DIRECT OWNER PURCHASE ORDER PROGRAM

EDITION: APRIL 25, 2016
ADMINISTRATIVE SERVICES BUSINESS CENTER
CAPITAL BUDGET & FINANCIAL SERVICES
**A. PURPOSE/OBJECTIVE**

To establish guideline and procedure for the administration of the University of South Florida (Owner) Direct Owner Purchase Orders (DOPO) Program. For the purposes of this program, “Contract Entity” shall mean Construction Manager (CM), Design & Construction Services Team (DCST), or General Contractor (Contractor) who holds a contract with the University to perform construction services.

**B. INTRODUCTION**

In order to enable the Owner to purchase materials in order to realize savings of sales tax on certain tangible personal property needed for projects, the Contract Entity will recommend direct purchases for items where those direct purchases will result in significant tax savings to the Owner. The Owner agrees to accept recommendations that will result in sales tax savings and purchases will be made accordingly.

Any materials so purchased will be governed by these Procedures:

**C. SALES TAX EXEMPT PURCHASING PROCEDURES**

Direct Material Purchase Procedure – The Owner and the Contract Entity will use the following:

1. The Contract Entity competitively solicits subcontract trades in accordance with the Agreement. The award is made to the lowest qualified and “responsive” bidder. The subcontractor submits to the Contract Entity the equipment/materials supplier (Vendor) included in the subcontractor’s bid package. The Contract Entity shall provide a list of all intended suppliers, vendors, Trade (sub) contractors and materialmen with **FEID** numbers; as well as the materials to be supplied, estimated quantities, and prices to the Owner. The Contract Entity shall prepare and maintain a monthly sales tax purchase log (see **DOPO-Exhibit 1 USF Direct Owner Purchase Order Log**). The University issues a direct Purchase Order (PO) to the Vendor.

2. Sub-Contractor contracts with the Contract Entity will be reduced to reflect that the sub-contract does not include materials that the Owner chooses to purchase. The Owner will purchase from the same Vendor that the subcontractor would have purchased from, at the same price and on the
same terms as the Vendor extended to the Sub-Contractor or Contract Entity. The **Owner will issue a purchase order directly to the Vendor** and copy the Contract Entity and the Sub-Contractor.

3. A minimum of fourteen (14) calendar days prior to the date of ordering for materials the Owner has elected to purchase and to ensure timely delivery, the Sub-Contractor/Contract Entity shall provide the Owner a Purchase Order Requisition Form so that the Owner can process it and issue its own Purchase Order to the vendor. **The purchase order shall identify the Owner as purchaser and contain the Owner's consumer's exemption certificate number, issue date and expiration date.**

4. The Sub-Contractor and Contract Entity will inspect all materials purchased pursuant to these Procedures upon their delivery to the project site or other designated delivery point approved by the Owner, and shall verify the correctness of the delivery and the lack of defects in the materials. Sub-Contractors will remain responsible for coordination of material purchases, protection, warranties, and installation. **The Vendor shall invoice the Owner directly.**

5. **The Owner shall take title upon delivery and shall retain title to all materials it purchases and assumes liability for the materials when they are delivered to the job site.** The Contract Entity shall act as bailee as to all Owner purchased materials in their possession. Said materials shall be stored and safeguarded by the Sub-Contractors/Contract Entity for the Owner during the period of bailment until returned to the Owner through incorporation into the project under construction. The Contract Entity shall be liable for loss or damage to Owner-purchased materials in their possession if such loss or damage results from the Sub-Contractor's/Contract Entity’s negligence. Contract Entity shall be liable for obtaining any warranties on such materials as required by the contract and for managing any such warranties during the project warranty period.

6. Upon certification by the Contract Entity of inspection of materials, the Contract Entity will approve the material delivered; and will certify to the Owner’s Representative for processing. Certification shall be in writing, signed by the Contract Entity’s Project Manager, which shall be attached by the Owner to the invoice. **The Owner shall make payment and issue checks directly to the Vendor**

7. **The Owner shall assume risk of loss for the direct purchase materials/equipment upon delivery** by being named as an additional insured on the Contract Entity’s Builder’s Risk insurance, which shall continue to cover the direct purchase materials, and paying for the cost of such insurance; or the Owner may purchase and maintain other/additional insurance sufficient to protect against any loss of, or damage to owner-purchased materials. The insurance shall cover the full value of such materials from the time the Owner takes title until they are incorporated into the project at which time the Contract Entity’s Builder’s Risk insurance provides coverage per the agreement.

8. The Contract Entity will issue a deductive subcontract adjustment to the Sub-Contractor that will account for the value of the material and the sales tax as it pertains to that Sub-Contractor’s contract.

9. The Contract Entity shall process invoices so as to allow the Owner to take advantage of all discounts available.

10. For materials generating sales tax savings, the Owner may issue to the Contract Entity a deductive contract change order amendment in the amount of the direct purchase materials and sales tax, or may elect to require the Contract Entity to develop or increase the Owner’s Contingency within the GMP schedule of values for use at the sole discretion of the Owner.

11. The Owner does hereby undertake to indemnify the Contract Entity from any and all liability for unpaid sales tax which the Contract Entity may suffer as a result of claims, demands, costs or judgments against the Contract Entity made by or in favor of the State of Florida on occasion by any such claim on account of failure to pay Florida State Sales taxes on materials purchased by
the Owner. The Owner agrees to defend against any such claims or actions brought against the Contract Entity and the Owner whether rightfully or wrongfully brought or filed. The Contract Entity agrees that it will promptly notify the Owner of any such claim, demand, or action.

12. The terms in the contract or procedure shall not prevent the conclusion that the Owner, rather than the Contract Entity is in substance as well as form the purchaser of the materials/equipment.

D. DOPO PROCESS

1. The Contract Entity, prior to initiating the DOPO Request, will prepare and submit to the Owner a deductive change to the Contract or Proposal (GMP) for the amount of the materials to be purchased using:
   a. For Projects: UPM-Exhibit H8 Construction Change Directive (CCD) or UPM-Exhibit H6 Construction Contract Change Order (CCO).

This deductive change to the Contract or Proposal (GMP) will allow the Contract Entity to adjust the Sub’s contract which will account for the value of the material and the sales tax as it pertains to the Sub’s contract. The deductive CCD/CCO or Purchase Order Change information (and backup) and the request for DOPO’s can be submitted at the same time; however, DOPO will not be processed until deductive change has been completed.

Tax savings is either accrued in the tax/bid savings allowance in the GMP or as otherwise modified in the Agreement.

2. The attached/included documentation to issue the DOPO includes:
   a. DOPO-Exhibit 2 (Contract Entity DOPO Request Form) completed by the Contract Entity and submitted to the Owner.
   b. The Contractor’s Bid Tabulation or copies of the competitive quotes from Sub-Contractors providing bids.
   c. DOPO-Exhibit 3 (Sub-Contractor’s DOPO Request Form) completed by the Sub-Contractor and submitted to the Contract Entity or the Owner.
   d. The Vendor/Supplier itemized quote or proposal for the materials
   e. The Vendor/Supplier w-9 form.