

# HOUSE RESEARCH

## Bill Summary

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### Overview

This bill makes five changes in local government contracting and purchasing. First, it increases the size of purchases and contracts that Plan B city managers may make.

The bill also eliminates different contract threshold amounts for smaller local governments, providing uniform contracting procedures for all local governments. The Uniform Municipal Contracting Law, amended in sections 6 to 10, applies to counties, towns, cities, school districts and other municipal corporations or political subdivisions of the state authorized by law to enter into contracts - all included in the term "municipality."

The last three sections authorize local governments to use reverse auction and electronic bidding for purchases and electronic bidding for sales of surplus property.

#### Section

- 1 Plan B statutory cities, manager is purchasing agent.** Increases the maximum dollar amount for purchases and contracts that the city manager may make or let from \$15,000 to \$25,000. The city council may set a lower limit. The limit was last increased (to \$15,000) in 1992.
- 2 Local improvements, special assessments and threshold for bidding.** Establishes a uniform project cost threshold of \$50,000, over which a local government must advertise for

## Section

bids. Under current law, local governments with a population of less than 2,500 have a lower threshold amount.

- 3 **Local improvements, special assessments and contracts, day labor.** Establishes a uniform project cost threshold, under which a local government does not need to advertise for bids. Under current law, local governments with a population of less than 2,500 have a lower threshold amount.
- 4 **Housing and Redevelopment Authorities (HRAs) and contract bids, notice.** Establishes a uniform project cost threshold, over which an HRA must get bids. Current law sets a lower threshold for HRAs in smaller communities.
- 5 **Housing and Redevelopment Authorities (HRAs) and performance and payment bonds.** Establishes a uniform contract threshold amount, under which an HRA does not need to get performance and payment bonds. Current law sets a lower threshold for HRAs in smaller communities.
- 6 **Uniform Municipal Contracting Law, contracts over \$50,000.** Establishes a uniform contract price threshold, over which a municipality must get sealed bids. Under current law, municipalities with a population of less than 2,500 have a lower threshold amount.
- 7 **Uniform Municipal Contracting Law, contracts from \$10,000 to \$50,000.** Makes the contract price range, in which a municipality may contract by direct negotiation after getting two or more quotes, the same for all municipalities governed by the uniform municipal contracting law. Under current law, municipalities with a population of less than 2,500 have a smaller range.
- 8 **Uniform Municipal Contracting Law, reverse auction.** Permits municipalities to purchase materials, supplies, and equipment using electronic purchasing process. This authority is substantially the same as that granted to state agencies in Minn. Stat. § 16C.10, subd. 7.
- 9 **Uniform Municipal Contracting Law, electronic sale of surplus.** Permits municipalities to use electronic bidding to sell surplus supplies, materials, and equipment.
- 10 **Uniform Municipal Contract Law, electronic bidding.** Authorizes vendors to submit bids, quotes, and proposals electronically. Permits municipalities to require bid, performance, or payment bonds to be furnished electronically. This is substantially the same authority granted the Department of Transportation in 2001. *See* Minn. Stat. § 161.32.