

RESOLUTION NO. 15-___

RESOLUTION AMENDING CITY'S PURCHASING POLICY TO ESTABLISH STANDARDS FOR ENVIRONMENTALLY PREFERRED PRODUCTS

BE IT RESOLVED by the City Council of the City of New Hope as follows:

WHEREAS, the city of New Hope has been proactive in pursuing sustainable practices; and increasing the use and availability of environmentally preferable products, services, and distribution systems that protect human health and the environment; and

WHEREAS, the City desires to exercise environmental stewardship, protection of human health, and best use of taxpayer dollars; and

WHEREAS, local governments have the unique opportunity to achieve both energy and water use reductions and cost savings through building and facilities management; and

WHEREAS, efforts to address energy usage provide an opportunity to move toward energy self-reliance and greater community resiliency and quality of life; provide environmentally healthy and energy efficient public buildings; and

WHEREAS, enacting this resolution will allow the city of New Hope to complete Best Practice #15 under the Minnesota GreenStep Cities Program, a required action in order to reach Step 3 of the Program;

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of New Hope that the City Council hereby approves a resolution approving the Environmental Preferred Purchasing Policy.

Adopted by the City Council of the city of New Hope, Hennepin County, Minnesota this 23rd day of November, 2015.

Kathi Hemken, Mayor

Attest: _____
Valerie Leone, City Clerk

PURCHASING POLICY

1.0 POLICY:

The budget allocates funds for the purchase of personnel, supplies, other services and capital. Requests cannot be made for items outside the budget except under special circumstances. These special circumstances will have to be approved by the City Manager. The Purchasing Agent is the City Manager. Purchases less than \$1,000 may be purchased by Department Heads; purchases between \$1,000-\$20,000 may be approved by the City Manager (without Council approval); and purchases exceeding \$20,000 must be approved by the City Council.

2.0 ORGANIZATION AFFECTED:

All Departments

3.0 PROCEDURE:

3.1 Purchase & Bidding Requirements:

Amount of Purchase:	Type of quote required:	Approval required by:	Written bid specifications:	Sealed bids required:	Contract required:	Purchase order required:
Purchases under \$1,000	two telephone quotes are preferred	Dept. Head	not required	no	no	Optional (write budget code on invoice)
Purchases between \$1,000 - \$5,000	two written quotes required unless special circumstances are noted	City Manager	as required based on type of purchase	no	no	yes
Purchases over \$5,000 up to \$20,000	three written quotes required unless special circumstances are noted	City Manager	as required based on type of purchase	no	no	yes
Purchases over \$20,000 up to \$100,000	three written quotes required unless special circumstances are noted	City Council	as required based on type of purchase	no	construction projects yes; commodities at discretion of City Manager	yes
Purchases greater than \$100,000	City Clerk must advertise in City's legal newspaper	City Council	required	yes	yes	yes
Capital Improvement Program (CIP) Purchases – see next page						

3.2 Environmental Preferred Products:

Purchasing decisions should reflect the city's commitment to sustainability and the protection of human health and the environment. The city shall accept up to a 10% price

preference for products purchased with new construction or when replacements or repairs are needed, when meeting the following standards:

Recycled Paper – Office paper supplies shall contain at least 30% post-consumer recycled content. This includes, but is not limited to copy paper, letterhead, and envelopes.

Energy Star Label – Appliances and equipment shall be Energy Star certified. This includes, but is not limited to appliances, electronics, heating and cooling systems, lighting systems, fans, office equipment, computers, exit signs, and water heaters.

WaterSense Certification – Fixtures and products that use water shall be WaterSense certified. This includes, but is not limited to sinks, toilets, urinals, showerheads, and water softeners.

Cleaning Products – Supplies shall meet Green Seal, EcoLogo, and/or US EPA Design for the Environment (DfE) cleaning product standards.

The environmental preferred purchasing standards shall apply to products that are practicable, available, and perform to an acceptable standard. Authorization from the City Manager shall be required if the purchase price for the environmental preferred product is greater than \$1,000 total or 10% more as compared to the standard product model.

3.3 Bidding Requirements:

When supplies or equipment are competitive in nature, specifications cannot exclude all but one type of equipment or supplies. Proposals and specifications must allow free and full competition. Bidding requirements cannot be avoided by splitting a contract into several contracts, each of which is below the minimum amount requiring sealed bids. For example, the City cannot purchase \$200,000 of lumber in several transactions, each involving an expenditure of less than \$100,000. However, if materials or work logically fall into two separate contracts because they involve separate transactions, as for the service of contractors specializing in different kinds of work, there is no reason why the City cannot negotiate the contracts individually without sealed bids if the bids do not exceed the \$100,000 minimum.

Capital Improvement Program (CIP) purchases – the CIP is not an adopted budget document, therefore, the expenditure has not been formally authorized. A resolution should be adopted listing the funding source to give the formal authorization to expend the funds for the equipment purchase.

Sales tax – The City of New Hope is subject to Minnesota state sales tax. There are a few exceptions to state sales tax (purchase of fire trucks or marked police cars, and fire truck repair parts). Bidders should specify whether their bid includes sales tax or not. After the work is completed and a purchase order is processed, if the invoice does not itemize sales tax you must obtain a corrected invoice from the vendor if sales tax is applicable on the item purchased. The city is not subject to the Hennepin County Sales and Use Tax of 0.15% that went into effect January 1, 2007.

Consultant services – state law does not require cities to competitively bid contracts for professional services (i.e. attorney, architect, engineer, accountant, cleaning company, or other person with technical, scientific, or professional training such as refuse hauling).

Sealed bids are required for purchases exceeding \$100,000, and bids must be advertised by the City Clerk in the City's legal newspaper (Notice to Bidders) and publicly opened and approved by Council resolution. In addition to the legal notice, the City must prepare instructions to bidders and general specifications for sealed bids. Attaching a copy of the proposed contract to the instructions to bidders is required. Sealed bids, including the number of bids received prior to bid opening, are nonpublic. Once opened, the name of the bidder and the dollar amount of the bid are public (all other data is private until completion of the selection process).

Bids vs. Quotes terminology – always use term quotation unless referring to a sealed bid.

Bid security (for sealed bids for purchases over \$100,000) in the amount of five percent (5%) of the bid shall be submitted to the City Clerk. The bid security guarantees that in the event the bidder's offer is accepted, the bidder will enter into a contract in accordance with the proposal. Bid security of the successful bidder will be returned upon execution of the contract documents. Bid securities of unsuccessful bidders will be returned within a reasonable time period (Minnesota Statute §574.27). Failure of the successful bidder to execute the Contract and furnish applicable bonds within ten (10) days after receiving written notice of the award shall cause the bid security to be forfeited as liquidated damages to the City. The City Council at this time may award the contract to the next lower competent bidder unless the Council determines that public interest will be better served by accepting a higher bid, or the contract may be re-advertised.

As a statutory city, contracts and bids must be awarded to the lowest responsible bidder. It should be noted that the bidder who submits the lowest bid in dollars is not necessarily the "lowest responsible bidder" and the quoted phrase gives the Council reasonable discretion in choosing among bidders. Responsibility, in bid statutes, means not only financial responsibility but also integrity, skill, and the likelihood that the bidder will perform faithful and satisfactory work.

Rejecting Bids (and related Data Practices laws) – the city has the right to reject any and all bids (requests for proposals, requests for bids, sealed bids). All data submitted in response to bid requests are private until bids are opened. If bids are rejected prior to the completion of the evaluation or selection process, all data, other than that made public at the bid opening, remain private until a re-solicitation of bids results in completion of the selection process. If the rejection occurs after the completion of the selection process, the data remain public. If a re-solicitation of bids does not occur within one year of the bid opening date, the remaining data become public.

3.4 Use of Requisition/Purchase Order Form:

- 3.4.1 The Requisition/Purchase Order form is the document which authorizes the vendor to provide a service or commodity to the City.
- 3.4.2 The Requisition/Purchase Order form is to be completed with the name and address of the vendor, the quantity, the description, the cost, sales tax, and the account to be charged.
- 3.4.3 The Requisition/Purchase Order should be submitted to the City Manager for approval for purchases in excess of \$1,000. For purchases less than \$1,000,

write the budget code directly on the invoice along with department head initials. The purchase order should be approved by the Department Head and submitted to the Finance Department.

3.4.4 The Requisition/Purchase Order form should be distributed as follows:

White--vendor copy.

Yellow--department copy.

Green--submit to Finance with invoice and copies of quotes as appropriate.

(Note: the fore-mentioned distribution refers to purchase order carbon sets that are numbered and used on a limited basis; use of a one-page white copy is sufficient in most cases).

5.0 APPENDIX:

Appendix A - Bid Proposal Form

Appendix B – Sample Resolution for CIP purchases