



Purchasing Policy
Adopted by the Alliance of Rouge Communities on 9/23/08
Revised on 9/9/10, 10/26/10 and 11/21/13

1. PURPOSE

This purchasing policy guides the procurement of goods and services by the Alliance of Rouge Communities (ARC).

Specifically, the purpose of this policy is to:

- Ensure proper accounting procedures necessary to maintain efficient control over the ARC’s expenditures.
- Ensure necessary authorization is obtained for applicable expenditures.
- Detail specific procedures for emergency purchases.
- Identify eligible expenditure reimbursements.
- Specify the procurement guidelines for Executive Director and Technical Services.
- Specify the vendor selection guidelines for grant-funded projects.
- Detail the procedure for processing of invoices.
- Detail the procedure for check distribution.

2. EXPENDITURE CONTROL

A summary of the purchasing policy is provided in the following table with more detail provided in the following paragraphs.

Amount of Purchase	\$0 to \$999	\$1,000 to \$4,999	\$5,000 to \$9,999	\$10,000 to \$19,999	Over \$20,000*
Public Bids/Proposals Required	NO	NO	NO	NO	YES
Quotes Required	NO	3 Verbal	3 Written	3 Written	--
Type of Documentation Required	Receipt	Purchase Order	Purchase Order	Purchase Order	Contract
Formal Approval Required By	NO	Exec. Director	Exec. Director	Exec. Director AND Officer	Exec. Committee*
Signature Required on PO and/or Contract	--	Exec. Director	Exec. Director	Exec. Director AND Officer	Exec. Director AND Officer

*Formal approval of full ARC is required for contracts for Executive Director Services (see Section 4)

- **For Purchases between \$ 0.00 to \$ 999.00**
The Executive Director can authorize with his/her signature. A receipt is required.
- **For purchases between \$ 1000.00 to \$ 4,999.00**
The Executive Director can authorize with his/her signature. Price comparison shall be prepared and attached to purchase order. Verbal quotes are acceptable. A Purchase Order shall be issued.
- **For purchases between \$ 5,000.00 to \$ 9,999.00**
The Executive Director can authorize with his/her signature. Price comparison shall be prepared and attached to purchase order. Three written quotes will be received. A Purchase Order shall be issued.
- **For Purchase between \$ 10,000.00 to \$19,999.00**
Purchases exceeding \$10,000.00 can be authorized by signature of the Executive Director of the ARC and an ARC officer. Price comparison schedule shall be prepared and/or reason for vendor selection to be filled out and attached to purchase order. Three written quotes will be received. A Purchase Order shall be issued.
- **\$20,000.00 and higher**
Formal, publically advertised, competitive sealed bids/proposals are required. A Request for Bids/Proposals shall be developed by the Executive Director, which shall be approved by the ARC Executive Committee. The Request for Bids/Proposals shall require interested bidders/proponents to provide the following information as appropriate:
 - description of service or goods desired
 - desired delivery date or commencement date
 - desired termination date
 - bidder's/proponent's qualifications
 - warranties
 - references
 - performance bonds (if required)
 - acquisition cost, fees, or other potential ARC financial obligation

The Request for Bids/Proposals shall also indicate the following information:

- deadline to submit
- date, time and place that bids/proposals will be publicly opened
- address to which bids/proposals are to be submitted

All Requests for Bids/Proposals shall include a statement that the Alliance of Rouge Communities reserves the right to accept or reject any or all bids/proposals to waive informalities or errors in the process, and to accept any bid/proposal deemed to be in the best interest of the ARC, including bids/proposals that are not for the lowest amount.

Sealed bids/proposals shall be submitted to the ARC Executive Director by a date and time specified, and shall be marked on the outside "sealed bid/proposal for _____ (indicate goods and or services)." Each bid/proposal shall be stamped with date and time received. The ARC Executive Director or her/his designee and one ARC Executive Committee Member shall publicly open all bids/proposals submitted at the date and time indicated on the request for bids/proposals. All bidders/proponents shall be notified of the contract award in a timely manner.

No purchase shall be divided for the purpose of circumventing the dollar value limitation contained in this section. However, a series of purchases from one vendor which individually are within the above limits, but collectively exceed them, shall not be deemed to be one purchase for the purposes of this division if such series of purchases could not reasonably have been made at one time.

3. EXCEPTIONS TO PRICE COMPARISON OR COMPETITIVE BID/PROPOSAL REQUIREMENTS

As described above, purchases between \$1,000 and \$19,999 require price comparison and purchases above \$20,000 require a competitive process for bids/proposals. Criteria for when an exception to these requirements may be made are:

- a. Where there is only one source able, suitable, or acceptable to provide the service or equipment desired;
- b. Where the subject of the contract is not competitive in nature and/or no advantage to the ARC would result from requiring competitive bidding; or
- c. Where the urgency of the need is determined to be of an emergency nature by the Executive Director or ARC Chair and time requirements imposed for receipt of quotations for price comparison or competitive, sealed bids would be detrimental to the best interest of the ARC. Such emergency procurements shall be made with such competition as is practicable under the circumstances.

For exceptions based on criteria (a) and (b), documentation of potential exceptions to the price comparison or competitive bid/proposal requirements should be included in the request forms for annual budget items or amendments to budget items submitted to the Finance Committee by an ARC Committee. After the Finance Committee has verified that a sole source vendor or a sole source purchase is warranted, the purchase will proceed according to other terms of this policy.

For exceptions based on criteria (c), the Executive Director or ARC Chair will proceed with the emergency procurement and will provide a report to the Executive Committee and Full ARC that describes the details of the needed service or equipment, documentation of the emergency circumstances, actions taken, and details of the expenditure.

4. REQUIREMENTS FOR EXECUTIVE DIRECTOR AND TECHNICAL SERVICES PROCUREMENT

As necessary, the ARC shall advertise a request for qualifications and/or proposals for Executive Director, Administrative and Technical Services. After reviewing all submitted proposals, the ARC shall choose one respondent for a contract to provide Executive Director, Administrative and Technical Services to the ARC. The ARC may establish a special committee (e.g., Proposal Review Committee) to assist with procurement of the Executive Director, Administrative and Technical Services, as provided under Article II.c.5 of the ARC Bylaws. The full ARC will approve the selection of the vendor to provide Executive Director, Administrative and Technical Services.

Additionally, the RFP Committee may choose additional respondents to potentially provide technical services to the ARC for grant-funded projects. The full ARC will approve the selection of pre-qualified vendors to provide additional technical services.

5. VENDOR SELECTION GUIDELINES FOR GRANT-FUNDED PROJECTS

The ARC Executive Director and Administrative staff provide grant administration services to the ARC for grant funded projects. Options for procurement of vendors to provide other services under grant funded projects are described in this section.

Watershed-Wide Projects. In the event that grant monies are received for activities that benefit the entire watershed or a subwatershed area containing more than one ARC community, the vendor selected under Section 4 to provide Executive Director, Administrative and Technical Services may lead the technical services if the scope of work is consistent with the provisions of their procurement. Similarly, the vendors pre-qualified to provide technical services under Section 4 may also lead grant funded technical services if the scope of work is consistent with the provisions of their procurement. The determination of the consistency of the grant funded work with the vendor procurement under Section 4 will be made by the Executive Committee.

The Executive Committee may also choose to solicit vendors for grant funded work through a competitive process consistent with the provisions of Section 2 of this policy and other applicable ARC policies and procedures, and consistent with the granting agency's procurement requirements. If this option is pursued, the ARC's pre-selected technical services vendors may submit proposals unless determined to be precluded by the Executive Committee on a case by case basis.

Area Specific Projects. When the ARC receives grant monies to conduct activities within a specific ARC member community or county, the community/county may provide input into the selection of the vendor to provide the grant funded services. The community/county may provide comments to the Executive Committee regarding use of the Executive Director staff or pre-qualified vendors procured under Section 4. The community/county may also provide comments to the Executive Committee regarding vendor selection if the Executive Committee chooses to solicit vendors for grant funded area specific projects through a competitive process. Such process must be consistent with the provisions of Section 2 of this policy and other applicable ARC policies and procedures, and that meets the granting agency's procurement requirements. If this option is pursued, the ARC's pre-selected technical services vendors may submit proposals unless determined to be precluded by the Executive Committee on a case by case basis.

If the community/county involved in the area-specific grant funded project desires that a vendor different than that selected by the ARC as described herein be utilized to complete the project, then the ARC and community/county may pursue executing a subgrant agreement whereby the community/county will complete the project subsidized all, or in part, with grant funds. Selection of a vendor to complete the work by the community/county under a subgrant agreement must meet vendor procurement requirements and other terms of the grant agreement between the ARC and the granting agency. If this option is pursued, the ARC's pre-selected technical services vendors may submit proposals unless determined to be precluded by the Executive Committee on a case by case basis.

6. DETERMINATION OF DEBARMENT OR SUSPENSION STATUS BEFORE AWARDING OF CONTRACTS

For award of contracts where federal funds will be utilized (e.g., contract funded by a grant award to the ARC by a federal agency), the ARC will require that the selected contractor, consultant, subgrantee, or individual confirm that:

- a. They are not excluded or disqualified sub-grantees or contractors in any federal program,
- b. They are not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from participation in transactions under federal non-procurement programs by any federal department or agency;
- c. They are not included on the "Excluded Parties List" system maintained by the federal government,
- d. They have not, within the three year period preceding the proposal, had one or more public transactions (federal, state or local) terminated for cause or default, and

- e. Are not presently indicted or otherwise criminally or civilly charged by a government entity (federal, state or local) and have not, within the three year period preceding the proposal, been convicted of or had a civil judgment rendered against it as follows:
 - I. For the commission of fraud or a criminal offense in connection with obtaining, attempting to obtain, or performing a public transaction (federal, state, or local) or a procurement contract under such a public transaction;
 - II. For the violation of federal or state antitrust statutes, including those proscribing price fixing between competitors, the allocation of customers between competitors, or bid rigging, or
 - III. For the commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, or receiving stolen property.
- f. The contractor, consultant, subgrantee, or individual agrees that it shall not knowingly enter into any subcontract with a contractor, consultant, or person who is debarred, suspended, declared ineligible, or voluntarily excluded from participation in this covered transaction.

An authorized representative of the prospective ARC contractor or subgrantee is required to sign a statement verifying that they are not suspended or debarred from doing business with the federal government as described by items 1-6 above. After contract execution, the contractor shall provide immediate written notice to the ARC if, at any time, contractor or subgrantee learns that its certification was erroneous when submitted or has become erroneous by reason of changed circumstances. If the ARC determines that the consultant, subgrantee, or individual knowingly rendered an erroneous certification, in addition to other remedies available to the ARC, the ARC County may terminate this Contract for cause or default.

The terms “covered transaction”, “debarred”, “suspended”, “ineligible”, “lower tier covered transaction”, “Grantee”, “person”, “primary covered transaction”, “principal”, “proposal”, and “voluntarily excluded”, as used in this clause, have the meaning set out in the Code of Federal Regulations (45 CFR Part 76).

7. PURCHASE ORDERS

All purchases shall require the issuance of a purchase order as described in Expenditure Control, except for the following expenditures:

- Utilities
- Telephone
- Postage
- Publications
- Fuel oil and gasoline
- Intergovernmental Contracts/Inter Agency Agreement
- Services Authorized by the ARC Executive Committee
- Per Diems
- Insurance
- Payroll withholdings
- Contractual Obligations
- Professional

A purchase order shall be issued provided that the nature of the purchase is indicated, the account number (taken from the annual budget) is provided and the account has a sufficient balance.

8. BLANKET PURCHASE ORDERS

Requests for blanket purchase orders shall be made in the same manner as other purchases. The blanket purchase order shall contain the vendor, a general description of item(s) requested, amount of appropriation, period of time the blanket order will remain valid (maximum of 1 year, but not beyond the current fiscal year) and account number to charge the expense.

After the blanket purchase order is issued, the Executive Director shall draw on the order and keep a record of the cost of the items received until the blanket purchase order is completed.

The Executive Director shall still be required to adhere to the requirements set forth in the expenditure control section of this policy, when issuing blanket purchase orders. When certain monetary levels are exceeded the proper authorization, quotes and bids/proposals shall still be obtained prior to purchase.

9. EXPENDITURE AUTHORIZATION

The Alliance of Rouge Communities shall not be responsible for any expenses incurred by an official or ARC member that is contrary to the provisions of this administrative policy. Authorization shall be obtained through the proper channels discussed in this purchasing policy.

10. EMERGENCY PURCHASES

Occasionally, situations arise that do not allow pre-approval for expenditures. Situations that require immediate attention for the sake of public health and safety should be addressed accordingly. The expenditure shall be provided by the ARC Executive Director or treasurer as soon as possible with the information explaining why the expenditure could not meet the pre-approval requirement.

11. TAX EXEMPT STATUS

The Alliance of Rouge Communities is a tax-exempt entity and is not required to pay tax. Occasionally, ARC Staff Members purchase goods and/or services with their own funds and submit for reimbursement. Whenever possible, ARC members should obtain a tax-exempt certificate from the ARC Executive Director prior to the purchase.

12. PROCESSING OF INVOICES

Requests for payments to vendors shall be documented in writing by a vendor invoice or, in the few instances where no invoice is forthcoming, by a written request by the ARC Executive Director. Except for rare exceptions (example: lost invoice), only original invoices shall be processed for payments, as statements or copies of invoices may result in duplicate payments.

ARC member expense reimbursements shall be documented on an expense voucher prepared by the ARC member. Invoices and expense vouchers shall include the following:

- Vendor name and mailing address
- Purpose of payment
- Total amount due
- Unit price and units delivered
- Date goods were delivered or services rendered
- Attached purchase order or resolution

13. CREDIT CARDS

The Alliance of Rouge Communities will not issue nor allow the use of credit cards issued in the name of the ARC.

Receipts must be obtained for all purchases made using a personal credit card and submitted to the Executive Director’s Office for tracking to respective invoices/billings. In those instances when a purchase order or voucher has not been approved prior to the purchase, the credit card holder shall submit receipts clearly marked with the appropriate account to be charged immediately upon return to the ARC to properly account for the purchase.

14. CHECKING ACCOUNT

The ARC will maintain an interest bearing (when possible) checking account for purchases as defined by this policy. The Executive Director has the authority to request that a check be initiated. The ARC staff

will generate the check. All ARC checks require the signatures of two members of the Executive Committee, being the Treasurer and one other member of the Executive Committee.

15. CONFLICTS

The Executive Director must notify the ARC Executive Committee, in writing, of any known or perceived conflicts of interest within 48 hours of becoming aware of the potential conflict. The Executive Committee shall determine whether, in their opinion, a conflict exists. The decision will be forwarded, in writing, to the Executive Director within seven days of the conclusion of next Executive Committee meeting. The decision of the Executive Committee is final. If it is determined that a conflict exists, the Chair of the ARC, or his/her designee, will assume the duties of the purchasing agent.