



## COMMISSION POLICY

### Procurement

Category: <b>Governance</b>	Subcategory: <b>Delegation to Management</b>	Policy Number: <b>G.030</b>
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### 1.0 - Introduction

#### 1.1. MINNESOTA PUBLIC PURPOSE DOCTRINE

Minnesota law permits a governmental entity to expend public funds only when the primary purpose of the expenditure is public and the expenditure relates to the governmental purposes for which the entity was created. There must also be statutory authority allowing for the expenditure of such funds and there must be a benefit to the community. Proper documentation must be maintained to establish that all expenditures serve a public purpose.

#### 1.2. AUTHORIZATION TO PURCHASE

The Grand Rapids Public Utilities Commission (GRPUC) has delegated its authority to the Grand Rapids Public Utilities (GRPU) General Manager (GM) to make usual and customary purchases of goods and services for GRPU operations and capital projects as approved in the annual GRPU operations and capital budgets. There shall be internal and administrative control procedures to ensure the proper disbursements of funds. The GRPUC also authorizes the GRPU GM to enter into contracts and sign on behalf of the GRPUC as outlined in this policy.

#### 1.3 OBJECTIVES

This policy has the following objectives:

- 1.3.1 Ensure that all purchases comply with applicable laws, in particular the Uniform Municipal Contracting Law, Minnesota State Statute Section 471.345.
- 1.3.2 Comply with Minnesota Public Purpose Doctrine.
- 1.3.3 Make the best possible use of rate-payer dollars by purchasing goods and services economically and promoting fair and open competition.
- 1.3.4 Provide clear and consistent guidelines for the GRPU employees to follow in making purchasing decisions without eliminating needed internal controls.
- 1.3.5 Is administratively consistent with other GRPU policies and procedures.
- 1.3.6 Maximizes the use of joint purchasing/cooperative purchasing agreements and disadvantaged business whenever possible.

- 1.3.7 *If a vendor has an approved master service agreement, then only the statement of work document needs to be ratified by the Commission if under \$25,000 and approved by the Commission if \$25,000 and greater.*

## **2.0 – Policy**

The GRPU GM shall establish internal procedures to ensure that the goods and services required by the GRPU are obtained in compliance with all legal requirements for public purpose expenditures while promoting fair and open competition to ensure public confidence in the procurement process, ensure fair and equitable treatment of vendors who transact business with the GRPU, and provide safeguards for the maintenance of a procurement system of quality and integrity.

The internal accounting and administrative procedures necessary to ensure proper disbursement of funds shall designate specific delegated procurement authorities for selected GRPU managers and employees, by position title, based on type of procurement, dollar value, or other appropriate criteria.

Additionally, the procedures shall provide for complete and accurate records of all procurement demonstrating compliance with applicable legal and regulatory requirements, this Commission policy, and established management procedures.

Goods or services required that were not budgeted must be approved by the GRPU GM and depending on dollar amount and the rationale behind the non-budgeted good or service, also may require approval by the GRPUC.

The GRPU GM is responsible for informing the GRPUC, as soon as practical after discovery, of any material violations of this policy, Minnesota law, or the conditions of a Commission contract approval.

### **2.1 PROCUREMENT**

The GRPU will use the following processes for procurement of all goods and services:

#### **2.1.1 Micro Purchases**

Procurements valued under \$ 2,500 will be considered Micro Purchases and may be made in the open market. Local purchases are encouraged. Purchase orders are recommended. No GRPUC prior approval required for purchases.

#### **2.1.2 Mini Purchases**

Procurements valued between \$2,500 and \$15,000 will be considered Mini Purchases and two competitive written quotations are required unless an exception is granted by the General Manager. A purchase order is mandatory and serves as the legal purchasing document. Additionally, local purchases are encouraged

#### **2.1.3 Small Purchases**

Procurements valued between \$15,000 and \$25,000 will be considered Small Purchases and shall be purchased by a minimum of two competitive written quotes. The GM may approve exceptions to this procedure for purchases in the open market under \$25,000. GM approval is required for solicitation of quotes of unbudgeted goods or services. Local purchases are encouraged. Purchase orders are required. Once selected, services require a standard short-form contract. The GM is authorized to sign all contracts up to \$25,000 and change orders on behalf of GRPUC and present the contract(s) and change orders for ratification at the next GRPUC meeting. No GRPUC

prior approval required for purchases. Single source vendor can use vendor contract or GRPU standard short-form contract.

#### 2.1.4 Mid-Range Purchases

Procurements valued above \$25,000 and below \$175,000 (the competitive- bidding threshold), either singly or in aggregate, will be considered Mid-Range Purchases and shall be purchased either by a minimum of two competitive written quotes or the competitive-bidding process. Prior GM approval is required to solicit all quotes. If not in the approved budget then GRPUC approval is required to solicit quotes. Responses to the competitive-bidding or competitive quotes must be in writing. Purchase order are required. Once selected, services and some supplies, materials equipment, rental, construction, or repairs and maintenance require a standard long-form contract. The GRPUC will approve the contract. Change order(s) will be required and approved by the GM and ratified by the GRPUC.

#### 2.1.5 Major Purchases

Procurements valued at \$175,000 and greater shall be considered Major Purchases and shall be purchased through the competitive bidding process by publicly soliciting bids or proposals in accordance with GRPU procurement procedures and as required by Minnesota Statutes 471.345. GRPUC approval is required to solicit bids. Procurements will not be split to avoid this policy. Purchase orders are required. Once a bid is awarded, a contract is required. GRPUC will approve contracts. Change order(s) will be required and approved by the GM and ratified by the GRPUC.

### 2.2 GRANTS

For purchases made using grant funded dollars/programs, additional procedures outlined in the Grant Funds policy must be followed.

### 2.3 PAYMENT

Payment details for all goods and services will be placed on the verified claims list and presented to the GRPUC for review and approval or ratification.

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GRPUC Commissioner

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GRPUC Commissioner

### **POLICY HISTORY:**

Adopted: June 15, 2021

Revised: