

City of Big Lake – Capital Improvement Plan (CIP) Purchase Procedures

The City of Big Lake utilizes a structured and transparent process to guide all purchases associated with the Capital Improvement Plan (CIP). It is important to clarify that the CIP is a *financial planning document*—it outlines anticipated capital needs over multiple years, but it does **not** authorize immediate expenditure. Each item listed in the CIP requires specific review, Council direction, and compliance with formal procurement procedures before any purchase can be completed. This ensures financial control and responsiveness to changing conditions, such as economic shifts or public emergencies (e.g., the COVID-19 pandemic), which may prompt the City Council to delay or cancel planned acquisitions.

Step 1: Council Direction

The Capital Improvement Plan (CIP) process begins when a department head or staff member presents a proposed purchase—identified in the CIP—to the **City Administrator**, followed by a **Council workshop** presentation. Council must provide formal direction to proceed before any procurement begins. This ensures alignment with current priorities and financial capacity. The core principle is **needs** versus **wants**: if a department can maintain service levels without the item, it will not advance for consideration.

Step 2: Procurement Requirements

Once Council direction is received, procurement requirements are determined based on the total cost of the item:

- For purchases between **\$1,001** and **\$25,000**, staff must seek price quotes from multiple vendors, if feasible.
- For purchases between **\$25,001** and **\$175,000**, staff must obtain sealed bids or written quotations from at least two vendors whenever possible. Use of cooperative purchasing agreements—such as the State Bid or SourceWell programs—meets this requirement under state law.
- For purchases over **\$175,000**, formal bid specifications must be prepared. These must be publicly advertised in the City’s official newspaper. Bids must be opened in a public setting, and the City Council must award the contract. State statute requires that the contract be awarded to the lowest responsible bidder unless a documented justification supports selecting a higher-cost bid. Specifications must not be written in a way that intentionally excludes particular brands or vendors. Cooperative purchasing programs such as State Bid and SourceWell are considered compliant with these requirements.

Step 3: Final Purchase Approval

After the procurement process is complete and an invoice has been received, the final purchase is submitted to the City Council for approval—typically as part of the Consent Agenda. At this stage, staff usually has a clear understanding of the anticipated delivery schedule or lead time for the item.

Timing of Purchases

The majority of CIP purchases are funded through Local Government Aid (LGA), which the City receives in two installments—July and December. To ensure adequate cash flow, staff is encouraged to delay purchases over \$50,000 until December, after the full LGA distribution has been received, unless early action is required to meet vendor deadlines or secure available inventory.

Pre-Ordering for Future CIP Items

Staff may request to pre-order items that are listed in future years of the CIP. This may be necessary due to long lead times or changes in vendor timelines. However, Council approval is required before any early order is placed. If delivery occurs earlier than originally scheduled, the CIP must be updated to reflect the adjusted timeline and budget year.

Additional Notes on Supply Chain Constraints

Since the onset of the COVID-19 pandemic, staff has seen increasing delays in the manufacturing and delivery of key equipment and vehicles. For example, Public Safety and Public Works vehicles that were once delivered within months now often take over a year to arrive. Additionally, cooperative programs such as the State Bid now open less frequently—sometimes only once annually. These realities require staff to plan further in advance and occasionally request exceptions to the original CIP schedule.