



City of Baltic Procurement Policy

Adopted in February 2025

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This manual has been designed to ensure that the policies set by the City Council with regard to the expenditure of public funds are met by all City Departments. The City of Baltic is an equal opportunity purchaser and will provide equal opportunity to all vendors and bidders. The City shall not discriminate against any vendor/bidder because of race, color, religion, age, sex, marital status, political affiliations, religious beliefs, national origin, or any other specification that would be a violation of federal or state legislation.

INTRODUCTION

1. There exists in State statute, legal requirements covering purchasing and contract limits and procedures to which all Departments in the City Government of Baltic will adhere.
2. Procurement of equipment, materials, products, services, and constructed works will be accomplished through procedures that assure that vendors are afforded equal and fair consideration but with the intent that the maximum value and efficiency be obtained for each public dollar spent.
3. Procurement of equipment, materials, products, services and constructed works is best initiated at the Department level due to the diverse needs of each City department and the knowledge and experience of their staff in their own sphere of operation and needs.
4. This general Procurement Policy Manual has been prepared to assist and direct Departments in making purchases and entering into contracts, which is hereby adopted by the City Council of the City of Baltic.

BASIC GOALS

The basic goals of the City's Procurement Policies are:

1. To comply with the legal requirements of public purchasing.
2. To assure vendors that impartial and equal treatment will be afforded to all who wish to do business with the City.
3. To receive maximum value for each public dollar spent.
4. To provide city departments the required goods and services at the time and place needed in the proper quantity and quality.
5. To purchase only goods and services for which funds have been approved and not previously obligated.
6. To provide authentication and tracking documentation of purchases.

If the procedures and guidelines established in this manual are followed, each department will effectively manage, control and plan their available resources to meet present and future departmental needs and help the City meet these goals.

GENERAL GUIDELINES

It is important to remember that all City purchasing operates in full view of the public.

These general guidelines should be considered administrative rules and regulations and are to be adhered to as closely as possible by all departments in the procurement of goods and services.

LOCAL BUYING. It is the desire of the City to purchase from City of Baltic and Minnehaha County vendors whenever possible. This can be accomplished by ensuring that local vendors that have goods or services available which are needed by the City and that those that are interested in doing business with the City are included in the competitive process which will precede most purchases. The City has a responsibility to its residents, however, to ensure that the maximum value is obtained for each public dollar spent, so comparison shopping is strongly encouraged.

PLANNING. Planning for purchases should be done on both a short-term and long-term basis. Small orders and last minute purchases should be minimized, thereby increasing the capability of each department to purchase its goods and services in larger quantities in order to obtain the maximum discounts possible. Planning will also cut down on the number of trips required to obtain materials and minimize the amount of clerical and supervisory time spent on documenting purchases. The purchasing process begins with the preparation of the annual budget.

OVERDRAFTS PROHIBITED. No purchase will be authorized which would overdraft a budget line item, without prior discussion, approval and documentation. Department Heads who are contemplating a purchase that will exceed a budget line item should contact the Finance Office to ensure that an agreeable provision is made for the necessary budget allocation prior to initiating the purchase. This agreement will not result in the moving of budget authority from one line item to another, it will simply be an agreement to leave budgeted funds in another line item unspent for the remainder of the year to ensure the total budget does not exceed the total amount budgeted by department.

PURCHASE OF AMERICAN MADE PRODUCTS. It is the desire of the City to encourage the purchase of products manufactured, assembled, or produced in the United States, if the quality and price are comparable with other goods.

SALES TAX. The City is exempt from paying all local and state sales tax. The Finance Department can provide the necessary exemption documents to any vendor upon request. It is the responsibility of the purchaser to ensure sales tax is omitted from the invoice.

PERSONAL PURCHASES. Purchases for employees with city funds shall be limited to items used in the performance of their duties as employees. City employees are also prohibited from using the City's name or the employee's position to obtain special consideration in personal purchases for private use.

BUYING PROPER QUALITY. Quality and service are just as important as price and it is the duty of the requisitioning department to secure the best quality for the purpose intended. Quality buying is the buying of goods or services that will meet but not excessively exceed the requirements for which they are intended. In some instances the primary consideration are durability and reliability. With other

purchases, it may be a question of immediate availability, ease of installation, frequency of repair or efficiency of operation that must be given primary consideration. In the case of motor vehicles and similar capital expenditures, departments may want to include life cycle costs or EPA mileage ratings when comparing bids as opposed to utilizing the price as the criterion for determining the lowest responsible bidder. It is the responsibility of each Department Head to become familiar enough with the available equipment to determine the appropriate quality required in order to develop specifications.

CREDIT CARD PURCHASES. Credit card purchases must follow the guidelines outlined in this policy. Use of the City-issued credit card should not lead to additional incurred charges and should only be used when it is advantageous to the City.

1. All purchases made with a City issued credit card or by electronic transaction shall be accounted for with purchase receipts retained from the point of sale at which the item(s) were purchased. The Department Head/Purchaser is responsible for submitting detailed receipts and is responsible for ensuring that duplicate receipts are obtained, if the original receipts are lost. The Department Head/Purchaser will initiate the purchase request and will advise the vendor that the purchase is tax exempt.
2. Proper documentation of each charge must be forwarded to the Finance Office. If proper documentation is not received, the payment of the charge is the responsibility of the purchaser and may be deducted from employee's pay.
3. The Finance Office shall audit the credit card receipts, reconcile the credit card statements and process the charges for approval and payment by the City Council.
4. Any transaction must comply with all applicable City policies.
5. Purchase of alcoholic beverages is prohibited.
6. Cash advances are prohibited and the card cannot be used for tips.
7. City issued credit cards or any electronic transactions may not be used to pay for any item which does not directly benefit the City of Baltic.
8. The credit card accounts shall be administered by the Finance Office and a designee from each Department may be assigned to oversee the usage, limits, and processing for that Department.
9. Personal use of the credit card or any electronic transaction is strictly prohibited. Misuse of a City issued credit card or any electronic transaction, including over the limit charges, may be considered grounds for disciplinary action up to and including termination. All improper charges are the responsibility of the employee.
10. Any perks, credits or items of value earned through the use of said City issued credit card shall only be used for the benefit of the City and not for that of any employee. Additional cardholder responsibilities may be communicated as necessary.

PURCHASING PROCEDURES

The City Council hereby establishes the following policies regulating the degree of formality to be followed in the purchase of goods and services, depending on the costs of the items to be purchased. The intentional splitting of planned or predictable annual purchases into smaller orders to avoid these requirements is to be discouraged and strictly prohibited when total purchases will exceed limits requiring approval or public bids. All purchases shall be documented by a written Claim Voucher. Department Heads should designate employees who will be allowed to make purchases. It is the responsibility of each Department Head to provide internal control procedures to ensure that all purchases are necessary and for legitimate public purposes.

CLAIMS PAYABLE POLICY. Claim Vouchers must be submitted to the Finance Office completed in their entirety, including completing the line item within the budget's department, indicating where the funds should be taken from to pay for the expense. A complete description of items purchased and an itemized invoice must be provided with the claim voucher per SDCL §9-23-1.

All claims must be submitted to the Finance Office by the Wednesday prior to the Council Meeting held on the 1st and 3rd Monday of each month. Any claims after that day will be paid in the claims of the next Council Meeting excluding the pre-approved monthly claims (bills in between).

The Department Head/authorized purchaser will endeavor to obtain the best price available for the City by obtaining a minimum of:

- For purchases less than \$1000.00 – Consideration will be given to receiving the best price available with preference toward local vendors.
- For purchases more than \$1000.00 but less than \$5,000 – a minimum of three (3) written or documented proposals or quotes with preference toward local vendors.
- For purchases over \$5,000 but under the legal bid limit – a minimum of three (3) written competitive proposals or quotes with preference toward local vendors.

Two non-responsive requests for proposals or quotes equates to one (1) written proposal or quote. All vendor contacts made when soliciting proposals or quotes will be recorded and included with formal records. The only exception for this rule will be in the case of sole source suppliers for proprietary materials. All due diligence must be made to ensure the provider truly is a sole source supplier. Fees for new professional services should go through the same selection/documentation process. It is the responsibility of the individual incurring charges to route through their Department Head to the Finance Office in a timely manner, all invoices, charge slips, credit card receipts, etc.

PURCHASES IN EXCESS OF STATE BID LIMIT. Bidding is required and City Council approval must be obtained before any expenditure or indebtedness against the City in excess of the state bid limit is made. There are currently three (3) bid limits to consider when entering into purchase agreements and contracts. If the City intends to enter into an agreement or contract for any public improvement that involves the expenditure of one hundred thousand (\$100,000) dollars or more, or an agreement or contract for the purchase of supplies or services, other than professional services, that involves the

expenditure of twenty five thousand (\$25,000) or more, or any purchase of equipment involving the expenditure of fifty thousand (\$50,000) dollars or more, the City shall advertise for bids or proposals (SDCL§ 5-18A-14 & 5-18A-22 (19)).

QUOTES VS. BIDS. The bid process is a formalized open and competitive procedure utilizing two notices in the legal newspaper to secure proposals. Quotes, on the other hand, are an informal process utilizing phone, fax or other methods to secure proposals. Quotes are used in special purchasing situations such as emergencies, some fuel purchases and for purchases that are under the bid limits.

Once the quotes or bids have been obtained by the department, a summary copy should be completed prior to the preparation of a claim voucher to be included with other submitted documentation.

Department Heads are reminded that the use of written quotations or bids requires appropriate planning to ensure that adequate lead time is available to satisfy the applicable purchasing requirements.

1. Department Heads anticipating expenditures for goods, or services exceeding the state limit in value must prepare specifications based upon standards appropriate to meet the City's needs. Specifications should be forwarded to the City Administrator and Public Works Engineer for review, comment, approval and placement on a Council agenda for bid date setting.
2. The Finance Office will then assist with the preparation of the complete bid package, advertisements, contract documents, and specifications to meet the City purchasing policy. Department Heads will send an announcement of the bid letting to qualified vendors and contractors and will send a packet containing an invitation to bid, specifications, and general bid documents to vendors and contractors that respond to the legal notice and to appropriate builders exchanges and contractor information publications, and maintain a complete list of all plan holders until the contract has been complete.
3. Advertisements for competitive sealed bids must be published in the newspaper at least twice prior to the opening of bids. The first public notice must be advertised in the local newspaper at least ten (10) calendar days prior to bid opening or the deadline for submission of proposals (SDCL §5-18A-14). The second publication can be in any other legal newspaper in the state. After the bids are publicly opened, bid copies will be turned over to the Department Head or applicable committee for review and recommendations.
4. The Department Head will prepare a written tabulation of all bids and draft a memorandum addressed to the City Council, which will include the recommendation for the bid award.
5. The written tabulation and memorandum shall be forwarded to the Finance Office so that it can be placed on the City Council Agenda with the copies being distributed ~~with the agenda~~ to the City Council.
6. All purchases requiring bidding must be awarded by the City Council at a public meeting. The award will normally be made to the low bidder meeting specifications, however, there may be instances when the low bid is not from a responsible bidder, doesn't meet minimum specifications, or is not deemed to be in the best interest of the City. When such a situation

arises, it is incumbent upon the Department Head to thoroughly document the reasons why the low bidder should be disqualified.

BID PROTEST PROCEDURES

1. Any bidder may protest the award of a contract. The protest must be submitted in writing to the Engineer responsible for the contract or solicitation within five calendar days after the bids are read.
2. If a contract has been awarded, the Engineer shall give notice of such protest within 24 hours to the awarded contractor. In the case of a pending award, a stay of award may be requested. A stay may be granted unless a written determination is made that the award of the contract without delay is necessary to protect the interests of the Owner.
3. The protest must contain the following:
 - Name, address, phone number and email of the protestor.
 - A concise statement of all the material facts alleged and of all of the rules, regulations, statutes, and legal provisions entitling the protestor relief.
 - A statement indicating the relief to which the protestor deems they are entitled.
 - All other information as the protestor deems to be material to the issue.
4. If the protest cannot be resolved by mutual agreement within seven calendar days after receipt, the City Engineer (or Engineer responsible for the contract or solicitation) shall within 24 hours, send by certified mail the final decision and the basis for the decision to the protestor.
5. Any bidder who is aggrieved in connection with the award of a contract may appeal the decision. Venue and jurisdiction for any appeals of the final decision are in the South Dakota Circuit Court in Minnehaha County. Such protests and appeals regarding the request for bids and bid proposals are governed by and must be construed with South Dakota Law.
6. Failure to follow the bid protest procedures constitutes a waiver of protest and resulting claims.

SPECIAL PURCHASING PROCEDURES

Occasionally, the City may need to purchase goods or services under circumstances which do not clearly fit the patterns of normal public procurement and for which normal competitive shopping procedures do not apply. The following guidelines are provided with regard to making such purchases.

SOLE SOURCES. In the event that there is only one vendor capable of providing a particular good or service, then the competitive shopping procedures outlined in this manual may be waived by the City. Whenever a Department Head determines that they must purchase goods or service from a “sole source vendor” they must document why only one company or individual is capable of providing the goods or services required. This documentation should be attached to the claim voucher.

COOPERATIVE PROCUREMENT PROGRAMS. Cooperative purchasing programs should be considered whenever the desired product or services cannot be provided by a local vendor at a competitive price as

determined by the local purchase preference. Cooperative purchasing can prove advantageous to the City by taking advantage of the large quantity purchases made by State Governments. South Dakota Centralized bid exchange is available at <https://boa.sd.gov/services/agencies.aspx> , (1) click on "State Contracts" and then browse contracts containing the item(s) you are interested in. The City is also a member of several joint purchasing alliances. With these memberships we have the opportunity to purchase off of nationally, competitively solicited contracts. Purchases made through these programs have met the requirements of competitive shopping and require no further documentation. Purchasers are encouraged to check with these agencies regarding cooperative procurement contracts in effect prior to making any large purchase.

PROFESSIONAL SERVICES - Normal competitive procedures cannot be utilized in securing professional services such as attorneys, engineers, certified public accountants, planners, and other professional people who, in keeping with the standards of their discipline, will not enter into a competitive bidding process. A Request for Proposal (RFP) can be prepared much the same way as specifications including requirements and minimum standards for the services to be provided. RFPs should be submitted to the Finance Office for review and City Council approval prior to distribution. When an RFP for professional services is approved, notice shall be published one time in the newspaper and may also be posted to the City website. A limited number of qualified professionals known to the City may also be invited to submit a proposal setting forth their interest, qualifications, and how they can meet the City's needs. In securing professional services, it is the primary goal of the City to obtain the services of a professional who has a proven record of providing, in a professional way, those services required. A contract may be negotiated with the professional deemed to best meet the City's needs.

EMERGENCY PURCHASES- True emergency situations are rare. The bid procedures outlined in this manual may be waived under emergency conditions. True emergency situations exist when there is a threat to public health, welfare, or safety or for other urgent and compelling reasons (SDCL §5-18A-9). Given the rarity of such situations, purchasing departments must attempt to obtain competitive quotes or bids or thoroughly document the emergency. Occasionally, equipment will require emergency repairs or other circumstances will necessitate emergency purchasing which cannot await compliance with these regulations. Department Heads faced with an emergency purchase are to notify the Finance Office as quickly as possible.

BILLS IN BETWEEN -Bills in between are bills that are determined to be pre-approved by the City Council for payment twice a month. Items included in the bills in between are:

1. Council and employee wages and payroll deductions
2. Contracts approved by City Council
3. Insurance benefit payments such as health, dental, life and vision
4. Utility payments such as Alliance, Verizon, Xcel & MidAmerican
5. All library bills
6. Credit card processing fees
7. Loan/Bond payments
8. South Dakota Retirement System monthly payments
9. Quarterly Re-employment payments
10. South Dakota sales tax remittance
11. Water deposit refunds
12. Employee wage garnishments

CONTRACTS-

South Dakota Codified Law (SDCL) restricts City employees from entering into contractual agreements without authorization by the governing body, the City Council of the City of Baltic. The policy of the City of Baltic is to be compliant with SDCL §9-1-5 which states:

Contracts to be authorized by governing body--Execution of contracts and other instruments--Delegation of authority. No contract of a municipality is valid unless the contract has been authorized by a vote of the governing body at a duly assembled meeting thereof.

Each written contract shall be executed in the name of the municipality by the mayor or president of the board of trustees, be countersigned by the auditor or clerk, and have the corporate seal attached. However, the governing body of a municipality may, by ordinance or resolution, delegate to any employee of the municipality the authority to enter into a contract on behalf of the municipality and to execute the contract and any other instrument necessary or convenient for the performance of the contract subject to the limitations delegated by the governing body.

The term contract can be summarized as: an agreement with specific terms between two or more persons or entities in which there is a promise to do something in return for a valuable benefit known as consideration.

If you are unsure of whether the purchase you are making is entering the City into a contract, you must consult with the City Finance Office prior to proceeding.

TRAVEL/TRAINING

The goal of the City is to allow travel/training arrangements that (1) conserve public funds, (2) provide equitable treatment of all personnel, and (3) allow travel/training in a manner that is dignified and

reflects credit on the City of Baltic. These rules are applicable for all travel/training expenses incurred on behalf of the City by employees and appointed officials. Decisions as to which travel/training will be authorized are generally made through the annual budget process. Attendance at various local professional and technical conferences and meetings outside the Baltic area may be authorized when the employee is an active participant in the Local, State and/or National organization and will be authorized as funds and time permits. Per City Personnel Policy 6.7.2, all out of town travel must be approved by City Council prior to the date of travel except in emergency instances. Employees are expected to complete and submit the City Travel/Training Request Form. Good judgment and a proper regard for economy are expected when incurring travel expenses on behalf of the City. There is no objection to a spouse and/or other family members traveling on an official trip, but no expenses attributable to them will be reimbursed by the City. Within seven (7) days after returning from a trip an City of Baltic Voucher for Reimbursement of Expenses must be submitted to the Finance Office along with all detailed receipts.

DISPOSAL OF SURPLUS GOODS

In accordance with SDCL §6-13-1, the governing board may sell, trade, destroy or otherwise dispose of any land, structures, equipment or other property which such governing board has, by appropriate motion, determined to be no longer necessary, useful or suitable for the purpose for which it was acquired.

Whenever the City Council deems it advisable to request the sale of any real property belonging to the City of Baltic, it must be done in accordance with SDCL §6-13. A two-thirds vote of all alderman is required to sell any city property. (SDCL §9-9-17)

APPRAISAL.

After determining surplus property, three real property owners (freeholders) of the City shall be appointed to appraise the value. The appraisal shall be filed with the Finance Office. The City may choose to employ a person licensed by the state to do fee appraisals in lieu of appointing three real property owners (SDCL §6-13-2). No member of the governing body who has been elected or appointed, or real property owner acting as an appraiser, may purchase the surplus property except at public auction. (SDCL § 6-13-7). Property appraised at five hundred (\$500) dollars or less may be sold at a private or public sale without notice. All property appraised in excess of five hundred (>\$500) dollars requires public notice of sale. (SDCL §6-13-4)

PUBLIC AUCTION.

When possible the City prefers to pool property or goods throughout the City and combine with other local government agencies to sell surplus items by public auction. When surplus items are sold at public auction the following steps are required; Declare surplus in the minutes by motion-no appraisal needed, publish at least two consecutive notices in the newspaper with the first publication no less than 10 days prior to the sale, hold the auction, collect proceeds of sale and distribute property purchased to buyer.

SEALED BIDS.

Sealed bids received on the surplus property shall be filed with the designated individual and shall be opened at a meeting of the governing board, at the time, and place, specified in the notice as required by SDCL §6-13-4. Steps for accepting sealed bids include; Declare property surplus in the minutes by motion. Have property appraised by three real property owners, if appraised at less than five hundred (\$500) dollars, sell to whomever-no notices are needed for small items-City Council must approve the sale and record the information in meeting minutes. If property is appraised at more than five hundred (\$500) dollars then two notices must be published in the newspaper with the first publication no less than 10 days prior to the opening of bids. The City Council may reject any and all bids. However, if the City Council accepts a bid, it must be the bid of the highest bidder. (SDCL §6-13-5)

Brian McGreevy, Interim Mayor/Council President

Lacey Harrington, Finance Officer

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