



# **DIRECT OWNER PURCHASE ORDER PROGRAM**

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**ADMINISTRATIVE SERVICES BUSINESS CENTER**  
CAPITAL BUDGET & FINANCIAL SERVICES

# DIRECT OWNER PURCHASE ORDER PROGRAM

## SALES TAX EXEMPT PURCHASING PROCEDURES

### FIXED CAPITAL IMPROVEMENT PROJECTS

#### UNIVERSITY OF SOUTH FLORIDA

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#### 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

Florida Law allows government entities to make certain tax free purchases for public works construction projects under Rule 12a-1.094, F.A.C.

To enable the Owner to purchase materials in a manner that will result in the 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 (minimum \$25,000 materials unless specifically agreed upon by Owner) 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 this Program:

#### C. SALES TAX EXEMPT DIRECT MATERIALS PURCHASING PROGRAM

- All requirements of Rule 12a-1.094, F.A.C. and State Statute 212.08(6) must be met. Some examples/instances that would not meet these requirements include:
  - when the contractor or subcontractor installing the materials is also selling the materials to the government entity
  - When the contractor or subcontractor is the manufacturer of the materials
  - When the contractor or subcontractor has exclusive rights from the manufacturer of the materials to furnish and install the materials
  - When the contractor or subcontractor has already purchased the materials. The government entity **cannot, after the fact**, try to prepare or change the documentation to appear to have properly followed the procedures.
- 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; 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.

3. 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 who will provide the purchase order to the Sub- Contractor. **The purchase Order shall identify the Owner purchaser and contain the Owner's consumer's exemption certificate number, issue date and expiration date.**
4. 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.
5. 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.
6. The Contract Entity shall process invoices so as to allow the Owner to take advantage of all discounts available.
7. 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.**
8. **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.
9. 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.**
10. **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.
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 (min. 14 days for projects less than \$1M, 30 days for projects greater than \$1M)**, will prepare and submit to the Owner a deductive change order to the Contract or Proposal (**GMP**) for the amount of the materials, including sales tax savings, to be purchased using:
  - a. For Major Projects:
    - i. [UPM-Exhibit H6 Construction Contract Change Order \(CCO\)](#) (CM Contract)OR
    - ii. [CDF-DB EXHIBIT F10 CONSTRUCTION CONTRACT CHANGE ORDER \(CCO\)](#) (DCST CONTRACT)
  - b. For Minor Projects:
    - i. [PMG-12A-CPO Change to Purchase Order \(CPO\)](#)

This deductive change order to the Contract or Proposal 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 **CCO/CPO** and the DOPO(s) (including required backup documentation) can be submitted at the same time; however, the **DOPO**(s) will not be processed until deductive change has been completed.

2. The following backup documentation is required to be submitted to the Owner to issue the **DOPO**:
  - a. [DOPO-Exhibit 1 Direct Owner Purchase Order Log](#) completed by the Contract Entity.
  - b. [DOPO-Exhibit 2 Contract Entity DOPO Request Form](#) completed by the Contract Entity.
  - c. The Contractor's Bid Tabulation or copies of the competitive quotes from Sub-Contractors providing bids.
  - d. [DOPO-Exhibit 3 Sub-Contractor's DOPO Request Form](#) completed by the Sub-Contractor and submitted by the Contract Entity.
  - e. The Vendor/Supplier quote or proposal for the materials. The quote must be valid (less than 60 days old unless otherwise noted by the vendor/supplier).
3. **Invoicing Procedures:**
  - a. The sub-contractor shall work with the supplier/vendor to minimize the number of invoices being provided whenever possible.
  - b. The vendor/supplier shall submit invoices directly to [asbc-construction@usf.edu](mailto:asbc-construction@usf.edu).
  - c. Administrative Services Business Center (ASBC) will review invoices for consistency with approved purchase order and audit compliance.
  - d. ASBC will submit invoices to the Contract Entity for review and approval to process for payment. Approved invoices or valid justification to refuse payment shall be returned to ASBC by the Contract Entity within 3 business days.
4. **Completion:**
  - a. The Contract Entity and Sub-Contractor shall reconcile approved invoice amounts to approved purchase order amounts
  - b. The Contract Entity shall obtain confirmation to close POs from all material suppliers with a remaining PO balance and provide to Owner for close-out.

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END OF USF DIRECT OWNER PURCHASE ORDER (DOPO)