

## **GRPS Policy 3670 – Local Construction Contracting**

The District provides a preference (bid discount) in construction contracts from local vendors, providing the quality and service are commensurate with the requirements set forth by the District as to satisfy the demands of the bid or proposal. Bids, or proposals when bids are not required, shall be accepted from non-local vendors in order to maintain a fair market price.

In determining the qualification for a Local Purchasing Preference for purposes of this policy, vendors must have obtained the Certification of a Michigan Based Business as determined by the Michigan Department of Technology, Management and Budget as well as meet one of the following criteria:

- a. For at least the last six months had its primary business operations located within the municipality boundaries of the City of Grand Rapids, Michigan (Grand Rapids).
- b. Be certified by the City of Grand Rapids, as a Micro-Local Business Enterprise and have its primary business operations within the municipality boundaries of the City of Grand Rapids.

A successful recipient of a contract and/or purchase order which has received a Local Purchasing Preference may be required to present proof of its status as a Michigan Based Business and documentation of its location within the City of Grand Rapids at any time upon request from an authorized District official. Failure to provide the requested information or failure to maintain business operations with the city of Grand Rapids for the duration of the contract will make the contract voidable at the District's discretion and will result in disqualification from future consideration of a Local Purchasing Preference for a period of five years unless excused by the Superintendent or Designee.

**Deleted:** discretion, and

Preference will be provided on the following basis:

- a. Constructor Participation: Grand Rapids Public Schools will provide up to a 5% bid discount to prime contractors and/or construction managers who satisfy the criteria set forth for consideration as a Local Vendor.
- b. Subcontractor Participation: Construction bids for non-local vendors may be discounted when a bidder on a Grand Rapids Public Schools' project voluntarily subcontracts with businesses meeting Local Vendor Criteria. Prime contractors and/or construction managers must submit affidavit(s) verifying Local Vendor subcontractor participation.

Prime contractors and/or construction managers must require Local Vendor certification documentation to be submitted by each subcontract bidder with their sealed bid. The District at its discretion can request additional documentation for verification of the qualification of any Local Vendor subcontractor participating in a construction project. The following is a schedule of discounted percentages based upon Local Vendor subcontractor participation achieved by the prime Constructor:

	<u>LV Subcontractor Participation</u>	<u>Discount Percentage</u>
i.	1.00% – 2.5%	1.0%
ii.	2.51% – 5.0%	1.5%
iii.	5.01% – 7.5%	2.0%
iv.	7.51% – 10.0%	2.5%
v.	10.01% – 15.0%	3.0%
vi.	15.01% – 18.0%	4.0%
vii.	18.01% +	5.0%

- c. Prime contractors and/or construction managers may not terminate an approved Local Vendor subcontractor working on a Grand Rapids Public Schools construction project, and then perform the work on the terminated subcontract with its own forces or those of another subcontractor, without prior written consent by the Grand Rapids Public Schools Executive Director of Facilities Planning and Management. If a Local Vendor subcontractor fails to complete its work on the contract for any reason, a prime Constructor/construction manager must notify the Grand Rapids Public Schools Executive Director of Facilities Planning and Management and make good faith efforts to find another approved Local Vendor subcontractor to substitute for the original Local Vendor subcontractor. Utilizing good faith efforts, and to the extent reasonable, the prime Constructor/construction manager shall substitute an approved Local Vendor subcontractor to perform the same amount of work under the contract as the Local Vendor subcontractor that was terminated.
- d. Joint Venture Bidding: As an incentive to contractors engaging in activities that stimulate the growth and development of local, small emerging businesses as partners bidding as a joint venture, Grand Rapids Public School will apply up to a 5% bid discount for partnering with a qualified Local Vendor.
- e. The Bid Discounts outlined above may not exceed 5% or \$25,000 per bid, whichever is lower. Project bids from prime contractors and/or construction managers are considered a single bid for purposes of the Bid Discount consideration.

Grand Rapids Public Schools, Board of Education Members and employees are prohibited from having any financial interest or personal beneficial interest either directly or indirectly, in the award of any construction contracts, sub-contracts, or the recommendation/selection of any professional design service or construction manager, unless previously disclosed in writing to the Superintendent and approved in writing by the Superintendent.

This policy shall not apply to the extent that it would conflict with any provision of Michigan or federal law, regulation, or constitution. The local preference shall not be applied to purchases of goods and services made with federal funds.

Policy Adopted: March 19, 2012

LEGAL Ref: MCL 380.1267; 380.1274

POLICY Ref: 3660 Bids and Quotation Requirements

3690 Local Purchasing

1900 Contracts and Board Member Disclosure Obligations