

PURCHASING POLICY

Amended May 24, 2011

In order to create economies through volume buying, to promote competitive bidding, and to provide more efficient public service, the Itasca County Board of Commissioners, in accordance to M.S. 375.72, hereby creates the Itasca County Purchasing Department.

Duties:

1. The Purchasing Department or its designee shall perform all acts necessary to Purchase or contract for all supplies, materials, equipment, and contractual services required by all County offices, departments and agencies except those specifically excluded (Central Garage Purchasing Department and Grand Village Nursing Home) by the County Board of Commissioners. Any County office, department, or agency designated by the Board to purchase directly without the intervention of the Purchasing Department certain specified supplies, materials, equipment, or contractual services, shall follow the purchasing rules of procedure as approved by the County Board and in compliance with the Municipal Contracting Law as described in M.S. 471.345, subd. 3(a), 4(a), and 5 and M.S. 16C.28, subd. 1(a)(2) and (c).
2. The Purchasing Department shall prepare all specifications for supplies, materials, and equipment for county-wide commodities (ie. copy paper, oil changes and car washes) excluding Central Garage Purchasing Department and Grand Village Nursing Home. The Purchasing Department may require the designated County office, department, or agency that is to benefit under any contract to prepare the specifications and submit them to the Purchasing Department for review.
3. The Purchasing Department shall transfer to or between County offices, departments or agencies or sell supplies, materials, and equipment which is surplus, obsolete, or unused. Any sales under this provision shall comply with the following:
 - A. If the value of the personal property is estimated to be \$15,000 or more, the sale must be preceded by advertising for bids or proposals for two consecutive weeks in the manner provided under Minn. Stat. 373.01, subd. 1(c).
 - B. If the value of the personal property is estimated to be less then \$15,000, the sale may be made either on competitive bids or in the open market in the discretion of the Department Head or designee

Director:

In accordance to M.S. 375.74, the Itasca County Board appoints the Itasca County Administrator as Director of Purchasing. The Board further authorizes the Director to appoint assistants to carry out the duties and responsibilities of the Purchasing Department.

Rules and Regulations

Purchasing Procedure:

The following is to be used as a guide in determining the limits of competitive requirements.

- A. Emergencies of one kind or another are the most common situations in which requirements for competitive bidding and competition could be waived. The officials who determine that an emergency exists should be limited to those in position of high responsibility. As a general rule, emergency purchase should only be allowed after consultation with the Department Head and Purchasing Director.

- B. A single source supplier is the only acceptable vendor who is able to furnish a certain item or service. Although he may need technical assistance and documentation from the using agency, the Purchasing Department is responsible for making all single source determinations. In doing so, the following factors need to be considered:
 - 1. Is there a lack of responsible competition?
 - 2. Does the vendor possess exclusive and/or predominant capabilities?
 - 3. Is the product or service unique and easily established as one of a kind?
 - 4. Can program requirements be modified so that competitive products or service may be used?
 - 5. Are there patented or priority rights?

C. Small Value Purchases

1. General

Except as noted below, department heads and their designees may purchase a commodity in the open market, where the aggregate purchase price does not exceed \$1000. Oral contracts in excess of \$500 are not legally binding, therefore, the purchaser should use a purchase order or request a written confirmation of a verbal quote.

Payment to the vendor, or reimbursement of the official or employee purchasing the commodity, will be made only upon submission to the applicable accounting division, and delineating the nature of the purchase (date of purchase, vendor, commodity, quantity, and cost). Supporting documentation such as invoices and cash receipts must be attached.

This regulation must not be circumvented by purchasing a group of similar or identical items costing in excess of \$1000 and submitting a separate Warrant Request for each item not in excess of \$1000.

2. Department Responsibility

A department head or designee may not authorize open market purchases of a commodity where a contract exists. If a commodity is covered by a contract, the department must purchase the commodity through the corresponding contract, unless an

exception is granted by the County Board because of special requirements.

The Purchasing Department will periodically provide departments with a listing of commodities for which contracts exist, and the names of the vendors.

Department heads are responsible for maintaining adequate records and documenting the propriety of small purchases.

D. Cooperative Purchasing

The County may contract for the purchase of supplies, materials, for equipment without regard to the competitive bidding requirements if the purchase is through a national municipal association's purchasing alliance or cooperative created by a joint powers agreement that purchases items from more than one source on the basis of competitive bids or competitive quotations.

E. Credit Cards

A County Board may authorize the use of a credit card by any Department head or designee to make a purchase on behalf of the County. If a Department head or designee makes a purchase by credit card that is not approved by the County Board, the officer or employee is personally liable for the amount of the purchase. A purchase by credit card must otherwise comply with all statutes, rules or County policy applicable to County purchases. (In addition, refer to the Itasca County Credit Card Policy established by the County Auditor/Treasurer.)

Penalties:

Individuals found in violation of this policy shall be subject to disciplinary action, penalties permitted for convictions as defined by law, and such other liability as may be provided by law.

PURCHASING REQUIREMENTS AND GUIDELINES.

A. **General.** The requirements and guidelines in this section apply to contracts made for and on behalf of the County, except for "small value purchases", "emergencies", and "single source" contracts that are addressed elsewhere in the county's purchasing policy.

B. **Conflict with State Laws.** If the provisions of this policy conflict with state or federal statutes or law, the statutes and law shall apply.

C. **County Board has Plenary Authority.** Nothing alters the authority of the county board, by resolution, to make exceptions to the policy on a case-by-case basis.

D. **Cooperative Purchasing - Supplies, Materials, or Equipment.** A contract for the purchase of supplies, materials, or equipment without regard to the competitive bidding requirements of law and this policy may be entered into if the following requirements are met:

- (1) If the contract is estimated to exceed \$25,000, the Department Head or designee

responsible for the purchase shall consider the State's cooperative purchasing venture program to determine the availability, price, and quality of supplies, materials, and equipment to determine if that venture provides the best price for the purchase. If it provides the best price, the purchase shall be made under the venture.

(2) The purchase may be made from an alternative source if the venture is not available, or if it does not provide the best price.

(3) The responsible Department Head or designee shall consult with the Director of Purchasing to determine if the county is a party to a cooperative agreement with the venture which enables the procurement of the desired supplies, materials, or equipment.

E. **Contracts Over \$100,000.** Except as allowed under the "cooperative purchasing" provisions of this policy, if the amount of the contract is estimated to exceed \$100,000.00, sealed bids shall be solicited by public notice in the manner and subject to the requirements of law governing contracts by the county. With regard to repairs and maintenance of ditches, the provisions of Minn. Stat. 103E.705, subd. 5, 6, and 7 apply.

F. **Contracts Over \$100,000; Best Value Alternative for Construction, Alteration, Repair, or Maintenance Work.** Except as allowed under the "cooperative purchasing" provisions of this policy, if the amount of the contract is estimated to exceed \$100,000.00, the county may award a contract for construction, alteration, repair or maintenance work to the vendor or contractor offering the best value under a request for proposals as described in Minn. Stat. § 16C.28, subd. 1, paragraph (a), clause (2), and paragraph (c).

G. **Contracts Exceeding \$25,000.00 But Not More Than \$100,000.00.** Except as allowed under the "cooperative purchasing" provisions of this policy, if the amount of the contract is estimated to exceed \$25,000.00 but not to exceed \$100,000.00, the contract may be made either upon sealed bids or by direct negotiation, by obtaining two or more quotations for the purchase or sale when possible, and without advertising for bids or otherwise complying with the requirements of competitive bidding. All quotations obtained shall be kept on file for a period of at least one year after receipt thereof.

H. **Contracts Exceeding \$25,000.00 But Not More than \$100,000.00; Best Value Alternative for Construction, Alteration, Repair, or Maintenance Work.** Except as allowed under the "cooperative purchasing" provisions of this policy, the county may award a contract exceeding \$25,000.00 but not \$100,000.00 for construction, alteration, repair or maintenance work to the vendor or contractor offering the best value under a request for proposals as described in Minn. Stat. § 16C.28, subd. 1, paragraph (a), clause (2), and paragraph (c).

I. **Contracts \$25,000.00 or Less.** Except as allowed under the "cooperative purchasing" provisions of this policy, if the amount of the contract is estimated to be \$25,000.00 or less, a contract in the amount of \$25,000.00 or less may be made either upon quotation or in the open market, provided there are sufficient approved dollars in the department's budget. If the contract is made upon quotation, it shall be based, so far as practicable, on at least two quotations which shall be kept on file for a period of at least one year after their receipt.

J. Contracts \$25,000.00 or Less; Best Value Alternative for Construction, Alteration, Repair, or Maintenance Work. Except as allowed under the "cooperative purchasing" provisions of this policy, if the amount of the contract is \$25,000.00 or less, and upon approval by the Itasca County Board of Commissioners, the responsible employee may award a contract for construction, alteration, repair or maintenance work to the vendor or contractor offering the best value under a request for proposals as described in Minn. Stat. § 16C.28, subd. 1, paragraph (a), clause (2), and paragraph (c). The responsible employee shall coordinate with the Director of Purchasing as necessary to obtain the county board's review and decision.

K. Best Value Alternative: Requirements and Procedures.

(1) **General.** The employee responsible for the purchase shall follow the above requirements, and the requirements of this section when utilizing the best value alternative (BVA) provisions of this policy.

(2) **When Allowed.** The BVA procurement method is limited to contracts for construction, alteration, repair or maintenance work.

(3) **When Not Allowed.** The BVA procurement method is not allowed for procuring supplies, materials or equipment.

(4) **Award Requirements.** A contract for construction, alteration, repair or maintenance work may be awarded to the vendor or contractor offering the best value, taking into account the specifications of the request for proposals, the price and performance criteria as set forth in Minn. Stat. § 16C.02, subd. 4a, and described in the solicitation document.

(5) **Best Value Defined.** For purposes of construction, building, alteration, improvement, or repair services, "best value" describes the result determined by a procurement method that considers price and performance criteria, which may include but are not limited to:

- (a) The quality of the vendor's or contractor's performance on previous projects;
- (b) The timeliness of the vendor's or contractor's performance on previous projects;
- (c) The level of customer satisfaction with the vendor's or contractor's performance on previous projects;
- (d) The vendor's or contractor's record of performing previous projects on budget and ability to minimize cost overruns;
- (e) The vendor's or contractor's ability to minimize change orders;
- (f) The vendor's or contractor's ability to prepare appropriate project plans;
- (g) The vendor's or contractor's technical capacity;
- (h) The individual qualifications of the contractor's key personnel; or

(i) The vendor's or contractor's ability to access and minimize risks.

"Performance on previous projects" does not include the exercise or assertion of a person's legal rights provided further that this definition does not apply to design-build contracts governed under Minn. Stat. § 16C.32, 16C.33, 16C.34, and 16C.35.

(6) **Weighting of Price and Other Selection Criteria.** When using the BVA procurement process, the solicitation document must state the relative weight of price and other selection criteria.

(7) **Award.** When using the BVA procurement process, the award must be made to the vendor or contractor offering the best value applying the weighted selection criteria. If an interview of the vendor's or contractor's personnel is one of the selection criteria, the relative weight of the interview shall be stated in the solicitation document and applied accordingly.

Exceptions:

Exceptions for emergency purchases, professional services and rental agreements exist. Contact the purchasing department prior to purchasing product or service.

When County Board Approval is Required:

Notwithstanding any provision of this policy to the contrary, only the County Board is authorized to bind the County to a contract over \$25,000. All contracts over \$25,000 for which a statutory exception does not exist must have approval from the County Board.

Required Insurance Certificates:

All contracts for the construction, alteration, repair, or maintenance of real or personal property or for other services must have a Certificate of Insurance on file with liability coverage as per M.S. 466.04 unless waived or reduced by the County Board. Such waiver or reduction, once granted, remains in effect unless the scope of the contract changes.

*Vendor contract defined as: where a contract currently exists through State and national municipal association or for those contracts in compliance with MS 471.345

I:\USERS\CHR\wpdata\Itcopol new\purchasing policy.docx

07/31/1997; 07/14/1998; 08/01/2000; 08/22/2000; 05/26/2009; 11/23/2010; 5/24/2011

ITASCA COUNTY



REQUEST FOR BOARD ACTION

Requested Board Date: 05/24/2011	Originating Department: Administrative Services
Type of Meeting: County Board	
Item: Purchasing Policy Update	Presenter: Irene C. Koski
	Estimated Amount of Time Needed for Discussion: <input checked="" type="checkbox"/> < 5 minutes <input type="checkbox"/> 5 minutes <input type="checkbox"/> 10 minutes <input type="checkbox"/> 15 minutes <input type="checkbox"/> 30 minutes <input type="checkbox"/> > 30 minutes

Board Action Requested:

Motion to approve the County's updated Purchasing Policy.

Background:

While the County's policy was updated in November, we have now discovered that some of the changes made do not reflect actual practice. We actually have a dispersed approach and that is not what the policy reflected. Also there are updated that clarify sections which have resulted in questions since the last update was made.

Supporting Documentation: <input checked="" type="checkbox"/> Attached <input type="checkbox"/> None	
Item Classification for County Board Meeting: <input checked="" type="checkbox"/> Consent Agenda <input type="checkbox"/> Regular Agenda <input type="checkbox"/> Refer to <input type="checkbox"/> Table until <input type="checkbox"/> Other	Item History: 5/10/2011 Admin Division; Item #10
	Date: 05/11/2011
	Signature: <i>Irene C. Koski</i>
Board Action: Approved as Requested: 05/24/2011 Denied _____ Tabled _____ Other: _____	Distribution / Filing Instructions: 05/26/2011 Administrative Services Assistant/posting