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Vision, Strategic Planning & Implementation: Michigan Laws & Bidding Requirements

November 2024



Agenda

Bonds

Sinking Funds

Purchasing

Note: The following slides are not intended to be a comprehensive discussion of purchasing laws; you should consult legal counsel with questions regarding purchasing laws.



Bonds & Sinking Funds



Bonds – Eligible Uses as it Relates to Tech

Constraints on eligible uses, governed by School code. Section 1351(a):
“...acquiring, installing or re-equipping school buildings for technology”

- Hardware and communication devices that transmit, receive or compute information for pupil instructional purposes
- The initial purchase of operating system software or customized application software, or both, accompanying the purchase of hardware and communication devices for pupil instructional purposes
- The costs of design and installation of the hardware, communication devices, and initial operating system software or customized application software for pupil instruction purposes



Bonds – Eligible Uses as it Relates to Tech

- **Software**

- Operating software can be purchased with bond dollars if purchased with new hardware
- “Customized” application software if purchased with new hardware

- **Technology designer fees are eligible but not consulting**

- **Cannot be used for:**

- Supplies/consumables (e.g., projector bulbs)
- Operational costs (e.g., salaries)
- Training
- Most software
- Software/OS upgrades
- Maintenance/Repairs



Bonds – Eligible Uses as it Relates to Tech

Additional Clarifications:

- All computer hardware, monitors, printers, operating system software, etc. that is not intended for pupil instructional purposes must be classified as equipment and included in the "furnishing, features, and equipment (FF&E)" budget line (or equivalent) on the project sheets.
- Other examples of equipment include telephone equipment, PA systems, security cameras, copiers, fax machines, office machines, etc.



Bonded Capital Projects

Initially restricted by the Revised School Code (MCL 380.1351 – 380.1372) -
CANNOT be used for:

- Repairs, maintenance, or maintenance agreements
- Supplies, salaries, service contracts, lease payments, installment purchase contracts
- Automobiles, trucks, or vans
- Portable classrooms purchased for temporary use
- Uniforms
- Textbooks
- Upgrades to an existing computer operating system or application software
- Computer training, computer consulting, or computer maintenance contracts



Bonds - Considerations

- **Bonds purchases must be paid back within useful life:**
 - Typically considered 5 years for instructional technology equipment
 - 10 years for furnishings, features and equipment (FF&E)
 - Infrastructure purchases can be paid back over longer period (10 to 20 years)
- **Budgeting for bond must occur on a building by building basis**
- **Separate instructional technology, non-instructional hardware (FF&E), and infrastructure (construction or remodeling)**
- **Communicate projects to community in general terms – e.g., end user devices, connectivity, presentation solutions**



Bonds – Eligible Uses - Examples

- **Instructional Technology**

- Examples: student and teacher devices, classroom AV, large area AV, servers, network, wireless

- **Non-Instructional Technology (FF&E)**

- Staff devices, copiers, conference room AV, voice systems, PA/clock, video surveillance, door access

- **Infrastructure**

- Examples: cabling, fiber, wiring closets



Bonds – Tracking Budget

- Expenditures must be tracked by building and by major category
 - Instructional Technology
 - Non-Instructional Technology (FF&E)
 - Infrastructure
- Best practices for tracking



Sinking Funds – Previous Eligible Use

- **Considerations**
 - For millage before March 16, 2017
 - Shall not exceed 5 mills, 20 years
- **Technology is limited to cabling**
- **No equipment or software**



Sinking Funds – New Eligible Use

Considerations

- For millage on or after March 16, 2017
- Shall not exceed 3 mills, 10 years

Technology – as defined in section 1351a

- Hardware and communication devices that transmit, receive, or compute information for pupil instructional purposes.
- The initial purchase of operating system software or customized application software, or both, accompanying the purchase of hardware and communication devices under subdivision (a).
- The costs of design and installation of the hardware, communication devices, and initial operating system software or customized application software authorized under this subsection.



Sinking Funds – New Eligible Use

Security Improvements (under FF&E)

- Any capital improvement or purchase designed to act as deterrent to unauthorized entry of persons/items onto school premises or otherwise promote security
- Technology examples include: cameras, enhancements to entryways, a mobile telephone application providing communication with personnel on site and an emergency telephone call to a 9-1-1 center
- Does not include operational expenses related to a capital improvement or mobile phone application



Michigan Purchasing Laws



Procurement of Supplies, Materials and Equipment

Competitive bids required for purchases costing \$30,512 or more (FY24-25)

- School board must approve purchase
- Exceptions for cooperative/consortium bidding

Construction-related Project Requirements

- Must advertise once in local newspaper & post on SIGMA for at least 2 weeks
- Bid bond (5%), certified check or cash is required
- No late bids
- Requires sworn/notarized Familial Affidavit
- Requires Iran Economic Sanctions Act Certification



Procurement of Supplies, Materials and Equipment

Non-construction-related Project Requirements

- No advertisement requirement (check Board Policy)
- Does not require public bid opening (check Board Policy)
- Requires Iran Economic Sanctions Act Certification
- Optional: Familial affidavit, bid bond, performance bond

Performance & Payment Bonds

- Required if project is over \$50,000 and involves construction, repair or alteration of building
- Must be at least 25% of contract amount
- Districts may require this in any other type of contract



Procurement of Services

Technology services do not require competitive bidding

- Exception if privatizing non-instructional service with “unionized workforce” – Districts must allow the union to have the same opportunity to bid as other bidders
- Check with Board Policy

Requirements

- No advertisement requirement (check Board Policy)
- Does not require public bid opening (check Board Policy)
- Requires Iran Economic Sanctions Act Certification
- Optional: Familial affidavit, bid bond, performance bond



Bidding Strategies & Considerations



Considerations & Strategies

Considerations

- District purchasing policy
- Construction schedule
- E-Rate

Strategies

- Structure for flexibility
- Multi-year contract
- REMC or other competitive bidding option
- Grants available for security



Thank you.



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