


# CITY COMMISSION POLICY

<b>GRAND RAPIDS</b>  <b>MICHIGAN</b>	<b>NUMBER:</b> 900-27	<b>HISTORY</b>	
	<b>DATE:</b> 9/27/88	<b>FILE #</b>	<b>DATE</b>
	<b>FILE NUMBER:</b> 50468		
	<b>DEPARTMENT:</b> DEVELOPMENT DIVISION		

**SUBJECT: GOOD FAITH DEPOSITS ON BID PROPOSALS**

**PURPOSE:** The City Commission will give consideration to purchase offers for City-owned property only when accompanied by a deposit. The deposit requirement is intended to insure that such proposals are made in good faith and that the bidder fully intends to consummate the sale if awarded by the C. C.

**POLICY:**

The City of Grand Rapids shall carry out the purpose of this policy under the following guidelines:

1. A good faith deposit shall accompany any bid proposal for the purchase of any City-owned property. If said good-faith deposit is not received by the bid cutoff date, the bid proposal shall not be accepted by staff and shall not be forwarded to the City Commission for their consideration.
2. The amount of the deposit shall be 10 percent of the proposed purchase price for the property, provided however that the minimum deposit shall be the amount of the bid or \$50, whichever is less, and the maximum shall be \$5,000. Notwithstanding the foregoing, not-for-profit organizations proposing to acquire property for the purpose of housing construction or reconstruction shall not be required to provide a deposit.
3. All good-faith deposits shall be deposited in an escrow account with the City Treasurer and held in said account until the City Commission has awarded the property. When the award has been made, the amount of the deposit from each rejected bid proposal shall be returned to the bidder. The amount of the good-faith deposit of the successful bidder shall be applied to the approved purchase price. The City shall not credit any deposit with interest earnings, whether said deposit is returned to an unsuccessful bidder or applied to the

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purchase price of the successful bidder. If, through no fault of the City, the successful bidder does not proceed with the closing of the purchase of the property, the City shall have the right to retain all or a portion of the good-faith deposit to offset its administrative processing costs.

4. The City Commission has the right to waive this deposit requirement in specific cases, at their discretion, or to establish another rate or amount when appropriate.