

The logo for The City of Lake Elmo features the text "THE CITY OF LAKE ELMO" in a serif font, with "LAKE ELMO" in a larger, bolder font. The text is enclosed in an oval shape with a decorative flourish underneath.

THE CITY OF  
LAKE ELMO

### **Purchasing Policy**

This policy applies to all purchasing activities of the City, and applies to all City Departments, employees, and authorized users and encompasses all purchases using City funds. Failure to comply with these policies and procedures could result in discipline up to and including termination.

Prior to making a purchase of new products, determine if used, recycled, repaired, refurbished or remanufactured products would be a more cost effective way to fulfill the need. Consideration of made in the USA, economic, environmental, and social factors should also be considered.

If an item or service is to be purchased new, determine whether the item or service is currently available through the cooperative purchasing process outline below:

The City and its purchasing agents are not only encouraged but mandated in some instances to consider purchasing through the state CPV (Cooperative Purchasing Venture). For all purchases estimated to exceed \$25,000 the purchasing agent must consider the price and quality available through the CPV (<http://www.mmd.admin.state.mn.us/>) before buying through another source, and these findings must be documented on the purchase requisition.

When a CPV vendor is not available, the city may choose to enter into a Price Agreement Contract. Department Heads are the only staff authorized to enter into a Price Agreement Contract. A price agreement contract between the city and a merchant may be used to acquire items frequently purchased in small quantities. Under the agreement the merchant agrees to supply a specified commodity at a set price.

For purchases/contracts estimated to cost over \$50,000 the uniform municipal contracting law (competitive bidding law) guidelines (<http://www.mmd.admin.state.mn.us/>) must be followed (exceptions noted below). This applies to: contracts for the sale, purchase, or rental of supplies, materials, or equipment; and contracts for the construction, alteration, repair, or maintenance of real or personal property. The City Administrator will work with appropriate department staff to prepare necessary specifications, seek competitive bids, and formulate a recommendation to present for review and approval by the Council. If recommendations/bids are approved by the Council, then the City Administrator will sign the purchase requisition and have the authority to move ahead with the purchase/contract.

The competitive bidding process is not required:

- 1) When contracting for professional services such as those of doctors, engineers, lawyers, architects, accountants, or other services requiring technical, scientific, or professional training.
- 2) For insurance contracts; however, the city must seek RFPs for group insurance for 25 or more employees.
- 3) When electronic reverse auctions are used where vendors bid against each other to offer the lowest selling price (note: the city is prohibited from using a reverse auction procedure to contract for professional or technical services).
- 4) When purchasing from the national government, the state, or any political subdivision of the state.
- 5) For the purchase, lease, or sale of real estate

A purchase requisition form (Attachment A) must be completed for all purchases \$1,000 and over. All purchase requisitions must include documentation that the item is authorized in the budget and/or that sufficient funds are available.

Price quotes information must be noted on the purchase requisition form and must be obtained for all purchases except for those purchases where a state CPV vendor is used (and the contract is not estimated to cost more than \$50,000) or a price agreement is already in place, per the following guidelines:

Purchases at or below \$2,500.00:	Minimum of 1 price quote is required
Purchases between \$2,500.01 and \$25,000.00	Minimum of 2 price quotes are required
Purchases between \$25,000.01 and \$50,000.00	Competitive Bidding Process or direct negotiation
Purchases \$50,000.01 and over	Competitive Bidding Process must be used

The purchase requisition should be signed by the person who is requesting the purchase and who obtained the quotes, verified the funds, etc. If this person is not a Department Head, the purchase requisition will also need the Department Head signature of approval. When complete, the purchase requisition is submitted to the Finance Director for approval and verification that sufficient funds are available. After approval by the Finance Director the purchase requisition is signed and approved by the City Administrator.

City Council may authorize the use of credit cards by any city officer or employee otherwise authorized to make a purchase on behalf of the city.

### **Conflict of Interests**

**Employees** – no employee will participate directly or indirectly in any contract or procurement of goods/services that the City makes when the employee or any member of the employee's immediate family has a financial interest related to the contract or procurement, including involvement with a business or organization related to the procurement. If a conflict of interest is deemed to exist, the employee shall not participate in the transaction.

Immediate family shall be defined as a spouse, domestic partner, parent, child, sibling, father-in-law or mother-in-law, son in-law or daughter in-law, sister in-law or brother in-law, step child, step sibling, and half sibling.

**City Officials** - no city official, elected or appointed, will participate directly or indirectly in any contract or procurement of goods/services that the City makes when the City officials or any member of the city official's immediate family has a financial interest to the contract or procurement, including involvement with a business or organization related to the procurement. This prohibition applies whether the official actually votes on a contract or not. There are limited exceptions to this prohibition, and the City Council should seek advice from the City Attorney before entering into any contract in which a council member or any other city official will have a financial interest. Conflicts of interest can also arise when a city official has a personal interest in a matter which is particularized and so distinct from the public interest that the official cannot be impartial or fairly represent the public interest. A city official who violates the conflict of interest law is guilty of a gross misdemeanor and can be fined up to \$3,000 and imprisoned up to one year. In addition, the other members of the council who knowingly authorized the unlawful contract may also be subject to criminal penalties. Furthermore, contracts that violate these statutes are generally void.

Immediate family shall be defined as a spouse, domestic partner, parent, child, sibling, father-in-law or mother-in-law, son in-law or daughter in-law, sister in-law or brother in-law, step child, step sibling, and half sibling.

### **Emergencies**

Under Minnesota's Emergency Management Act, the city is given authority to enter into contracts without following normally required procedures. The governing body may waive compliance with the time-consuming procedures that concern: the performance of public work, contracting, incurring obligations, employing temporary workers, renting equipment, purchasing supplies and materials, limitations on tax levies and the appropriation and expenditure of public funds (uniform municipal contracting law).