchases

Unless specifically prohibited by the granting authority, grants must be administered through a written contractual agreement between the County and the party providing the services. All purchases made with grant funds must comply with the terms and conditions of the grant and this

policy. If the grant requirements conflict with this policy, the County Clerk may suspend those provisions of this policy only for the specific grant and for the duration of that grant. The department head is responsible to comply with purchases covered by grant funds.

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

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

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

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

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

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

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

1. Sealed Bids for Construction Contracts: Note that a federally funded public works project shall follow the lower dollar threshold requirements of Wisconsin Statutes 66.0901 and 59.52(29) outlined in the public works section in section 6-102. Bids are publicly solicited and a firm fixed price contract (lump sum or unit price) is awarded to the responsible bidder whose bid, conforming with all the material terms and conditions of the invitation for bids, is the lowest in price.

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

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

If sealed bids are used, the following requirements apply:

- a) Bids must be solicited from an adequate number of known suppliers, providing them sufficient response time prior to the date set for opening the bids. The invitation for bids must be publically advertised;
 - b) The invitation for bids, which will include any specifications and pertinent attachments, must define the items or services in order for the bidder to properly respond;
 - c) All bids will be opened publicly opened by the Committee of Jurisdiction;
 - d) A firm fixed price contract award will be made in writing to the lowest responsive and responsible bidder. Where specified in bidding documents, factors such as discounts, transportation cost, and life cycle costs must be considered in determining which bid is lowest. Payment discounts will only be used to determine the low bid when prior experience indicates that such discounts are usually taken advantage of, and
 - e) Any or all bids may be rejected if there is a sound documented reason.
2. Competitive Proposals for Other Contracts Greater than \$150,000: The technique of competitive proposals is normally conducted with more than one source submitting an offer, and either a fixed price or cost-reimbursement type contract is awarded. It is generally used when conditions are not appropriate for the use of sealed bids. If this method is used, the following requirements apply:
- a) Requests for proposals (RFP) must be publicized and identify all evaluation factors and their relative importance. Any response to publicized requests for proposals must be considered to the maximum extent practical;
 - b) Proposals must be solicited from an adequate number of qualified sources;
 - c) The County must have a written method of conducting technical evaluations of the proposals received and for selecting recipients;
 - d) Contracts must be awarded to the responsible firm whose proposal is most advantageous to the program with price and other factors considered; and
 - e) The County may use competitive proposal procedures for qualifications-based procurement of architectural/engineering (A/E) professional services whereby competitors' qualifications are evaluated and the most qualified competitor is selected, subject to negotiation of fair and reasonable compensation. The method, where price is not used as a selection factor, can only be used in procurement of A/E professional services. It cannot be used to purchase other types of services though A/E firms are a potential source to perform the proposed effort.

D. Noncompetitive Proposals:

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

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

3-103 - Disposal of Excess Supplies or Obsolete Equipment.

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

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

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

4 TYPES OF PURCHASES

4-101 - Effective Price Quotes or Bids

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

Awards will be made to the lowest responsible bidder. "Responsible" means the vendor who meets the specifications and is a qualified vendor. See 6-103 for information on Wisconsin prevailing wage rates.

4-102 – Informal Price Quotes (Bids)

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

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

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

4-103 – Publicly Advertised Bidding Process (Requests for Proposals)

This method of purchasing is appropriate when the purchase amount exceeds \$20,000 or the specifications or scope of the services cannot be adequately prepared to provide all prospective contractors with a complete and accurate description of the work to be performed. Generally, you are looking for the vendor to solve a problem for you. Professional services often fall into this category. The basis for selection includes other performance factors along with price.

Examples of performance include work experience on projects of a similar size, expertise of the staff, and technical solution to the problem. Cost is always a factor to be considered. RFP’s may be evaluated by a team of knowledgeable personnel.

Publicly advertised bids will be received as sealed bids by the County Clerk’s office. The County Clerk will record receiving each bid and forward them to the appropriate department head after the deadline has passed. Sealed bids are to be opened by the committee of jurisdiction. The committee of jurisdiction can decide whether to award the sealed bids at the bid opening meeting or postpone to the next committee meeting. While in the County Clerk’s possession, sealed bids shall be stored in the Treasurer’s vault.

4-104 - Sole Source Purchases

Occasionally, there is only one source for a good or service. Although commonly referred to as "sole source" purchases, they should be thought of as "noncompetitive negotiations." In such instances, you should make every effort to assure that you have obtained the best possible price. Complete the requisition form and send the letter stating the reasons for the sole source purchase to the County Clerk.

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

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

4-105 -- Emergency Purchases

An emergency is a situation which threatens the **public health, safety, or welfare** and **all** of the following conditions exist: the circumstance was unforeseen; calls for immediate action; and cannot be responded to using established purchasing methods.

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

For emergencies within your delegated responsibility, prepare a letter of the circumstances detailing why it meets the definition of an emergency and document any competitive process that was used. Send a copy of this letter to the County Clerk.

4-106 -- Cooperative Purchases

If the total expenditure is \$20,000 or less, any purchase made from the State of Wisconsin cooperative purchase contracts, or made through other purchasing associations, will constitute compliance with the competitive bidding requirements. No additional bidding is required since the contracts established by these entities have already gone through the competitive bidding process.

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

4-107 - Professional Services

Professional services are necessary to the County when there is a need for a vendor to solve a problem for you. The method of purchasing those services is appropriate when it is difficult to

provide all prospective contractors/vendors with a complete and accurate description of the work to be performed. Examples of those services are auditing, legal, engineering, architecture, landscaping, information technology, etc. The basis for selection includes other performance factors along with price. Examples of performance include work experience on projects of similar size, expertise of staff, and the technical ability for their firm to resolve the problem. RFP's will be written by the department to solicit the necessary firms. The RFP's may be evaluated by a team of knowledgeable personnel. RFP's must be approved by committee of jurisdiction.

All requests for legal services must be submitted to the corporation counsel, with the exception of human resources where an employment law attorney's opinion is required. If the corporation counsel cannot provide the requested legal services, he/she will implement a procedure for outsourcing legal services.

5 GENERAL POLICIES

5-101 - Information During the Bid Process

Department personnel are not to disclose information concerning bids or purchases. All requests for such information should be referred to the County Clerk. **No award of any formal sealed bid results shall be made without prior approval of the County Clerk. In the case of the Highway Department see Section 6 below.**

5-102 - Personal Purchases

The County Clerk and designees are prohibited from acting on their own or on behalf of County employees in purchases that personally benefit an employee.

5-103 -- Unauthorized Purchases

Purchases that do not follow appropriate policies and procedures shall be brought to the Finance Director and/or Committee for review. After review, the Committee will respond in an appropriate manner considering the facts and circumstances. This can include discussions with committee of jurisdiction up to and including employee discipline for not following county policy.

5-104 - Purchases from County Employees and Public Officials

Any single public official or county employee may enter into contracts with Washburn County in which they have a private interest in and that it does not exceed an aggregated amount of \$15,000 per year. (Wisconsin State Statute 946.13) It will also be County policy that purchases will not be made from County employees or Public Officials without full disclosure.

5-105 - Awards

For purchases under \$5,000, the County Clerk is responsible for bid awards based on consideration of the quality, suitability, price, delivery and prior performance of the vendors.

Awards will generally be made to the lowest responsible vendor that meets the bid specifications. **No award notice shall be transmitted to a vendor without prior approval of the County Clerk.**

5-106 - Facsimile Bids

Fax bids will be accepted whenever practical within the guidelines established in the original request for bids.

5-107 – Sales Tax Exemption

As Washburn County is exempt from Wisconsin state sales tax, employees must provide sales tax exemption information to any hotels, car rental companies and similar when traveling on County business. All vendors with whom the county does business shall also be provided the sales tax exemption information.

6 PUBLIC WORKS CONSTRUCTION PURCHASES

6-101-- Definition of Public Works Projects

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

6-102 -- Public Works Construction Purchases

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

6-103 – Wisconsin’s Prevailing Wage Rate

Generally, the prevailing wage rates apply when the county does projects as identified at 6-101 and the project cost exceeds \$20,000 Section 66.0903 of Wisconsin Statutes covers projects bid

or negotiated by a local governmental unit and projects dedicated to and accepted by local governmental units. It is the Counties responsibility to apply these rules when the circumstances apply.

6-104 - Assessment of Vendor Qualifications

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

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