

**AD HOC CITY HALL FRONT COUNTER RECONFIGURATION COMMITTEE
CITY HALL CONFERENCE ROOM
NOVEMBER 7, 2016
4:30 P.M.**

AGENDA

- I. CALL TO ORDER
- II. CONSENT AGENDA
- III. NEW BUSINESS
- IV. OLD BUSINESS
 - A. Architect, Lon Negen – Sketches (he will bring them to the meeting)
- V. INFORMATIONAL
 - A. Bidding Process Requirements (page 1)
- VI. ADJOURN

Please contact Renee Eckerly at 320-243-3714 ext. 227 or at renee@paynesvillemn.com if you can't attend the meeting.

Board Members: Donavan Mayer, Neil Herzberg, Ron Mehr, Jennifer Welling, Alice McColley, Belinda Ludwig, Angel Murdock, & Renee Eckerly.

This agenda has been prepared to provide information regarding an upcoming meeting of the Ad Hoc City Hall Front Counter Reconfiguration Committee. This document does not claim to be complete and is subject to change.

BARRIER FREE: All Ad Hoc City Hall Front Counter Reconfiguration Committee meetings are accessible to the handicapped. Attempts will be made to accommodate any other individual need for special services. Please contact City Hall (320) 243-3714 early, so necessary arrangements can be made.



INFORMATION MEMO

Competitive Bidding Requirements in Cities

Learn what types and price of contracts are subject to competitive bidding requirements, the methods of best value and joint contracting, and the exemptions, exceptions, and alternatives to competitive bidding. Learn about preparing bid specifications and advertising, opening, and investigating bids. Discusses permitted changes after bid award and when a city needs to require performance and payment bonds. Contains sample bid advertisement and sample outline for a Request for Proposals (RFP).

RELEVANT LINKS:

Minn. Stat. § 471.345.
Minn. Stat. § 412.311.
Home rule charter cities generally have a charter provision requiring that a contract that must be competitively bid must be awarded to the lowest responsible bidder or other similar term.

Minn. Stat. § 471.345, subd. 6.
A.G. Op. 430 (Dec. 29, 1981).

Minn. Stat. § 429.041, subd. 1.
See LMC information memo, *Special Assessment Toolkit*.

Foley Bros., Inc. v. Marshall, 266 Minn. 259, 123 N.W.2d 387 (1963). *R.E. Short Co. v. City of Minneapolis*, 269 N.W.2d 331 (Minn. 1978). *Griswold v. Ramsey County*, 242 Minn. 529, 65 N.W.2d 647 (1954).

I. Competitive bidding law

The uniform municipal contracting law (competitive bidding law) requires cities to use the competitive bidding process for certain contracts estimated to exceed a dollar threshold. Typically, this involves the solicitation of sealed bids and the award of the contract to the “lowest responsible bidder.” The law makes no distinction based on the funds from which payments will be made. For example, a contract that will be paid for from municipal liquor store revenues must be competitively bid if the estimated cost is expected to exceed the bidding threshold.

The competitive bidding law generally supersedes all inconsistent laws and charter provisions. A city may, however, need to comply with additional statutory requirements. For example, the competitive bidding process for local improvement projects that are paid for with special assessments has additional requirements. It is important to review any additional requirements that apply to a particular type of contract before beginning the competitive bidding process.

A. Purpose

The competitive bidding law serves three general purposes. First, it is intended to ensure city taxpayers receive the benefit of the lowest obtainable price from a responsible contractor. Second, competitive bidding provides contractors a level playing field on which to compete for city contracts. Third, it limits the discretion of contract-making officials in situations that are susceptible to fraud, favoritism, or other similar abuses.

B. Contracts subject to competitive bidding

When this memo uses the term “contract,” it is only describing agreements subject to the competitive bidding law.

This material is provided as general information and is not a substitute for legal advice. Consult your attorney for advice concerning specific situations.

RELEVANT LINKS:

Minn. Stat. § 471.345, subd. 2.

Minn. Stat. § 471.345, subd. 3.
See Section II. *Procedure*.

Minn. Stat. § 471.345, subd. 4.

Griswold v. Ramsey County,
242 Minn. 529, 65 N.W.2d
647 (1954).

Minn. Stat. § 471.345, subd. 5.

While the types of contracts subject to the competitive bidding law are broadly defined, a number of city contracts, purchases, or related agreements are not subject to competitive bidding requirements.

There are two elements that determine if the competitive bidding law applies to a particular contract: the type of contract and its estimated price.

1. Types of contracts

The competitive bidding law applies to:

- Contracts for the sale, purchase, or rental of supplies, materials, or equipment.
- Contracts for the construction, alteration, repair, or maintenance of real or personal property.

2. Estimated price

The estimated price of the contract also determines if the competitive bidding process is required.

a. Contracts over \$100,000

If the estimated price of the contract exceeds \$100,000, the city must use the competitive bidding process.

b. Contracts between \$25,000 and \$100,000

If the price of the contract is estimated to exceed \$25,000, but not to exceed \$100,000, competitive bidding is allowed but not required. The city has the option of either using the competitive bidding process or making the contract by direct negotiation. If the city chooses to use the competitive bidding process, however, it must likely comply with the requirements of this process even though it was not originally required. If direct negotiation is used, the city must get at least two quotations when possible and keep them on file for at least one year.

c. Contracts \$25,000 or less

If the price of the contract is estimated to be \$25,000 or less, the city has discretion to make the contract by obtaining quotations or it may simply buy or sell the item on the "open market." If the city chooses to use quotations for the contract, it shall be based, as far as practicable, on at least two quotations which shall be kept on file for at least one year.