

## **Section 3000 – Fiscal Management**

3660 Bids, Quotations, and Local Preference (Cf. 4760)

3660

All purchases shall be in compliance with Board policies. When using federal grant funds, all purchases must be in compliance with the *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and other applicable federal laws. Purchases requiring competitive bids shall be made in accordance with current statutes, the creation of bid specifications, and adherence to the District's bidding procedures.

The Superintendent or designee shall develop and maintain lists of potential bidders for various types of materials, equipment, and supplies. These bid lists shall be used for the distribution of specifications and invitations to bid. Any supplier may be included in the list upon written request. The Superintendent or designee shall review all bid lists annually or as needed.

### Written Quotations

The District shall not purchase supplies, materials, or equipment in a single transaction costing between the federal micro-purchase threshold and the competitive bid threshold established by the state of Michigan without obtaining written quotations from a minimum of three vendors.

### Competitive Bids and Cooperative Purchases

The District shall not purchase supplies, materials, or equipment in a single transaction exceeding the amount published annually by the Michigan Department of Education unless competitive bids are obtained and approved by the Board.

The Superintendent or designee is authorized to consider, and recommend for Board approval, membership in cooperative purchasing organizations that would benefit the District.

Cooperative purchasing also pertains to what is commonly referred to as “third party bids.” Third party bidding shall constitute a competitive bid for purposes of this Policy.

## **Section 3000 – Fiscal Management**

3660 Bids, Quotations, and Local Preference (Cf. 4760)

3660-2

### Bid Specifications

All bid specifications shall be clear and concise and shall include the following: required performance, surety, bid, statutory bond information, sworn statement of familial relationship, Iranian Business Relationship Affidavit, the debarment and suspension certification, compliance with preferential bid laws, financial statements, the District's right to reject any or all bids, compliance with all federal, state and local laws, ordinances and regulations, and the date, time, and place for the opening of bids.

The Board, upon recommendation of the Superintendent or designee, reserves the following rights:

- to accept or reject all bid proposals in whole or in part;
- to waive minor irregularities;
- to award a contract to other than the lowest bidder; and
- to award contracts to one or more vendors.

The Purchasing Office shall retain all bids and supporting documentation in accordance with State of Michigan guidelines for record retention.

### Minority and Women Businesses

Pursuant to federal law with respect to the use of federal funds, the District will take all necessary affirmative steps to assure that minority businesses, women's business enterprises, and labor surplus area firms are used when possible.

### Local Purchasing Preference

The District provides a 5% preference (bid discount) in the purchasing of school equipment and supplies from local vendors, providing the quality and service are commensurate with the bid requirements. Bids, or proposals when bids are not required, shall be accepted from non-local vendors in order to maintain a fair market price.

In determining the qualification for a Local Purchasing Preference for purposes of this policy, vendors must:

## **Section 3000 – Fiscal Management**

3660 Bids, Quotations, and Local Preference (Cf. 4760)

3660-3

- a. Have obtained the Certification of a Michigan Based Business as determined by the Michigan Department of Technology, Management and Budget and have its primary business operations located within the municipal boundaries of the City of Grand Rapids, Michigan for at least the last six months, or
- b. Be certified by the City of Grand Rapids, as a Micro-Local Business Enterprise and have its primary business operations within the municipal boundaries of the City of Grand Rapids.

A successful recipient of a contract and/or purchase order which has received a Local Purchasing Preference may be required to present proof of its status as a Michigan Based Business and documentation of its location within the City of Grand Rapids at any time upon request from an authorized District official. Failure to provide the requested information or failure to maintain business operations with the City of Grand Rapids for the duration of the contract will make the contract voidable at the District's discretion, and will result in disqualification from future consideration of a Local Purchasing Preference for a period of two years unless excused by the Superintendent or Designee.

### Local Construction Contracting Preference

The District provides a preference (bid discount) in construction contracts from local vendors, providing the quality and service are commensurate with the requirements set forth by the District as to satisfy the demands of the bid or proposal. Bids, or proposals when bids are not required, shall be accepted from non-local vendors in order to maintain a fair market price.

In determining the qualification for a Local Construction Contracting Preference for purposes of this policy, vendors must:

- a. Have obtained the Certification of a Michigan Based Business as determined by the Michigan Department of Technology, Management and Budget and have its primary business operations located within the municipal boundaries of the City of Grand Rapids, Michigan for at least the last six months, or
- b. Be certified by the City of Grand Rapids, as a Micro-Local Business Enterprise and have its primary business operations within the municipal boundaries of the City of Grand Rapids.

## Section 3000 – Fiscal Management

A successful recipient of a contract which has received a Local Construction Contracting Preference may be required to present proof of its status as a Michigan Based Business and documentation of its location within the City of Grand Rapids at any time upon request from an authorized District official. Failure to provide the requested information or failure to maintain business operations with the City of Grand Rapids for the duration of the contract will make the contract voidable at the District’s discretion, and will result in disqualification from future consideration of a Local Construction Contracting Preference for a period of two years unless excused by the Superintendent or Designee. Preference will be provided on the following basis:

- a. Contractor Participation: Grand Rapids Public Schools will provide up to a 5% bid discount to prime contractors and/or construction managers who satisfy the criteria for consideration as a Local Vendor.
- b. Subcontractor Participation: Construction bids for non-local vendors may be discounted when a bidder on a Grand Rapids Public Schools’ project voluntarily subcontracts with businesses meeting Local Vendor Criteria. Prime contractors and/or construction managers must submit affidavit(s) verifying Local Vendor subcontractor participation.

Prime contractors and/or construction managers must require Local Vendor certification documentation to be submitted by each subcontract bidder with their sealed bid. The District, at its discretion, may request additional documentation to verify the qualification of any Local Vendor subcontractor participating in a construction project.

- c. The following is a schedule of discounted percentages based upon Local Vendor subcontractor participation achieved by the prime contractor:

<u>LBE Subcontractor Participation</u>	<u>Discount Percentage</u>
i. <u>1.0% - 2.5%</u>	<u>1.0%</u>
ii. <u>2.51% - 5.0%</u>	<u>1.5%</u>
iii. <u>5.01% - 7.5%</u>	<u>2.0%</u>
iv. <u>7.51% - 10.0%</u>	<u>2.5%</u>
v. <u>10.01% - 15.0%</u>	<u>3.0%</u>
vi. <u>15.01% - 18.0%</u>	<u>4.0%</u>
vii. <u>18.01% +</u>	<u>5.0%</u>

## Section 3000 – Fiscal Management

3660 Bids, Quotations, and Local Preference (Cf. 4760)

3660-5

- d. Prime contractors and/or construction managers may not terminate an approved Local Vendor subcontractor working on a Grand Rapids Public Schools construction project, and then perform the work on the terminated subcontract with its own forces or those of another subcontractor, without prior written consent by the Grand Rapids Public Schools Executive Director of Facilities and Operations Management. If a Local Vendor subcontractor fails to complete its work on the contract for any reason, a prime contractor/construction manager must notify the Grand Rapids Public Schools Executive Director of Facilities and Operations Management and make good faith efforts to find another approved Local Vendor subcontractor to substitute for the original Local Vendor subcontractor. Utilizing good faith efforts, and to the extent reasonable, the prime contractor/construction manager shall substitute an approved Local Vendor subcontractor to perform the same amount of work under the contract as the Local Vendor subcontractor that was terminated.
- e. Joint Venture Bidding: As an incentive to contractors engaging in activities that stimulate the growth and development of local, small emerging businesses as partners bidding as a joint venture, Grand Rapids Public Schools will apply up to a 5% bid discount for partnering with a qualified Local Vendor.
- f. The Bid Discounts outlined above may not exceed 5% or \$25,000 per bid, whichever is lower. Project bids from prime contractors and/or construction managers are considered a single bid for purposes of the Bid Discount consideration.

This policy shall not apply to the extent that it would conflict with any provision of Michigan or federal law, regulation or constitution. The local preference shall not be applied to purchases of goods and services made with federal funds.

An annual review of the impact of the minority, women, and local preference provisions of this policy shall be undertaken by the Superintendent.

The Superintendent shall create administrative rules to implement this policy.

## **Section 3000 – Fiscal Management**

3660 Bids, Quotations, and Local Preference (Cf. 4760)

3660-6

Refer also to Board Policy 3610, *Purchasing Goods and Services*, Board Policy 1900, *Contracts and Board Member Disclosure Information* and Board Policy 4005, *Employee Conflict of Interest – Purchases*.

Approved: June 29, 2009

Revised: April 10, 2017

Revised: June 18, 2018

LEGAL REF: MCL 380.1267; 380.1274, 2 CFR 200.67, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 2 CFR Part 200, Section 200.321