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On August 13, 2018

CITY OF MOUNDS VIEW

PURCHASING POLICY

GENERAL DISCUSSION

1.1 AUTHORITY

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

1.2 PURPOSE

The purpose of this policy is to provide a legal process for the purchase of materials and services that will be the right product, in the right quality, in the right quantity, delivered to the right place, at the right time, for the right price, to allow for the efficient and effective delivery of public services to the citizens of the City of Mounds View.

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 on the department and fund levels.

1.4 RESPONSIBILITY

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 for their departments and funds.

1.5 DECENTRALIZED PURCHASING

The majority of City purchases are decentralized, meaning that each department handles procurement of materials and services needed for their own operation. The responsibility lies with each department to obtain bids or quotes, maintain records of bids or quotes, place actual orders, receive deliveries, and approve invoices for payment.

To be uniform and save time and money in quantity purchases, the City Administrator may assign a department to centrally purchase some products. An example of this would be office supplies.

TYPES OF CONTRACTS AND PURCHASES

2.1 UNIFORM MUNICIPAL CONTRACTING LAW, CHAPTER 471.345

It shall be the policy of the City of Mounds View 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 the purchase is completed, whichever is longer.

2.2 MAJOR PURCHASES

Sealed bids shall be obtained by public notice for major purchases with final award by the City Council. From August 1, 2018 onward, this shall be for purchases over \$175,000, per Chapter 471.345.

2.3 INTERMEDIATE PURCHASES

Two or more written quotes shall be obtained for intermediate purchases with final award by the City Council. From August 1, 2018 onward, this shall be for purchases between \$25,000 and \$175,000.

2.4 SMALL PURCHASES

Purchases may be made by at least two written quotes when possible, or in the open market, at the discretion of the Department Head after consultation with the City Administrator with final award by the City Council. From August 1, 2018 onward, this shall be for purchases between \$10,000 and less than \$25,000.

Department Heads shall advise the City Administrator prior to purchases between \$2,500 and \$10,000. Purchases between \$5,000 and \$10,000 shall be approved by the City Council if they were not part of the annual budget.

ONGOING SERVICE CONTRACTS

Contracts for ongoing services shall be submitted to the City Council for approval if above \$2,500.

2.5 PROFESSIONAL SERVICES

2.5.1 Applicability

This procedure applies to all advisory auditing, engineering, financial, legal, personnel, technical, training, or other services.

2.5.2 Competency

Contract shall be made only with responsible consultants who have the capability to successfully fulfill the contractual requirements. Consideration shall be given to their past performance and experience, their financial capacity to complete the project, the availability of personnel, and other appropriate criteria.

2.5.3 Solicitation

The nature of the professional service shall be illustrated in a request for proposals for services of greater magnitude or in a description of work for services of lesser magnitude. This shall be advertised or otherwise distributed to likely and potential service providers commensurate with the value of the contract.

2.5.4 Selection

Professional service providers shall be selected so as to provide the best value to the City considering the difficulty of the work proposed, its value to the City, the expertise and capacity of the consultant and cost.

2.5.5 Award

All one-time contracts over \$10,000 and any ongoing service contracts over \$2,500 shall be awarded by the City Council. The City Administrator shall approve one-time contracts less than \$10,000 and any ongoing service contracts less than \$2,500. Contracts between \$5,000 and \$10,000 shall be approved by the City Council if they were not part of the annual budget.

2.6 EMERGENCY PURCHASES

Occasions arise where an immediate purchase is necessary to protect the life, health, safety, or convenience of the citizens or to preserve the property of the City or its citizens.

To the greatest extent possible, normal purchasing procedures shall be followed. However, when expediency is required to rectify an emergency situation, any or all of these procedures may be waived. If possible, the City Administrator shall be contacted to approve the purchase. In the absence of the City Administrator, a Department Head shall approve the purchase and report to the City Administrator at the earliest opportunity. A report to the City Council shall be made at the next regular City Council meeting.

2.7 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 Mounds View to participate, a purchase may be through the vendor named in that contract without advertising for bids or obtaining quotes locally. The City Council or City Administrator must still be notified and approve the purchase as defined in this policy.

2.8 ROUTINE PAYMENTS

The Finance Director may authorize certain routine payments with approval by the City Council in the form of the Just and Correct Claims List. These include: partial or progress payments on contracts or bids previously awarded by the City Council; payments to federal,

state, or other local governments under a cooperative agreement previously approved by the City Council or as required by law; payment of employee payroll withholdings, taxes, and benefits; and payment of ongoing monthly utility services to city buildings and properties. At a minimum, these costs shall be reviewed during the annual budget preparation.

PAYMENT METHODS

3.1 JUST AND CORRECT CLAIMS LIST

A list of checks paid will be submitted for approval by the City Council at each regular City Council meeting. Approved checks will be released the following day. Any checks paid by means of Direct Expense Authorization since the previous City Council meeting will also be listed.

3.2 DEPARTMENTAL AUTHORIZATION OF INVOICE PAYMENTS

Each Department Head identified by the City Administrator as being responsible for a department budget shall report to the Finance Director any deputies they are authorizing to approve invoices for payment. All authorized persons shall submit a sample of their signature or initials to the Finance Department for verification of invoice approvals.

3.3 DIRECT EXPENSE AUTHORIZATION

The Finance Director is authorized to approve immediate payment of invoices, without waiting for the Just and Correct Claims List, in cases where it is necessary to make a payment to avoid penalties, secure discounts, or avoid disruption of city business. These payments will be included in the next Just and Correct Claims List.

3.4 CREDIT CARDS

The City Council may authorize the issuance of credit cards to a limited number of city employees per MN Statutes Chapter 471.382. Credit cards will be issued to the City Administrator, Assistant City Administrator, and the Finance Director. Credit cards may be used to make purchases in instances where payment by check won't work and extension of credit by the vendor isn't available. The Department Head needing to make such purchases shall approach the credit card holders to make the purchase in the order of City Administrator, Assistant City Administrator, and Finance Director. Detailed documentation shall be secured either at the time of order or the time of receipt for the service or product purchased. All provisions of the purchasing policy apply to credit card purchases.

3.5 PETTY CASH

The petty cash fund is used for the purchase of small items needed at once. The City Administrator shall authorize the number and location of petty cash funds and the amount of cash deposited in each. To be reimbursed, an employee must fill out a petty cash slip with their name, description of the purchase, account to be expensed, and amount of reimbursement. A receipt, invoice, or other documentation must accompany the slip. The Department Head or their deputy must sign the petty cash slip.

3.6 CHARGE ACCOUNTS

In certain cases, it will be advantageous to open charge accounts with local businesses and vendors which allow employees to purchase needed goods and services with periodic (usually monthly) billing to the city. Employees must sign sales slips or other vendor documentation at the time of sale and submit any documentation received to their supervisor. The creation of any new charge accounts will be approved by the Finance Director.

MISCELLANEOUS

4.1 TRAVEL, CONFERENCES, SCHOOLS, & TRAINING

The City will reimburse elected officials and employees for reasonable business travel expenses incurred while on assignments away from the normal work location. All out of state business travel must be approved in advance by the City Council. The Department Head must approve all in state business travel in advance.

When approved, the cost of airfare, lodging, and registration may be paid by check or credit card to the vendor in advance of the travel date.

The travel policy is stated in section 1.50 in the Personnel Manual as follows:

POLICY: TRAVEL EXPENSES

- A. Meals
- B. Lodging
- C. Transportation
 - 1. Airline
 - 2. Automobile
- D. Reimbursement

An elected official's or employee's approved expenses incurred while conducting City business or attending approved conferences or training are paid by the City. Expenses incurred by a spouse or other person attending a conference with an elected official or employee must be paid by the elected official or employee.

A. MEALS

City staff and officials are eligible for meal reimbursement while traveling on City business more than 35 miles from the permanent work location. City staff and officials will be eligible for a breakfast meal if required to depart prior to 6:00am and will be eligible for an evening meal if returning after 7:30pm while traveling on City business. Meals that are part of membership in local organizations are exempt from the distance requirement if membership is authorized by the City Council. The amount of reimbursement will be for actual expenses only. Individual itemized receipts must be submitted with the expense report for reimbursement. Liquor is not an allowable expense.

The amount of reimbursement will be based on the Standard Meal Allowance established by the IRS and the General Services Administration (GSA) in the annual Continental United States per diem rates for the Minneapolis/Saint Paul/Hennepin/Ramsey County service area

(CONUS). This rate shall be applicable for all travel. The new rates will be effective on January 1 subsequent to the annual publication by the GSA. The City will reimburse amounts up to the Standard Meal Allowance including the cost of the meals, taxes, and a reasonable gratuity for the breakfast, lunch, and dinner meals. The City will reimburse incidental expenses for tips to porters, baggage carriers, bellhops, and maids consistent with the above Standard Meal Allowance.

When no overnight travel is involved, meals shall be reimbursed according to CONUS rates based on the following times:

Breakfast	12:00am (midnight) to 11:00am
Lunch	11:01am to 3:00pm
Dinner	3:01pm to 11:59pm

Specific rates are on file with the finance department.

B. LODGING

The actual cost for lodging is paid by the City. Room service, personal telephone calls and other extras must be paid for by the elected official or employee. A telephone call home of reasonable length will be paid if the elected official's or employee's schedule has changed, and the return time/date is different than originally planned.

C. TRANSPORTATION

1. Airline

The actual cost for coach class is paid by the City. Prizes, bonuses or free trips awarded by the airlines as a result of travel paid by the City, become the property of the City and may not be accepted for personal use.

Airline Travel Credits: Minnesota Statutes §15.435

Whenever City funds are used to pay for airline travel by an elected official or employee, the elected official or employee for whom the ticket is purchased is responsible for ensuring airline travel credits (i.e., frequent flyer miles) or benefits resulting from the travel are transferred to the City.

This policy applies to all airline travel paid for by the City for City elected officials or employees.

2. Automobile

If an elected official or employee uses his or her own personal vehicle, he or she will be reimbursed for the amount allowed by the IRS permitted basic mileage rate. However, staff cars are to be used in most instances. This amount will automatically be adjusted per the IRS. Actual costs for parking fees will be reimbursed. Parking receipts are required. The appropriate forms must be completed and approved by the Department Head or Deputy. See

Vehicle Use Section 1.55 for automobile usage.

D. REIMBURSEMENT

Elected officials or employees must complete an expense statement form and attach receipts for any allowable meals, lodging, transportation, and/or parking expenses incurred. After obtaining Supervisor approval, submit the completed form to the Finance Department. All expenses must be supported by receipts.

4.2 MEETING EXPENSES

Expenses for business meetings that incorporate a meal into other training, business, or official activities shall not be limited by the “per meal” costs defined in section 4.1.A in recognition that some of the cost will be for non-meal elements of the event.

4.3 MEMBERSHIPS

Memberships in professional organizations shall be listed in the proposed budget and be reviewed during the budget process. Memberships not listed in the budget will need to be approved by the City Administrator prior to payment.