

SUBJECT:**Direct Purchase of Materials,
Equipment and Supplies for
Construction Projects****ORIGINATING DEPARTMENT:****Management and Budget****PURPOSE:**

The Contractor has included Florida State Sales Tax and other applicable taxes in their Bid for materials, equipment and supplies. The County, being exempt from sales tax, reserves the right to make direct purchases of various construction materials, equipment and supplies included in the Contractor's Bid and/or Contract, substantially in accordance with this Administrative Regulation.

POLICY:

- (a) Any materials, equipment and supplies directly purchased by the County that are included in the Contractor's contract shall be referred to as "County-Purchased Materials". The responsibilities of both the County and the Contractor, as the case may be, relating to such County-Purchased Materials, shall be governed by the terms and conditions of the Contract Documents and those noted in this Administrative Regulation.
- (b) The County shall issue the Contractor a Purchase Order in the same amount as stipulated in the Agreement between the County and the Contractor.
- (c) The County-Purchased Materials selected by the County shall be administered by way of a Deductive Change Order to the Purchase Order, reduced by the net undiscounted amount of the value of the County-Purchased Materials, as quoted to the Contractor, plus all sales tax. The Agreement shall be amended by way of a Deductive Change Order to reflect the change in the value of the Purchase Order. The amendment of the Agreement is solely for the purpose showing the County's obligation to the Contractor and does not diminish the Contractor's responsibilities outlined in this Administrative Regulation.
- (d) Although the Agreement and Purchase Order have been reduced by the value of the County-Purchased Materials, due to the requirements of the Contractor, as outlined in this Administrative Regulation, the Contractor will be required to provide the County with Payment and Performance Bonds and Builder's Risk Insurance in the amount that reflects the total value of the Contractor's Bid Price, inclusive of the value of the County-Purchased Materials.

PROCEDURE:

- (a) The Contractor shall provide the County a list and description of all intended materials, equipment and supplies for consideration as County-Purchased Materials, along with copies of the quotes for such as quoted by the vendors to the Contractor.
- (b) The Contractor shall prepare a Purchase Order Requisition in a form acceptable to the County, to specifically identify each of the County-Purchased Materials which the County has at its sole option elected to purchase directly. The Purchase Order Requisition shall include:

1. The name, address, telephone number and contact person for the vendor.
 2. Manufacturer or brand of the item.
 3. The price quoted by the vendor for the County-Purchased Materials, as identified therein.
 4. Any sales tax associated with such quote.
- (c) The Contractor shall include reference to any terms and conditions which have been negotiated with the vendors (i.e., payment terms, warranties, retainage, etc.). The Purchase Order Requisitions are to be submitted to the County's designated representative no less than seven (7) days prior to the need for ordering such The County-Purchased Materials, in order to provide sufficient time for the County's review and approval and to assure that such County-Purchased Materials may be directly purchased by the County and delivered to the Project site so as to avoid any delay to the Project.
- (d) After receipt of the Purchase Order Requisition, the County shall prepare its Purchase Order for the County-Purchased Materials which the County chooses to purchase directly. The County's Purchase Orders shall be given to the Contractor for issuance to vendor along with any required plans and specifications. The Contractor shall verify the terms and conditions of the County's Purchase Orders prior to issuance to vendor so as to assure proper and timely delivery of the County-Purchased Materials. The County's Purchase Orders shall also require the delivery of the County-Purchased Materials on the delivery date provided by the Contractor in the Purchase Order Requisition and shall indicate F.O.B. jobsite. The County's Purchase Orders shall contain or be accompanied by the County's tax exemption certificate and must include the County's name, address, and exemption number with issue and expiration date shown. The vendor will provide the required quantity of material, as per plans and specifications, at the price established in the vendor's quote to the Contractor, less any sales tax associated with such price. The County's Finance Director or their designated representative shall be the approving authority for the County on the County's Purchase Orders in conjunction with The County-Purchased Materials.
- (e) Prior to the execution of the County's Purchase Orders by the County, the Contractor shall execute and deliver to the County one or more Deductive Change Orders to the Purchase Order issued to the Contractor by the County, referencing the full value of all the County-Purchased Materials to be provided by each vendor from whom the County elected to purchase equipment, material or supplies directly, plus all sales tax savings associated with such materials in the Contractor's bid. Upon processing the Deductive Change Orders to the Purchase Order issued to the Contractor, the County and the Contractor shall execute a Deductive Change Order to the Agreement so that the Agreement amount coincides with the Purchase Order.
- (f) All shop drawings and submittals shall be made by the Contractor in accordance with the Project Specifications.
- (g) The Contractor shall be fully responsible for all matters relating to the receipt of The County-Purchased Materials in accordance with these procedures, including, but not limited to, verifying correct quantities, verifying documentation of orders in a timely manner, coordinating purchases, providing and obtaining all warranties and guarantees required by the Contract Documents, inspection and acceptance of the County-Purchased Materials at the time of delivery, and loss or damage to the County-Purchased Materials

following acceptance of such on behalf of the County due to the negligence of the Contractor. The Contractor shall coordinate delivery schedules, sequence of delivery, loading orientation, and other arrangements normally required by the Contractor for the County-Purchased Materials. The Contractor shall provide all services required for the unloading, handling and storage of the County-Purchased Materials through installation. The Contractor shall indemnify and hold harmless the County from any and all claims of whatever nature that may be imposed by vendors onto the County, as a result of the negligence of the Contractor in its dealings with the vendors of the County-Purchased Materials.

- (h) As the County-Purchased Materials are delivered to the jobsite, the Contractor shall visually inspect all shipments from the vendors, and approve the vendor's invoice for the County-Purchased Material delivered. The Contractor shall assure that each delivery of the County-Purchased Materials is accompanied by documentation adequate to identify the County's Purchase Order against which the purchase is made. This documentation may consist of a delivery ticket and an invoice from the vendor conforming to the County's Purchase Order, together with such additional information as the County or the Contractor may require. The Contractor shall verify in writing to the County the County-Purchased Materials and the Contractor will then forward the invoice to the County for payment. The invoice shall be thereupon furnished to the Finance Department of the Clerk of the Circuit Court for processing and payment in the manner as all other County invoices are processed. The County shall have the right to assign County personnel to verify and audit the accuracy of all Direct Purchase documents.
- (i) The Contractor shall be required to review invoices submitted by all vendors of the County-Purchased Materials delivered to the Project site and either concur or object to the County's issuance of payment to the vendor, based upon the Contractor's records of the County-Purchased Materials delivered to the site and any defects in such.
- (j) Upon receipt and verification of the appropriate documentation, the County shall prepare a check drawn to the vendor based upon the receipt of data provided by the Contractor. This check will be released, delivered and remitted directly to the vendor. The Contractor shall assist the County to immediately obtain partial or final release of lien waivers as appropriate.
- (k) The Contractor shall insure that Direct-Purchased Materials conform to the Specifications, and determine prior to incorporate of such into the Work, if such County-Purchased Materials are patently defective, and whether they are identical to the County-Purchased Materials ordered and that they match the description on the bill of lading. If the Contractor discovers defective or nonconformity's in the County-Purchased Materials upon such visual inspection, the Contractor shall not utilize such in the Work and instead shall promptly notify the vendor of the delay or interruption to the Project. Additionally, the Contractor shall notify the County of such occurrence. If the Contractor fails to perform such inspection and otherwise incorporates defective or nonconforming County-Purchased Materials, the condition of which is either known, or should have be known, by performance of an inspection, the Contractor shall be responsible for all damages to the County resulting from the Contractor's incorporation of such materials into the Project, including liquidated or delayed damages. In the event that the County-Purchased Materials are found to be defective or nonconforming, the Contractor shall promptly take action with the vendor to remedy the defect or nonconformance so as not to delay the work.

- (l) The Contractor shall maintain records of all the County-Purchased Materials it has incorporated into the Work from the stock of the County-Purchased Materials in its possession. The Contractor shall account monthly to the County for any County-Purchased Materials at the County's request for audit and advise the County when such County-Purchased Materials have been incorporated into the Work.
- (m) The Contractor shall be responsible for obtaining and managing all warranties and guarantees for all County-Purchased Materials, as required by the Contract Documents. All repairs, maintenance or damage repair calls shall be forwarded to the Contractor for resolution with the appropriate vendor.
- (n) Notwithstanding the transfer of the County-Purchased Materials by the County to the Contractor's possession, the County shall retain title to any and all County-Purchased Materials.
- (o) The transfer of possession of County-Purchased Materials from the County to the Contractor shall constitute a bailment for mutual benefit of the County and the Contractor. The County shall be considered the bailer and the Contractor the bailee of the County-Purchased Materials. The County-Purchased Materials shall be considered returned to the County for purposes of its bailment at such time as they are incorporated into the work or consumed in the process of completing the Project. Bailee shall have the duty to safeguard, store, and protect all County-Purchased Materials until completion and satisfactory acceptance of the Project by the County.
- (p) The County shall purchase and maintain insurance which shall be sufficient to protect against any loss of or damage to the County-Purchased Materials. Such insurance shall cover the value of any County-Purchased Materials not yet incorporated into the work from the time The County first takes title. At the time the County-Purchased Materials are incorporated into the work, the County's responsibility for insuring the County-Purchased Materials shall cease and be assumed by the Contractor through the Contractor's Builder's Risk Insurance.
- (q) At the end of the Project, any refund for surplus equipment, materials or supplies returned to vendors, plus applicable sales tax savings amount, shall be credited with an Additive Change Order to the Purchase Order issued to the Contractor by the County. The Agreement shall be amended accordingly through the execution of an Additive Change Order. Salvage materials shall be the property of the County.