



CITY OF LE SUEUR
REQUEST FOR COUNCIL ACTION

TO: Mayor and City Council
FROM: Richard Kucera, Public Services Director
SUBJECT: Purchasing Policy Update
DATE: For the City Council meeting of Monday, February 25th, 2019

PURPOSE/ACTION REQUESTED

Consider the update to the Purchasing Policy to include additional cooperative purchasing sources.

SUMMARY

The addition of these purchasing cooperatives: Sourcewell (Formerly National Joint Powers Alliance (NJPA)), Cooperative Purchasing Connection (CPC) or H-GAC (Houston-Galveston Area Council), will allow staff to obtain equipment and services that have already been competitively solicited. Staff is recommending updating the Purchasing Policy to reflect these opportunities.

PURPOSE/ACTION REQUESTED

Staff recommends that City Council approve the amendment to the City of Le Sueur Purchasing Policy as attached.

PURCHASING POLICY



GENERAL PROVISIONS

The purchasing policies of the City are established by the City Council through the City Administrator.

The purpose of this policy is to provide for the fair and equitable treatment of all persons involved in public purchasing by the City of Le Sueur, to maximize the purchasing value of public funds in procurement, and to provide safeguards for maintaining a procurement system of quality and integrity.

This policy applies to the procurement of materials, supplies, services, and construction. It shall apply to every expenditure of municipal funds, irrespective of their source. When the procurement involves the expenditure of Federal or State assistance or contract funds, the procurement shall be conducted by any applicable mandatory Federal or State laws and regulations which are not reflected in this policy. Nothing in this policy shall prevent the City of Le Sueur from complying with the terms and conditions of any grant, gift, or bequest which are otherwise consistent with law.

To facilitate a sound and cost-effective purchasing operation, all purchases shall be of a quality to suit the intended purpose at the lowest possible cost.

The City Administrator shall be the designated purchasing agent of the City of Le Sueur. Purchases for the requirements of the City are made for each department through the City Administrator's office or his/her designee. The success of the purchasing function and the mutual benefits derived are contingent upon the cooperation of all City departments.

Purchase authorization should be sought far enough in advance to allow for delivery before actual need. Ideally, similar purchases by various departments should be aggregated in one order to allow for better unit prices and lower delivery costs. Purchases shall not be split to circumvent any provision of this policy or applicable Minnesota State Statutes.

DISCRETIONARY AUTHORITY

Competitive purchases shall not be made on the sole basis of low quotation. Said purchases shall be based upon factors such as life-cycle costs, quality, delivery period, and availability of goods and maintenance service, as determined by discretion herein given.

GENERAL INFORMATION

Whenever possible and as outlined below, competitive prices shall be obtained for the purchase of materials, equipment or services. Generally, the greater the value of the purchase, the more formal the method used.

The following procurement methods shall be used, and, in all cases, a written record shall be made and preserved by the City Administrator's Office.

Level of Purchase	Procurement Method
\$1 - \$10,000	Direct Purchase
>\$10,000 - \$50,000	Three Written Quotes (requested verbally)
>\$50,000 - \$175,000	Formal Written Proposals (quote package)
>\$175,000	Formal Bids (except as noted below)

For purchases up to and including \$50,000, the City Administrator shall have discretion as to whether a Performance Bond is required and/or the amount of that Bond.

Whenever a purchase is made through the State of Minnesota's Cooperative Purchasing Venture, Sourcewell (Formerly National Joint Powers Alliance (NJPA)), Cooperative Purchasing Connection (CPC) or H-GAC (Houston-Galveston Area Council), the quotation/proposal/bid method above shall not apply.

In the event local and non-local proposals for goods and services of like amount, quality and availability exist at the same price; the local proposal shall be accepted. Local vendors are hereby defined as those business establishments that have a significant portion of their physical plant located within the corporate boundaries of the City of Le Sueur.

PURCHASES OVER \$175,000 (except as noted above)
FORMAL BIDS M.S. 471.345 SUBD. 4 PROCEDURE

Notice to Bidders - Notice inviting sealed competitive bids shall be published in the official newspaper of the City at least ten (10) days before the final date for submitting bids thereon. Such notice shall cite the specifications on the supplies, materials, equipment or construction project or other matter to be contracted for and shall state the amount of bond or other security, if any is to be required, to be given with the bid and the amount of bond or security to be given with the contract. The notice shall state the time limit, the place of filing and the time of opening bids and shall also state that the right is reserved to reject any or all bids. Any consideration or award of the contract shall also be stated in general terms.

Solicitation and Posting - The purchasing agent shall also solicit bids from such qualified prospective vendors that are reasonably known to the purchasing agent.

Bid Security Deposit - This deposit shall be in the form of a certified or cashier's check or a bond written by a surety company authorized to do business in the State of Minnesota. The amount of such security shall be expressed in terms of percentage of the bid submitted. Unless fixed by the City Council, the City Administrator shall prescribe the amount of any security to be deposited with any bid. The City Administrator shall be authorized to waive the bid security requirement for purchase of materials under \$175,000.

Bid Opening - Bids shall be opened in public at the time and place designated in the notice requesting bids. Original bid documents shall be referred to the Office of the City Administrator to be examined and tabulated and shall be reported to the City Council with a recommendation.

After opening, all bids shall be available for inspection and kept on file by the City Administrator's office.

Award of Bid - Provided that the City Council shall find any of the bids satisfactory, the Council shall award the contract to the lowest responsible bidder unless the Council shall determine that the public interest will be better served by accepting a higher bid. The Council shall have the right to reject any or all bids and to waive irregularities in bidding and to accept bids which do not conform in every respect to the bidding requirements. Upon satisfying itself that the conditions have been met, the Council may award the contract by resolution.

Written Contract - All formal bid awards shall be made the subject of written contract. A purchase order alone shall be a sufficient written contract only in cases where the expenditure is in the usual and ordinary course of the City's affairs. In no case shall a purchase order be sufficient for the construction of Public Works or the contracting for supplies or services over any period of time or where the quality of the goods or materials or the scope of the services bargained for is not wholly standardized.

Bidder's Security - All bid bonds or certified or cashier's checks may be retained by the City Administrator's Office until the contract is awarded and executed. If any successful bidder fails or refuses to enter into the contract awarded to him/her in the time specified after the same has been awarded, or file any bond required within the same time, the deposit accompanying his bid shall be forfeited to the City, and the City Council at its discretion may award the contract to the next lowest competent bidder unless the Council shall determine that the public interest will be better served by accepting a higher bid, or said contract may be re-advertised.

Performance Bond - At the time a contract is executed the contractor shall file a bond executed by a surety company authorized to do business in the State of Minnesota, to the City, conditioned upon the performance of said contract and saving the City harmless from all losses or damages caused to any person or property by reason of any carelessness or negligence by the contractor and from all expense of inspection, engineering, and otherwise, caused by the delay in the completion of any improvement. The bond shall further be conditioned to pay all laborers, mechanics, subcontractors and material suppliers as well as all just debts and demands incurred in the performance of such work. Unless fixed by the City Council, the City Administrator shall prescribe the amount of the performance bond and in the case of construction contracts, the amount of the labor and materials bond to be required of the successful bidders. For purchases up to and including \$100,000 the City Administrator shall have the discretion as to whether a Performance Bond is required and the amount of that Bond. For purchases or contracts over \$100,000, the regulations contained in Minnesota Statutes shall apply as those regulations relate to publication, bonding, and bid security.

RECEIPT/RETURN OF MATERIALS

All vendor issued packing slips or other pertinent documentation shall be held by the Department Manager and attached to the vendor billing for future reference.

Returned materials are items returned to a vendor due to damage or other valid reason of non-acceptance. The return of materials should be acknowledged by the vendor by a credit memorandum.

INVOICES

An invoice is the means by which a vendor informs the City of its financial obligation. Invoices should contain an itemization of quantities and charges for supplies, materials, or services furnished to the City as well as special conditions such as discounts and due dates.

Upon receipt of an invoice, the Department Manager shall reconcile the purchase order, packing slips, and returned materials credit memorandums to the invoice. Any and all discrepancies in quantities and costs must be reconciled by the Department Director before an invoice is forwarded to the Finance Department for payment.

At appropriate intervals, the Finance Department shall prepare a schedule of invoices payable for Council review and approval. Payment shall be made following Council approval except that the Finance Department is hereby granted authority to make prior payment to take advantage of allowable discounts or for other necessary reasons as determined by the City Administrator.

PETTY CASH

It is the City's policy to hold petty cash purchases to a minimum. No employee may make such a purchase without prior authorization of his/her Department Supervisor or Department Director. Such purchases are generally paid for by the employee who then secures reimbursement from the petty cash fund. The number and size of petty cash funds shall be designated by the Finance Director.

The petty cash fund shall be maintained on an "imprest" system which requires that each disbursement must be supported by proper documentation. Replenishment of petty cash funds will be made by submitting a report of disbursements along with supporting documentation for payment processing.

Petty cash purchases are to be held under forty dollars (\$40) whenever practical. Expenses for travel, schools, luncheons, etc. should not normally be reimbursed by the petty cash fund, but rather submitted on an Expense Reimbursement Form.

EMERGENCY PURCHASES

Emergency purchases are to be made only when normal operations of a department would be hampered significantly by delays resulting from the submission of a purchase order or when property, equipment, or lives are endangered through unexpected circumstances.

In the case of an emergency, a Department Director may purchase directly any budgeted supplies, materials, or services necessary to alleviate the emergency. Every effort shall be made to contact the City Administrator or Finance Director if emergency expenditures exceed the budget or are unbudgeted, whether the emergency occurs during normal working hours or not. The emergency, following its abatement, shall be explained on a purchase order and submitted to the City Administrator.