

Section 1. Purchasing Guidelines

1.1 Policy Statement

The goal of the Purchasing Policy is to ensure that all purchases are consistent and comply with applicable Federal, State and local statutes, laws, codes, ordinances and rules; to establish internal controls; to maintain the appropriate documentation and to ensure the best value for the public money. This Purchasing Policy will be used for all purchases made by the City of Ramsey.

All City of Ramsey employees and elected officials shall comply with this policy. Contacts made contrary to this policy may be voidable.

1.2 Authorization

The purchasing policies of the City of Ramsey are established by the City Council under the City Charter (Section 6.4), the City Code and state statute. City funds may only be spent for purposes that are expressly or implicitly authorized by statutes or the City's charter and must be for a public purpose.

- Roles and Responsibilities:
 - The City Council is responsible for ensuring proper accountability of the public funds entrusted to the City and establishing procurement controls necessary for the City to operate efficiently.
 - The City Administrator is responsible for overseeing the City operations. Ensuring proper accountability of the public funds entrusted to the City of Ramsey and preserving the procurement controls necessary for the City to operate efficiently.
 - Department Heads/Managers are responsible for adherence to the procurement policy and procedures.
 - Department Supervisors will be responsible for ensuring their employees are trained in proper procurement procedures, reviewing and approving requisitions and procurement card purchases and the proper planning of procurements. Supervisors are responsible for the proper administration and monitoring of payments and the performance of all contracts.
 - City employees at all levels including elected officials shall be held accountable for compliance with the purchasing policy.

1.3 Budget

Under state statute and City Charter, the annual adoption of the Budget shall constitute City Council appropriations for the year. Budgetary control shall be exercised at department and fund levels. The City Administrator shall identify Department Heads or other staff who shall be responsible for each fund or department in the annual budget. These individuals shall be responsible for compliance with the annual budget and for all expenditures related to their respective departments.

The City of Ramsey will adhere to MN Statute 471.345: Uniform Municipal Contracting Law and the following methods of procurement shall be adhered to:

1.4 Quick Reference Budget Approval Guide

VALUE OF PURCHASE	QUOTATIONS NEEDED	APPROVAL BY	APPROVALS REQUIRED
Less than \$100	None	Department Head City Administrator City Council	Yes No Yes-Annual Budget Adoption
\$101-\$5,000	Departmental Discretion	Department Head City Administrator City Council	Yes No Yes-Annual Budget Adoption
\$5,001-\$25,000	Two Written Quotes City Administrator Discretion	Department Head City Administrator City Council	Yes Yes Yes-Annual Budget Adoption
\$25,000-\$100,000	Two Written Quotes or RFP's or Sealed Bids	Department Head City Administrator City Council	Yes Yes Yes
Greater than \$100,000 (\$175,000 after August 1, 2018)	Sealed Bids	Department Head City Administrator City Council	Yes Yes Yes
Any Federal Dollars	Purchaser must consult federal regulations for purchasing procedure	Department Head City Administrator City Council	Yes-Conformity with regulations Yes-Sign applicable agreement(s) Yes-Authorize agreement(s)

See Also Section 4: Purchasing Alternatives Below for Further Detail

- When time is of the essence, the City Administrator is authorized to sign for the purchase of any item or combination of items not included in the budget in an amount not to exceed Five Thousand Dollars (\$5,000) provided a budget amendment is prepared for Council approval at the next regularly scheduled Council Meeting.

NOTE: If a Cooperative Purchasing Agreement is in place (non-construction related contracts only), quotations are not needed.

Section 2: Purchasing Practices

2.1 Ethics/Relations with Vendors

The City of Ramsey 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 of this 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 when they have no history of default or failure in performance.

Examples of this include:

- Using unreasonably restrictive specifications.
- Pre-qualifying bidders on a discriminatory basis.
- Removing companies from a bidders list without just cause.
- Requiring unnecessary high bonding.

Giving favored vendors an unfair advantage.

Examples of this include:

- Providing vendors with non-public information regarding their competition's offer 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 (such as a meal provided as part of a conference).

Section 3: Decentralized Purchasing

The City of Ramsey has a decentralized purchasing program, meaning that each department is responsible for making its own purchases of materials and services for their operation. Individual departments are generally responsible for making their own purchases in order to support flexibility and discretion of purchasing and project management with the aid of expertise at the department level. Such items as office supplies, paper products and other general supplies that are used throughout the City will be centrally assigned to one department for purchase. The responsibility lies within each department to obtain bid or quotes, maintain records of bids or quotes, prepare purchase orders, receive deliveries and approve invoices for payment.

3.1 Conflicts of Interest

All city employees who are involved in the solicitation and approval process for a contract, or the management or supervision of a contract if awarded, shall notify his/her supervisor as soon as the employee realizes that he/she is closely related to any owner, director, officer or principal in a closely held business entity or has an interest in the business entity that has submitted a bid or is awarded a contract.

The City shall have the sole discretion to determine whether there is an actual conflict of interest or an appearance of a conflict of interest. If it is determined that there is only an appearance of a conflict of interest, that employee shall be precluded from participating in the contract solicitation and approval process, and in appropriate situations from the management and/or supervision of the performance of the contract. If there is an actual conflict of interest, the City shall determine whether a contract can be awarded to and performed by the proposed contractor in such a manner as to avoid the actual conflict of interest.

The officers, employees, and agents of the City must neither solicit nor accept gratuities, favors, or anything of monetary value from contractors or parties to subcontractors.

3.2 Sales Tax Exemptions

Most City purchases are exempt from State sales tax. Vendors should be notified of this exemption when making a purchase and each vendor should be provided a Certificate of Exemption (ST3 Form).

Section 4: Purchasing Alternatives

4.1 Uniform Municipal Contracting Law, Chapter 471.345

It shall be the policy of the City of Ramsey that the Uniform Municipal Contracting Law, Minnesota Statutes Chapter 471.345 shall be the policy of the city. Changes in this law will automatically become the policy of the city. City policy may be more restrictive than State Law, but may not be less restrictive. Records of quotes and bids shall be retained for at least one year after the completion of the contract or purchase or until the annual audit for the year of purchase is completed, whichever is longer. For construction projects that are competitively bid, responsible contractor laws must be followed which require contractors to meet certain minimum criteria to be eligible to be awarded a construction contract.

4.2 Sealed Bids/Major Purchases (See League of MN Cities Information Memo Entitled Competitive Bidding Requirements in Cities)

- A formal sealed bid procedure is required for all purchases in excess of \$100,000 (\$175,000 after August 1, 2018) except professional services.
- A purchase (contract) that exceeds \$100,000 (\$175,000 after August 1, 2018) cannot be split into several smaller purchases (contracts) to avoid the sealed bid process.
- City Council approves all bids and specifications.
- A published notice is required in the official city newspaper at least ten days in advance of the bid opening. The notice may also be published on the city's official website or in a recognized trade journal.
 - A public construction project that exceeds \$50,000 must meet the Responsible Contractor Requirements (Minn Statute 16C.285)
- All bid openings are to be administered by the City Administrator and/or the originating department.
- The preparation of all specifications are to be the responsibility of the City Administrator and/or the originating department.
- Required authorization for plans and specifications is the responsibility of the City Administrator and/or the originating department.
- The City Council must formally approve the bid contract.
- The City will follow state laws for contractors bonds which are required for projects as stated in MN Statutes 574.26.

4.3 Quotes/Intermediate Purchases

If a purchase is estimated to exceed \$25,000 but not to exceed \$100,000 (\$175,000 after August 1, 2018), the purchase may be made either by sealed bids or by direct negotiation based upon quotations. If a purchase is made in this range, staff members are required to obtain at least two written quotes and the quotations must be kept on file for at least one year. All such quotes must be forwarded to the Finance Department with the purchasing documents.

If a purchase is estimated to be \$25,000 or less, the purchase may be made by either obtaining quotations or by buying the item directly on the "open market". If the quotation option is chosen, at least two quotes will be obtained and forwarded to the Finance Department with the purchasing documents.

4.4 Other Contracts:

Pertaining to such contracts as professional, personnel, technical services, noncompetitive, or unique contracts which are not defined under MN Statute 471.345.

Contracts under this category shall be made as follows:

- Through a competitive solicitation process (such as a request for proposals) when practicable, or
- By direct negotiation in the open market, or
- Through the State of Minnesota Cooperative Purchasing Venture (CPV).

The city retains outside professional services in the area of:

- Legal
- Planning
- Auditing
- Assessing
- Engineering
- Banking
- Towing

Those contracts for professional services which are included in the City's General Fund Budget will be approved annually with formal adoption of the City's Budget.

4.5 Request for Proposals (RFP)

- RFP's will generally be used to solicit proposals for professional services.
- An RFP will automatically be solicited for those services that exceed a City cost of \$15,000 or have a value to the solicitor in excess of \$15,000.
- An RFP will be solicited every three to five years. City Council may, at its discretion, formally extend a current standard services contract upon the recommendation of city staff.
- Authorization by City Council will be given to staff to issue a RFP.
- All RFP's will be advertised in the city's official newspaper and on the city's official website.
- City Council must formally approve the proposal.
- Typical information to address in RFP's includes:
 - Background and scope of the project.
 - The project's budget to ensure that the proposals stay within that range.
 - Proposal requirements should include adequate information to allow for proper review and evaluation including:
 - Description of firm and qualifications, including any specialized experience related to the project.
 - A list of similar projects the firm has completed.
 - Project timetables including: estimate of hours, breakdown of hours by phase, and the city's expectation for a completion date.
 - Designation of a firm principal who will be in charge of the project.
 - Statement that either no subcontractors are allowed or that all subcontractors will be identified and are subject to the city's approval.
 - Estimate of cost to provide the service, outline of fee schedule and payment schedule.

- Description of city’s selection process.
- City’s evaluation criteria which typically may include:
 - Quality and thoroughness of the proposal.
 - Similar past experience and/or expertise.
 - References.
 - Cost estimate
- The following statement must be included: The city reserves the right to reject any and all proposals, waive all technicalities and accept any proposal deemed to be in the city’s best interest.
- Submit deadline: date, time, project name, and addressee.
- Statement: “Proposers are solely responsible for delivery of their proposals to the city before the deadline. Any proposal received after the deadline will not be considered and will be returned.”
- Information about where questions should be directed.

NOTE: Staff should make sure that all proposers are given the same information.

Attach a copy of the agreement proposed to be used for the project, including the city’s insurance certificate. The agreement includes provisions to which the firm must agree, so it is important that they see the agreement up front. It is suggested that the RFP be submitted to the city attorney for review prior to distribution.

4.6 Emergency Purchases

Under Minnesota’s Emergency Management Act, the city has the authority to enter into contracts during an emergency without following many normally required procedures. An emergency is defined as “an unforeseen combination of circumstances that calls for immediate action to prevent a disaster from developing or occurring”. A disaster is “a situation that creates an actual or imminent serious threat to the health and safety of persons, or a situation that has resulted or is likely to result in catastrophic loss to property or the environment, and for which traditional sources of relief and assistance within the affected area are unable to repair or prevent the injury or loss”.

During an emergency or disaster, the City Council may waive compliance with the time-consuming procedures or formalities concerning:

1. The performance of public work
2. Contracting
3. Incurring obligations
4. Renting equipment
5. Purchasing supplies and materials

Emergency purchases will only be allowed when the mayor issues a proclamation declaring an emergency, and the steps listed in Minn Statute 12.29 are completed.

4.7 Cooperative Purchasing Agreements

Where a purchase contract has been awarded by the State of Minnesota, another local government, a cooperative of local governments, or a federal agency in compliance with applicable State Statutes, and where it is legally permissible for the City of Ramsey to participate, a purchase may be though the vendor named in that contract without advertising for bids or obtaining quotes.

4.8 Funding Source Requirements

Many projects are funded by federal and/or state agencies, or other governmental units that provide for specific procurement methods. Often these funding sources require that the City use a competitive procurement process for all contracts regardless of the dollar amount. It shall be the responsibility of the department head, manager, supervisor and/or employee initiating the contract request to make the Finance Director aware of the funding source and any specific procurement methods required thereby. At a minimum, the City shall comply with the procurement process mandated by the funding source.

All purchases which are federally funded require full and open solicitation if valued in excess \$3,000 (or \$2,000 if Davis Bacon Act is required). When procuring such contracts, the City shall comply with the procedures prescribed by the Code of Federal Regulations (CFR) Part 200.

All federal funds expended will be reconciled against adopted budget for each Federal Award.

4.9 Credit Card Use

According to Minn. Statute 471.382, the City Council may authorize the use of a credit card by any city officer or employee otherwise authorized to make a purchase on behalf of the city.

Authority for Credit Card Holder

City staff having authority to make certain purchases will be eligible credit cardholders. A department director may request a credit card for city authorized purchasers when there is a demonstrated efficiency to be gained. The Assistant Finance Director must review and approve each request before the card is issued. Before any credit card is issued, the authorized cardholder will be required to acknowledge and agree to the terms of use by signing the form entitled "Terms of the City of Ramsey Purchasing Card".

The department director is responsible for notifying the Assistant Finance Director when any changes occur to the cardholder's status.

Types of Purchases Allowed by Credit Card

A purchase by credit card must comply with all statutes, rules, and city policies applicable to city purchases.

Specifically:

1. All purchases must be made by the authorized card holder
2. All credit card purchases must comply with the city's Purchasing Policy guidelines for quotes and bids
3. All expenditures must be within the limits established by the department budget.

Types of Purchases Prohibited

Use of a city credit card is prohibited for the following purchases:

1. Personal purchases of any kind
2. Alcoholic Purchases of any kind

If a city employee makes a purchase by credit card that is inconsistent with this policy and/or is not approved by the Council, the employee is personally liable for the amount of the purchase.

Procedures and Documentation

Finance will receive the monthly bill and respective cardholder will receive a copy of the monthly statement of charges. The cardholder is responsible for obtaining and attaching detailed invoices and receipts for all charges on the statement and provide a public purpose/description of the expense and submit all of the documentation to

the department director or designee by the due date. Payment will be made if the billing matches all completed credit card invoices and receipts.

4.10 Public Purpose Expenditures

Pursuant to the statutes and laws of the State of Minnesota which regulate the expenditure of public funds for public purposes, The Ramsey City Council believes it is necessary and appropriate to provide assistance and guidelines to the officials, employees, and representatives of Ramsey to aid in the determination of when public funds may be spent for a public purpose.

To provide that assistance and guidance the Ramsey City Council adopted Resolution #06-11-369 Discretionary Expenditures Policy that outlined the following items that are deemed to meet the City Council definition of public purpose expenditures:

Meals and Refreshments:

1. Meals are allowed as part of a city business meeting in which the character of the meeting would involve predominantly non-city employees.
2. When they are part of a breakfast/lunch/dinner meeting for official city business when it is the only practical time to meet and when it involves non-city employee participants (i.e. business developers or business representatives). Only the expenses incurred by city employee(s) may be reimbursed. The City Administrator is allowed some discretion regarding expenditures for meals as per the personnel policy.
3. When they are part of the structured agenda for an offsite conference, workshop, seminar, training session, or meeting in which the City Administrator or a department director has authorized the employee to attend for training and development purposes (this does not include routine staff meetings).
4. All meetings shall be scheduled to minimized inclusion of meals. At meetings of a minimum length of five hours consisting primarily of city employees when the refreshment and/or meals are an integral part of the event and are necessary to sustain the flow of the meeting, and if the meeting is one of the following:
 - a. A department-wide annual staff meeting for employees; or
 - b. A non-routine organization-wide staff meeting for all managers and/or supervisors; or
5. During official meetings of the City Council
6. A dinner meal for staff during performance of election-related duties on Election Day.

Recognition Events/Purchases:

1. The City Administrator may authorize modest expenditures for food and refreshments for the following employee events, each of which shall not take place more than once per year:
 - a. Annual Employee Breakfast
 - b. Annual Employee Luncheon
 - c. Other Recognition Events that may arise.

Special Events:

1. Special events such as Happy Days, National Night Out, the Volunteer Recognition event and other events that involve or invite participation by the general public. These events and any city expenditures for them require prior specific approval by the City Council and also include city expenditures for participation fees, donated gifts, door prizes, etc.

Community and Business Relations:

1. The City recognizes the importance of establishing and maintaining a positive image with the business and civic community. Participation in certain periodic or annual events is a necessity to maintain a positive image. Annual dinners or galas, or golf tournaments that are sponsored by an organization that the City has a business or community relationship with are examples of business and civic community events (i.e. Chambers of Commerce and other community partners).
 - a. The City Administrator will coordinate participation at such events to ensure representation and ensure that duplication is avoided for purposes of cost containment.
 - b. The City Administrator will review on an annual or semi-annual basis upcoming events to discuss attendance and representation at business and community events.
 - c. The City Council will annually establish a maximum amount of community and business relation expenses by an affirmative approval.

Alcoholic Beverages:

1. The purchase of alcoholic beverages is not allowed.

Clothing and other Sundry Items:

1. Employees may receive T-shirts, and other sundry items of nominal value (\$5.00) when these items are made available to the general public or if these items are determined by the City Administrator to be important to the successful involvement of employees in special city-sponsored or city-supported
2. Sponsored events (i.e. National Nite Out, Happy Days, etc.). Employees may be supplied with uniforms, clothing, boots and other gear necessary for the performance of their job as per the City of Ramsey Personnel Policy or applicable labor agreements.

4.11 Legal Compliance

All City purchases, sales, rental, leases and other agreements shall comply with applicable statutes, laws and regulations.

- All contracts are subject to final approval as to form by the City Attorney.
- All contracts shall be in writing, unless the City Attorney advises that a formal written contract is not required.
- Employees may be personally responsible for the cost of a purchase made in violation of the purchasing policy and may result in the disciplinary action up to and including termination of this employment.

Section 5: Payment

The City of Ramsey uses various processes in making payments for goods and services.

5.1 Standard Purchase Orders

Purchase orders are used when required by the vendor to acknowledge the City's request for goods and services. A copy of the purchase order will be sent to the vendor when requested.

- Obtain purchase order numbers from Finance Department.
- The completed purchase order will be attached when invoice is received and submitted to respective department to authorize payment.

5.2 Check Requests/Immediate Pay

The Finance Department policy is for bills to be paid from the accounts payable bills list submitted bi-weekly to City Council for approval. For certain exceptions, check requests/immediate pay may be used under the following guidelines:

- Immediate pay is for payments that need to be made prior to Council meeting approval date. Such items include taking advantage of discounts, avoiding late charges, purchases requiring payment with order, etc.
- Immediate pay checks will be issued upon one day notice. Exceptions to the one day notice is for investments and emergency purchases.
- Checks will be issued, mailed, or returned to appropriate department.

5.3 Invoices

- Original invoices or electronic copy of original invoice with approval, purchase order, or expense reimbursement forms must be returned to the Finance Department with proper authorization and account coding to be processed on the bills list for City Council approval.

5.4 Account Coding

All requests for payment including invoices, check request, purchase order, or expense reimbursement forms must have an eight digit code to process payment. Responsible Department Head will indicate the fund/department and object number from which payment will be expensed. Reference should be made to departmental budget(s) for department and object numbers.

5.5 Petty Cash

- Receptionist shall be the custodian of the petty cash.
- Petty Cash shall not exceed \$100.00.
- Used for reimbursement to employees for items \$20.00 or less for expenditures made on behalf of the City.
- Receipt and/or expense reimbursement form must be submitted with proper departmental authorization obtained prior to reimbursement.

5.6 Payment Processing

- See Section 5.3 Invoices
- Invoices, check request, purchase orders or employee expense reimbursement forms must be submitted to the Finance Department.
- Detailed receipts, stating reason for public purpose expenditure, must be submitted with employee expense reimbursement forms.
- Immediate pays are due to the Finance Department at least one day in advance of the payment day.

- Department Heads must have fund/department and object codes to process payment. Refer to departmental line item budget for proper coding.
- City Council will be given a “bills” list of all prepayments and invoices to be paid for formal approval.
- Checks may not be made out to cash or bearer.

5.7 Electronic Funds Transfer

Electronic Funds Transfer may be required in some cases to complete a business transaction. Electronic funds transfers will only be performed by the Finance Director or the Assistant Finance Director as authorized annually via the resolution entitled “Resolution Authorizing Signatures for Financial Transactions”. The city’s current banking institution will receive a copy of adopted resolution to keep on file. Electronic funds transfers may be used for payroll related expenditures (federal tax, state tax, PERA, etc), investment purchases, debt service payments and payment of invoices of which need to follow the same guidelines for payment processing in Section 5.6. The Senior Accounting Clerk will initiate any invoice related electronic transfers (Comdata, Home Depot) and Accountant II will initiate Payroll related transfers. All initiated transfers will be approved by Finance Director or Asst. Finance Director. Electronic Fund transactions will be submitted Bi-weekly to city council as part of the regular accounts payable bills list.

5.8 Employee Expense Reimbursement

Employee expense forms are required for reimbursement to employees of city-related expenses on a bi-monthly basis. All employee expense forms must contain proper account codes, department approval, and detailed receipts must be attached where applicable.

Section 6: Capital Outlay and Fixed Assets

6.1 Capitalization Threshold

Capital outlay purchases are for items costing more than \$10,000, are a tangible asset, and have a life expectancy of more than one year. These items must be included in each department budget. It should be noted that sales tax (if applicable) must be included as a cost of the item purchased when determining if the purchase is a capital outlay item.

If the individual purchase is greater than \$10,000 includes (General Government and Enterprise Fixed Assets) the item is a capital outlay purchase and now should become a recorded fixed asset. The amount to record for that fixed asset would be any charge “to place the asset in its intended location and condition for use.” For example: if the city were to purchase a street vehicle, all of the following would be considered part of the cost of that asset: the vehicle, warning lights, decals, sales tax, licensing and any other costs to put the asset into its usable condition.

Capital outlay purchases less than \$10,000 are inventory assets. Example of inventory assets: Computers, printers, furniture, cameras.