



Sec: P2 - 03

LANSING BOARD OF WATER & LIGHT

POLICY

PROCUREMENT

EFFECTIVE: 7/1/2023

COMMISSION

POLICY

TYPE: COMMISSION

SCOPE: Procurement of materials and services. This Policy is applicable to all employees, including Board appointees, involved in procuring material or services.

PURPOSE: This Policy is intended to support the procurement of materials and services and the disposition of personal property used in the operation of the Lansing Board of Water & Light ("BWL") by applying business practices that provide for public confidence in the purchasing system and to maintain a high-quality purchasing program by means of fairness, ethical practices, open competition, impartiality, and supplier diversity to achieve the best value in purchase and disposal processes.

POLICY: All employees must comply with this Policy, the Lansing City Charter, applicable City of Lansing Ordinances, and applicable State and Federal laws regarding the procurement of materials and services and the disposition of personal property.

The BWL Board of Commissioners ("Board") delegated to the General Manager the authority to: (1) make all purchase and sale contracts necessary for the business of the BWL, (2) define procurement procedures, and (3) administer this Policy and Procurement Procedures.

The General Manager may delegate purchasing and disposal of personal property authority to specified BWL staff. The General Manager may also permit those designees to further delegate authority to other employees. All delegations of authority and controls required to ensure compliance with this Policy and the Procurement Procedures shall be documented. Only authorized employees may bind the BWL regarding the purchase of materials and services and the disposal of personal property. For purposes of this Policy, "authorized employees" means BWL employees acting within both the scope of their purchasing and signature authority.

1. REPORTING

The General Manager shall report the following items to the Board annually:

- A. Litigation pertaining to any particular contract covered by the Procurement Policy;
- B. Sole source contracts in an amount equal to or greater than \$15,000;
- C. Emergency procurements in an amount equal to or greater than \$15,000;
- D. Contracts with a term exceeding sixty (60) consecutive months without being competitively rebid.
- E. A list and brief description of supplier contracts, i.e., Supplier Name, Services Performed, Annual Contract Amount or Value, Total Contract Amount or Value, Contract Term: (XX/XX/XXX through XX/XX/XXXX).

2. POLICY EXCLUSIONS

Purchases as delineated below are excluded from this Policy by the nature of the material or service purchased:

- A. Advertisements
- B. Utility Bills, including gas, electric, water, sewage, local/cell phone service, and internet service
- C. Charitable Sponsorships
- D. Collective Bargaining Agreements
- E. Conferences, Seminars, Tuition, and Training

- F. Employment Contracts
- G. Federal Express, UPS, US Postal Service, and other similar shipping
- H. Intergovernmental or Inter-utility Agreements, including permits
- I. Legal Services
- J. Financial Services
- K. Real Property, including Easements
- L. Subscriptions, Publications, and Membership Dues
- M. Travel Expenses
- N. Workers Compensation Medical Payments and Medical Services
- O. Purchases made pursuant to the Energy Risk Management Program
- P. Software Licensing and Maintenance Agreements after the original purchase was competitively bid
- Q. OEM (Original Equipment Manufacturer) parts and services only available from the OEM or exclusive distributor specified by the OEM after the original purchase was competitively bid
- R. Materials where the BWL has standardized on one manufacturer, where the manufacturer or exclusive distributor specified by the manufacturer is the only source
- S. Damage Claims, Government Fees, Penalties, Licenses, and Taxes

3. SAFETY CONSIDERATIONS

The BWL recognizes its obligation to provide a safe environment for its employees and the general public. The BWL will meet this obligation, in part, by (1) purchasing safety engineered tools and equipment, (2) purchasing quality materials and (3) engaging suppliers with high-quality safety records.

4. ETHICS

Because all suppliers are entitled to equal and impartial bid consideration, all BWL purchases and the disposition of personal property must comply with both the letter and spirit of the City of Lansing's Ethics Manual.

5. INCLUSION

The BWL recognizes the importance of providing opportunities for companies that reflect the diversity of the BWL's ratepayers. Therefore, the BWL shall proactively support the growth, development, and use of a diverse pool of suppliers.

6. ENVIRONMENTAL CONSIDERATIONS

The BWL recognizes that the purchase and use of materials and services can have an impact on human health, our community, and the environment. Where practicable, the BWL will leverage its purchasing to reduce adverse social and environmental impacts and contribute to sustainable development in general. The BWL will strive to purchase products in a fiscally responsible manner with the highest environmental and social standards within its respective industry provided that the products meet acceptable use and performance needs.

7. LOCAL PREFERENCE

The BWL shall grant preference to businesses located in the BWL's service area in accordance with the "Local Preference" section as outlined in the Procurement Procedures.

8. RISK MANAGEMENT

The BWL shall mitigate risks in contracts through actions such as: limitations of liability, retainage, indemnities, warranties, terms of payment, incentive fee programs, termination, and insurance and bonding requirements. There are some risks that the BWL will not accept without additional approval of the General Manager or an Executive Director after review and approval of General Counsel (for B and C risks only). These risks are:

- A. Full payment in advance of the receipt of materials and services, except insurance payments; various licenses, including software licenses; and equipment maintenance agreements;
- B. Agreements under which the BWL assumes liability other than for its own acts or omissions; or
- C. Acquisition of material or service which expressly excludes a warranty.

9. PURCHASE OF MATERIALS AND SERVICES

Purchasing Methods and Procedures General

The BWL shall use industry best practices for public and utility procurement, in the best interest of the BWL, to reflect current practices and technology changes. The amount of a purchase is determined by the total contract or purchase order dollar value for the entire duration of the contract or purchase order. No purchase shall be subdivided to avoid this Policy.

Competitive Purchases

The BWL has determined that competition secures the best value in purchases of materials and services. Therefore, unless otherwise specifically exempted by this Policy, all purchases of materials and services shall be through competitive methods with at least three suppliers where practicable. The BWL shall award the contract to the best-evaluated bid, proposal, or quotation.

Purchases Valued at \$100,000 or More

All materials and services with an estimated value of \$100,000 or more shall be purchased from the best-evaluated supplier after public notice on the BWL internet website or other public media. Notice may be waived at the discretion of the General Manager. The BWL and the selected supplier shall enter into a written contract to consummate the purchase. The Procurement Procedures detail the process for competitive sealed bids and proposals, including the appropriate method to determine the best-evaluated bid or proposal. Bid security may be requested but is not required.

Purchases Valued at \$15,000 or More but Less Than \$100,000

All materials and services with an estimated value of \$15,000 or more but less than \$100,000 shall be purchased from the best-evaluated supplier after the evaluation of competitive sealed bids, competitive sealed proposals, or competitive quotations. Quotations need not be sealed and no notice is necessary. The BWL and selected supplier shall enter into a written contract to consummate the purchase. The Procurement Procedures detail the process for competitive sealed bids, competitive sealed proposals, and competitive quotations, including the appropriate method to determine the best-evaluated bid, proposal, or quote. Bid security may be requested but is not required.

Special Requirements for Construction Contracts

(a) Performance and payment bonds are required on all construction contracts exceeding \$50,000 in an amount equal to 100% of the contract price. In addition, bid security may be required in an amount equal to 5% of the amount quoted for the contract. All bonds shall be issued and executed by a surety company authorized to do business in Michigan or otherwise secured in a manner and format satisfactory to the BWL. Noncompliance with bonding or security requirements shall require that the bid or proposal be rejected. Nothing contained in this Policy shall be construed to limit the authority to require additional bonds or security.

(b) Prevailing wages and fringe benefits shall be paid on all construction contracts, as determined by statistics compiled by the United States Department of Labor and related to the greater Lansing area by that Department in accordance with City of Lansing ordinance. Any person or business entity violating this requirement shall have thirty days to rectify the deficiency or will be deemed to be in material breach of contract.

Non-Competitive Purchases

The Board has determined that the following circumstances warrant an exemption from general competition and therefore, do not require competitive bidding or proposals:

- A. Emergencies posing an apparent threat to public health, safety, or welfare;
- B. Circumstances where the BWL has reasonably concluded and documented that only one source is available to supply the requested material or service;
- C. Excluded purchases that cannot be bid, such as those previously listed in the "Exclusions" section; and
- D. Purchases under \$15,000. The Board has determined that the benefits of competition are outweighed by the

administrative cost of the competitive bid process for these purchases.

Purchases exempted from the competition requirement shall, whenever possible, be made in a manner to ensure the BWL receives the best value.

Cancellation of Solicitations

The BWL may cancel a solicitation prior to full execution of a contract. In addition, the BWL may reject in whole or in part any or all bids or proposals, for good cause and when in the best interests of the BWL.

10. DISPOSITION OF PERSONAL PROPERTY

The BWL will attempt to achieve the best available return when disposing of personal property or minimal cost when disposing of non-saleable items. The BWL shall dispose of saleable personal property by fair and open competition whenever practicable. The BWL shall dispose of non-saleable items by the best available method.

11. AWARD APPEALS

A responsive supplier may appeal to the BWL regarding the award or the proposed award of a contract. The appeal shall be in writing and addressed to the General Manager.

The procedures for the processing and settlement of appeals, which includes an appeal to the Board, can be found in the Procurement Procedures.

A responsive supplier must comply with all appeal procedures before seeking Board review. The Board has final decision-making authority concerning appeals.

12. DEBARMENT

The BWL may bar a business from consideration for award if, within the past three (3) years, the supplier, contractor or an officer of the company, or an owner of a 25% or more share of the business has:

- A. Been convicted of a criminal offense incident to the application for or performance of a contract or subcontract;
- B. Been convicted of any offense which reflects on the supplier's business integrity, such as embezzlement, theft, forgery, bribery, falsification, or destruction of records, receiving stolen property, or violation of state or federal antitrust statutes;
- C. Failed to substantially perform a BWL contract or subcontract according to its terms, conditions, or specifications within specified time limits;
- D. Failed to comply with the solicitation process or violated the terms of a solicitation after bid or proposal submission;
- E. Been in the past or is currently in default to the BWL or the City of Lansing; or
- F. If, in the General Manager's discretion, it is in the best interests of the BWL to bar the contractor from consideration for award.

13. PURCHASING CARDS (P-Cards)

The General Manager may authorize the use of BWL-issued credit cards (P-Cards) for material and service purchases in accordance with this provision and applicable law. No employee may use a P-Card without delegated credit card authority from the General Manager or designee.

The total combined authorized credit limit of all BWL-issued P-Cards shall not exceed 5%, or some other amount established by state law, of the total budget of the BWL for the current fiscal year.

The General Manager or designee shall be responsible for the BWL's P-Card issuance, accounting, monitoring, and retrieval and generally for overseeing compliance with the P-Card Procedure.

Employees with delegated P-Card authority shall comply with BWL's P-Card Procedure, Procurement Procedures, and/or any other BWL policy or procedure referencing a P-Card.

ENFORCEMENT

Violation of this Policy may lead to disciplinary action, up to and including termination.

REFERENCES: Procurement Procedures; P-Card Procedure

RESPONSIBLE AREA & DEPT NAME: 404 / Purchasing & Warehousing

EXECUTIVE DIVISION: CFO & Corporate Services

EXECUTIVE RECORD OF APPROVAL DATE: 5/23/2023

POLICY REVIEW: (This Policy MUST be reviewed at least every 4 years by responsible area (RA), unless specified otherwise).

REVIEWED BY	DATE	DUE DATE NEXT REVIEW
REVIEWED BY - INTERNAL AUDITOR	DATE (*not to exceed 5 years)	COMMENTS