

PURCHASING GUIDELINES AND PROCEDURES



CITY OF SAVAGE, MINNESOTA

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1. SCOPE

This policy applies to all employees of the City of Savage (“City”), as well as representatives, contractors, consultants, or others who may be authorized to make purchases on behalf of the City of Savage. These guidelines are to be followed when purchasing products and services. The guidelines pertain to all budgeted items. Any unbudgeted items are to be approved by the City Council regardless of purchase cost. If the item is in the Capital Improvement Plan, it must go before City Council regardless of the purchase cost.

2. PURPOSE

Products and services required by the City are to be obtained using established procedures that comply with all legal requirements for public purpose expenditures while promoting fair and open competition. This policy is intended to ensure public confidence in the procurement process, fair and equitable treatment of vendors who transact business with the City, and provide safeguards for the maintenance of a procurement system of quality and integrity.

3. OBJECTIVES

- a. Provide guidelines for City staff to follow with regard to purchasing products and services.
- b. Provide staff authorized to make purchases with a clear understanding of their roles, responsibilities, objectives and duties within the framework of the City’s organization.
- c. Ensure expenditures from public funds are made responsibly, and follow all applicable standards, federal laws, state statutes and local ordinances.
- d. Purchase proper products and services to meet the needs of the City.
- e. Procure best quality products and services in the most efficient, cost-effective, ethical, responsible, and timely manner.
- f. Allow responsible bidders, when applicable under the law, a fair opportunity to compete for the City’s business.
- g. Guard against unnecessary obligations and liability risks in all transactions.

4. CONFLICTS OF INTEREST

Except as authorized in Minn. Stat. § 123B.195 or 471.88, Minn. Stat. §471.87 prohibits the purchase of products and services when the public officer authorized to make the purchase personally derives a financial benefit. Authorized purchasers must be exceedingly careful to avoid a conflict of interest or even the appearance of a conflict of interest. An authorized purchaser acting in the employee’s official capacity may not transact official City business with a family member, or with a business or person with whom that employee has a financial interest or involvement, except as allowed by law. Furthermore, authorized purchasers shall not enter into a relationship with a vendor where the employee’s actions

are, or may reasonably be viewed as, not in the best interests of the City. An employee who becomes involved in a possible conflict situation must report the possible conflict to the employee's supervisor and department head.

5. COOPERATIVE PURCHASING CONTRACTS

The City participates in cooperative purchasing contracts including the State of Minnesota Cooperative Purchasing Venture (CPV). This enables the City to buy products and services under the terms of contracts already negotiated. The City's Finance Department has access to the releases and listings of products/services that can be purchased on state contract. Staff is required to consider the State Contract when available. When completing the purchasing paperwork, note that the purchase is per a cooperative purchasing or state contract and identify the contract number and proof of cooperative purchasing.

6. PURCHASING RESPONSIBILITY

It is the responsibility of all Department Heads, managers, supervisors and staff to comply with the City's purchasing guidelines and all applicable laws, statues, and ordinances.

a. STAFF/AUTHORIZED PURCHASERS

The requesting department (e.g. authorized purchaser) has responsibility to ensure all purchases are made in accordance with City procedures.

- Ensure funds are budgeted and available for purchase.
- Prepare specifications when required (e.g. RFP, RFQ, contracts, etc.)
- Obtain appropriate signature authority.
- Ensure purchases will meet the department's requirements.
- Process payments promptly.

b. DEPARTMENT HEAD

The Department Head has the responsibility to ensure authorized purchasers have followed policies and all purchases are made in accordance with City procedures.

- Contract review and approval or recommend approval.
- Verify necessary documents are accurate and available.
- Ensure proper filing and retention.

7. PURCHASING LIMITS FOR PRODUCTS AND CAPITAL IMPROVEMENT PROJECTS

a. PURCHASES FROM \$0 - \$14,999

Purchases ranging from \$0 to \$14,999 are not subject to the competitive bidding process, however quotes are encouraged. If quotes are received and a purchase is made, quotes are to be retained the by the authorized purchaser. Any authorized purchaser has the authority to proceed with these small dollar procurements. The authorized purchaser is also responsible for determining the frequency and total dollar expenditures for such products and services. The department head is responsible for monitoring his/her respective department expenditures to ensure invoices reflect actual products and services received. *(If purchasing IT equipment, must obtain approval from the IT Department Head)*

b. PURCHASES RANGING FROM \$15,000-\$99,999

A minimum of two written quotes are required for purchases ranging from \$15,000 to \$99,999. Any quotes received are to be retained with the authorized purchaser. The quotes shall be kept on file per the record retention policy. A purchasing memo must be completed and approved by both the Department Head and City Administrator. If a purchase goes to City Council for approval, the purchasing memo is not required, and the Council memo will suffice. For contracts estimated to exceed \$25,000, the City must consider the availability, price, and quality of supplies, materials, or equipment available through the Minnesota Cooperative Purchasing Venture (“CPV”) before purchasing through another source. *(If purchasing IT equipment, must obtain approval from the IT Department Head)*

The following procedure is required:

- At least two written quotes shall be obtained unless there is only one supplier or vendor. The purchaser must also consider using the State of Minnesota Cooperative Purchasing Venture. Any quotes received are to be retained with the authorized purchaser.
- A Responsible Contractor Verification Form is required.
- An invoice or contract that states final amount is required.
- If the purchase is not going to City Council, a completed purchasing memo with Department Head and City Administrator approval is required.
- If the purchase is going to City Council, a completed Council memo with Department Head and City Administrator approval is required.
- Authorized purchaser must submit a copy of purchasing memo or City Council memo and invoice to the Finance Department and retain the original documents in the project file.

c. PURCHASES RANGING FROM \$100,000-\$174,999

Purchases ranging from \$100,000 to \$174,999 follow the same procedure as Section 7.b, however City Council approval is required.

The following procedure is required:

- At least two written quotes shall be obtained unless there is only one supplier or vendor. The purchaser must also consider using the State of Minnesota Cooperative

Purchasing Venture. Any quotes received are to be retained by the authorized purchaser.

- A Responsible Contractor Verification Form is required.
- An invoice or contract that states final amount is required.
- A completed Council Memo with Department Head and City Administrator approval is required.
- City Council approval is required.
- Following City Council approval, the authorized purchaser must submit a copy of the Council memo and invoice to the Finance Department and retain original documents in the project file.

d. PURCHASES \$175,000 OR MORE

When the cost is estimated to exceed \$175,000, the competitive bidding process is required per state law. The competitive bidding process includes contracts for (i) the sale, purchase, or rental of supplies, materials, or equipment; and (ii) contracts for the construction, alteration, repair, or maintenance of real or personal property. Prior to City Council approval, a Council memo must be completed and approved by both the Department Head and City Administrator. City Council must grant final approval prior to purchase. This means the authorized purchaser or Department Head must prepare an agenda item outlining the details of the purchase and recommending approval. *(If purchasing IT equipment, must obtain approval from the IT Department Head.)*

The following procedure and compliance with state competitive bidding statutes is required, including but not limited to:

- Sealed bids with appropriate public notice.
- A contract is required.
- A Responsible Contractor Verification Form is required.
- A completed Council Memo with Department Head and City Administrator approval is required.
- City Council Approval is required.
- Award of contract to the lowest responsible bidder.
- Following Council approval, the authorized purchaser must submit a copy of the Council memo and invoice to the Finance Department and retain original documents in the project file.

8. PURCHASING PROCESS CHEAT SHEET

For estimated amounts of	Quotes Needed	Required Documents	Required Authorization
\$0-\$14,999	Departmental Discretion	-Invoice or contract that states final amount	-Authorized Purchaser -IT Administrator* -Department Head
\$15,000-\$99,999	Two quotes minimum; Must consider CPV if estimated to exceed \$25,000	-Written Quotes -Invoice or contract that states final amount -Purchasing memo (or Council memo if going to City Council) -Responsible Contractor Verification Form	-Authorized Purchaser -IT Administrator* -Department Head -City Administrator
\$100,000 - \$174,999	Two quotes minimum; Must consider CPV if estimated to exceed \$25,000	-Written Quotes -Invoice or contract that states final amount -City Council Memo -Responsible Contractor Verification Form	-Authorized Purchaser -IT Administrator* -Department Head -City Administrator -City Council
\$175,000+	Formal bids per Minnesota Statutory requirements	-Sealed Bids -City Council Memo -Agenda Item	-Authorized Purchaser -IT Administrator* -Department Head -City Administrator -City Council

If purchase is going to City Council for approval, a purchasing memo is not required.

* If purchasing IT equipment, IT Administrator approval is required

9. SEALED BIDS

A formal sealed bid procedure is required for all purchases that are estimated to exceed \$175,000 as required by applicable Minnesota Statutes. Minnesota Statute §412.311 requires a published notice of the bid in the official city newspaper at least ten (10) days in advance of bid opening. The published notice must state where the plans and specifications can be obtained by bidders and specifically, when and where the bid opening will be held. The notice may also be published on the city's official web site; however, this publication is in addition to the official newspaper publication.

Special assessment projects, commonly referred to as 429 projects, require specific advertising requirements. Please reference the City of Savage's Public Improvement and Special Assessment Policy and Procedures and Minnesota Statute §429.041.

Pursuant to Minnesota Statute §16C.285, specific content must appear in the solicitation document for a public construction project that is estimated to exceed \$50,000 and is awarded pursuant to a low responsible bidder selection method or a best value selection method. All bid openings are to be administered by the originating department. The preparation of all specifications and required authorization is to be the responsibility of the originating department. The City Council must formally award the contract, and the originating department then files the contract with the administration department. Capital improvement/purchase bids should be retained permanently per the city's record retention policy. Sealed bids are not required for the purchasing and sale of real estate or service contracts.

10. SOLE SOURCE/BRAND PROCUREMENT

An exception to the standard bid process may be granted when: (1) only a single company or organization can supply the needed product or service, or (2) only a single "brand/model" will meet the department's technical/functional requirements. Sole source requests should not be made unless the department is confident that the request is reasonable, appropriately justified to meet the City's requirements, and can withstand a possible audit or other public scrutiny. Sole source/brand purchasing minimizes or eliminates competition and should be avoided whenever possible. These purchases are excluded from standard bid process procedures.

11. QUOTES

If a purchase is estimated to exceed \$15,000 but not to exceed \$175,000, the purchase may be made either by sealed bids or by direct negotiation based upon quotations. If a purchase is made in this range, authorized purchasers are required to obtain at least two written quotes. These quotes should be in writing. If the quotes are not written, the requestor who received the verbal quote must document the quote in writing. All quotes will be kept with the originating department and kept on file for until the following year's financial audit is complete.

12. PROFESSIONAL SERVICES

Contracts for professional services in excess of \$75,000 annually shall be submitted to the City Council for approval. Multi-year professional service contracts with annual caps of less than \$75,000 but with an aggregate total exceeding \$75,000 may be approved the City Administrator or authorized purchaser. The term "Professional Services" applies to all advisory services such as, but not limited to: auditing, engineering, financial, legal, personnel, technical, training, or other services. If the consulting pool is being used, this procedure does not apply.

Contracts for professional services shall be made only with responsible consultants who have the capability to successfully fulfill the contractual requirements. Consideration shall be given to their past

performance and experience, their financial capacity to complete the project, the availability of personnel, and other appropriate criteria. The nature of the professional service is typically written as a request for proposals (RFP). Contracts RFPs will generally be used to solicit proposals for professional services.

13. PROFESSIONAL SERVICES CHEAT SHEET

Value of Contract	Quotes/RFPs Needed	Required Authorizations
Less than \$15,000	Departmental Discretion	Authorized Purchaser
\$15,000-\$75,000	-Two or more quotes/ RFP's if practical (<i>quote or RFP my not be required if deemed unnecessary by the City Administrator due to continuity, cost, quality, or time efficiencies</i>) -Purchasing memo or Council Memo if going to City Council)	Authorized Purchaser City Administrator
\$75,000 or Greater	-Two or more quotes/RFP's recommended (<i>quote or RFP my not be required if deemed unnecessary by the City Administrator due to continuity, cost, quality, or time efficiencies</i>) -Council Memo	Authorized Purchaser City Administrator City Council

14. PURCHASING SUSTAINABILITY REQUIREMENTS

The City of Savage is committed to pursuing sustainable products. When products are available and financially feasible, the city will purchase:

- Energy Star certified equipment and appliances. Examples include lighting systems, exhaust fans, water heaters, computers, refrigerators, dishwashers, and microwave ovens.
- Paper containing at least 30% post-consumer recycled content.
- Water-using products that meet the US EPA's WaterSense certification standards. Examples include toilets, waterless urinals, low-flow faucets and aerators, and upgraded irrigation systems.

15. APPENDIX: PURCHASING MEMO

See page 10.



PURCHASING MEMO

Date of Request:

Originating Department:

Prepared by:

This memo is required for purchases over \$15,000.

Amount:

Vendor Name:

**Explanation
of Purchase:**

Process Used:

APPROVALS

Department Head: _____

City Administrator: _____

IT Administrator: _____

(If required)

Purchasing Tips

- Review the “Purchasing Guidelines and Procedures” policy to understand purchasing limits and processes.
- All items in the City’s CIP document should come back to the City Council for approval.
- If the project, service, or equipment has not been budgeted for it needs to go to City Council for approval.
- Any contracts over \$25,000 need to consider the availability through “Minnesota Cooperative Purchasing Venture”.
- If the purchase involves IT hardware or software, the IT Administrator should review the purchase.