

**Yellow Medicine County Board of Commissioners  
Policy Manual**

## **Policy Statement**

### **TITLE**

### **CODE**

**Purchasing and Contract Protocol and Authority**

**503**

### **REFERENCE**

M.S. 373.01	Counties - Powers
M.S. 375.21	Contracts of County Boards
M.S. 375.73	Duties of Purchasing Departments
M.S. 471.345	Uniform Municipal Contracting Law
M.S. 471.35	Specifications of Supplies and Equipment
M.S. 471.36	Noncompetitive Supplies and Equipment
M.S. 471.87	Public Officers - Interest In Contracts
M.S. 574.26	Contractors' Bonds for Public Work

### **PERSONNEL RESPONSIBLE**

All Purchasers

### **EFFECTIVE DATE**

01-27-04 (Updated 01-03-06; amended 6-26-07; amended 7-22-08; amended 4-27-10; amended 01-08-13)

### **POLICY**

#### **503.100 – Purchasing Philosophy**

**503.101** – Department heads need both flexibility and accountability in purchasing for their departments. Excessive restrictions create an atmosphere of micromanagement while too liberal a policy invites abuse and a lack of accountability. The intent of this policy is to provide a framework that allows department heads to operate as efficiently and economically as possible, within state statute, while allowing for oversight on their larger purchases. This document delineates the protocols and authority related to the purchasing of goods and services for Yellow Medicine County. It shall be followed by all County employees and officials.

**503.102** – It is County policy to purchase goods and services in the most professional, ethical, legal, and efficient manner possible; insuring quality, considering standardization, reasonable terms, and best value to the taxpayers of the County.

## **503.200 – Ethical Practices**

**503.201** – No elected official, employee, or immediate family member of an elected official or employee should have a financial interest, directly or indirectly, in any contract or purchase order for goods or services used by the County. Elected officials and employees should not accept or receive, directly or indirectly, from a vendor any promise, obligation, or contract for future reward or compensation. Any violation of this section may be a gross misdemeanor. (M.S. 471.87)

**503.202** – If an employee purchases or contracts for goods or services contrary to County policy, the purchase shall be void. In accordance with State laws, the Department Head shall be personally liable for the cost of the order or contract. If the order or contract has already been paid for out of County funds, the amount may be recovered by appropriate action.

## **503.300 – Responsibilities of Persons Who Purchase**

**503.301** – Department Heads who supervise the purchase of goods and services on behalf of the County have the following responsibilities:

- 1) Follow County policies when purchasing items within their scope of responsibility.
- 2) Properly document purchases.
- 3) Maintain vendor histories/records.
- 4) Provide information on estimated costs for budget purposes and solicit bids, estimates, or quotations.
- 5) Determine if the purchase of an item through any Cooperative Purchasing Venture (CPV) is beneficial to the County.
- 6) Submit a Property Acquisition/Disposal Record to Finance & Administration for all capital purchases to ensure proper asset documentation and binding of insurance coverage.

## **503.400 – Purchasing Protocol**

**503.401** – Budgeted funds must be available before a purchase commitment is made. If sufficient funds are not available, a reallocation or additional appropriation request must be submitted.

**503.402** – Contracts - All written contracts, regardless of amount, require County Board approval. Written contracts for less than \$10,000 in goods and/or services, and already included in the departmental budget, will be treated as consent agenda items. All other written contracts will be regular agenda items.

**503.403** – Purchases of less than \$5,000 – If the amount of the purchase is \$5,000 or less, the purchase may be made either by quotation or by direct negotiation in the open market. If practicable, at least two quotations should be obtained and kept on file for a period of at least one year. The following steps should be considered for quotations:

- 1) Specifications should be drafted by the Department Head or designee.

- 2) Specifications should be provided to at least 2 vendors.
- 3) Upon receipt of the quotations, an award should be made by the Department Head or designee.

**503.404** – Purchases from \$5,000 to \$25,000 – The same protocol as stated in 503.403 will be followed with the additional requirement of County Board approval.

**503.405** – Purchases from \$25,000 to \$100,000. If the amount of the purchase is between \$25,000 and \$100,000 the purchase may be awarded through either a sealed bid process or by quotation. If the purchase is made by quotation, at least two quotes should be obtained when possible and kept on file for a period of at least one year. If sealed bids are used, the process outlined in 503.407 must be used. A recommendation must then be presented to the County Board for action.

**503.406** – Purchases over \$100,000 - If the amount of the purchase is estimated to exceed \$100,000, sealed bids shall be solicited by public notice, unless the purchase is through a bid obtained by the State of Minnesota and available to counties. The following steps should be considered for sealed bids:

- 1) Specifications shall be drawn by the Department Head or designee. Specifications shall be available for public inspection at the applicable department office.
- 2) Authorization shall be requested from the County Board to advertise for bids by the Department Head or designee.
- 3) The bid solicitation shall be published in the official County newspaper. When sealed bids are solicited, an advertisement shall be placed in the legal newspaper for two weeks for purchases of property or for work and labor and for three weeks for the construction or repair of roads, bridges or buildings (MN Statute 375.21). The advertisement shall state at a minimum where the location of the bid specification can be picked up and dropped off, a deadline date for submission of bids, the date and time the bids will be opened, the bid documents required for consideration, and any bid bond if applicable. In addition, proposals and specifications may be sent to the names listed on any prospective vendor's list maintained by the department.
- 4) Bids shall be properly dated and stamped.
- 5) Bids shall be opened, reviewed, and awarded at a specific time and date as prescribed by the County Board. The applicable department head will present the board with the bids from vendors. Next, the applicable department head will make a recommendation to the Board on the bids as submitted. Once the board has given approval the applicable department head will send all bidders the results of the County Board's decision on the bids.
- 6) Bids may be accepted or rejected for any reason or no reason. If no satisfactory bid is received, the Board may readvertise.
- 7) It is the intent of Yellow Medicine County to award the contract to the lowest responsible bidder or bidders meeting the specifications and/or minimum qualifications. The County Board shall have the right to waive any informalities or irregularity in any bid or bids received. Award recommendations to the County Board will be based on, but not limited to, the following general criteria:
  - a) adherence to all conditions and requirements of bid specifications
  - b) total bid price including any discounts, unit price or extended price

- c) good faith of the bidder to meet the County's requirements
- d) experience of the bidder
- e) evaluation of the bidder's ability to service the County's needs
- f) financial responsibility of the bidder
- g) prior knowledge of and experience with the bidder, in terms of past performances
- h) needs and requirements of the County
- i) experience with products involved
- j) size and location of the bidder
- k) quantity and quality of merchandise offered
- l) product appearance
- m) overall completeness of product line offered
- n) ability of meeting completion and delivery requirements
- o) the successful bidder agrees to comply with the Data Practice Act

**503.407 – Use of Cooperative Purchasing Venture –** The County, on an annual basis, renews its membership in the Cooperative Purchasing Venture (CPV) administered by the Minnesota State Department of Administration. For a contract estimated to exceed \$25,000, the County must consider the availability, price and quality of supplies, materials, or equipment available through the state's cooperative purchasing venture before purchasing through another source.

**503.408 – Contractors' Performance and Payment Bonds -** Public entities are required to obtain both a payment bond and a performance bond for all public work contracts over \$75,000 (M.S. 574.26). Payment and performance bonds protect the public entity as well as subcontractors and persons providing labor and materials. The performance bond helps ensure that the work will be completed according to the terms of the contract. The payment bond helps ensure that subcontractors, and people who provide labor and materials, are paid. Payment and performance bonds are collectively referred to as a contractor's bond. When a public work contract is let, the amount of the bond needs to be equal to the contract price. However, if the contract price increases "for any reason, the public body may require additional bonds, the penalties of which shall be not less than the amount of the increase ...." Therefore, if the contract price increases due to change orders, unforeseen conditions, cost overruns or any other reason after the contract is signed, the County has the option of increasing the amount of the contractor's bond.

### **503.500 – Bid and Quotation Specifications**

**503.501 – Preparation –** Written specifications should be prepared with the following criteria in mind:

- 1) Conformance to acceptable industry-wide standards.
- 2) Clear, definite, and concise.
- 3) Describe the performance requirements, rather than its formulation, description, or design.
- 4) Framed to permit, to the extent possible, free and full competition.
- 5) Consider cost, length, and terms of any warranty provisions, reliability and maintenance costs, and repurchase value of the equipment after a specified number of years.
- 6) Should not exclude all but one type or kind except when permitted by law.

- 7) Should not call for features or for a level of quality not needed for the intended use, except in cases where such features or the level of quality are essential for some future consideration or result in overall economic advantage to the County.
- 8) If an error in the specification is found, the County reserves the right to correct the specification with notification to all bidders, or the County may, in its sole discretion, cancel the bid call. The County may waive any minor irregularity or error which it finds, in the best interest of the County.
- 9) Any changes to specifications must be mailed to all who are known by the applicable department head to have received the specification. Any interested respondents shall promptly notify the applicable department head of any ambiguity, inconsistency or error in writing, which may be discovered upon examination of the specification. Clarification or interpretation of the specification shall only be made by the applicable department head or County Board.
- 10) The County Board may require that a bidder provide a bid bond or other security at an amount satisfactory to the Board as a proposal guaranty that the bidder will enter into a contract if its bid is accepted. The County Board may also require other bonds and insurance as provided in 503.409 above or as appropriate.

**503.502 – Restrictive Specifications –** Some latitude is permissible in specifying features of certain items. While it is not necessary to prepare specifications in a manner that every conceivable manufacturer could compete, the County must be able to demonstrate a clear reason for any restrictive specifications. If a minimum standard for wages with respect to the employees of a contractor is desired by the County or is required for compliance with State or Federal laws, the specification should include such a prevailing wage rate unless otherwise provided in any applicable Federal law. (M.S. 177.42)

**503.503 – Professional Services –** Purchasing professional services creates a different relationship than normally exists in a buyer-seller transaction. The purchasing protocol needs to take into consideration qualifications, character, and mutual trust. For these reasons, qualifications, competency, and availability of the most qualified firms must be considered initially and independent of cost. Procuring professional services consists of three major elements:

- 1) Submittal of proposals;
- 2) Review of proposals submitted and selection of preferred proposal; and
- 3) Negotiation of price.

For purposes of this policy, professional services include at least the following:

- 1) Architectural and engineering services;
- 2) Personnel consultation;
- 3) Technology consultation;
- 4) Legal services (beyond that provided by the County Attorney);
- 5) Financial consultation; and
- 6) Insurance consultation.

**503.504 – Documentation of Purchasing Process –** Proper documentation of the purchasing process is necessary for accountability. Persons making purchasing decisions should be able to provide proof of compliance with the purchasing policy and State law.

**AUTHORED BY:** Administrator  
**DATE:** 01-07-04

**APPROVED BY:** County Board  
**DATE:** 01-03-06  
Amended 6-26-07  
Amended 7-22-08  
Amended 1-08-13

**Yellow Medicine County  
Capital Asset Input Form**

<b>Data Entry Use Only</b>	
Index #:	_____
Asset Type:	_____
Fund #:	_____
Dept #:	_____
Warrant #:	_____
Date paid:	_____
Unit #:	_____

**PURCHASE OF CAPITAL ASSETS  
VALUED AT \$300 or MORE**

**Department Name :** \_\_\_\_\_

**Account #:** \_\_\_\_\_

**Location:** \_\_\_\_\_

**Description:** \_\_\_\_\_

**Model Number:** \_\_\_\_\_

**Serial Number:** \_\_\_\_\_

**Date of Acquisition:** \_\_\_\_\_

**Name of Vendor:** \_\_\_\_\_

**Purchase Price:** \_\_\_\_\_

<b>Please enter information below for assets over \$5,000</b>	
<b>Estimated Useful Life:</b>	_____
<b>Estimated Salvage Value:</b>	_____

Data Entry Use Only	
Index #:	_____
Asset Type:	_____
Fund #:	_____
Dept #:	_____
Warrant #:	_____
Date paid:	_____
Unit #:	_____

Yellow Medicine County  
Capital Asset Input Form

## CAPITAL ASSET ADJUSTMENTS Disposals - Sales - Transfers

Department Name : \_\_\_\_\_

IF DISPOSED OF	
Index #:	_____
Description:	_____
Date Disposed of:	_____

IF SOLD	
Index #:	_____
Amount of Sale:	_____
Description:	_____
Date Sold:	_____

IF TRANSFERRED	
Index #:	_____
Transferred to Dept.:	_____
Description:	_____
Date Transferred	_____