

APPENDIX I

PROCUREMENT PROCESS AND PUBLIC NOTICE REQUIREMENTS

Good faith effort to solicit or receive bids or quotes for goods to be purchased or services to be hired. This process is intended to ensure that public funds will be spent wisely and without prejudice and is a necessary procedure when receiving public grant money. Procurement precedes purchasing or hiring. It's a process of researching products or services, looking for the best providers and doing value analysis. Allowing for Open and Effective Competition in the spirits of Ethics and Fair Dealing to find the best Value for Money.

As a recipient of state grant funds, grantees must comply with the procurement requirements according to the dollar threshold as listed below. The dollar threshold is based on estimated project costs, the ability for the project to be completed, and similar budget categories (i.e. personnel, equipment, supplies). The dollar threshold is not based on individual line items stated in the budget table. It is established by the Minnesota Historical Society based on the Office of Grants Management policy and takes precedence over and supersedes all individual applicant procurement policies. An exception to this is made if a grantee's procurement process is stricter than these requirements and is reflected in the grant application.

Dollar Threshold	Action Required
\$20,000 or more	A formal notice and bidding process must be conducted for any services and materials necessary to complete the project.
Between \$10,000 and \$19,999	An informal, competitively based process that is scoped out in writing and offered to a minimum of 3 bidders must be conducted for any services and materials necessary to complete the project.
Between \$5,000 and \$9,999	An informal, competitively based process to solicit a minimum of 3 verbal quotes must be conducted for any services and materials necessary to complete the project.

RESPONSIBILITY

An informal process requires you to make a good faith effort to obtain bids. If you contacted potential vendors, consultants, or contractors and any declined or did not respond by a bid response deadline, the documentation of your attempts and the fact that they declined to bid or their non-response will meet the solicitations of bids requirement.

The grantee is responsible for choosing an appropriate vendor, consultant, or contractor to complete grant-funded projects. The bid selection must be based on low bid or best value. If best value is the preferred method, the solicitations must clearly set forth all requirements that the bidder must include in their bid response. A hiring decision may not be based solely on applicant convenience or prior relationships with a potential vendor, consultant or contractor unless requesting a pre-existing contract.

NO SINGLE OR SOLE SOURCING IS ALLOWED

For projects that include construction work where only one trade or occupation is required to complete the work, and the project is greater than \$2,500 or the estimated total cost of completing the project is greater than \$25,000, prevailing wage rules apply per Minnesota Statutes 177.41 through 177.44. Consequently, the bid request must state the project is subject to prevailing wage (see Appendix J).

The grantee is responsible for the settlement and satisfaction of all contractual and administrative issues related to contracts entered into with vendors, contractors, or consultants. This includes disputes, claims, protests of award, source evaluation, or other matters of a contractual nature.

AVOIDING CONFLICTS OF INTEREST

Grantees shall avoid real or apparent organizational conflicts of interest and non-competitive practices among professional vendors, contractors, consultants, and grant writers with procurement supported by state funds.

To ensure a fair and unbiased process and eliminate unfair competitive advantage, vendors, contractors, consultants, and grant writers that develop or draft grant applications or requests for proposals shall be excluded from competing in the procurement process.

Board members of the applicant organization cannot serve as consultants unless appropriate conflict of interest procedures are followed, documented, and approved by the Grants Office prior to starting the procurement process.

Seeking guidance from a professional, requesting a quote, etc., is acceptable and does not violate conflict of interest.

PRE-EXISTING CONTRACTS

When a grantee enters into a service-type contract in which the project is phased, the grantee may substitute an applicable contract with the application rather than repeating procurement.

If continuation of work is needed on phased projects, the applicant organization must demonstrate a continuing relationship with the contractor, vendor, or consultant through both contract and amendments that do not exceed 5 years. The original contract must not exceed 2 years and must have been solicited and secured in accordance with procurement standards as stated above. The vendor, contractor, or consultant must have been employed by the applicant organization as an independent contractor without a break in service.

To request approval of a pre-existing contract that satisfies the procurement requirement, the following needs to be submitted with the application:

- Description of the need for continuation of work in the Project Personnel section
- Explanation of the procurement process utilized and how it followed the dollar threshold above
- Copies of contract(s) to the Request Documents section.

The Grants Office will review and determine if a pre-existing contract can be allowed.

RECORD KEEPING

Support documentation of the procurement process utilized to contract services must be maintained by the grantee and is subject to examination by the Minnesota Historical Society, its designated representatives, or any applicable agency of the State of Minnesota for a minimum of 6 years from approval date of the final report.

ADDITIONAL GUIDANCE

FORMAL NOTICE AND BIDDING PROCESS

The minimum elements of a formal notice and bidding process are:

1. Preparation of a Request for Proposal (RFP)

RFP is a solicitation document issued by the grantee to prospective contractors, vendors, or consultants. The RFP will outline the bidding process and contract terms, and provides guidance on how the bid should be formatted and presented.

2. Public Notice: Advertising the Request for Proposal (RFP)

This is a public announcement that public funds will be spent for a specific purpose and invites interested parties to submit proposals. Public notice may include, but is not limited to, any of the following:

- Published notice of the solicitation in publications, such as newspapers or professional or trade journals
- Posting on a municipality's or organization's website
- Posting with a Builder Exchange (if a construction project)

After placing the public notice, the organization may also direct-mail informal solicitations to vendors whom they believe are capable and available to respond.

3. Bid Proposal Selection

Create a list of what criteria will be used to select the winning proposal. Decide who should be involved in selecting the bid proposal. Enter a contract with the selected vendor, consultant, or contractor.