

City of Chelsea Purchasing and Contracting Policy

Policy

This purchasing and contracting policy is provided as a tool relative to the City of Chelsea Ordinance Section 2-137- Purchasing Responsibilities.

The following purchasing and contracting policy shall be in effect regarding the purchasing of and contracting for materials, supplies, capital outlay, or services necessary for maintenance, repair, and operation of city facilities within the City of Chelsea.

Procedure

Authority

Authority granted the City Manager without further council action:

- The City Manager is hereby granted the authority to purchase and contract for materials, supplies, capital outlay, or services necessary for the maintenance, repair, and operation of city facilities under the following conditions:
 1. The amount per order does not exceed \$5,000.00. Repetitive orders of less than \$5,000.00 shall not be used to circumvent this limitation.
 2. Budgeted funds are available for this purchase.
- The City Manager is hereby granted the authority to approve contract changes that do not exceed \$5,000.00, provided that budgeted funds are available to cover said change order.

Council Approval Required

The approval of the City Council is required under the following conditions notwithstanding the authority granted to the City Manager as stated above:

1. The approval of any item over \$5,000.00 which is not the low responsive bid.
2. The purchase of any item as a single source if over \$5,000.00.
3. Purchases which continue for a term longer than the current annual budget if the multi-year total is over \$5,000.00.
4. Any other situation wherein the City Treasurer, City Manager, City Attorney, or other internal auditor deems it appropriate to have formal action by the City Council.

Requirements

Except for professional services, the following are requirements for competitive bidding, requests for proposals or substantiation to the City Manager as “sole source” procurement. Purchases in one budget year should not be broken into smaller parts to avoid the following procedures:

1. Below \$999.00 by good business practice.

City of Chelsea Purchasing and Contracting Policy

2. \$1,000.00 to 4,999.00 on an informal competitive basis such as a handwritten record of telephone calls to three sources, to be placed on file.
3. \$5,000.00 to \$14,000.00 through written quotations sought from at least three sources.
4. \$15,000.00 or more through competitive bidding

Evaluation will be made whether a responding vendor is responsible and responsive, as well as on price which must be closely competitive. A judgment will be made regarding the choice which will most benefit the City as a whole with all criteria taken into consideration.

A written record of completing the proper purchasing order, which will subsequently be connected with the resulting expenditures to fulfill invoices received.

Local Vendor

The City wants to award the “best bid” which is not necessarily the lowest bid. For this reason, local vendors, recycled resources and local professional services may be allowed a small price advantage for small, routine purchases. Obtaining goods and services locally may be better in terms of efficiency, flexibility of returning goods, speed of delivery on change orders, better communications and service, etc. Council established a local vendor policy in March 2002 and reads as follows:

“Local businesses and their success is one of the important elements to a dynamic and vibrant community. They provide services and goods all our citizens and businesses in Chelsea use. It is the intent of the City of Chelsea government to support our local businesses. The City of Chelsea administration and its departments will consider utilizing those services and goods that are appropriate and fall within guidelines for the best use of the taxpayer's dollars.”

Local Tradesmen should also be provided relevant bid notices or requests for proposals. However, they must have a good record of employment of appropriate levels of personnel and equipment which can fulfill the requirements with good workmanship, without and undue amount of subcontracting, in order to be judged responsible. In order to be judged responsive they must commit to meeting all of the requirements in a timely manner. Their price must be closely competitive.

The chosen vendor will be the one judged to most benefit the City, with all criteria taken into consideration.

Insurance

All contractors are required to provide the City of Chelsea with proof of insurance upon acceptance of services.

City of Chelsea
Purchasing and Contracting Policy

Emergency Procedures

The City Manager may, if requested by the department head, and/or deemed appropriate due to emergency situations that may affect the health, safety or welfare of the City, approve the purchase of necessary materials and supplies without the above requirements. However, such purchase action must be reported to the City Council at its next regular meeting, where that purchase exceeds \$5,000.00.