



Policy: Purchasing and Contracting

Effective: June 30, 2015
Revised: April 12, 2016

Fiscal Policy

The City of Lauderdale requires that all expenditures be valid based upon the public purpose for which it is purchased or contracted and the specific or implied authority for the expenditure found in Minnesota State Statutes and as authorized as part of the City of Lauderdale's annual budget.

Purpose

This policy is to establish procedures for purchasing and contracting on behalf of the City, who declares its intention to purchase and contract competitively without prejudice and to seek the maximum value for every dollar expended.

A. Process

Purchases of less than \$1,000

The purchase may be made in the open market by an authorized purchaser. Authorized purchasers are strongly encouraged to seek quotations.

Purchases from \$1,000 to \$10,000

If the amount is estimated to exceed \$1,000 but not to exceed \$10,000, the purchase may be made after obtaining a minimum of two written quotes. The purchase shall be authorized by the City Administrator or designee if the item is identified in the current year's adopted budget. If not included in the current year's budget, the City Administrator shall bring the item to the City Council for approval. City staff may negotiate for more favorable pricing and terms among the vendors that provided quotes.

Purchases from \$10,000 but not exceeding \$50,000

If the purchase or contract is expected to exceed \$10,000 but not to exceed \$50,000, the City Council has the discretion to make the purchase or contract by obtaining quotes or it may buy the item on the open market. If the City Council chooses to obtain quotations, at least two written quotes will be forwarded to the City Council with a recommendation for selection and approval. City staff may negotiate for more favorable pricing and terms among the vendors that provided quotes.

Purchases from \$50,000 but not exceed \$100,000

If the purchase or contract is expected to exceed \$50,000 but not to exceed \$100,000, the City Council can choose to use either the competitive bidding process or make the purchase or contract by direct negotiation. If direct

negotiation is used, at least three written quotations will be forwarded to the City Council with a recommendation for selection and approval. City staff may negotiate for more favorable pricing and terms among the vendors that provided quotes.

Purchases exceeding \$100,000

The City will use competitive bidding process with the law applying to:

- Contracts for the sale, purchase or rental of supplies, materials or equipment.
- Contracts for the construction, alteration, repair or maintenance of real or personal property.

Bidding Procedures

Once the engineer or City staff has prepared the necessary specifications, the City Council will seek competitive bids if the law requires or the City Council believes they are desirable.

- Specifications – for the purchase of supplies or equipment or public improvements. The City cannot prepare specifications to exclude all but one type of supply or equipment.
- Bid Advertisement – the published notice should contain at least the following information.
 - A description of the project or purchase being sought.
 - The availability and location of specifications.
 - Bid requirements (such as sealed bids or security).
 - Where the bids must be submitted.
 - The deadline for submitting bids.
 - The time and place of the bid opening.
 - The City officers who will be present for the opening.
 - A statement indicating that the City may delay the award until certain events occur.
- Opening and Tabulation of Bids – bids should be kept unopened by the City Clerk until after the closing time for receiving them. At the time set by the City Council in the advertisement, the bids should be opened publicly in the presence of the officials named in the bid advertisement. All bids should be opened and tabulated at a public meeting by the City Council or in advance of the council meeting by designated officials.
- Award of Bids – contracts must generally go to the lowest responsible bidder. (Minnesota Statutes Section 412.311, subd. 1 and Minnesota Statutes Section 429.41, subd. 2.) Tabulation of quotations must be forwarded to the City Council with recommendation for selection and approval with all contracts approved by resolution.

Cooperative Purchasing

The City may increase savings from bulk discounts by making purchases jointly with one or more governmental units through joint powers agreement. Under these programs, several governmental units can enter into an agreement to authorize one party to solicit bids and provide for the purchase at the option of each participating governmental unit. Once the governmental units agree on the specifications of the item, one party may advertise for bids on behalf of all parties that participate in the agreement. Rather than specify a specific number of items, the advertising participant will advertise for a range of quantities estimated for the entire group. Each participating unit can make the final decision on whether to purchase the items from the successful bidder.

The City may also participate in other state and national cooperative purchasing ventures. For example, the City currently participates in the Cooperative Purchasing Venture (CPV) administered by the Minnesota State Board of Administration and U.S Communities Government Purchasing Alliance. The City may participate in any cooperative purchasing venture so long as the pricing was competitively bid by another government entity.

Exemptions

A number of City contracts, purchases, or related agreements are not subject to the competitive bidding laws. Common exemptions, exceptions, or alternatives:

- Non-contracts. An agreement that does not meet the definition of a contract under the competitive bidding law is exempt, such as refuse hauling, janitorial services, tree trimming and removal, street sweeping, etc.
- Electronic purchases through reverse auctions. Vendors compete to provide the requested supplies, materials, or equipment at the lowest selling price in an open and interactive electronic environment.
- Electronic sales of surplus supplies, materials, and equipment. The City may, regardless of value, sell surplus, obsolete or unused supplies, materials, and equipment using an electronic process in which purchasers compete to offer the highest purchase price in an open and interactive environment.
- Best value contracting. Under certain circumstances, the City may use best value contracting for construction projects. The City is allowed to consider performance criteria in addition to price in the selection process.
- Intergovernmental contracts.
- Real estate contracts. The purchase or sale of real property is not required to be competitively bid.
- Professional service contracts. The City is not required to following competitive bidding process when contracting for professional services such as those provided by engineers, lawyers, architects, accountants, as

well as other services requiring technical, scientific or professional training.

- Insurance contracts. The City is not required to follow competitive bidding requirements for insurance contracts. Once City employment of 25 or more employees is met, the City must solicit through a request for proposal.
- Emergency contracts. The Emergency Management Act provides for the City to declare an emergency for a limited period of time. During an emergency or disaster per Minnesota Statutes Section 12.37, the City is not required to use mandated contracting procedures for performance of public work, contracting, employing temporary workers, renting equipment and purchasing supplies and materials.
- Sewer Emergencies: City staff is authorized to contract for services to address the sewer emergency and provide for any immediate clean up necessary to meet the City's obligations under the law without prior City Council approval. Staff is also authorized to contract with any outside company to address the source of the problem without prior City Council approval.
- Some intergovernmental construction contracts. Competitive bidding is not required for a cooperative agreement to construct a project with the state or another political subdivision of the state when the other unit does the construction. This applies only where there is an agreement prior to the initial advertising for bids on the project.
- Public improvements made by a developer. The construction and installation of public improvements made by a developer or a developer's contractor do not need to comply with competitive bidding requirements.

General Provisions City staff should not be burdened with, nor encourage visits from supplier's representatives except where it is to obtain a quotation on goods or services.

City staff shall keep themselves free of obligation to any of the City's vendors.

City staff are not to split orders to attempt to circumvent any provisions of the State law or any policy established by the City regarding purchasing.

Any willful violation of this policy will be reported promptly to the City Administrator and City Council and could be subject to disciplinary action.

Environmental Considerations

The City will purchase paper products containing the highest post-consumer content practicable, but no less than 30% recycled-content for copy paper, the minimum recycled content standard established by the US EPA Comprehensive Procurement Guidelines. The city shall purchase other

products made with recycled material whenever possible and economically feasible.

All appliances and products purchased by the city for which the US EPA Energy Star certification is available will meet Energy Star certification, provided such products are available and financially feasible. Examples include lighting systems, exhaust fans, water heaters, computers, exit signs, refrigerators, dishwashers, and microwave ovens.

Signed: _____

Mayor Jeffrey E. Dains

Date: _____

4/12/19