



**NORTH
ST. PAUL**
extraordinary.

PURCHASING POLICY

City of North St. Paul

Adopted on August 4, 2020

Purpose

In order to have consistency and uniformity in the purchasing practices of the City, it is essential for those authorized to purchase goods or services to have a clear understanding of the purchasing policy and the requirements thereof.

The following information is intended to serve as a guide for purchasing practices.

This purchasing policy was created to:

- Clarify and reconcile the complex requirements of state purchasing law, departmental procedures, and the Finance Department processes
- Provide a comprehensive resource book for staff to be effective and efficient when making purchases
- Standardize purchasing and payment methods to expedite the purchasing process
- Assure the City Council and City Manager that adequate controls over purchasing are well established and adhered to.

The standards in this policy are minimum standards to ensure fiscal responsibility. Departments may set more restrictive procedures to meet their own budgetary accountability.

Quick Reference Guide

Value of Purchase	Quotations Needed	Payment Request Options	Approvals Needed Prior to Purchasing	
Less than \$2,000	Pursue an open Market best price purchase	Credit Card Charge Account Check Request	Department Finance City Manager City Council	X
\$2,000-\$9,999	Pursue an open Market best price purchase	Check Request	Department Finance City Manager City Council	X
\$10,000-\$19,999	Two Written Quotes or RFPs	Check Request	Department Finance City Manager City Council	X X X
\$20,000-\$174,999	Two Written Quotes or RFPs	Check Request	Department Finance City Manager City Council	X X X X
Greater than \$175,000	Sealed Bids	Check Request	Department Finance City Manager City Council	X X X X

Notes:

- If a cooperative purchasing agreement is in place, quotations are not needed.
- All purchases must be approved as part of the annual budget or within the CIP. The level of budgetary control is established at the department level. Expenditures for departments that exceed appropriations are not authorized unless additional revenue sources, unspent appropriations, or fund balances are identified and available.
- Departments are responsible for collection and retention of all bids, quotes and cooperative purchasing agreements used in the purchasing process.
- As a plan B city, State Statute 421.691 designates the manager shall be the chief purchasing agent of the city. All purchases for the city and all contracts shall be made or let by the manager when the amount of the purchase or contract does not exceed \$20,000 unless a lower limit is provided by the city council; but all claims resulting therefrom shall be audited and approved by the council as provided in section 412.271. All other purchases shall be made and all other contracts let by the council after the recommendation of the manager has first been obtained.
- Purchasing procedures for federal grants are outlined in Appendix C.

Public Purpose Expenditures

All expenditures made by City employees using City funds must be for a public purpose. An expenditure is made for a public purpose if it meets all of the following criteria.

- It will benefit the community as a body;
- It is directly related to functions of government; and
- It does not have as its primary objective the benefit of a private interest.

Guidelines Regarding Certain Employee Expenditures

To ensure City funds are only used for public purposes in regard to certain employee expenditures, City employees must observe the following guidelines:

- Expenses Related to Work Assignments
 - The City may pay reasonable expenses directly related to the performance of an official City activity including expenses for travel, lodging, meals, and appropriate incidental expenses that are directly related to the performance of an employee's official job duties for the City.
- Employee Safety Programs
 - The City may pay reasonable expenses directly related to the operation of an employee safety program when the program is required by law or the benefit of the program is clearly demonstrated and a written outline of the program is approved by the City Council.
- Employee Training and Development Programs
 - The City may pay reasonable registration, tuition, and travel expenses for a conference, seminar, workshop or similar employee training (internal or external) or development opportunity when it is directly related to the performance of the employee's official job duties for the City.
- Employee Wellness and Recognition Programs
 - The City may pay reasonable expenses related to employee wellness and recognition programs, including non-monetary service awards to recognize employee performance and length of service. Any such program shall be outlined in writing and approved by the City Council. A program primarily of a social nature, however, does not qualify. Further, the City shall not pay for

- spouses or third parties to attend any wellness or recognition event.
- Meals and Refreshments
 - The City may pay reasonable meal and refreshment expenses when the meals or refreshments are provided:
 - As part of a structured agenda of a conference, workshop, seminar or meeting when the employee is authorized by the City to attend and the topic relates to the official business of the City.
 - As part of a City sponsored meeting, conference, or workshop when the employee is required by the City to attend and the majority of the participants are not City employees.
 - As part of a City-sponsored event where registration fees are charged and the majority of the participants are not City employees.
 - During an official meeting of the City Council or any official meetings of City Council committees, task forces, work group, or advisory committees, provided the provision of meals or refreshments is necessary to sustain the flow of the meeting and to assist the participation of the attendees.
 - As part of a formal meeting that consists primarily of City employees when the meals or refreshments are an integral part of the formal meeting or training and are necessary to sustain the flow of the meeting, to retain the captive audience, and to assist the participation of those employees and attendees, but only if the meeting is a City or department-wide staff meeting for all City or department employees, as applicable.

Prohibited Expenditures

The following is a list of specifically prohibited expenditures. Note that this is not complete listing.

- | | |
|--------------------------|--|
| Alcoholic Beverages | Dues to Social Clubs |
| Personal Purchases | Greeting/Sympathy cards |
| Pictures, Artwork, Décor | Employee Parties (including holiday parties) |
| Gifts of any kind | Refreshments for Routine Meetings |
| Holiday Decorations | Entertainment |
| Decorations for office | Contributions or Donations |
| Flowers | Lobbying |

Cooperative Purchasing

The City may increase savings from bulk discounts by making purchases jointly with one or more governmental units through joint powers agreements. 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 the 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.

Emergency Purchases

Emergency situations may arise where the normal purchasing process cannot be followed for the procurement of goods and services. Emergency purchases are those made by department managers where an immediate purchase is necessary to correct a situation, which would adversely affect the life, health, or safety of the citizens.

Whenever possible the current purchasing policies and procedures should be followed even when an emergency is declared, but as described above if the emergency requires speedy action essential to the health, safety, and welfare of the community and if there has been an emergency declaration, the standard purchasing policies and procedures can be waived in accordance with Minnesota Statute §12.37.

Every effort shall be made to contact the City Manager whether the emergency occurs during or after normal working hours. On the next business day, such emergency shall be documented with the City Manager & Finance Director.

In the event of a prolonged emergency, Minnesota Statute §12.29 gives the Mayor the authority to declare a local emergency for up to three days, which period may be extended by the City Council. During such an emergency, if authorized by City Council, the City is not required to use the typically mandated procedures for purchasing and contracts. During that time, the governing body may waive compliance with the prescribed purchasing guidelines, including compliance with Minnesota Statute §471.345, Uniform Municipal Contracting Law.

Preapproved Purchases

The City Council has pre-approved payment for items such as utility accounts and payroll transfers that occur in the normal course of business even though they may exceed \$20,000. These are contractual accounts for services that are approved as part of the budget process. The exceptions that fall under this situation include:

- Utility Bills (fuel, natural gas, telephone)
- Metropolitan Council Environmental Services
- Fringe benefits and other payroll related items
- Investments
- Liability insurance
- Refuse hauler and tipping fees
- Automotive gasoline and diesel fuel
- Professional services under contract approval by the City Council
- Copier Leases
- Mandated licenses, permits, and fees to the State and Federal Government
- Electric wholesaler
- Fiber Optic wholesaler
- Debt Service Payments as listed in the Debt Service Schedule in bond documents

Decentralized Purchasing

The City of North St. Paul has a “decentralized” purchasing program where individual departments are responsible for making their own purchases. There are a few exceptions including State Bid vehicles and other similar state or cooperative purchasing agreements.

All other purchases should follow the rules below:

- Determine the need for commodities or services.
- Research the cost of the purchase and determine proper purchasing alternative.
- Determine the appropriate account coding and whether there are sufficient funds available in that budget line item.
- Follow the quick reference matrix to determine preapproval process. If bids / quotes are required, ensure these are included with the preapproval process.
- Code the invoice for processing.
- Accounts payable listing is approved by City Council.
- Payment is made by the Finance Department.

Local Vendors

City employees will make every effort to purchase goods and services from local vendors and award purchases to those vendors when cost effective. This can be accomplished by insuring that local and state vendors who have goods or services available are included in the competitive shopping process that will precede most purchases.

Ethics / Relations with Vendors

The City of North St. Paul holds its employees to the highest ethical standards. Purchases shall be conducted so they foster public confidence in the integrity of the City's procurement system, and open and free competition among prospective suppliers. In keeping with this value, employees should avoid the following practices when making purchases on behalf of the City:

- Circumventing competitive bidding requirements – Examples include:
 - Splitting purchases so that they can be made through several small purchases
 - Using the emergency procedure process when no true emergency exists
 - Using a “sole source” exemption when competition is available
- Denying one or more vendors the opportunity to bid on a contract – Examples include:
 - Using unnecessarily restrictive specifications
 - Pre-qualifying bidders on a discriminatory basis
 - Removing companies from a bidders list without just cause
 - Requiring unnecessarily high bonding
- Giving favored vendors an unfair advantage – Examples include:
 - Providing vendors with information regarding their competition's offers in advance of a bid opening
 - Making information available to favored vendors and not to others
 - Giving un-favored vendors inaccurate or misleading information
- Accepting gifts from vendors
 - Minnesota Statutes §471.895 prohibits government employees from receiving gifts except where they are included as part of the cost of a product, good, or service provided

Training & Travel

- All training and travel, budgeted or unbudgeted, must be pre-approved by the City manager.

Credit Cards

- See Appendix A and Attachments A & B

State of Minnesota Bid, Quote and Contract Laws

- See Appendix B

Federal Grant Procurement Requirements

- See Appendix C

Professional / Technical Contract Single Source Procurement

- See Attachment C

Appendix A:

Credit Cards

The City has the authority to make purchases using credit cards under Minnesota Statute §471.382. The use of credit cards (purchasing cards) by staff for City business is an authorized payment method, and not a method of creating debt, therefore all credit card balances shall be paid off on a monthly basis without delinquency fees or finance charges. Failure to avoid finance fees will require the discontinued use of the respective credit account. This guideline is intended that an employee neither gain nor lose financially from the use of credit cards. All employees shall be responsible for complying with these directives.

Authorized Employees

The City Manager has delegated himself as the City CFO with the bank and is the only individual with the authority to assign, remove or modify users and account balances for the City credit card program. All cards authorized to employees must sign an affidavit noting card policy, procedures for use, and card holder responsibility. The City Manager will maintain a listing of accounts, limits, and personnel authorized to purchase with the respective credit cards. Credit cards will be kept in a secure location by employees when not in use.

The only person entitled to use a Purchasing Card is the person whose name appears on the face of the card. Do not lend the Purchasing Card to another person. Providing the card to anyone other than the cardholder is prohibited.

Suppliers

The Purchasing Card is a Visa Card product. Any supplier or merchant who accepts Visa Card can accept the Purchasing Card.

Lost or Stolen Cards

Keep the Purchasing Card in a secure location. It needs to be accessible only to the cardholder. If the Purchasing Card is lost or stolen, notify Customer Service immediately at the 24-hour telephone number (1-866-552-8855), and call the City Manager. The card will be closed and monitored. A new card will be issued if necessary.

Authorized Purchases

Since use of the purchasing credit card is restricted to purchases for the City, no personal use is permitted and all purchases must be for a public purpose. State Statute provides that if officers and employees make purchases for the City that are not authorized by the City Council, they become personally liable for the amount of the purchase.

State Statute provides that claims presented for payment must be in writing and itemized. Department managers will be responsible for ensuring receipts and invoices meet this requirement and provide them to the finance department for prompt payment of the credit card statement.

Monthly Statements

Monthly statements will be sent to the main account holder/department. Detailed receipts along with general ledger coding must be provided to the finance department by the 15th day of each month.

Detailed Receipts

- Any items that do not have a receipt will be the personal responsibility of the card user.
- Missing receipt affidavit must be signed by both the employee and department manager with a complete explanation of the expense and the reason for the missing receipt;
- Failure to complete affidavit will result in disciplinary action up to and including termination of employment

Loss of Privileges

Failure to comply with the requirements of this policy will result in immediate revocation of Purchasing Card privileges if any of the following occur:

- Splitting of charges to avoid the single purchase dollar limit.
- Lending the card to another employee for use.
- Failure to submit itemized receipts.
- Fraud or misuse for personal benefit
- Termination of Employment with the City



Credit Card User Agreement

I agree to the following regarding the use of the Credit Card Policy:

1. I understand that I am making financial commitments on behalf of the City of North St. Paul and will strive to obtain the best value for the City.
2. I understand that under no circumstances will I use the credit card to make personal purchases, whether for myself or for others.
3. I understand the use of the credit card to obtain cash is expressly prohibited.
4. I have been given a copy of the Purchasing Policy, which I have read and understand the requirements for credit card use.
5. I will follow the established procedures for use of the credit card. Failure to do so may result in either loss of privileges or other disciplinary actions, including termination of my employment.
6. I agree that should I willfully violate the terms of this agreement, I will reimburse the City of North St. Paul for all incurred charges and any fees related to the collection of those charges.
7. I understand that any fees or interest charged by the card company because of late payments due to untimely submission of record to the Finance Department will be my responsibility and will not be paid from City funds.

Employee Name (Print)

Employee Signature

Date



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Credit Card Request Form

To: City Manager

From: _____
(Department Head)

Re: Request for Credit Card

The following employee is authorized to be issued a City of North St. Paul Credit Card for the department indicated. The employee is fully aware of the Credit Card Policy and has provided a signed Credit Card User Agreement form.

Full Name (print): _____

Signature: _____

Title: _____

Department: _____

Single Purchase Limit: _____

30-Day Purchase Limit: _____

I have read the City of North St. Paul Credit Card Use Policy and I understand the responsibility of purchasing services and supplies using the City of North St. Paul Credit Card Program. I agree to abide by the policy for the use of a credit card. I also understand that misuse of the card can result in disciplinary action or may be cause for dismissal.

Signature of the Employee

Date

Signature of the Department Head

Date

Appendix B:

State of Minnesota Bid, Quote, and Contract Requirements

The Uniform Municipal Contracting Law, Minnesota State Statute Section 471.345 sets out procedures that cities must follow for contracts to sell, purchase or rent supplies, materials, or equipment, or to construct, alter, repair or maintain real or personal property. The procedures to follow depend on the estimated amount of the contract. Of course, estimates should be reasonable. ***For example, if a city asks for quotations because it estimates the value of a contract will be below the bid threshold but all of the quotations are substantially over the threshold, the city should solicit formal bids.***

Contracts estimated to have a value over \$175,000 must be made by sealed bids, solicited by public notice, and awarded to the lowest responsible bidder. Bids should be retained for the period specified in the City's records retention schedule.

The requirement that the successful bidder be "responsible" protects cities from having to choose unqualified or unscrupulous low bidders. It allows a city council to consider factors such as the bidder's financial responsibility, integrity, skill and ability, and the likelihood that the bidder will do satisfactory work. A city can even include evaluation criteria for "responsible" bidders in the bid specifications.

The Minnesota state statute above deems that contracts estimated to be worth more than \$25,000, up to \$175,000, can be made either by sealed bids or by direct negotiation based on quotations. Per this policy, City Council has chosen to be more restrictive and reduced this threshold to \$20,000 and will be noted as such through the rest of this document. Two or more quotes must be obtained if possible, and the quotations must be kept on file for at least 18 months. *Each Department is responsible for managing these records.*

Contracts with estimated values of \$20,000 or less may be made either upon quotation or in the open market. If quotations are used, at least two quotations must be obtained if practicable, and the quotations must be kept on file for at least 18 months.

"Best Value" Procurement Alternative

In 2007, the Minnesota Legislature authorized cities and other government entities to use a "best value" procurement process for "construction, building, alteration, improvement or repair contracts." This alternative procurement process is being phased in for various types of local governmental entities. For cities, counties and large school districts, best value procurement became available on July 1, 2007.

Best value procurement is a process based on competitive proposals (as an alternative to bids) that awards the contract to "the vendor or contractor offering the best value, taking into account the specifications of the request for proposals, the price and performance criteria as set forth in Minn. Stat. § 16C.02, subd. 4a and described in the solicitation document."

The price and performance criteria mentioned in the previous paragraph may include, but are not limited to:

- (1) the quality of the vendor's or contractor's performance on previous projects;
- (2) the timeliness of the vendor's or contractor's performance on previous projects;
- (3) the level of customer satisfaction with the vendor's or contractor's performance on previous projects;
- (4) the vendor's or contractor's record of performing previous projects on budget and ability to minimize cost overruns;
- (5) the vendor's or contractor's ability to minimize change orders;
- (6) the vendor's or contractor's ability to prepare appropriate project plans;
- (7) the vendor's or contractors technical capacities;
- (8) the individual qualifications of the contractor's key personnel; or
- (9) the vendor's or contractor's ability to assess and minimize risks.

"Performance on previous projects" does not include the exercise or assertion of a person's legal rights.

The solicitation document must state the relative weight of price and other selection criteria. The award must be made to the vendor or contractor offering the best value applying the weighted selection criteria. If an interview of the vendor's or contractor's personnel is one of the selection criteria, the relative weight of the interview must be stated in the solicitation document and applied accordingly.

Notice of Solicitation of Bids

The notice that bids are being solicited must be published once in the City's official newspaper at least ten days before the last day for the submission of bids. As an alternative to publishing the notice in a newspaper, a city may put the bid notice on its website or in a recognized industry trade journal if certain steps (described below) are followed. Additional public notice and hearing requirements for public improvements ordered and specially assessed are provided in Minn. Stat. Chapter 429.

Alternative Dissemination of Bids and Requests for Proposals

As an alternative to publishing them in a newspaper, a city may post solicitations of bids, requests for information or requests for proposals by using a website or recognized industry trade journals. Printed and digital publications and websites that contain building and construction news of interest to contractors in Minnesota or that publish project advertisements or bids for review by contractors or potential bidders in the regular course of business are "recognized industry trade journals." The City must simultaneously publish, either in minutes or separately in a notice published in the official newspaper, a description of all solicitations or requests so distributed, along with the means by which the publication occurred. The publication by alternative means must be in substantially the same format and for the same period of time as a publication in a qualified newspaper.

For the first six months after the political subdivision designates an alternative means of publication, it must continue to publish solicitations of bids, requests for information, and requests for proposals in the official newspaper in addition to the alternative method. The publication in the official newspaper must indicate where to find the designated alternative methods.

If, in the normal course of its business, a qualified newspaper maintains a website, then as a condition of accepting and publishing public notices, the newspaper must agree to post all the notices on its website during the notice's full publication period.

Electronic Bidding

Municipalities now have authority for the following procedures related to purchases and sales:

1. Reverse Auction Purchases—Minn. Stat. § 471.345, subd. 16
 - i. municipality may contract to purchase supplies, materials and equipment (but not services),
 - ii. using an electronic purchasing process in which vendors compete to provide the supplies, materials, or equipment at the lowest price in an open and interactive environment.
2. Electronic Sales—Minn. Stat. § 471.345, subd. 17
 - i. municipality may contract to sell supplies, materials, and equipment which is surplus, obsolete, or used,
 - ii. using an electronic selling process in which purchasers compete to purchase the supplies, materials, or equipment at the highest purchase price in an open and interactive environment.

The Cooperative Purchasing Venture (“State Contract”)

As part of marketing, vendors sometimes say cities can purchase from them without bidding because they are on the “state contract” or they will sell at the state contract price. Cities should beware of this approach. The real name of the state contract is the Cooperative Purchasing Venture. It is a members-only joint powers program operated by the Minnesota Department of Administration. To purchase through it, cities must join. Cities cannot avoid the normal bidding requirements by simply purchasing at the state contract price or from a state contract vendor without joining the program and following its requirements. For additional information, visit the Cooperative Purchasing Venture website at <http://www.mmd.admin.state.mn.us/cpv2.htm>.

Cooperative Purchasing

A municipality may contract for the purchase of supplies, materials, or equipment without regard to the competitive bidding requirements of Minnesota State Statute Section 371.345 (as described in this policy) if the purchase is through a national municipal association's purchasing alliance or cooperative created by a joint powers agreement that purchases items from more than one source on the basis of competitive bids or competitive quotations.

Responsible Contractor Minimum Requirements

The Responsible Contractor Requirements apply to construction contracts over \$50,000 that are awarded on the basis of bidding or “best value.” The threshold for formal bidding is \$175,000 and the best value alternative is available for contracts over \$20,000. Between \$50,000 and \$175,000 the City does not have to use the formal bidding process, however if the City does use formal bidding or “best value” procurement for these contracts they will have to comply with the Responsible Contractor Requirements.

The statute sets forth “minimum criteria” for contractors which include such things as compliance with state workers compensation laws and unemployment insurance laws, federal tax I.D number, authority to transact business in Minnesota, compliance with Federal Wage and Hour requirements, etc.

A contractor responding to the City’s contract solicitation must submit a signed statement under oath of compliance with the minimum criteria identified in this statute.

If that contractor is awarded the contract, then a supplemental verification under oath must be presented to the City that the contractor has received from all subcontractors’ statements under oath that they also meet the minimum requirements under this statute.

Prompt Payment to Subcontractors

City contracts that involve a prime contractor must require the prime contractor to pay subcontractors within ten days of the prime contractor’s receipt of payment from the City for undisputed services provided by the subcontractor.

The contract must require the prime contractor to pay interest of 1.5 percent per month or any part of a month to the subcontractor on any undisputed amount not paid on time.

Performance and Payment Bonds

For some contracts, cities must require contractors to provide a performance bond and a payment bond. This requirement applies to contracts over \$175,000 for the performance of public work. The required performance bond benefits the City by ensuring that the work is completed according to the terms of the contract, while the required payment bond benefits subcontractors and people who provide labor and materials, by seeing that their claims for labor and materials are paid.

Retainage

For a contract for public improvement, a public contracting agency may withhold up to five percent of any progress payment as retainage to ensure satisfactory performance. If it does so, it must release the retainage no more than 60 days after substantial completion.

“Substantial completion” is the date when construction is sufficiently completed so that the owner can occupy or use the improvement for the intended purpose. For streets, highways, and bridges, “substantial completion” is defined as the date when construction-related traffic devices and ongoing inspections are no longer required.

The City is permitted to continue to withhold up to 250 percent of the cost to correct or complete known work at the time of substantial completion, and the greater of \$500 or one percent of the value of the contract pending submission of final paperwork.

The amount withheld for cost to correct or complete must be released within 60 days of work completion. The amount withheld pending submission of final paperwork must be released within 60 days of submission of final paperwork.

Withholding Certificates

Before a city makes the final payment to a contractor under a contract requiring the employment of employees for wages, it must make sure the contractor and any subcontractors have complied with withholding tax laws. Contractors and subcontractors show compliance by submitting a withholding affidavit to the Minnesota Department of Revenue. This can be done electronically or by mailing a completed Form IC134, "Withholding Affidavit for Contractors." If a contractor or subcontractor has withheld taxes as required, the Department of Revenue will return an electronic confirmation or sign and return the Form IC134, certifying compliance.

Exceptions to Competitive Bidding

The following are some of the most common exceptions to the competitive-bidding requirements:

- **Non-contracts.** An agreement that does not meet the definition of a contract under the competitive-bidding law is exempt from the competitive-bidding requirements. For example, an agreement in which a company supplied a special scoreboard system in exchange for the right to sell or lease advertising space on it was found to be exempt from the competitive-bidding requirements because it was not a contract for "materials, supplies or equipment." Likewise, contracts for refuse hauling and janitorial services were also found to be exempt from the competitive-bidding requirements because they were not considered to be contracts within the definition of the competitive-bidding law.
- **Contracts of \$20,000 or less.** If a contract is estimated to be \$20,000 or less, the City has the choice of making the contract upon quotation or in the open market. If the City makes the contract upon quotation, the City must obtain at least two quotations and keep them on file for at least one year after their receipt.
- **Contracts below the competitive-bidding threshold, but above \$20,000.** Contracts that are estimated to cost more than \$20,000, but not more than \$175,000, may be made in two different ways. The City may make the contract using the competitive-bidding process or by direct negotiation. If direct negotiation is used, the City Council must seek at least two quotations and keep them on file for at least one year after receipt.
- **Electronic reverse-auction purchases.** Cities may use an electronic reverse-auction procedure to contract for the purchase of supplies, materials, and equipment regardless of their cost. This procedure allows vendors to 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.** Cities may contract to sell supplies, materials, and equipment, which are surplus, obsolete, or unused, regardless of their cost, using an electronic selling process in which purchasers compete to offer the highest purchase price in an open and interactive environment.
- **Best value contracting.** Under certain circumstances, cities may use best value contracting for construction projects. Best value contracting requires cities to consider two factors as part of a request-for-proposals process: price and performance. There are additional factors that may be considered.
- **Intergovernmental contracts.** Contracts between governmental entities for the sale, lease or purchase of real or personal property between federal, state or political subdivisions.
- **Professional services contracts.** Professional services, such as those provided by doctors, engineers, lawyers, architects, accountants, and other services requiring technical, scientific or professional training.
- **Some group-insurance contracts.** Group insurance for 25 or more employees. This type of insurance must be solicited through requests for proposals. The request for proposals must be in writing and must include the coverage to be provided, the criteria for evaluation of carrier proposals, and the aggregate-claims records for the appropriate period. The request for proposals must be published in a newspaper or trade journal for at least 21 days before the final day for submitting proposals.
- **Real estate contracts.** The purchase or sale of real property is generally not required to be competitively bid.
- **Emergency contracts.** The emergency-management statutes give cities the ability to declare an emergency for a limited period of time. During such an emergency, cities are not required to use mandated contracting procedures. If the facts of the situation do not indicate that a true emergency exists, such a contract would likely be void.
- **Some intergovernmental construction contracts.** A cooperative agreement to construct a project with the state or with 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.
- **Some municipal electric power construction contracts.** A city may contract for the planning, acquisition, construction, reconstruction, operation, maintenance, repair, extension, and improvement of generation and transmission facilities without using the competitive-bidding process. The facilities must be located outside of the City's corporate limits.
- **Some fuel contracts.** Fuel contracts for generation of municipal power may be made using direct quotations or competitive bidding.

Appendix C:

Federal Grant Procurement Requirements

The OMB Uniform Guidance went into effect on December 26, 2014 and applies to awards or funding increments issued on or after that date. Purchases funded by federal grant funds must adhere to regulations found in Uniform Guidance as a condition of receiving funds and to meet annual audit compliance. The OMB Memo M-18-18 increased the micro-purchase threshold to \$10,000 and the simplified acquisition threshold to \$250,000 (note, since the State of Minnesota threshold is \$175,000, the City will follow the lower threshold from the State of Minnesota).

Methods of Procurement (see CFR §200.320):

- **Micro-purchases** - the acquisition of supplies or services, the aggregate dollar amount of which does not exceed \$10,000. Use your own judgment in identifying potential suppliers. Federal guidance asks that, if possible, spread purchases between multiple suppliers. When possible, attempt to get discounts. If you are uncertain as to whether or not a purchase qualifies as a micro purchase or a small purchase, please contact the Finance department prior to making the purchase. For example, installment payments less than \$10,000 towards a total purchase price greater than \$10,000 do not count as micro purchases
- **Small purchase** - the acquisition of supplies, services or equipment in the range of \$10,001 to \$175,000. Price or rate quotations must be obtained from an adequate number of qualified sources prior to making a purchase. A purchase order documenting at least 2 price quotes and the basis for vendor selection prior to making a purchase is required. Documentation needs to be in writing from the vendors and can include screen shots from websites, copies of published price lists and advertised pricing in established magazines or journals. This documentation should be attached to the purchase order and the buyer should not make the purchase until the purchase order has been fully approved. If a purchase order is not received prior to an accounts payable voucher, the Finance department will have the authority to reject the invoice from being paid against federal funds. If you require assistance in obtaining 2 quotes, please contact the Finance department.
- **Sealed bids** - For acquisitions costing more than \$175,000, bids are publicly solicited and a firm fixed price contract is awarded to the responsible bidder whose bid is the lowest price. See appendix B for more detail.
- **Competitive proposals** - For acquisitions costing more than \$175,000, conducted with more than one source submitting an offer, and either a fixed price or cost-reimbursement type contract is awarded. Contracts must be awarded to the responsible firm whose proposal is most advantageous to the City with price and other factors considered.
- **Noncompetitive proposals** - procurement through solicitation of a proposal from only one source. A waiver must be granted by submitting the Sole Source Justification Form (see attachment C).

Sole Source Justification Form (see Attachment C for template):

There may be times when competitive bids are not appropriate and the requirement for obtaining them is waived. Failing to anticipate needs resulting from poor planning is not an exception to the bidding policy. For an exception to be valid, a clear statement of justification for waiving the competitive bidding process must be submitted in writing for approval by completing the Sole Source Justification Form.

Situations that would justify purchases without the competitive bid process are:

- The supplier is obviously a sole source for the item. Examples:
 - Artwork
 - Unusual and not generally available used equipment
 - A very specialized piece of scientific equipment
 - A specialized service (lobbyist, consultant) when the supplier has a one-of-a-kind ability to provide the required service due to demonstrably unique circumstances (knowledge, contacts, experience)
- There is an undeniable compatibility requirement. The item will be hooked up to existing equipment or the purchase is an upgrade to existing equipment/software.
- There has been an unpredictable emergency and there is no time to bid. Examples:
 - Human life, health or City property is in jeopardy
 - Repairs are immediately needed for equipment where delay would lead to higher expense.
- Subcontracts whereby the agreement to work with another individual or institution was written into the grant award.

Situations that would NOT justify purchases without the competitive bid process are:

- We did some looking around and this supplier is offering a very good deal. While this may be true, federal guidelines require a competitive bidding process that demonstrates that due diligence was used.
- I waited so long to work on this that now I need it tomorrow. Busy schedules do not excuse the City from following federal regulations
- It would be so much more convenient if we could just use this supplier. Convenience is not a strong enough factor to allow the granting of a waiver from the process. An emergency situation must be present.
- The company already started the work. Making such agreements or purchases at a departmental level is contrary to this policy and federal regulations.

Attachment C

PROFESSIONAL/TECHNICAL CONTRACT SINGLE SOURCE REQUEST FORM

Submit form to: Finance Department, 2400 Margaret St N, North St. Paul,
MN 55109

Submit with: _____
Each copy of certification form

DEPARTMENT		
PROPOSED CONTRACTOR		CONTRACT PERIOD
Name of company: Address: Telephone: Web Address (if available):		_____ to _____ <small>*The term of the contract must not exceed two years unless the Council determines that a longer duration is in the best interest of the City. If you are requesting that the original contract length be longer than two years, please attach a written justification.</small>
		CONTRACT PRICE
		\$ _____
DESCRIPTION OF SERVICE REQUIRED:		

SINGLE SOURCE CATEGORY	
(Check applicable box, attach documentation or provide explanation below)	
<input type="checkbox"/> Legislation or appropriation mandates use of contractor (Legislation attached)	<input type="checkbox"/> Software license renewals, additions or upgrades available from only one source
<input type="checkbox"/> Expert witness required by AGO (attach documentation)	<input type="checkbox"/> Brand compatibility available from only one source
<input type="checkbox"/> Mailing lists, subscriptions or media advertising	<input type="checkbox"/> Other proprietary situation
<input type="checkbox"/> Warranty voided if service provided by other contractor	<input type="checkbox"/> Other
THIS PROCURMENT IS A SINGLE SOURCE BECAUSE (attach additional page if needed):	

NOTE: The following are unlikely to be sufficient single source justifications:

- ◆ Personal or agency preference for a contractor
- ◆ Agency perception that the vendor is the best qualified (this should be determined through a competitive process)
- ◆ Lack of agency planning resulting in limited time to conduct a competitive procurement
- ◆ Past or existing relationship with the vendor
- ◆ Special incentive or deal offered (can be assessed in open and competitive solicitation)
- ◆ Agency convenience

SEARCH (Check applicable boxes and describe as indicated)	
<input type="checkbox"/> No search was conducted or necessary because (explain): A search was conducted consisting of: (check all that apply) <input type="checkbox"/> Market research <input type="checkbox"/> Other vendors contacted <input type="checkbox"/> Public notice given <input type="checkbox"/> Other	<p style="text-align: center;">RESULTS</p> AFTER THE SEARCH... <input type="checkbox"/> no alternatives were identified <input type="checkbox"/> no alternatives were deemed acceptable (explain below)
Description of search identified above: 	

PRICE (Check applicable boxes and provide description below)	
Price has been fairly and reasonably established by: <input type="checkbox"/> Independent estimate <input type="checkbox"/> Comparison to public sector contract pricing <input type="checkbox"/> Comparison to previous comparable pricing	<input type="checkbox"/> Discount off published price <input type="checkbox"/> Market survey <input type="checkbox"/> Other
Describe methodology and results (attach any written supporting data, e.g. survey or market analysis): 	

CERTIFICATIONS	
I certify: 1) I recognize that state law requires the use of competitive solicitations unless exempted by law. I have reviewed the information and materials relevant to this procurement of services and am requesting approval of an exception to the competitive process for the reasons described. 2) the price to be paid to the proposed single source contractor is fair, reasonable, and provides the best value to the City of North St. Paul; and 3) this request for an exception to the competitive solicitation process is not the result of inadequate advance planning or for purposes of securing the services of a preferred contractor	
Department Head Signature 	Date



**NORTH
ST. PAUL**
extraordinary.

City of North St. Paul
Credit Card Purchase Request Form
For Purchases Under \$2,000



Fund/Department	Requestor	Date	Card # (Last 4 Digits)
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I Acknowledge Having Read the Purchasing Policy (Please Sign):

Vendor	
Vendor Address	

For Product or Supplies Purchases				
Product	Quantity	Product Description	Price Each	Total Price

For Registrations of Conferences / Meetings / Trainings		
Name of Attendee	Date of Conf/Mtg	Location

Business Purpose of Each Product or Registration:	
Is the Purchase Budgeted: <input type="checkbox"/> Yes <input type="checkbox"/> No	Account Codes:

If Requestor Does Not Match the Cardholder		
Name on Credit Card	Date Card Taken	Date Card Returned
Cardholder Approval		

Department Head or City Manager Approval	Date
---	-------------



City of North St. Paul
Purchase Request Form
 For Purchases Between \$10,000 and \$19,999



Fund/Department	Requestor	Anticipated Purchase Date
Proposed Contractor Company Name: Address: Telephone: Website: Contact Name:		If not a One-Time Purchase: Contract Period _____ to _____ Expected Annual Cost: \$ _____ Total Contract Price \$ _____
Description of Requested Purchase:		
Outcome if Purchase Not Approved:		
Is the Purchase Budgeted: <input type="checkbox"/> YES <input type="checkbox"/> NO	Account Code:	

List Quotes or Sealed Bids Received Below and Attach to this Document (At Least Two Written Quotes are Required)	
<u>Vendor</u>	<u>Quote/Bid Amount</u>
1.	1.
2.	2.
3.	3.
If Lowest Price Not Chosen, Please Give an Explanation:	
Department Head Signature	Date
Finance Director Signature	Date
City Manager Signature	Date



City of North St. Paul
Purchase Request Form
 For Purchases Greater Than \$20,000



Fund/Department	Requestor	Anticipated Purchase Date
Proposed Contractor Company Name: Address: Telephone: Website: Contact Name:		If not a One-Time Purchase: Contract Period _____ to _____ Expected Annual Cost: \$ _____ Total Contract Price \$ _____
Description of Requested Purchase:		
Outcome if Purchase Not Approved:		
Is the Purchase Budgeted: <input type="checkbox"/> YES <input type="checkbox"/> NO	Account Code:	

List Quotes or Sealed Bids Received Below and Attach to this Document (At Least Two Written Quotes \$20,000 - \$174,999; Sealed Bids Greater Than \$175,000)	
<u>Vendor</u>	<u>Quote/Bid Amount</u>
1.	1.
2.	2.
3.	3.
If Lowest Price Not Chosen, Please Give an Explanation:	
Department Head Signature	Date
Finance Director Signature	Date
City Manager Signature	Date
Mayor/Council Signature	Date