



TO: Mayor Shaun Sipma
Members of the City Council

FROM: Buy Local Task Force

DATE: November 27, 2019

SUBJECT: BUY LOCAL TASK FORCE RECOMMENDATION

I. RECOMMENDED ACTION

- A. Adopt the Buy Local Task Force’s recommendation to include the definition of “Local Vendor” and the section relating to “Local Vendor” in the proposed Purchasing Policy, which will be formally considered, along with proposed ordinance amendments, at the December 16, 2019 regular City Council meeting.

II. DEPARTMENT CONTACT PERSONS

Tom Barry – (701) 857-4750
John MacMartin (701) 857-8203

III. DESCRIPTION

A. Purchasing Policy

Chapter 2, Article IV, Division 2 of the City of Minot Code of Ordinances relates to purchases made by the City of Minot. City staff met internally to review and, if necessary, recommend modifications to the current purchasing requirements. City staff created a draft Purchasing Policy (“Policy”) for review by the City Council.

Specifically, City staff had the following goals in reviewing the current ordinances and practices:

1. Provide clear and simple framework for purchasing;
2. Improve oversight, increase budget controls, and reduce errors in purchasing;
3. Review process issues and improve efficiencies by clarifying the responsibilities of different parties, standardizing process through checklist development, and increasing purchasing thresholds to be more in line with other jurisdictions.

In addition, this past summer, the City Council authorized the Finance Department to modify a current position to create a Purchasing Officer position. As specifically described throughout the Policy, the Purchasing Officer will be required to review purchasing documentation prior to a purchase being finalized and will be available to provide universal guidance and assistance to other departments.

Below are summaries of the current ordinance thresholds and requirements and the proposed policy thresholds and requirements. If the City Council adopts the Policy, City staff will recommend repealing the current purchasing ordinances and reenacting an ordinance that would require compliance with the City’s Purchasing Policy.

Below is a summary of the current purchasing ordinances and/or practices of the City. Also below is a summary of the proposed Policy requirements. These are, of course, just summaries of the current ordinances and/or practices, and of the proposed Policy requirements; both the current ordinances and proposed Policy are more substantial than what is described in the graphs below.

Current Purchasing Ordinances Summary:

Type of Purchase	Approval	Competition	Documentation
\$0-\$1,000	Department Head (current practice, not ordinance requirement)	Purchasing Agent's Discretion	No documentation required
\$1,000-\$3,000	Department Head (current practice, not ordinance requirement)	Purchasing Agent must obtain 2 oral quotes	Purchasing Agent must keep formal record of persons from whom quotes were solicited; manner solicited; date solicited; and price or other pertinent detail
\$3,001-\$15,000	Department Head (current practice, not ordinance requirement)	Purchasing Agent must obtain 2 written quotes	Purchasing Agent must keep formal record of written quotes
Over \$15,000	City Council	Sealed Bid Process	

Proposed Purchasing Policy Summary:

Type of Purchase	Approval	Competition	Documentation
\$0-\$5,000	Department Head	Purchasing Agent researches purchase Best judgment in vendor selection	No documentation required
\$5,001-\$25,000	Department Head City Manager or Finance Director	Purchasing Agent must obtain 3 Informal Oral Quotes	Procurement Checklist
\$25,001-\$50,000	Department Head City Manager or Finance Director	Purchasing Agent must obtains 3 Informal Written Quotes	Procurement Checklist
Over \$50,000	Department Head City Council	Purchasing Agent must follow Sealed Bid Process with Advertising	Procurement Checklist
Emergency or Exigent Circumstance	Department Head City Manager or Finance Director	Purchasing Agent must determine whether purchase is an emergency purchase	Emergency or Exigent Circumstance Checklist

	City Council informed at next regular City Council meeting		
Sole Source up to \$50,000	Department Head City Manager or Finance Director	Purchasing Agent must justify the sole source purchase and provide applicable information	Sole Source Checklist
Sole Source over \$50,000	Department Head City Manager or Finance Director City Council	Purchasing Agent must justify the sole source purchase and provide applicable information	Sole Source Checklist
Piggyback up to \$50,000	Department Head City Manager or Finance Director	Purchasing Agent must identify a cooperative or joint purchasing agreement applicable to purchase.	Piggyback Checklist
Piggyback over \$50,000	Department Head City Manager or Finance Director City Council	Purchasing Agent must identify a cooperative or joint purchasing agreement applicable to purchase.	Piggyback Checklist

The proposed Purchasing Policy is attached to this memo, as an informational document, but City staff anticipates the formal discussion of the proposed Purchasing Policy and proposed ordinance amendments occurring at the December 16, 2019 regular City Council meeting.

B. Local Preference

City Manager, Tom Barry, and Chamber President, John MacMartin, decided to set up a Buy Local Task Force to discuss local preference options and proposed language. The following individuals served on the Buy Local Task Force: Tom Barry; John MacMartin; Alderman Lisa Olson; Cheri Ostlund; Debbie Harris; John Coughlin; David Lakefield; and Kelly Hendershot.

The Buy Local Task Force met five times and, over the course of those meetings, discussed the proposed purchasing policy, current bidding practices, local preference limitations, and local preference options for consideration.

After significant discussion and review, the members of the Buy Local Task Force agreed to recommend implementing the following language into the “Definitions” section of the City’s proposed Purchasing Policy:

Local vendor means a vendor with a physical address in one of the following zip codes: 58701,58703, 58704, 58705, 58707, 58710,58711, 58712, 58713, 58716, 58718, 58722, 58723, 58725, 58731, 58733, 58734, 58735, 58736, 58740, 58741, 58744, 58746, 58748, 58750, 58756, 58759, 58760, 58761, 58762, 58768, 58769,

58770, 58771, 58775, 58778, 58779, 58781, 58782, 58784, 58785, 58787, 58788, 58789, 58790, 58792, 58793, 58368, 58540, 58575, or 58576.

The overall intent of the zip codes was to include areas within 65 miles of the corporate city limits.

The Buy Local Task Force also agreed to recommend implementing the following language into the “General Guidelines” section of the City’s proposed Purchasing Policy:

Local Vendor

When Purchasing Agents are required to obtain informal oral quotes or informal written quotes, Purchasing Agents shall make reasonable efforts to obtain at least one quote from a local vendor. When a sealed bid process is required, the City shall provide notifications of sealed bid opportunities to local vendors registered as bidders on the City’s website.

In addition to incorporating the language into the City’s proposed Purchasing Policy, the Buy Local Task Force also recommends that the City move use a website module to allow bidders to register on the City’s website and then receive notifications of all City sealed bid opportunities.

IV. IMPACT:

The adoption of the Buy Local Task Force’s recommendation will formalize the requirement to obtain local vendor quotes and will also encourage more local bidding in sealed bidding scenarios with the notification enhancements.

V. ALTERNATIVES

The City Council could remand this issue to the Buy Local Task Force with specific direction to review different potential modifications, or the City Council could discuss alternatives or reject the recommendation.

VI. TIME CONSTRAINTS

City staff would like to have the Purchasing Policy in place in early January 2020 for consistency throughout 2020.

VII. LIST OF ATTACHMENTS

- A. Proposed Purchasing Policy