

**ADOPTED - OCTOBER 25, 2016
AGENDA ITEM NO. 14**

Introduced by the Finance Committee of the:

INGHAM COUNTY BOARD OF COMMISSIONERS

**RESOLUTION TO EXTEND A POLICY ON COST INCREASES FOR SERVICE
RELATED CONTRACTS IN INGHAM COUNTY**

RESOLUTION # 16 – 443

WHEREAS, since property tax values began decreasing in 2010, Ingham County has made substantial and necessary reductions in its services to its citizens and cuts in its work force due to the continuing decline of the economic conditions in this county and state; and

WHEREAS, the County has implemented hiring delays, hiring freezes, travel prohibitions, and employee furlough days without pay and other drastic cost savings measures in order to bring its expenditures in line with its declining revenues; and

WHEREAS, due to these cost containment measures, and the ability to draw down on available fund balances, further service reductions were not necessary as part of the budget processes in the budgets since 2014; and

WHEREAS, although economic conditions have been improving, costs of doing business, particularly in the area of pension and other legacy costs, are increasing at a higher rate than county revenues from property taxes and state and federal sources; and

WHEREAS, Resolution 10-357 adopted a policy on cost increases for service related contracts in Ingham County for 2010, 2011 and 2012, which was extended through 2013 by Resolution 12-369, and through 2016 by Resolution 13-439; and

WHEREAS, Ingham County desires to continue providing guidelines for service related contracts for vendors doing business with Ingham County that reflect the current economic climate.

THEREFORE BE IT RESOLVED, that the Ingham County Board of Commissioners extends the following policy on cost increases for service related contracts in Ingham County:

- In general, annual cost increases should not exceed the Consumer Price Index's Annual Inflation rate or 1%, whichever is greater.
- Proposed contracts with vendor cost increases that exceed the Consumer Price Index's Annual Inflation rate or 1%, whichever is greater, will receive extra scrutiny and be identified by staff as they are reviewed by the appropriate Liaison and Finance Committees of the Ingham County Board of Commissioners.

- County Staff will make this policy known to all vendors as they negotiate proposed new and renewal contracts.
- This policy will be reviewed and evaluated by the Finance Committee during the last quarter of 2019.

BE IT FURTHER RESOLVED, that if price adjustments are requested pursuant to the terms of the contract, the vendor must notify the County ninety (90) days prior to the current term's expiration date.

BE IT FURTHER RESOLVED, that prior to commencement of subsequent renewal terms, the County may entertain a request for escalation in accordance with the current Consumer Price Index or 1% at the time of the request.

BE IT FURTHER RESOLVED, that for purposes of this section, "Consumer Price Index" shall mean the Consumer Price Index-All Urban Consumers-United States Average-All Items (CPI-U), as published by the United States Department of Labor, Bureau of Labor Statistics.

BE IT FURTHER RESOLVED, that the County reserves the right to accept or reject the request for a price increase. If the price increase is approved, the price will remain firm for one (1) year from the date of the increase.

BE IT FURTHER RESOLVED, that all Invitation to Bids and Request for Proposals issued for services shall contain language referencing this policy.

BE IT FURTHER RESOLVED, that this policy will remain in effect through December 31, 2019.

BE IT FURTHER RESOLVED, that copies of this resolution will be forwarded to all Ingham County Department Heads and Elected Officials.

FINANCE: Yeas: Bahar-Cook, Tennis, McGrain, Crenshaw

Nays: None **Absent:** Anthony, Schafer, Case Naeyaert **Approved 10/19/2016**