

# CITY OF STEWARTVILLE PURCHASING POLICY

## I. Purpose

This purchasing policy was established to hold the City of Stewartville employees to the highest integrity and ethical standards:

- Provide guidance, instruction, and a resource to staff for effective and efficient purchases, while ensuring MN State Statues are recognized
- Standardize purchasing requirements for materials and equipment within budgets and for unexpected expenses
- Improve speed of delivery for departments while promoting fair and open competition among bidders
- Ensure all expenditures are made for a **\*public purpose**
  - Benefit the Community as a whole;
  - Directly related to functions of the government; and
  - Its primary objective is NOT to benefit private interest

\*\*All purchases that have State Contract pricing or on a cooperative purchasing agreement do NOT need more than one quotation\*\*

## II. Quick Reference Guide

Value of Purchase	Information	Process	Approval
Less than \$1,000	Small purchases of services or supplies.	None	Department Head or Designee
Over \$1,000, but under \$10,000	Budgeted materials, equipment, and routine maintenance projects.	Written Quotes	Department Head, Finance Director
Over \$10,000, but less than \$25,000	Budgeted materials, equipment, and routine maintenance projects.	2 Quotes needed or State Contract Pricing	Department Head, Finance Director, City Council
Ove \$25,000, but less than \$175,000	Budgeted materials, equipment, and routine maintenance projects.	Sealed bids or direct negotiation, 2 or more quotes. Do not need to advertise. Or State Contract Pricing.	Department Head, Finance Director, City Council
Over \$175,000	Require formal preparation of specifications	Sealed bids with a public notice and advertising. Publicly opened at specific time and date	Council Resolution
** Can be low bidder or best value **			

**\*Public Purpose:** A public purpose expenditure is one that benefits the community as a whole, relates to the functions of government and promotes the public health, safety, general welfare, security, prosperity, and contentment for the benefit of all the City's residents. Further, the City of Stewartville hereby finds there is a public benefit in ensuring high City employee productivity and morale.

### III. Objectives

- To obtain supplies, equipment, and services as economically as possible.
- To purchase materials which are best suited to the specific needs of departments.
- To improve the speed of delivery to departments by predetermining, through contracts or other appropriate means, the sources of supply before the actual needs.
- To promote fair and open competition among bidders.
- To ensure compliance with all applicable policies, statutes, and regulations of the City, the State, and the Federal Government.
- To adhere to strict ethical standards, including avoiding conflicts of interest, accepting gifts, or engaging in any other conduct that may compromise the integrity of the procurement process.

### IV. Planning and Scheduling

Capital purchases will be identified and scheduled in the annual 5-year Capital Improvement Plan or Capital Equipment Budget. The City Administrator and/or Department Heads may request the alteration of such plans, if in the best interest of the City, and will obtain Council approval.

### V. Purchasing Alternatives

Local businesses within the Stewartville School District area and vendors will be given a **preferred opportunity** to bid or provide quotes for services or products.

#### Competitive Bidding - Sealed Bids:

- A formal sealed bid procedure is required for all purchases in excess of \$175,000 except for professional services.
- Required authorization for all plans and specifications is the responsibility of the originating department.
- The preparation of all specifications is the responsibility of the originating department (For CIP – City Engineer)
- A published notice of bid is required in the official City newspaper at least ten days in advance of bid opening. The published notice must state where the plans and specifications can be obtained by bidders and specifically, 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.
- All bid openings are to be administered by originating department at a specific date and time that was advertised. The bid opening must occur more than 3 weeks after its first publication.
- The City reserves the right to accept or reject any or all bids or any part of a bid and to waive any defects or irregularities or to advertise for new bids where the acceptance, rejection, waiving, or re-advertising of such would be in the best interest of the City. The City Council must formally approval the bid contract.
- Based on the request for proposal, the City may award a contract to the vendor or contractor using [best value or lowest responsible bidder](#).

- (1) [Lowest responsible bidder](#) - considerations of financial responsibility, integrity, skill, and the likelihood of performing faithful and satisfactory work.
- (2) [Best Value Contracting](#) - offering the best value through the request for proposals process set forth in state law. With best value, cities can consider performance factors, along with price, when awarding construction project contracts. Level of customer satisfaction on previous projects.

**State, County, and Other Cooperative Purchasing Contracts:**

- The City of Stewartville participates in the State Contract pricing, as well as, other cooperative purchasing contracts. (ie: Sourcewell) This enables participants to buy goods and services at a reduced cost under the terms of contracts already negotiated by the State of Minnesota.

**Quotes:**

- For purchases over \$10,000 but less than \$175,000, a minimum of two quotations when possible and keep them on file for at least one year.

**Emergency Purchases:**

- Emergency purchases are those made by Departments where an immediate purchase is necessary to correct a situation which would adversely affect the life, health, safety, or welfare of people, personnel and protecting the environment.
- To the greatest extent possible, the preceding procedures should be followed. However, in case of an emergency, Department Personnel may purchase directly any supplies, materials or services necessary to alleviate the emergency. Every effort shall be made to contact the appropriate Department Head whether the emergency occurs during or after normal working hours. On the next working day, such emergency purchases will be explained to the City Administrator.

**VI. Bid Specifications**

- Bids must be submitted by the advertised deadline, prepared and signed in ink.
- Bidders are not allowed to take advantage or any errors or omission in the specifications. The bidder must promptly notify the City in writing of such error or omission.
- Each bidder shall submit with their proposal descriptive literature and a list of variations, if any, where the equipment differs from the specifications bid therein. Where variations are not cited it shall be assumed that the bidder proposes to meet all the requirements of the specifications.
- Bids must be accompanied by cash, certified check, cashier's check, or bid bond payable to the City in the amount of not less than five percent (5%) of the bid. All bid securities will be held until an award has been made. The security of the successful bidder will be held until bidder has fully complied with all purchasing procedures.
- The bid proposal must contain a statement where the contractor promises not to discriminate against prospective employees because of race, creed, or color and complies with all applicable local, state and federal statutory requirements.

## VII. Disposal of Surplus Property

- Sometimes property or equipment no longer needed or being replaced may still be in working condition and may have value to someone else.
- The City generally disposes of surplus equipment through public surplus.
- Sale of material in the amount of \$5,000 or less may be made by advertising in the official City newspaper with sale to the highest bidder. If no bids are obtained through this manner the Department Head with the approval of the City Administrator may sell the material by other means available.
- As an alternative, items of under \$1,000 in value may be disposed of at the discretion of the appropriate Department Head.

## VIII. Employee Expenditures Related to Work Assignments or Training

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

- Educational expenses for the attendance of conference, meeting, or courses shall be paid by the Employer as approved by the Department Head. If a license is required, City will pay for the employee to take a class (up to two times) and testing (up to three times) per licensing level to pass. Any testing after the third time at the same level, or testing at a lower level, will be paid for by the employee.
- Mileage - Employees who find it necessary to use their private automobiles for City travel will be reimbursed at the standard rate as established by IRS.
- Meals - Detailed Receipts must be included. The total amount with tax, tip, the time and place of purchase and a description of the product. If meals are part of your hotel stay or conference you CAN NOT expense them.

## IX. Payment

The City of Stewartville uses various processes in making payments for goods and services. **ALL Expenses must have back up/receipts with a description and department.**

- **Invoices** – Attach packing, order, or ship lists
- **Statements** – All original receipts supporting associated statement
- **House Accounts/Charge Accounts** – All original receipts
- **Credit Card** – Original receipts for charges must be submitted
- **EFT (Electric Fund Transfer)** – Often used for reoccurring expenses (ie: PERA, Tax Withholding, Health and Dental Insurance)
- **Expense Reimbursement** – Original receipt