



Operating Policy and Procedure

OP 18.002 Purchasing Policy

DATE: June 19, 2024

PURPOSE: The purpose of the purchasing policy of Kellogg Community College is to 1) delineate and govern all of the College's purchasing and procurement activities; 2) delineate the authority and responsibility of the Board of Trustees and Purchasing Department; 3) provide the framework for which the Purchasing Department is to operate and develop procedures to ensure all College purchasing and procurement activities comply with this policy; and 4) to ensure the College's resources are utilized in the most effective and efficient manner while continuously providing supply goods and services necessary to support student learning, instructional and support activities and the College's administration.

REVIEW: This operating policy will be reviewed in June of even-numbered years by the Chief Financial Officer, with revisions forwarded to the Board of Trustees through President's Council, by the Office of the President.

POLICY/PROCEDURE

1. General Provisions

The Board recognizes that the College utilizes various methods to procure goods and services ranging in size and scope. Generally, the Board expects the purchasing department to consider the following items prior to making a purchase: price, quality, value, vendor locale, and whether the vendor provides educational benefits, apprenticeship, or other training programs to its employees. Therefore, the following general guidelines are to be adhered to in the purchasing process:

- a. All purchases of goods or services equal to or less than \$15,000 – the purchasing and requisitioning department are to ensure that prices are fair and reasonable and the best value to the College. Verbal or written quotations or bids are encouraged to be used when appropriate.
- b. All purchases of goods or services from \$15,000 to \$50,000, the purchasing department shall ensure that a competitive process is used in selecting the vendor and/or product, including obtaining multiple quotations and/or bids.
- c. All purchases of goods or services greater than \$50,000 - the purchasing and requisitioning department will solicit and receive bids. Bids will be evaluated, and a recommendation will be presented to the Board of Trustees as an action item for approval at one of its meetings.
- d. The Board of Trustees recognizes there are exceptions to the above levels of approval of goods or services, as follows:

- i. Purchasing Cooperatives/Consortiums – Where appropriate, the College is encouraged to utilize purchasing cooperatives that have items or services that have been competitively bid or negotiated (e.g., MiDeal, Bid4Michigan, etc...). Instances where prices can be negotiated directly with the vendor that are more efficient than purchases through a consortium shall be considered sufficient to satisfy the competitive purchasing requirements.
- ii. Emergency purchases – “Emergency” shall be defined as an occurrence or need that presents a physical hazard to students, faculty, staff, or the general public, a physical plant problem that would impede or shut down the operation of a facility, or a systems failure that would seriously impair any critical function of the college. Any such emergencies shall be communicated to the Board of Trustees as soon as reasonably possible and presented as an informational item at its next regularly scheduled meeting.
- iii. Sole source contracts – contracts for goods or services that require the use of a specific vendor due to the proprietary or exclusive nature of the vendor or the vendor’s product that is used by the College. Approval of these contracts is subject to the approval of the Director of Business Services after consulting with the Chief Financial Officer. A record of sole source purchases will be maintained as a public record and will list each supplier name, a description of the transaction and an estimated amount of the transaction. This list will be presented at least annually to the Board of Trustees and the College’s Audit & Finance Committee. Examples of these arrangements include the College’s software licensing fees, bookstore purchases, utilities, HVAC controls maintenance, etc...
- iv. Bulk purchases – certain individual items, when purchased in mass quantities, may exceed the above thresholds. When determining the bid or quote requirements of a purchase, the Director of Purchasing shall determine the requirement based on a combination of the nature and cost of the individual items being purchased.
- v. Sealed bids are not required for purchases under contracts previously established by the College. However, all contracts for goods and services are subject to a periodic cycle of review for quality and cost, including an assessment of the market through a formalized bid process.
- vi. In instances where professional services are required (architecture, engineering, construction management, legal, etc...), a request for proposal may substitute for a bid or quotation.
- e. Purchases for technology hardware and software, with the exception of instructional materials, shall only be requisitioned by the Information Research Technology (IRT) department.
- f. In all instances, compliance with applicable Federal, State, and local laws and regulations will be required. The College reserves the right to reject any and/or all bids and/or quotes at any time and for any reason.
- g. Pyramiding of purchases or splitting transactions, which would result in avoiding the requirements for competitive bidding, is prohibited.
- h. Procurement for Federal Grant Transactions

Procurement methods and procedures under a Federal award would comply with the

following guidelines:

a. Methods of Procurement

- i. Procurement of supplies or services with an aggregate dollar amount below \$3,000 may be made without soliciting competitive quotes if the Purchasing department considers the price to be reasonable. To the extent practicable, the Purchasing department must distribute these micro-purchases equitably among qualified suppliers.
- ii. Procurement of supplies or services with an aggregate dollar amount between \$3,000 and \$50,000 must include quotations obtained from an adequate number of qualified sources as determined by the Purchasing department.
- iii. Procurement of supplies or services with an aggregate dollar amount above \$50,000 will follow our regular procurement methods which would include the use of sealed bids. In addition to the sealed bid requirements in our general procurement methods, the following procedures would apply.
 - a. A complete, adequate, and realistic specification or purchase description would be available.
 - b. The procurement lends itself to a firm fixed-price contract, and the successful bidder can be selected principally based on price.
 - c. The invitation for bids will be publicly advertised and 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.
 - d. All bids will be publicly opened at the time and place prescribed in the invitation for bids.
 - e. A firm fixed price contract award will be made in writing to the lowest responsive and responsible bidder.
- iv. If the use of sealed bids would not be appropriate, a competitive proposal process may be used. The following requirements would be used in implementing a competitive proposal process:
 - a. Request of proposals must be publicized, and all evaluation factors and their relative importance identified.
 - b. Proposals must be solicited from an adequate number of qualified sources.
- v. Procurement by noncompetitive proposals may be used under the following conditions:
 - a. The item is available only from a single source.
 - b. The public exigency or emergency for the requirement will not permit a delay resulting from competitive solicitation.
 - c. The Federal awarding agency or pass-through entity expressly authorizes noncompetitive proposals in response to a written request from KCC.
 - d. After solicitation of a number of sources, competition is determined inadequate.
- vi. A cost or price analysis must be performed for the procurement of goods and services above \$50,000.

- b. Geographic Preference - The Purchasing department would prohibit the use of geographic preference in evaluating bids or proposals.
- c. General Requirements
 - i. All solicitations for procurement must include a clear and accurate description of technical requirements for the material, product, or service to be procured. If it is impractical or economical to make a clear and accurate description of the technical requirements, a “brand name or equivalent” description may be used as a means to define the requirements of procurement.
 - ii. All solicitations for procurement must include all factors to be used in evaluating bids or proposals.
 - iii. Procurement records will include a rationale for the method of procurement, selection of contract type, contractor selection or rejection, and the basis for the contract price.
 - iv. Departments creating the purchase request will ensure that 1) the contractors perform in accordance with the terms, conditions, and specifications of their contracts or purchase orders and 2) that duplicative or unnecessary items are not acquired.
- d. Competition – All procurement solicitations must include a clear and accurate description of technical requirements for the material, product, or service to be procured but must not contain features that unduly restrict competition. The description may include a statement of the qualitative nature of the material to be procured and set forth minimum essential characteristics and standards to which it must conform.

2. Local Vendor Preference

Vendors within the Kellogg Community College taxing jurisdiction shall receive preference when competing with nonresident vendors. Preference will be given to other vendors based on their location in the following order: Vendors in 1) the College’s service area; 2) the State of Michigan; 3) U.S.A. In the order of preference defined above, the College shall extend an offer to the vendor(s) to match the lowest net bid, assuming quality, value, and the vendor’s history with the College are favorable. To discourage vendors who may benefit from this provision from not submitting competitive bids initially, those vendors’ bids must be within a dollar or percentage threshold, whichever is lower, of the low bid to have a match offer extended according to the following schedule:

| LOW BID RECEIVED | DOLLAR THRESHOLD | PERCENTAGE THRESHOLD |
|-----------------------|------------------|----------------------|
| < \$50,000 | \$1,000 | 3% |
| \$50,000 - \$100,000 | \$1,500 | 2% |
| \$100,000 - \$500,000 | \$5,000 | 2% |
| >\$500,000 | \$20,000 | 1% |

3. Project Labor Agreements

In addition to the above requirements, the Board shall consider entering into a Project Labor Agreement for any construction project for which the cost is estimated to exceed \$750,000.

4. Waiver of Policy

Waiver of the provisions of this policy, other than those delineated above, may only be approved by the Board of Trustees.

5. Scope

This policy applies to all purchases and leases. Purchases made for contracts or grants shall follow this policy or the contract or grant, whichever is most restrictive.

6. Responsibility and Authority

The responsibilities of the Purchasing Department, under the direction of the Chief Financial Officer, include:

- a. The College's Director of Purchasing is responsible for preparing procedures to implement this policy and developing internal controls to ensure compliance with the policy. Each employee requesting approval of a purchase is responsible for the accuracy and completeness of the information supporting their request for a purchase order
 - b. Provide purchasing services in an effective and efficient manner.
 - c. Maintaining public confidence in the procedures and processes used by the College in purchasing goods and services through an open and competitive process.
 - d. Ensuring fair and equitable treatment of all persons who seek to provide goods, supplies and services to the College, except for Local Vendor Preference as provided for in section V.
 - e. To procure equipment, materials, supplies, and services in a timely manner at prices that are fair and reasonable and provide the overall best value to the College.
 - f. Establishing and maintaining safeguards to ensure a purchasing system of high quality and integrity.
 - g. Distributing the College's check register to the Board each month to inform the Board of disbursements made each month. Information on the check register shall be redacted to protect the privacy of students and other sensitive information. However, an unedited version of the check register is available for review in the President's office at any time.
- 7. Right to Change Policy.** The College reserves the right to interpret, change, modify, amend, or rescind this policy, in whole or in part, at any time, without prior notice.

8. Approval Date: June 15, 2024

9. Past Revisions:

- a. Nov. 18, 2010
- b. April 20, 2016
- c. Sept. 15, 2021