

LOCAL PURCHASING PREFERENCE POLICY

The City of Bay City believes that its purchasing policies should encourage local vendors to provide goods and/or services to Bay City government, resulting in increased economic activity through more local jobs, tax revenues, and expenditures, and to entice businesses to relocate to the City. As such, the City of Bay City amends its purchasing policy to include a purchasing preference to qualified local suppliers, as defined below, for the purchase of goods and/or supplies, issued by the City of Bay City Purchasing Department.

Definitions:

1. "Bay City-based businesses (bidders or offerors)" means the physical and economic relationship to Bay City determined by a verifiable business address (not a PO Box) within the corporate boundaries of the City of Bay City, and the payment of City personal property taxes for not less than one (1) year immediately prior to the date of bid submittal.

Exceptions from the provisions of this policy:

1. Purchases resulting from exigent emergency conditions where any delay in completion or preference would jeopardize public health, safety or welfare of the citizens of Bay City, or where in the judgment of the City Manager or his/her designee, the operational effectiveness of a City Department or Division, or a significant City function would be seriously threatened if a purchase was not made expeditiously.
2. Purchases with any sole source supplier for supplies, materials, or other equipment.
3. Purchases made through the State of Michigan's Extended Purchasing Program, or other cooperative purchasing contractual agreements utilized by the Purchasing Department.
4. The procurement of services utilizing the Quality Based Selection (QBS) or the Request for Proposals (RFP) processes where the award is based on criteria other than lowest cost.
5. Bid solicitations that utilize federal funding that prohibit awards based on Local Preference criteria.
6. Bid solicitations that utilize "life cycle cost" as the basis of award in place of submitted bid price.

Preference for City of Bay City-based businesses (bidders or offerors) on purchases under \$25,000

In obtaining quotations for the purchase of supplies, services, and construction items having an estimated cost of less than twenty-five thousand (\$25,000) dollars, per Section 2-281 of City of Bay City's Code of Ordinances, departments are encouraged to solicit quotations from Bay City-based businesses. Departments must obtain at least one quotation from a Bay City-based business unless no Bay City-based business can be identified. The procuring department will document their efforts to solicit Bay City-based businesses.

Preference for City of Bay City-based businesses (bidders or offerors) on contracts over \$25,000

When sealed bids are received under Section 2-281 of City of Bay City's Code of Ordinances for purchases in the amount of \$25,000 or higher, the following policies shall also be considered in the awarding of the contract:

1. The person or business submitting the lowest responsive, responsible bid, according to the requirements of the Bidding Documents, shall be deemed the lowest bidder. If the lowest bidder is not a Bay City-based business, any Bay City-based business with a bid within 5% but not more than \$5,000 of the lowest bid shall be deemed the lowest bidder if it agrees to reduce its bid to match the bid of the lowest bidder. A lowered bid by a Bay City-based business which is premised upon, in whole or in part, changes to or variances to the bid specifications, contract requirements, or scope of work, shall be considered non-responsive and will not be considered.
2. If such a Bay City-based business refuses to reduce its bid to match the lowest bid, then the next lowest responsive and responsible Bay City-based business with a bid within 5% but not more than \$5,000 of the lowest bid shall be deemed the lowest bidder, if it agrees to reduce its bid to match the bid of the lowest bidder.
3. If no responsive and responsible Bay City-based businesses within 5% but not more than \$5,000 of the lowest bid agree to reduce their bids, then the contract shall be awarded to the person or business with the lowest, most responsive and responsible bid.
4. In the event of a tie between two (2) or more Bay City-based businesses, where all other factors are equal, the award of bid shall be by coin toss conducted by the Purchasing Manager or his/her designee.
5. No contract awarded pursuant to this Policy shall be sublet in any manner that permits 50% or more of the dollar value of the contract to be

performed by a subcontractor or subcontractors who do not meet the definition of "Bay City-based."

In no event shall a Bay City-based business be awarded a contract, at the time the bid is submitted, if the Bay City-based business is not current on real and personal taxes owed to the City of Bay City, unless said tax liability is being protested or challenged under the laws of the State of Michigan, or through court action.

In order for a Bay City based business to be awarded a contract under the preference policy, the business must sign and submit an affidavit, as prepared by the City Attorney, confirming its eligibility under the conditions of this policy. The business may submit an executed affidavit for each calendar year (annual affidavit), or may submit the executed affidavit with the bid response. The City of Bay City may, at its sole discretion, accept an affidavit from a vendor seeking to qualify as a local vendor at any time. Any person, firm, corporation, or entity intentionally submitting false information to the City in an attempt to qualify as a Bay City-based business under this policy shall be barred from bidding on City contracts for a period of not less than three (3) years.

This policy shall not waive or constrain, in any manner, the right and prerogative of the City of Bay City to reject any and all bids or proposals, to reject a Bid not accompanied by required bid security or other documentation or data required by the Bidding Documents, or to reject a Bid which is in any way incomplete, irregular, not responsive or not responsible. Nor does this policy waive or constrain the City Commission, in its sole discretion and judgment, to award a contract it determines will be in the best interest of the City of Bay City, and which will not exceed the funds available for the project.