



PROCUREMENT POLICY

PURPOSE

To Assure that all City expenditures are lawful by satisfying the following:

- A. Public Purpose: As good stewards of public funds, City employees must use City funds for public purpose expenditures.
- B. Authority: There must be specific or implied authority for the expenditure in State Statute. Further, the expenditure must be authorized in accordance with the City's annual budget process.
- C. Procedure: The expenditure must be properly approved by the City Council.
- D. This policy supersedes all previous policies and/or memos referencing procurement, travel or purchasing cards.

OBJECTIVES

This policy has the following objectives:

- A. To ensure that taxpayer dollars provide goods and services as economically as possible.
- B. To establish uniform purchasing procedures for all City staff and across all departments.
- C. To ensure City expenditures are appropriately classified in the City's financial records.
- D. To follow Minnesota Statute 471.345 as it relates to the purchase of supplies, materials, equipment or the rental thereof, or the construction, alteration, repair or maintenance of real or personal property

DECENTRALIZED PURCHASING

The City of Anoka has a "decentralized" purchasing program where individual departments are responsible for making their own purchases. There are a few exceptions including the following:

- A. Technology (Hardware and Software). Authorized purchasers must consult with the Finance Director prior to acquiring any hardware and/or software to ensure it is consistent with the Technology Plan.
- B. Vehicles. Authorized purchases must be approved through the budget process.
- C. Building Maintenance. All building repairs and maintenance should be coordinated with the Public Services Director.

PURCHASE ORDERS

Purchase orders may be used for any purchase. The electric department has its own purchase order software but if any other department needs a purchase order number they can contact the Finance department and one will be provided. In the instance where exact costs are not known, an estimate is acceptable. A memorandum or electronic correspondence (such as email) that provides the same level of detail as a purchase order may be substituted in the purchasing process.

UNIFORM MUNICIPAL CONTRACTING LAW

The City will follow procedures as set forth in Minnesota Statute 471.345. Purchases should not be separated into smaller components in order to eliminate an authorization threshold requirement. Labor and materials may be separated to properly calculate sales tax.

For the purchase of supplies, materials or equipment estimated to exceed \$25,000, the City must consider the availability, price, and quality of the supplies, materials, or equipment available through the State of Minnesota's cooperative purchasing venture (CPV) before purchasing through another source. The finance department will keep a list of all allowable CPV's on file.

Purchasing Guidelines

Definition: Department Manager – this is defined as the Department Director or a person or persons authorized by the department director to make the authorized purchases.

Purchases up to \$5,000

If the amount of the purchase is estimated to be less than \$1,000, the purchase does not require quotations.

Purchases over \$5,000 and up to \$10,000

If the amount of the purchase is estimated to be between \$1,001 and \$10,000, the purchase may be made through a cooperative purchasing agreement with another government entity or consortium. Quotes are optional and can be made on the open market and verbal. All quotations obtained should be documented and kept on file for a period of at least one year after their receipt.

Purchases over \$10,000 and up to \$25,000

If the amount of the purchase is estimated to be between \$10,001 and \$25,000, the purchase may be made either upon quotation or a cooperative purchasing agreement with another government entity or consortium. If the purchase is made upon quotation it shall be based, so far as practicable, on at least two quotations of same or similar of comparable quality. All quotations obtained shall be kept on file for a period of at least one year after their receipt.

Purchases over \$25,000 and up to \$175,000

If the amount of the purchase is estimated to exceed \$25,000 but not to exceed \$175,000, the purchase may be made either upon sealed bids or by direct negotiation, by obtaining two or more quotations for the purchase when possible, and without advertising for bids or otherwise complying with the requirements of competitive bidding. Products or services quoted shall be the same or similar and of comparable quality from each vendor. The City must consider the availability, price and quantity of supplies, materials or equipment available through the state's cooperative purchasing venture before purchasing from another source. All quotations obtained shall be kept on file for a period of at least one year after their receipt.

Purchases over \$175,000

If the amount of the purchase is estimated to exceed \$175,000, sealed bids shall be solicited by public notice in the manner and subject to the requirements of the law governing purchases by the municipality. The City must consider the availability, price and quality of supplies, materials or equipment available through the state's cooperative purchasing venture before purchasing from another source. If a cooperative purchasing agreement is in place, bids are not needed.

Additional Purchasing Guidelines for Federal Grant Programs

For purchases under federal grant programs, two written quotes are needed for purchases greater than \$3,500. Multiple price or rate quotations must be obtained from an adequate number of qualified sources (2 or more) for purchases greater than the micro-purchase threshold (currently set at \$3,500). (Ref. 2 CFR 200.320(b)).

For all contracts for goods or services above the small purchase threshold, the City should document its review of the excluded parties list (<https://www.sam.gov>) to ensure that certain parties, suspended and/or debarred or otherwise excluded or ineligible contractors are not contracted with when using federal [or state] dollars. [Ref. 2 CFR 200.213] Contractors that apply or bid for an award exceeding \$100,000 must file the certification required by the Byrd Anti-Lobbying Amendment (31 U.S.C. 1352). All purchases for construction projects using federal dollars in excess of \$2,000 are required to follow the Davis-Bacon Act and related federal regulations concerning labor standards applicable to federally financed contractors.

To ensure fair and open competition and include affirmative steps to assure that minority businesses, women's enterprises and other disadvantaged businesses are solicited and used whenever possible per CFR 200.321

Exceptions

The City may contract for the purchase of supplies, materials, or equipment without regard to the competitive bidding requirements of this section if the purchase is through the State of Minnesota's cooperative purchasing venture or 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. Other exceptions may include: professional services, insurance contracts, purchases from other government agencies, real estate, sole source vendors and others as defined by Minnesota Statute 471.345.

Best Value Alternative. Minnesota Statute 412.311 allows the City to use a "Best Value" alternative instead of awarding the bid to the lowest responsible bidder. Ask your department manager to contact the City Attorney if you wish to use the Best Value alternative.

AUTHORIZATION

The City Manager is authorized to make or execute purchase contracts for routine services, equipment, supplies or commodities as authorized in the City's annual budget. The City Manager may delegate authority to make purchases and execute documents for purchasing items or services, as long as the amount involved does not exceed the City Managers Authority.

The City Manager has delegated authority to the City's department managers. A department manager, at their discretion, may delegate authority to staff for routine operational purchases.

The following thresholds have been established to provide efficient procedures while still retaining effective oversight.

Purchases up to \$25,000

Budgeted: If the purchase is specifically outlined in the department budget, the respective department manager or their delegated purchaser is authorized to make the purchase.

If the purchase is not in the department budget, it needs to be approved by the City manager.

Purchases over \$25,000 and up to \$175,000

Budgeted: If the purchase is specifically outlined in the department budget, the respective department manager or their delegated purchaser is authorized to make the purchase but must follow the requirement above of multiple quotes or sealed bid.

If the purchase is not in the department budget, it needs to be approved by the department manager making the purchase and the City Manager. The department must notify the Finance Director and they will provide a budget revision to Council for approval as part of the budget process if the purchase will result in a budget overage for the department.

Purchases over \$175,000

Budgeted: If the purchase is specifically outlined in the department budget, the respective department manager or their delegated purchaser is authorized to make the purchase but must follow the requirement above of multiple quotes or sealed bid.

If bids are solicited for goods or services then acceptance of the selected bid must be presented to and approved by City Council before work commences on the project. Any subsequent change orders also require Council approval. Bids accepted for budget inventory items do not need to be presented to council for approval.

ENFORCEMENT

Department managers and all other supervisors are responsible for implementation of the policy. Employee reimbursement will be required for any purchases not in compliance with this policy. Non-compliance could result in disciplinary action as outlined in the Employee Handbook.

BILLING

Vendors should invoice the department within the City that has initiated the purchase. Vendors should not invoice an individual person.

Invoices may also be emailed to the finance department using email address AP@ci.anoka.mn.us

PAYMENT PROCEDURES

In accordance with Minnesota Statute 471.425, the City has 35 days from receipt of the invoice to process payment. If an invoice is incorrect in any way, the City must notify the vendor within ten days of the date of receipt.

Department managers are responsible for reviewing all aspects of the invoice and verifying the validity of the expenditure. The department manager is also responsible for providing the budget account coding so that expenditures are appropriately classified in the City's financial records. The department manager will authorize the expenditure for payment with a signature on the invoice or approval via email.

Invoices and supporting documentation must be forwarded to Accounts Payable in a timely fashion. Payment requests received by Wednesday morning, will be processed and included in the packet to be approved at the upcoming City council meeting.

Department managers should notify the Finance Department of any invoices in dispute and the dispute should be documented on the invoice or with a memorandum accompanying the invoice.

Certain routine transactions as defined by the Finance Director are excluded from department manager review and approval. Such transactions may include, but are not limited to: payroll, employee benefits, workers compensation, and liability insurance and utility bills.

All payments shall be summarized within a Claims List that will be presented to the City Council at their regularly scheduled meetings. The City Council will take action on the Claims List as part of the Consent Agenda. Once the Claims List has been approved by the City Council, the Finance Department will release payment to the vendor.

In some instances, payments may need to be released prior to City Council approval. Such instances may include, but are not limited to: payroll, employee benefits, electronic funds transfer (EFT), construction permits, to receive early payment discounts or to avoid late penalties. Such payments will be authorized at the discretion of the Finance Director and will be presented to the City Council within the Claims List at the next scheduled regular City Council meeting.

PROCUREMENT CARDS

See Appendix A

TRAVEL

See Appendix B

EXPENSE REIMBURSEMENT

Employee expense reimbursements (i.e. mileage), are to be submitted on claim voucher forms with supporting documentation and should be provided to the Finance Department. The procedures set forth in Appendix B of this policy will be followed for approval and payment.

CONFLICTS OF INTEREST

Employees are required to provide notice to the Finance Director of any conflicts of interest prior to entering into transactions on behalf of the City. No employee, officer, or agent may participate in the selection, award, or administration of a contract supported by a Federal award if he or she has a real or apparent conflict of interest. Such a conflict of interest would arise when the employee, officer, or agent, any member of his or her immediately family, his or her partner, or an organization which employs or is about to employ any of the parties indicated herein, has financial or other interest in or a tangible personal benefit from a firm considered for a contract (Minnesota Statute 471.87).

ETHICS AND ACCEPTANCE OF GIFTS

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 subcontracts unless in accordance with Minnesota Statute 471.87.

EMERGENCY & DISASTER

The City Attorney should be consulted with prior to making a purchase under this section.

Under Minnesota's Emergency Management Act (Minnesota Statute 12.37), the City has the authority to make purchases or enter into contracts during emergencies without following many of the, otherwise, normally required procedures.

The Emergency Management Act defines an "emergency" (Minnesota Statute 12.03 sub3) as an unforeseen combination of circumstances that calls for immediate action to prevent a "disaster" from developing or occurring.

The Emergency Management Act defines a “disaster” (Minnesota Statute §12.03 sub2) as 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 are unable to repair or prevent injury or loss.

In the event of an emergency or disaster, the City Council has granted authority to the City Manager (or designee) to make the necessary special emergency purchase. At the next regular scheduled City Council meeting, the City Council will approve the respective purchase and will pass a resolution specifically referring to the special emergency and declaring the special emergency describing the reasons necessitating the immediate action for protection of the health, safety or welfare of its citizens.

SOLE SOURCE PURCHASES

Sole source purchases may be made if they comply with at least one of the following:

- A. Item or service under patent or copyright held by a single vendor and item or service possesses or has capabilities critical to use.
- B. Item or service possesses a unique function or capability critical in the use of the item or service and not available from any other sources. (i.e. electric utility poles)
- C. The purchase is for equipment associated with use of existing equipment where compatibility is essential for integrity of results.
- D. The purchase is for replacement parts needed for repair of existing equipment where compatibility with equipment from the original manufacturer is paramount.
- E. The purchase is for accessories sought for enhancement of existing equipment where compatibility with equipment from the original manufacturer is paramount.
- F. The purchase is for technical services associated with the assembly, installation, or servicing of equipment of a highly technical or specialized nature.
- G. Additional item, service, or work required, but not known to have been needed when the original order was placed with vendor and it is not feasible or practicable to contract separately for the additional need.
- H. The purchase must match the existing piece or brand of equipment and is only available from one vendor.

Sole source purchases must still follow the purchase process required based on the amount being purchased. For example, if the purchase is expected to exceed \$100,000, a competitive bidding process must be followed even if the expectation is that only one bid will be received.

APPENDIX A: PROCURMENT CARD USE POLICY

USE OF PROCUREMENT CARDS

The City has authorized the use of procurement cards (Pcard) under Minnesota Statute §471.382 by City employees to make purchases on behalf of the City.

AUTHORIZATION

The City of Anoka will provide Pcards to Departments that show a business reason for usage of one. The Pcard will be issued in the employee's name.

Only a department manager may request a Pcard for staff having a business reason for its usage.

Employees that are not authorized account holders, shall not retain Pcard information or make purchases using a City issued Pcard without prior approval from an authorized account holder.

The City's Finance Department shall be responsible for the maintenance of the City Pcard, including account maintenance, setting purchase limits, issuing physical cards, etc.

CREDIT LIMITS

Credit limits for each employee is the sole discretion of the Department Director and dependent on the needs of the department and authority given to the employee by the director.

USERS

All employees authorized to use a City Pcard are required to sign a Pcard user agreement form: [City of Anoka Agreement to Accept the U.S. Bank One](#) which will be retained on file by the Finance Department. The Pcard user agreement also needs to be signed by the applicable department manager. The terms of the Pcard user agreement form are considered a part of this policy.

Upon termination of employment with the City, the City issued Pcard must be returned to the City Accountant on or before the employee's last day of employment.

If Pcard is lost or stolen, the cardholder must contact card member services and cancel the card immediately. The cardholder must also notify the Assistant Finance Director and/or the City Accountant.

The cardholder issued in one's name must only be used by that individual. The Finance Department must be notified immediately of any problems, issues or discrepancies an employee has with the use of the City Pcard.

PURCHASES

Each card holder will be responsible for ensuring that purchases made with their card comply with Minnesota Statutes, the City's Procurement Policy, and this Pcard Use Policy.

Personal use of the City issued Pcard is prohibited. Purchases that do not comply with City policies, or that are not approved by the City Council, may become the personal responsibility of the card holder and/or purchaser. Improper use of the Pcard may result in disciplinary action as outlined in the City's Personnel Policy.

In any instance where a product or service purchased with a City issued Pcard is returned or canceled the transaction must be refunded to the Pcard account.

DOCUMENTATION

The billing statement from the Pcard issuer does not contain sufficient information to document a purchase made. Appropriate documentation is required for all purchases to verify compliance with this policy and the City's Purchasing Policy.

A copy of the invoice or receipt for payment must be included to verify the amount charged on the card. Receipts from vendors that only list the total charged are not considered sufficient documentation. The receipt must identify all products or services purchased, shipping charges, and sales tax. A printed confirmation of an internet purchase may be sufficient to comply with this requirement. If an invoice is not immediately available, the invoice must be forwarded to the Finance department when it becomes available and additional documentation must accompany the original charge.

The City will not be responsible for interest charges accruing as a result of untimely submission of Pcard receipts.

Department managers are responsible for reviewing all aspects of the invoice and verifying the validity of the expenditure. The Department manager is also responsible for providing the budget account coding so that expenditures are appropriately classified in the City's financial records. The Department manager will authorize the expenditure for payment by including a date stamp and signature (or initials).

REVIEW AND PAYMENT

All Pcard statements will be reviewed by the Finance Department for compliance with this policy and to ensure all charges have been accounted for. Additional documentation may be requested from a card user to ensure compliance with this policy and the City's Purchasing Policy.

The City will not use the Pcard account for carrying debt, and payment of the entire outstanding balance of City issued Pcards will typically be made through the City's normal vendor payment process. The Finance Director reserves the right to pay the Pcard bill outside the normal vendor payment process if necessary to avoid finance charges.

CASH WITHDRAWALS

No employee of the City shall use the City Pcard to access an ATM for cash withdrawals.

VENDOR CHARGE ACCOUNTS

The City has established charge accounts with a handful of vendors to expedite the purchasing process with those respective vendors. These accounts may or may-not have physical cards accompanying them. All sections of this policy are also attributable to the respective vendor charge accounts.

If an account has been established with a vendor, all purchases should be made through that process, unless extenuating circumstances exist.

APPENDIX B: TRAVEL POLICY

The following are travel policies for all City employees as referenced in the employee handbook.

AUTHORIZATION

All travel must be included in the approved budget.

All travel must be approved prior to any travel commitments being made or before travel expenses are incurred. Each department manager will have the responsibility of approving any work related trips taken by employees in their department. The City Manager will approve all department manager's travel. This includes approving the actual trip and approval of all reimbursements.

TRAVEL ARRANGEMENTS

Employees must travel using the most cost resourceful mode of transportation available. All travel should utilize the most efficient travel route at the lowest fare available. The department of the employee will make all arrangements for travel out of state whenever practical. If travel is pre-approved, an employee may make their own travel arrangements, though receipts must be submitted in order to receive reimbursement.

Travel on behalf of the City of Anoka in a personal vehicle will be reimbursed at the current mileage reimbursement rate as determined by the Internal Revenue Service. Usage of City vehicles is encouraged when possible. Employees will be reimbursed for the cost of parking their vehicle when necessary with a valid receipt.

The responsible department will make all arrangements for overnight lodging whenever possible. The Pcard for Anoka is the preferred method of payment. When making their own arrangements, employees will provide information showing the lodging rates available. Distance from employee lodgings will be considered in order to minimize transportation costs. Employees will retain payment receipts to submit to their department supervisor for reimbursement.

MEALS AND INCIDENTALS

For same-day training or business meetings, meals will be reimbursed for the actual amount spent and will require an itemized receipt. City Purchase Card is encouraged to be used when possible.

For training or business trips that are longer than one-day, meals and incidentals will be reimbursed using the current U.S. General Services Administration (GSA) per diem rate for destination city. Complimentary meals provided to employees are excluded from per diem reimbursement. The first and final days of travel meals and other expenses for trips lasting multiple days will be reimbursed at 75% of the GSA meals and incidentals per diem rate. Current rates for the City you are traveling to can be found as www.gsa.gov/travel. Employees should retain receipts in case any expenses require verification.

Alcoholic beverages are not reimbursable and are not allowed to be purchased on a City Purchasing Card.

Policy History

Initially Adopted: 06.23.2023