STEELE COUNTY BOARD OF COMMISSIONERS
STRATEGIC BUDGET SESSION

Steele County's Mission:
Driven to deliver quality services in a respectful and fiscally responsible way.

Wednesday, April 16, 2025, 4:00 pm
Administration Building Room 40

Attending: Jim Brady, John Glynn, Jim Abbe, Greg Krueger, Josh Prokopec, Candi Lemarr and Renae Fry

Agenda

1. Agenda Review
2. 2025 Budget Update
    a. Year to date summary
    b. MNP dissolution costs
3. Board Engagement in Budget Process
4. 2026 Budget Timeline
    a. CIP
    b. Labor negotiations
    c. Departmental budgets
    d. Budget Meetings
        i. July 10 – 1:00 – 5:00 pm
        ii. August 7 – 1:00 – 5:00 pm
        iii. September 4 – 1:00 – 5:00 pm
5. 2026 Budget Assumptions and Board Expectations
    a. CIP bonding
    b. Performance based budgeting pilot?
    c. Anticipated cost increases and possible revenue cuts?
6. Other Business

Adjourn

Disclaimer: This agenda has been prepared to provide information regarding an upcoming meeting of the Steele County Board of Commissioners. This document does not claim to be complete and is subject to change.

YTD ACTUALS MARCH 2025

	YTD Act (Mar)	Full Year Budget	Difference
Assessor			
Revenue	***(10)***	***(250)***	***(240)***
Charges For Services	(10)	(250)	(240)
Expense	***218,534***	***851,914***	***633,380***
Other Expenditures	15	-	(15)
Personal Services	212,398	794,549	582,151
Services And Charges	5,658	48,090	42,432
Supplies And Materials	464	9,275	8,811

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YTD ACTUALS MARCH 2025

	YTD Act (Mar)	Full Year Budget	Difference
Board of Commissioners			-
Expense	***65,154***	***275,431***	***210,277***
Other Expenditures	110	1,000	890
Personal Services	61,318	262,481	201,163
Services And Charges	3,248	9,130	5,882
Supplies And Materials	478	2,820	2,342

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YTD ACTUALS MARCH 2025

	YTD Act (Mar)	Full Year Budget	Difference
Buildings & Grounds			-
Revenue	***(255)***	***(210,817)***	***(210,562)***
Miscellaneous	(255)	(210,817)	(210,562)
Expense	***466,287***	***1,855,581***	***1,389,294***
Other Expenditures	-	800	800
Personal Services	272,388	983,353	710,965
Services And Charges	184,674	806,643	621,969
Supplies And Materials	9,225	64,785	55,560

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YTD ACTUALS MARCH 2025

	YTD Act (Mar)	Full Year Budget	Difference
Capital Outlay			-
Revenue	-	***(4,337,666)***	***(4,337,666)***
Miscellaneous	-	(244,734)	(244,734)
Other Financing Sources	-	(2,910,219)	(2,910,219)
Property Taxes And Penalties	-	(1,004,063)	(1,004,063)
Shared Revenues & Payments In Lieu	-	(103,650)	(103,650)
State Grants	-	(75,000)	(75,000)
Expense	***1,932,911***	***4,337,666***	***2,404,755***
Capital Expenditures	1,932,911	3,707,677	1,774,766
Other Expenditures	-	629,989	629,989

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YTD ACTUALS MARCH 2025

	YTD Act (Mar)	Full Year Budget	Difference
Central Services			-
Revenue	***(3,416)***	***(56,087)***	***(52,671)***
Miscellaneous	(3,416)	(56,087)	(52,671)
Expense	***131,141***	***618,075***	***486,934***
Capital Expenditures	11,873	-	(11,873)
Other Expenditures	13,196	65,700	52,504
Services And Charges	104,620	434,576	329,956
Supplies And Materials	1,452	117,799	116,347

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YTD ACTUALS MARCH 2025

	YTD Act (Mar)	Full Year Budget	Difference
Community Corrections			-
Revenue	***(299,694)***	***(1,092,644)***	***(792,950)***
Charges For Services	(33,948)	(91,500)	(57,552)
Fines And Forfeitures	(500)	(2,000)	(1,500)
Miscellaneous	(250)	(1,500)	(1,250)
State Grants	(264,995)	(997,644)	(732,649)
Expense	***586,625***	***2,279,855***	***1,693,230***
Other Expenditures	522	8,000	7,478
Personal Services	537,135	2,107,597	1,570,462
Services And Charges	46,951	105,392	58,441
Supplies And Materials	2,017	18,300	16,283
Transfers	-	40,566	40,566

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YTD ACTUALS MARCH 2025

	YTD Act (Mar)	Full Year Budget	Difference
Coroner			-
Expense	***18,099***	***101,200***	***83,101***
Other Expenditures	18,099	100,000	81,901
Services And Charges	-	1,200	1,200

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YTD ACTUALS MARCH 2025

	YTD Act (Mar)	Full Year Budget	Difference
County Administrator			-
Expense	***84,380***	***333,784***	***249,404***
Other Expenditures	94	300	206
Personal Services	82,258	322,984	240,726
Services And Charges	1,778	9,450	7,672
Supplies And Materials	250	1,050	800

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YTD ACTUALS MARCH 2025

	YTD Act (Mar)	Full Year Budget	Difference
County Attorney			
Revenue	***(42,181)***	***(173,942)***	***(131,761)***
Charges For Services	(41,139)	(168,942)	(127,803)
Fines And Forfeitures	(1,042)	(5,000)	(3,958)
Expense	***432,068***	***1,601,821***	***1,169,753***
Other Expenditures	789	8,000	7,211
Personal Services	393,077	1,513,720	1,120,643
Services And Charges	31,758	50,101	18,343
Supplies And Materials	6,444	30,000	23,556

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YTD ACTUALS MARCH 2025

	YTD Act (Mar)	Full Year Budget	Difference
County Wide			
Revenue	***(484,969)***	***(29,091,815)***	***(28,606,846)***
Federal Grants	(11,293)	(50,000)	(38,707)
Investment Earnings	(417,324)	(315,000)	102,324
Miscellaneous	(51,655)	(81,343)	(29,688)
Other Taxes	(4,697)	(110,000)	(105,303)
Property Taxes And Penalties	-	(25,818,953)	(25,818,953)
Shared Revenues & Payments In Lieu	-	(2,673,519)	(2,673,519)
State Grants	-	(43,000)	(43,000)
Expense	***147,525***	***635,947***	***488,422***
Other Expenditures	34,229	305,685	271,456
Personal Services	35,975	190,780	154,805
Services And Charges	118,796	139,482	20,686
Transfers	(41,474)	-	41,474

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YTD ACTUALS MARCH 2025

Detention Center	YTD Act (Mar)	Full Year Budget	Difference
Revenue	***(59,456)***	***(93,800)***	***(34,344)***
Charges For Services	(208)	(14,000)	(13,792)
Miscellaneous	(59,249)	(79,800)	(20,551)
Expense	***1,226,044***	***4,467,139***	***3,241,095***
Capital Expenditures	44,985	-	(44,985)
Other Expenditures	120	1,000	880
Personal Services	990,891	3,796,294	2,805,403
Services And Charges	128,121	411,595	283,474
Supplies And Materials	61,926	258,250	196,324

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YTD ACTUALS MARCH 2025

Elections	YTD Act (Mar)	Full Year Budget	Difference
Revenue	***(330)***	***(36,000)***	***(35,670)***
Charges For Services	(330)	(1,000)	(670)
Miscellaneous	-	(8,000)	(8,000)
State Grants	-	(27,000)	(27,000)
Expense	***14***	***52,590***	***52,576***
Other Expenditures	-	500	500
Personal Services	-	17,390	17,390
Services And Charges	14	4,600	4,586
Supplies And Materials	-	30,100	30,100

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YTD ACTUALS MARCH 2025

	YTD Act (Mar)	Full Year Budget	Difference
Emergency Management			
Revenue	***(66,035)***	***(92,290)***	***(26,256)***
Federal Grants	(39,641)	(55,285)	(15,644)
Miscellaneous	(1,029)	(20,000)	(18,972)
Other Financing Sources	-	(11,005)	(11,005)
State Grants	(25,365)	(6,000)	19,365
Expense	***64,779***	***359,309***	***294,530***
Capital Expenditures	-	5,000	5,000
Other Expenditures	12,766	16,005	3,239
Personal Services	48,504	279,277	230,773
Services And Charges	3,509	42,527	39,018
Supplies And Materials	-	16,500	16,500

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YTD ACTUALS MARCH 2025

	YTD Act (Mar)	Full Year Budget	Difference
Enviornmental Services / Planning Zoning			
Revenue	***(74,758)***	***(1,498,365)***	***(1,423,607)***
Charges For Services	(26,535)	(1,080,715)	(1,054,180)
Licenses And Permits	(11,250)	(27,000)	(15,750)
Miscellaneous	(1,343)	(2,300)	(958)
Other Financing Sources	-	(4,000)	(4,000)
State Grants	(35,631)	(384,350)	(348,719)
Expense	***511,041***	***1,784,331***	***1,273,290***
Other Expenditures	36,315	142,083	105,768
Personal Services	157,624	639,183	481,559
Services And Charges	12,753	77,065	64,312
Supplies And Materials	304,349	926,000	621,651

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YTD ACTUALS MARCH 2025

	YTD Act (Mar)	Full Year Budget	Difference
Finance			
Revenue	***(1,165)***	***(8,300)***	***(7,135)***
Charges For Services	(1,165)	(3,000)	(1,835)
State Grants	-	(5,300)	(5,300)
Expense	***216,030***	***860,990***	***644,960***
Other Expenditures	15	200	185
Personal Services	155,351	703,239	547,888
Services And Charges	14,710	105,050	90,340
Supplies And Materials	45,954	52,501	6,547

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YTD ACTUALS MARCH 2025

	YTD Act (Mar)	Full Year Budget	Difference
GIS			-
Revenue	***(150)***	***(4,600)***	***(4,450)***
Charges For Services	(150)	(4,600)	(4,450)
Expense	***61,460***	***226,523***	***165,063***
Personal Services	61,309	218,918	157,609
Services And Charges	100	7,005	6,905
Supplies And Materials	51	600	549

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YTD ACTUALS MARCH 2025

	YTD Act (Mar)	Full Year Budget	Difference
Human Resources			
Revenue	***(114,213)***	***-***	***114,213***
Charges For Services	(114,213)	-	114,213
Expense	***110,467***	***454,094***	***343,627***
Other Expenditures	701	4,000	3,299
Personal Services	108,597	430,574	321,977
Services And Charges	765	13,400	12,635
Supplies And Materials	404	6,120	5,716

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YTD ACTUALS MARCH 2025

	YTD Act (Mar)	Full Year Budget	Difference
Information Technology			
Revenue	***(60,037)***	***(264,000)***	***(203,963)***
Charges For Services	(60,037)	(264,000)	(203,963)
Expense	***173,194***	***798,484***	***625,290***
Personal Services	151,213	707,894	556,681
Services And Charges	18,866	78,440	59,574
Supplies And Materials	3,115	12,150	9,035

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YTD ACTUALS MARCH 2025

	YTD Act (Mar)	Full Year Budget	Difference
Landfill			
Revenue	***(366,835)***	***(3,638,512)***	***(3,271,677)***
Charges For Services	(362,845)	(1,875,000)	(1,512,155)
Investment Earnings	-	(15,000)	(15,000)
Miscellaneous	(3,991)	(20,000)	(16,009)
Other Financing Sources	-	(1,728,512)	(1,728,512)
Expense	***584,840***	***3,638,512***	***3,053,672***
Capital Expenditures	294,846	1,819,000	1,524,154
Other Expenditures	20,564	525,000	504,436
Personal Services	161,928	593,955	432,027
Services And Charges	72,182	274,432	202,250
Supplies And Materials	35,319	426,125	390,806

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YTD ACTUALS MARCH 2025

	YTD Act (Mar)	Full Year Budget	Difference
Four Seasons / Park & Rec / Comm Center			
Revenue	***(203,277)***	***(592,950)***	***(389,673)***
Charges For Services	(55,574)	(225,600)	(170,026)
Gifts And Contributions	-	(100,000)	(100,000)
Miscellaneous	(161,022)	(267,350)	(106,328)
State Grants	13,319	-	(13,319)
Expense	***340,542***	***1,043,383***	***702,841***
Other Expenditures	13,316	66,675	53,359
Personal Services	183,817	619,359	435,542
Services And Charges	103,638	260,249	156,611
Supplies And Materials	39,770	97,100	57,330

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YTD ACTUALS MARCH 2025

	YTD Act (Mar)	Full Year Budget	Difference
Property Tax & Elections			
Revenue	***(4,122)***	***(20,000)***	***(15,878)***
Charges For Services	(4,082)	(7,000)	(2,918)
Licenses And Permits	(40)	(5,000)	(4,960)
Miscellaneous	-	(8,000)	(8,000)
Expense	***127,047***	***574,240***	***447,193***
Other Expenditures	15	400	385
Personal Services	118,745	526,440	407,695
Services And Charges	6,698	39,200	32,502
Supplies And Materials	1,589	8,200	6,611

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YTD ACTUALS MARCH 2025

	YTD Act (Mar)	Full Year Budget	Difference
Public Health			
Revenue	***(1,359,565)***	***(2,967,378)***	***(1,607,813)***
Charges For Services	(225,355)	(858,350)	(632,995)
Federal Grants	(244,342)	(861,597)	(617,255)
Gifts And Contributions	(611,872)	-	611,872
Miscellaneous	(745)	(7,200)	(6,455)
State Grants	(277,251)	(1,240,231)	(962,980)
Expense	***1,044,080***	***4,343,630***	***3,299,550***
Other Expenditures	44	-	(44)
Personal Services	971,303	3,975,451	3,004,148
Services And Charges	52,360	196,796	144,436
Supplies And Materials	20,373	171,383	151,010

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YTD ACTUALS MARCH 2025

	YTD Act (Mar)	Full Year Budget	Difference
Recorder			-
Revenue	***(94,893)***	***(250,000)***	***(155,107)***
Charges For Services	(94,893)	(250,000)	(155,107)
Expense	***188,833***	***514,219***	***325,386***
Capital Expenditures	45,504	-	(45,504)
Other Expenditures	15	-	(15)
Personal Services	130,887	498,619	367,732
Services And Charges	1,992	9,800	7,808
Supplies And Materials	10,435	5,800	(4,635)

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YTD ACTUALS MARCH 2025

	YTD Act (Mar)	Full Year Budget	Difference
Road & Bridge			-
Revenue	***(3,473,119)***	***(23,401,576)***	***(19,928,457)***
Charges For Services	(407,052)	(1,410,777)	(1,003,725)
Federal Grants	-	(350,000)	(350,000)
Licenses And Permits	(1,230)	(9,000)	(7,770)
Miscellaneous	(1,071,424)	(4,702,279)	(3,630,855)
Other Financing Sources	(60,511)	(4,248,000)	(4,187,489)
Property Taxes And Penalties	-	(2,601,422)	(2,601,422)
Shared Revenues & Payments In Lieu	-	(263,164)	(263,164)
State Grants	(1,932,902)	(9,816,934)	(7,884,032)
Expense	***1,827,004***	***23,401,576***	***21,574,572***
Capital Expenditures	212,899	1,273,000	1,060,101
Other Expenditures	491	5,000	4,509
Personal Services	685,595	2,847,394	2,161,799
Services And Charges	377,357	2,523,246	2,145,889
Supplies And Materials	550,662	16,752,936	16,202,274

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YTD ACTUALS MARCH 2025

	YTD Act (Mar)	Full Year Budget	Difference
Sheriff			
Revenue	***(98,667)***	***(535,115)***	***(436,448)***
Charges For Services	(75,169)	(196,365)	(121,196)
Federal Grants	-	(2,400)	(2,400)
Licenses And Permits	(7,165)	(35,000)	(27,835)
Miscellaneous	(10,478)	(54,150)	(43,672)
Other Financing Sources	(5,855)	(22,000)	(16,145)
State Grants	-	(225,200)	(225,200)
Expense	***1,244,904***	***4,666,960***	***3,422,056***
Capital Expenditures	6,682	-	(6,682)
Other Expenditures	10,164	21,000	10,836
Personal Services	994,569	3,872,463	2,877,894
Services And Charges	214,181	562,797	348,616
Supplies And Materials	19,308	210,700	191,392

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YTD ACTUALS MARCH 2025

	YTD Act (Mar)	Full Year Budget	Difference
Veteran Services			
Expense	***74,570***	***268,378***	***193,808***
Other Expenditures	4,410	-	(4,410)
Personal Services	64,701	249,408	184,707
Services And Charges	1,429	9,520	8,091
Supplies And Materials	4,031	9,450	5,419

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Duties of a County Commissioner

A publication of the Association of Minnesota Counties.

County commissioners are a county's key policymakers, overseeing the operation and administration of the county. Commissioners are the elected officials of a county's legislative branch, the County Board of Commissioners, serving in a similar role as a city councilmember or a state representative or senator. Commissioners are responsible for overseeing the county's management and administration, representing county interests at the state and federal level, participating in long-range planning, and managing the county budget and finances.

Constituent and County Representative

Similar to other legislative bodies, the members of the County Board of Commissioners are elected by specific geographic districts in their home county. Your commissioner is responsible for representing the interests of your community during regular meetings of the county board and at state and federal events.

Commissioners meet regularly in policy-specific sub-committees to thoroughly examine county issues. The number and topics of sub-committees are unique to each county, but most counties include committees related to the topics of parks, public health, public safety, etc. Commissioners can choose to serve on their county's board of appeal and equalization to respond to disputes regarding appraised property values.

Much of a commissioner's time is spent serving on advisory boards or commissions that provide direct and indirect county services. These include: airports, libraries, community corrections, local public health boards, day care centers, nursing homes, hospitals, and joint solid waste commissions.

Most county boards meet on Tuesdays, three times per month. Commissioners determine the meeting schedule at the start of each year.

Commissioners serve as county representatives at public and private industry events at the state and federal level. Commissioners communicate their home county's concerns to state legislators and federal policymakers, and promote economic development in the county at events for business groups and civic organizations.

County Management

County boards have five commissioners, unless the county has 100,000+ residents and decides to increase to a seven-member board.

State law defines the roles and responsibilities of commissioners including what commissioners can regulate through ordinances and resolutions. Commissioners develop and adopt county laws on a wide variety of topics such as public health, parks, solid waste management, roads and highways, zoning and land use.

One of the central roles commissioners perform in county management is overseeing the personnel system. Commissioners authorize personnel rules that affect county employee recruitment, classification, compensation, and termination. In many counties, they hire the administrative head of the county who is responsible for the day-to-day management of county services. Commissioners are also responsible for filling mid-term vacancies for the elected county offices of auditor, treasurer, sheriff, recorder, attorney, and coroner.

Commissioners also participate in activities that shape the future of their county through long-range planning initiatives, such as:

- **Lake improvement districts:** A program that preserves and protects an identified lake area.
- **Capital improvement plan:** A timeline for improvements to county assets such as administrative buildings, roads and bridges, public works facilities.
- **Comprehensive plan:** A guide for the future development of the county or any portion of the county including the development of policies, statements, goals, and interrelated plans; only for counties with fewer than 300,000 residents.

In Minnesota, the average salary for a commissioner is $26,845 per year.

Interested in becoming a commissioner?

To be eligible, you must be:

- A district resident for 30+ days.
- 21+ years of age.
- Eligible to vote.
- A citizen of the United States.

County Budgets and Finances

Commissioners have the difficult tasks of approving the annual county budget and determining the county's tax levy. Commissioners have to balance the needs of the county with the ability to raise revenues and pay for mandated state and federal programs. In their budget decisions, commissioners consult with county departments and their constituents to decide the funding for programs and projects in transportation, human services, public safety, public health, and energy and environment.

Mandated state programs are a major cost driver for counties and are often under-funded by the state. Commissioners authorize the receipt of and/or application for state and federal grants to pay for these programs, in addition to using local property tax dollars to supplement costs.

Commissioners also develop and approve the county's capital improvement budget, which includes projects that usually last multiple years and require a significant public funding investment. Commissioners may adopt a capital improvement plan spanning at least five years and covering a wide variety of county needs from new highway maintenance vehicles to remodeling a historic courthouse.

Once commissioners know the total expenditures of the county budget, they determine the property tax levy. Outside of raising the levy, commissioners may explore other revenue sources such as new taxes and fees to cover the costs of the operating and capital budgets. For example, commissioners may decide to instate a wheelage tax or local option sales tax to support highway and other transportation projects.

In addition to the budget approval process, commissioners are responsible for the ongoing financial concerns of the county. Commissioners can direct the treasurer to invest public funds into governmental bonds, notes, bills, mortgages, and other securities. They also settle receipts and expenses of the county and monitor its overall fiscal health through reports from county officials and staff. ■

Did you know?

AMC is here to help county officials better serve their communities.

Visit www.mncounties.org for more information on issues that matter most to counties.

Association *of* Minnesota Counties

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So You Want to Be a County Commissioner?

A publication of the Association of Minnesota Counties.

Citizens depend on county government more today that ever before. This makes it especially important that county commissioners not only be qualified for the office, but dedicated to it as well. This overview is intended to explain some of the responsibilities of a county commissioner and answer some of the questions you may have during your first few months in office.

County Commissioners in Minnesota

County Commissioners in Minnesota come from a variety of backgrounds: teachers, farmers, business people, lawyers and homemakers have all been elected as county commissioners. Each brings to the office his/her personal expertise and individual areas of interest. Once in office, most county commissioners find they must build on these interests.

There are many state and federal laws, rules and regulations that affect what counties can and cannot do, as well as the why and how of they way they *must* do it. In addition, changing county needs must be dealt with and weighed in relationship to county budget constraints and resources.

To stay current with topics/issues facing your county, be sure to:

- Read the information provided to you by your county auditor, administrator, department heads and others.
- Read the *Minnesota Counties* newspaper and AMC UPDATE, published by the Association of Minnesota Counties (AMC).
- Attend meetings sponsored by AMC and the National Association of Counties (NACo).
- Talk to your state and federal representatives, as well as your constituents.

The better informed you are, the better decisions you will make as a county commissioner.

Some Powers and Responsibilities of the County Board

- Provide for law enforcement and correctional services in the county.
- Plan and provide for parks, playgrounds and other recreational facilities.
- Build and maintain storm water collection systems and drainage ditches.
- Develop and enforce building codes.
- Store, purify and distribute water.
- Provide for the protection of the general health and welfare of county residents.
- Promote economic and industrial development.
- Administer and provide human services and income maintenance programs.
- Undertake comprehensive planning, zoning and development controls.
- Provide emergency management.

*Because some other county officials are elected directly by the people of the county, county commissioners cannot directly control all county policies. Even though the county board has budget oversight for these offices, county commissioners have little say in how they operate. County commissioners (as well as citizens) need to understand that their power is limited in this way. Some of the other elective offices of county government are county attorney, county auditor, county treasurer, county recorder, county sheriff and coroner. Also, school systems in Minnesota operate independently of the county government; the county commissioner does not exercise control over its local school districts, school board or school tax levy.

AMC unites Minnesota's counties to achieve public service excellence.

Some of the Problems Facing County Government Today

Mandates

As a new commissioner, one of the first things that you will discover is that many decisions affecting your term of office have already been made. One reason for this involves the issue of mandates.

Mandates are legal requirements imposed by federal and state governments. Local government mandates are often passed without funding by state and federal lawmakers. In these cases, local governments may have to pay the cost of implementing the mandate. Some examples of unfunded mandates are those setting requirements for waste management, pollution control, treatment of prisoners, providing court-appointed legal representation for those citizens who cannot afford it, voter registration, public health, welfare and social services, and training for various licensed personnel.

When commissioners begin working on the county budget, many of the expenditures have already been determined by mandates that must be met by certain deadlines. Because the end-of-year budget must balance, only a portion of the budget is left to pay for everything else that county citizens want. Make sure you know what is legally mandated by the state and federal government before promising to eliminate certain programs and services—the decision may not be yours to make!

When you look at the types of services that counties choose to provide, you see that no two counties provide exactly the same set of services. Rather, each provides its own unique mix of a broad range of services, including street maintenance, garbage pick-up, landfills, hospitals, libraries, parks and recreation, police and fire protection and water and sewer facilities. For some counties, providing such services is relatively new and reflects the shifting and expanding responsibilities counties and county commissioners must undertake.

Revenue Sources

Raising the revenue to pay for all the services that county government performs is one of the biggest challenges facing county commissioners. Citizens often expect government to deliver more and better services to meet challenging community needs but they are rarely enthusiastic about paying the bill. Because raising taxes is never popular, counties are always looking at ways to spread the tax burden by expanding their sources of revenue or finding new ones to keep up with increasing demands. Minnesota law limits the opportunities that counties have to raise revenue, so commissioners are not always free to take any approach that seems attractive. The county property tax accounts for about 38 percent of all county resources. At the same time, commissioners need to find ways to conduct government business more efficiently and eliminate waste so that tax dollars are spent wisely.

Liability

County commissioners can be held personally responsible for official actions they take. For example, a commissioner could be sued in response to injuries resulting from the enforcement of a county policy or custom, even when the policy is carried out in good faith. The good news is that, when proper procedures are followed, the likelihood of public officials winning such liability suits is excellent.

A good approach to minimize this problem is to learn the basic procedures for reducing or eliminating the possibility of successful suits against the county or its officials. The Minnesota Counties Intergovernmental Trust (MCIT) and the Association of Minnesota Counties provide opportunities to attend workshops on this subject. Written materials on this subject are available as well. And don't forget to go to your county attorney with questions and concerns!

Minnesota counties face many varied issues on a day-to-day basis. These issues range from controlling the county profits, tax levy and how to deliver social and human services.

How to Spend Your Time

For most commissioners, the office of county commissioner is a part-time job. Although the salary is consistent with this provision, the actual time spent on commission duties may seem like a full-time job. The number of hours per day or week varies widely depending on your county and the number of committees or organizations you elect to get involved with as a commissioner. Make sure you take time to get acquainted with the various aspects of the job, learning about the issues as well as the day-to-day process, and how to juggle all the new activity in the context of family and job demands. The following are a few important things to spend time on as a county commissioner.

Talking with constituents is a big part of the job. They call you at home trying to influence your vote on upcoming issues, collar you at the movies to complain about the property tax, or expect you to help them solve a drainage problem on a Sunday afternoon. Being a good county commissioner means being available and responsive to constituents and their needs. After all, they elected you to office and are, in effect, your "bosses." So plan time to get out in the community and listen to constituents when they approach you with issues and concerns. As an elected representative, you have to make decisions that are in the best interest of the entire county, and keeping up on what's going on in the county is the best way to help you make informed decisions.

Attending meetings will take time, too. Plan your schedule to allow time for regular meetings as well as special work sessions, special meetings and public hearings. Then make time to attend "unofficial" gatherings in your community, like pancake breakfasts and fish fries.

Gathering information is crucial to making good decisions and being an effective county commissioner. This takes time but is well worth the investment! Make sure you utilize all the resources available to you, including your county staff, other county officials, libraries, professional associations and organizations, and the Association of Minnesota Counties.

Learning about issues and developing reasons for why you support/view issues the way you do is also very important. Always remember that other people have valid reasons for their positions. Once you know where they stand and why, you will be in a better position to discuss the issue, persuade your peers to join you in the vote, and know in which areas you are willing to compromise. Remember that, as a commissioner, you are part of a team and little can be accomplished without the support of others on your team.

Making an effort to communicate with other county officials is worth the time it requires. You have to approve the budgets for all of these offices, and knowledge of their functions and responsibilities will help you get things done in the long run and will help you become a knowledgeable leader.

Communicating with and educating your constituents should be a high priority. Time should be spent working with the media, holding public hearings, maybe even issuing a newsletter to make sure the public knows what you're doing and why.

Get to know the county administrator or coordinator. This person reports directly to the Board and is responsible for carrying out your decisions. The administrator or coordinator is a vital member of the management team.

Of the different levels of government, local government has the most immediate effect on people's lives because it's so close to where they live. Citizens are apt to participate more directly in local government because their elected officials are so readily accessible. This means that you, as a county commissioner, must make sure that you are accessible to constituents. It also means dealing with people's immediate problems, such as getting a ditch cleaned or pothole filled, in addition to the larger issues of the county.

It is important to remember that your decisions as a county commissioner have a direct impact on county residents. The things that you do will have a noticeable and lasting impact on the county and people will associate you with little community improvements, such as the installation of stop signs on a corner, as well as the problems that were not dealt with, or not dealt with properly. Just remember: make responsible decisions that are in the best interest of your community. That is how to be a true public servant and leader.

County Government as a Business

You may find it helpful to think of government as being similar to a business. A private business has the objectives of operating efficiently, providing consumers with the goods or services they demand, and making a profit. In the same way, a government seeks to operate efficiently and provide citizens with the services they want. While government is not interested in making a profit, it is interested in having sufficient finances to accomplish its goal of providing for citizen needs. The "bottom line" in government is to serve the people, whether rich or poor, sick or healthy, young or old.

In the private sector, if a product line is not popular you can discontinue it and try again with another product. In government, the products—running courts, maintaining roads and streets, and providing social, health and jail services—cannot be dropped just because of "unpopularity."

In business, decisions can be made quickly and with little dissent. But government is different. In county government the authority to make decisions is often shared with other officials. Citizens also deserve an opportunity to voice their views on public matters. Reaching a compromise that partially satisfies the various segments of the population that have conflicting views on an issue is often the only way to make progress. That process may be inefficient, slow and often frustrating. Nevertheless, no one has found a better way to run a free society.

Minnesota counties are trusted partners in strengthening communities.

AMC is here to help county officials better serve their communities.

The Association of Minnesota Counties (AMC) is a voluntary, non-partisan statewide organization that has assisted the state's 87 counties in providing effective county governance to the people of Minnesota since 1909. The association works closely with the legislative and administrative branches of government in seeing that legislation and policies favorable to counties are enacted.

AMC provides legislative advocacy, educational programs and training, research and communications for its member counties.

Visit **www.mncounties.org**
for more information on issues that matter most to counties.

Learn More About Minnesota County Government

If you want to know more about county government and your role as a county commissioner, talk with current county commissioners and officials. Also, try to attend meetings of the various departments and organizations that deal with your county.

AMC publishes a bi-monthly newspaper, legislative updates, and fact sheets on important county issues. AMC's web site at www.mncounties.org holds a wealth of information that can help you in your new role as a county commissioner.

AMC also holds an annual conference, various policy committee, and legislative meetings throughout the year to keep county commissioners informed and educated about county government issues.

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County Budget Overview

A publication of the Association of Minnesota Counties.

By Jim Culotta, Research Assistant, National Association of Counties (NACo); Edited by Association of Minnesota Counties (AMC)

The budget is one of the most important documents a county government prepares because it identifies the services to be provided and how they are to be financed. Almost every decision, activity and program in a county government can be expressed in the financial language of the budget. To fully understand county budgets, it is essential to know the critical parts of the budget document, the primary budget players, the budget process, the different types of budgets, and how the budget is a tool for governing.

Critical Parts of a County Budget Operating Budget

The operating budget section is usually the longest of the budget document. This section outlines the operational and spending plans for county government agencies and programs. The operating budget is an aggregation of the individual budgets of each department and agency. Information on the mission, staffing levels, performance objectives and indicators, expenditure levels, and possibly even financing sources, are presented for each county department and agency.

Financial Summaries

The financial summary section of a county budget summarizes information contained in the operating detail section. At minimum, most financial summaries present a consolidated budget summary, cross-classify financial data, and present information on revenues, indebtedness, and capital spending.

A capital budget is the appropriation of bonds or operating revenue for improvements to facilities and other infrastructure. A capital project is the acquisition or construction of fixed assets, which are of a long-term and permanent nature. Examples include land, buildings, streets and highways, bridges, sewers, and parks.

Primary Budget Players

- **County Commission:** The ultimate holder of the purse strings. Makes and approves all budgetary changes.
- **Chief Financial Officer (CFO):** The primary architect of the budget. Provides options and recommendations to County Commission. This may be the County Administrator or Coordinator, Auditor, Financial Manager or other individual given this responsibility by the board.
- **Central budget office/finance office:** The CFO's main tool in preparing the budget for consideration and coordinating its implementation. Performs analyses and makes projections of revenues, expenditures and trends. This function can be performed in many offices.
- **Department officials:** The day-to-day managers of county programs and services.

The Budget Process

The budget process is nearly as important as the budget itself. The process determines whose opinions will be solicited and how they will be weighed. The period for which a budget is authorized typically spans a fiscal year that may correspond to a calendar year or to some other twelve-month period. Budgeting is a yearlong process that consists of four phases: preparation, adoption, implementation and evaluation. Below is a typical budget process.

JUNE: Distribute instructions and forms for the next fiscal year to department managers for proposed capital improvements. Deadline for submission of capital improvements proposed by departments. Planning Department begins preparation of budget for capital improvement plan.

JULY: Distribute operating budget request forms to department managers. Managers prepare department budgets. Begin study of capital improvements program.

JULY/AUGUST: Complete preliminary revenue estimates, based on current years' experience. Managers submit departmental budget requests, which are reviewed for accuracy and adherence to guidelines.

SEPTEMBER: Conduct meetings with department managers. Submit preliminary levy to the state. Note: the final levy cannot be higher than this amount.

OCTOBER: Prepare revenue estimates based on current year expenditures. Complete preliminary budget, including staff recommendations.

NOVEMBER: Submit budget to County Commission for approval.

DECEMBER: Conduct Truth in Taxation Hearing. County board finalizes budget decisions and adopts budget.

JANUARY: New fiscal year begins. Adopted budget implemented, annual financial reports are prepared, external auditor hired and budget review conducted.

JANUARY-DECEMBER: Financial audit completed and submitted to the state auditor. Adopted budget is implemented, monitored and evaluated.

Major Types of Budgets

Line-item Budget: Focus is on financial accountability. Control oriented.

- Departmental outlays are grouped according to the items that will be purchased, with one item or group of items on each line (e.g. salaries and wages, contract services, supplies and equipment).
- Predominant form of budgeting because it is easiest to prepare and implement.

Performance Budget: Focus is on improving service delivery. Output oriented.

- Budget becomes a work contract between departments and commission based on desired service levels.
- Workload measures help justify the budget; cost and output measures help evaluate whether service delivery is efficient and economical; and outcome measures reveal to what extent programs are achieving their goals.

Program Budget: Focus is on goal attainment or effectiveness. Outcome oriented.

- Organizes budgetary information into a set of organized activities directed to particular goals. Funds are allocated along program rather than departmental lines.
- In pure form, depends heavily on analytical techniques (e.g. cost- benefit analysis) to determine best allocation of resources.

Zero Base Budget: Focus is on cost efficiency of services. Priority ranking oriented.

- Departments divide their activities into discrete services called decision units.
- Decision units area considered at various funding levels called decision packages (elimination, minimum, current and enhancements) and rank ordered.
- Departmental rankings are merged across the whole governmental unit to form a single, ranked list and final resource allocations are assigned.

Target Base Budget: Focus is on limiting expenditures. Justification oriented.

- Revenue projections are done and a proportion is set aside for discretionary budget decisions. The remainder of the budget is allocated to departments based on historical share.
- Departments submit budgets showing spending plans for target base budget. Departments also submit requests that justify the need for enhancement packages, which are funded out of the discretionary set aside.
- Typically used in budget cutting situations.

The Budget: A Tool for Governing

- **Policy making tool:** All budgets reflect decisions about a variety of policy issues. Ignoring the policy dimensions of budgeting may result in poor policy decisions by default. (For example, failure to allocate funds for ADA renovations could allow outdated policies to remain in effect.) The budget format, presentation, and even wording of a document all influence the making of public policy. A budget that explicitly reveals trade-offs can help ensure the making of policy—rather than the obscuring of policy—is the primary focus.
- **Planning and Management tool:** A budget is a plan of financial activity for a specified period of time (either a fiscal year or biennium) indicating all planned revenues and expenses for the budget period. It provides a mechanism to allocate resources for the pursuit of community goals. Budgeting helps policy makers set goals, and assists program managers and department heads in improving organizational performance.
- **Communication tool:** The budget is a concise way for decision makers to communicate changes in priorities and rationale for decisions made. The budget document and process can be an effective tool in helping citizens understand the need for change and the reasons behind policy and political decisions. A budget also provides a means of establishing public accountability by offering residents a clear statement of how tax money is spent and proof that county finances are in good shape.

Sources and additional references:

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Association *of* Minnesota Counties

County Board Operating Procedures Handbook

August 2023

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See also: County Board Operating Procedures Matrix

PURPOSE

The purpose of this handbook is to offer examples of county board operating procedures for county boards looking to update or create their own operating procedures. This handbook in no way encompasses the best practices of operating procedures, but instead offers examples and summaries taken from existing county board operating procedures. The map detailed in the appendix indicates which counties were respondents and eligible for inclusion as examples within this handbook. **All counties intending to make changes to their board operating procedures should first contact their county attorney.**

BACKGROUND

This handbook is meant to serve as a reference guide and tool for facilitating effective and timely county board meetings. Minnesota county bare regulated by Minnesota State Statute Chapters 370, 373, and 375. The following are included as provisions in this handbook:

- With the meeting landscape expanding to virtual capabilities throughout the duration of the pandemic, some counties have implemented virtual board meeting and broadcasting procedures. The first section of this handbook focuses on virtual board meeting guidelines and example policies.
- The second section of this handbook outlines and offers an example of an in-depth debate procedure.
- The third section of this handbook outlines and provides a variety of examples relating to members of the public and different guidelines and procedures.
- The last section of this handbook includes some miscellaneous provisions that counties have added to board operating procedures.

BROADCASTING AND VIRTUAL MEETING PROCEDURE

Overview: Broadcasting and virtual meeting procedure varies from county to county. Following the pandemic, virtual meeting environments became more commonplace. Minnesota Statute §13D.02 outlines the specific virtual meeting requirements. The following annotated example procedures offer a variety of structures and options for counties thinking about including broadcasting or virtual meeting procedures. The procedures include developed policies on retaining any resulting broadcast or video recordings.

Example Procedure #1: Broadcasting and Video Retention Carver County

Includes: Live streaming protocol, recording protocol, virtual instructions for the public.

Defines the livestreaming process and what meetings are subject to recordings and streaming. Includes a recommended statement about "best efforts" in the event of streaming challenges.

Unless otherwise directed by law, all regular meetings of the Carver County Board of Commissioners are streamed live and recorded for on-demand viewing via YouTube, from calling to order of the meeting to the adjournment of the meeting's regular session. Regional Rail Authority, Ditch Authority and Public Health Board meetings are also videotaped from calling to order to adjournment of the meeting. In the event that a meeting cannot be videotaped (i.e. technical malfunction, etc.), best efforts will be made to record the meeting with another recording device for future reference.

Defines how the public can access meeting broadcastings and recordings. Does not include or define online public participation.

Carver County broadcasts and records all Board of Commissioners meetings via its YouTube channel. Local cable access channels can rebroadcast the meetings via these recordings. Residents can view the meeting recordings via YouTube, or from the links placed on the Board of Commissioners' webpage at www.co.carver.mn.us. The public can also view meetings on computers at Carver County Library branches.

Defines the data retention policy for the county on video broadcasts.

The Carver County Administration Department retains a copy of the broadcast for a period of two years and one week after the meeting date. These recordings are not the official minutes of the Carver County Board of Commissioners.

Example Procedure #2: Mille Lacs County

Includes: Statutory guidelines, virtual instructions for the public.

Minnesota Statute §13D.02 details the conditions when virtual meetings are appropriate. The full conditions and guidelines can be found here.

Virtual Meetings: A meeting may be conducted by interactive television as long as the following conditions are met pursuant to Minnesota Statute §13D.02:

- All commissioners participating in the meeting can see and hear one another, all testimonies being presented and all discussions at any location where a member is present.
- Members of the public present at each location can see and hear all discussions, testimony and votes of the commissioners.
- At least one commissioner is physically present at the regular meeting location.
- Each location where a member is present is open and accessible to the public.

Defines the conditions that guide how the public can virtually follow meetings, including clarifying video streaming expenses.

If a virtual video or other electronic system is used to conduct a meeting, members of the public shall be allowed to monitor the meeting electronically from a remote location to the extent possible. Persons choosing to monitor a meeting electronically may be required to pay for fees incurred for additional connections.

Example Procedure #3: Rock County

Includes: Cable broadcast, recording policy, virtual instructions to the public.

Concise broadcasting section example for counties that may use cable television channels to stream meetings. Includes accessing videotaped meetings.

County Board Meeting Outreach: Broadcasts of county Board meetings can be viewed on four cable television channels and videotaped copies are available through the Rock County Library system. The County Board agenda packets are also available through the County Libraries. The county board occasionally holds evening meetings to expand opportunities to increase citizen participation.

Example Procedure #4: Scott County

Includes: Streaming guidelines, cable broadcasting, virtual instructions to the public

Defines for the public how to access videotapes, cable broadcasts, and online livestreams.

The public is invited and encouraged to attend and participate in county board meetings. The regular meetings of the county board held in the Scott County Government Center Board Room are videotaped for distribution to the cities within Scott County for viewing on their cable access channels. The schedule of the distribution and broadcast dates varies per company and interested viewers should check their local listings. County board meetings are video streamed and are available for viewing on the county's website at www.scottcountymn.gov.

CONDUCT OF DEBATE PROCEDURE

Overview: Some counties include a more in-depth guide for conduct of debate during meetings. Debate guidelines can be tailored to fit the county boards' desired preferences. The annotated example procedure below follows a debate conduct format used by many counties that have opted to include debate conduct within their board operating procedures. For examples of specific individual debate sections, please reference the board operating procedures located in the appendix.

Example Procedure #1: Carver County

V. CONDUCT OF DEBATE

A. Principles: The Rules of Parliamentary Practice embodied in Robert's Rules of Order (hereafter referred to the Rules of Order) shall guide the Board in all cases applicable, except as modified by the rules herein and applicable Minnesota Statutes. In all cases, except where Minnesota Statutes dictates, a majority vote will prevail when deciding a question.

> Regardless of whether a county decides to include in- depth debate procedures, a "principles" statement referencing general Robert's Rules is a concise way to establish general conduct rules.

B. Parliamentarian: The Rules of Order governing county board meetings shall be referred to the county board chair for interpretation and enforcement. The county board chair may consult with Board members and/or the County Attorney in interpreting and deciding upon rules and questions of order.

> Establishing a parliamentarian clause allows the county board chair to consult with the county attorney and ensures the board chair has all resources available to make informed decisions.

C. Role of the Chair: The chair shall preside over the debate, ensuring equality and fairness in discussion. If necessary, the chair may restate or ask the County Administrator or designee to restate who made the motion, who seconded the motion, and announce the result of the vote.

D. Suspension of the Rules: Any member of the Board may make a motion for a suspension of the Rules of Order at any time during the debate and, if in order and duly seconded, the Board will vote on the request.

Defines who can make a motion, when a motion can be introduced, and the debate process. Also establishes how many motions can be received and/or entertained at a time.

E. Main Motion: The main motion shall be considered by the Board. A member may make only one main motion at a time. The Board member(s) may present an initial motion on the resolution and subsequently debate the question; or the Board member(s) may call upon staff for additional information prior to introduction of the motion. The introduction of a main, or substantive motion, is out of order while another main motion is pending. While the question is under debate, no other motion shall be received or entertained except for procedural motions permitted in the Rules of Order.

Establishes the process for a motion to reach Board consideration. Defines when informal and formal discussion can occur within the seconding process.

F. Second Required: All motions before the Board shall be seconded prior to consideration by the Board. The second may occur after brief, informal discussion. Subsequent to the second of the motion, formal debate may ensue between the members of the Board prior to the formal vote being called.

Defines the time parameters in which a motion can be amended. Defines the paths a motion can take after being amended and the process for passing and failure.

G. Amended Motion: Any motion may be amended at any time before it is adopted. The amended motion shall have precedence over an existing motion and may be discussed prior to being voted upon. If the amended motion fails, the main motion may proceed for consideration. If the amended motion passes, the amended motion becomes the main motion and may proceed for consideration. Once an amended motion is voted upon, a second amended motion may be entertained.

H. Division of the Question: Upon the request of any Board member, a motion or resolution in debate may be divided and separated into more than one action provided that the chair rules that the motion or resolution will allow such a division. Each of the resulting motions or resolutions must be complete to allow independent consideration and action.

I. Withdrawal of Motion: After a motion has been stated by the chair, it is deemed to be in the possession of the board, but may be withdrawn by the member introducing the motion at any time before a vote. The chair must accept or reject the withdrawal request. This motion cannot be debated or amended. If the motion is withdrawn, the effect is the same as if it had never been made.

J. Discussion Procedures: The following operating rules shall guide debate: 1. Any Commissioner desiring to speak shall address the chair, and not proceed until being recognized. When two or more members address the chair at the same time, the chair shall designate the order of speaking. 2. Upon recognition of the chair, the Board member making the motion has precedence to address the Board first, with the option of explaining the reasons why the motion is made. Subsequently the floor is open to any member of the Board. 3. A member, once recognized, shall not be interrupted when speaking, unless it is to call that member to order. No member shall interrupt another in debate without his/her consent. To obtain such consent, he/she shall first address the chair.

> Discussion procedures provide rules for how debate will proceed if multiple Commissioners wish to be recognized. It also defines rules of decorum during debate proceedings.

K. Adoption: A motion or resolution shall be adopted if approved by a majority of the whole Board (Minn. Stat. §375.07).

> Minnesota Statute §375.07 defines quorum in board meetings as having the majority of board members present.

L. Procedural Motion: In addition to the substantive motions, the following procedural motions shall be in order. This is a partial list of those motions from Robert's Rules that are most often used.; it is not intended to be a complete list. These motions shall be considered in the following order of precedence as taken from Robert's Rules of Order:

1. Motion to Adjourn.
2. Motion to Recess.
3. Motion to Suspend the Rules.
4. Motion for Division of the Question.
5. Motion to Defer Consideration (Motion to Lay on the Table).
6. Call of the Previous Question.
7. Motion to Postpone to Certain Time or Day.
8. Motion to Refer to Committee.
9. Motion to Amend.
10. Motion to Reconsider.

> Defines commonly used procedural motions taken from Robert's Rules of order. This can be altered or changed to embody whatever motions your county most frequently uses and is a helpful reminder to both commissioners and the public.

M. Voting: It is the duty of every member to vote. Voting shall be recorded as a "yes" or "no" vote by the County Administrator and duly noted in the minutes. Unless a Commissioner signifies an abstention or vote in the negative on any given issue, the County Administrator shall be directed to record that each Commissioner has voted in the positive on that particular matter which is before the Board. A roll call, if requested by any member, shall be called by the Administrative Assistant alphabetically (from A-Z) by last name, and rotating with each resolution voted upon.

Defines how votes are both recorded and announced. Some debate voting sections default voting as voice voting except when a roll call is requested.

MEMBERS OF THE PUBLIC PROCEDURE

Overview: One of the widely varying board operating procedure sections revolves around considerations for how counties choose to allow for public participation at board meetings. The following example procedures give a variety of depth and offer different protocol options that counties can include based on their level of public participation during board meetings. We recognize that each county approaches public participation in the way that works best for their citizens and board. Counties are not required to incorporate public participation and may instead engage with the public outside of official board meetings. We do not recommend one example over another, but instead hope that this can act as a reference for the different procedure options available.

Example Procedure #1: Aitkin County Public Participation at Board Meetings

Includes: Agenda inclusion, public comment procedure, legal parameters of public participation.

Defines how members of the public can have agenda items placed on the agenda at board meetings. Outlines the specific procedure and defines any public discussion outside of agenda items to be disallowed. Includes a statement allowing county administrator to refuse agenda items.

Meetings of the Board of Commissioners will follow a standard agenda. Items not placed on the agenda may be considered at the meeting upon agreement of the members of the Board present. To place an item on the agenda, the following procedures should be used:

The applicant should file a written request with the County Administrator's Office at least seven days prior to the scheduled meeting. The request should include the name, address and telephone number of the person or persons making the request; a statement describing the action the applicant wishes the Board to take and background information outlining the reasons for the request. The County Administrator shall enter the item on the county board agenda in a work summary adequate to alert the public as to the nature of the matter to be discussed. If the County Administrator is unable to prepare a summary from the information received, the County Administrator may refuse to place the matter on the agenda.

Reserves the board the right to limit public participation and mitigate any disruptive behavior.

The Board of Commissioners desires public participation at its meetings but at the same time has the responsibility for conducting its business in an orderly fashion. The board chair will provide the audience with an opportunity to provide their comments or propose an agenda item for future consideration. This will be done at the beginning of the meeting.

After presentation of the comments, the Board may discuss the comments. After Board discussion, members of the audience shall have an opportunity to be heard prior to Board action.

Defines the time parameters for the public speakers and grants the Board the power to alter time parameters as needed. Includes a clause outlawing improper conduct.

Each speaker will be allowed 5 minutes for his/her presentation unless the time limit is waived by a majority of the Board members present. When there are a large number of speakers to be heard, the Board of Commissioners may shorten this time. Interruption or other interference with the orderly conduct of Board of Commissioners' business cannot be allowed. Defamatory or abusive remarks are always out of order. The presiding officer (chair) may terminate the speaker's privilege of address, if after being called to order, he/she persists in improper conduct or remarks.

Legal statement defining the parameters of public comment and participation.

At a public meeting of the Board, no person shall orally initiate charges or complaints against individual employees of the County (due to laws governing data practices) or debate any subjects under jurisdiction of the courts. All such charges, if presented to the Board directly, shall be referred to the County Administrator's Office for investigation and report.

No action will be taken on any item not considered a part of the agenda on the same day it is presented unless action is considered necessary by a majority of the Board.

Example Procedure #2: Pipestone County Rules for Public Input

Includes: Public Comment Procedure, Disruptive Behavior Protocol, Legal Parameters of Public Participation.

Defines parameters for public speaking recognition and allows the chair to recognize speakers.

Any member of the county board or members of the public may on any matter before the Board when recognized by the chair and within established rules. No person shall address the Board without the permission of the chair.

Gives the chair the responsibility of limiting public speaking parameters as needed. Defines the standard policy set by the Board.

The chair may limit the time for presentation and the number of persons who may address the Board on any agenda item. The general policy of the Board regarding public participation is to limit comments to five minutes per person.

In the event that any meeting of the Board is willfully interrupted or disrupted by a person or by a group or groups of persons so as to render the orderly conduct of the meeting unfeasible, the chair may recess the meeting or order the person, group or groups of persons willfully interrupting the meeting to leave the meeting or be removed from the meeting.

Defines the protocol for disruptive behavior and includes protocol on attending and contacting County Commissioners.

Nothing in these rules shall deny any person the right to attend any meeting of the Board, or to individually contact any County Commissioner to lobby, educate or request action by the Board. Nor do these rules preclude persons from delivering written materials to the Board.

Example Procedure #3: Kanabec County Audience Participation at Board Meetings

Includes: Public Comment Guidelines, Agenda Inclusion and Distribution.

It is the intention of these guidelines to support the interest of the general public in following board business during their meetings.

Defines when the Public Comment period happens during Board meetings and grants the Board the power to limit and regulate public comment.

Audience/Citizen's Comments: Included within every regular county board meeting agenda is a Public Comment portion where the Board has designated an opportunity for citizens to appear and speak on any issue or topic related to county board business. The duration of public comment may be limited by the Board chair.

To the extent possible, interested citizens shall notify the County Coordinator or the Coordinator's Assistant of their intent to speak at the meeting and the issue to be discussed. The County Coordinator will notify the chair. In an effort to encourage efficiency and early resolution of issues, the county board recommends that citizens first contact their commissioner or staff to try to resolve matters before coming formally to the county board meeting.

Defines how the public can access agenda material and contribute to agenda items.

Distribution of Agenda: Members of the public who are interested in following issues considered by the county board may register their name and address with the County Coordinator to the county board to be placed on the agenda distribution list. The agenda and supportive material are also available on the Kanabec County website. Copies of the agenda and supportive materials are made available to the public at the county board meeting.

ROBERT'S RULES OF ORDER PROCEDURE

Overview: Robert's Rules of Order are a parliamentary procedure handbook that was developed as a guide to run effective meetings. The rules of order are an extensive document that encompass debate procedure. Many counties include a statement defaulting to Robert's Rules for any procedures not explicitly outlined in the board operating procedures.

Example Procedure: Aitkin County Robert's Rules of Order

Robert's Rules of Order. The rules of parliamentary practice, embraced in Robert's Rules of Order and Norms of the Board shall govern the county board in all cases in which they are applicable, and in which they are not inconsistent with the Standing Rules of the county board.

Defines Robert's Rules as used in cases where the County Board has not established procedures within the Standing Rules.

Example Procedure: Nicollet County Robert's Rules of Order

References the use of Minnesota Statutes when applicable.

The rules of Parliamentary Practice embodied in Robert's Rules of Order shall govern the Board in all cases applicable, except as modified by the rules herein and applicable Minnesota Statutes.

CONSENT AGENDAS

Overview: Consent agendas include a group of routine board items under one item in the agenda with the intention of approving all consent agenda items as one action. Allowing for a consent agenda can allow for meetings to run more efficiently and allow for Board members to dedicate more time to pressing County business.

Example Procedure: Itasca County Consent Agenda

A Consent Agenda shall be prepared by the Clerk to the county board and consist of routine non-controversial actions and motions that can be grouped together and handled in one motion by the Board. All such motions shall be in writing. The Consent Agenda items shall be considered as one item of business. In the minutes of the meeting, the actions passed in the Consent Agenda motion shall be recorded individually

Defines what motions and actions can be included as Consent Agenda items and how the Consent Agenda approval process is and in full. Consent Agenda items shall not be discussed separately. If, at the Board meeting, any Commissioner so requests, an item shall be removed from the Consent Agenda and considered separately.

STAY IN YOUR LANE POLICY

Overview: Adding in a statement or policy regarding resolutions and proclamations can be a concise way to define the scope of what your County will consider for the public to understand if their requests meet county guidelines.

Example Policy: Stearns County Guidelines for Requested Resolutions and Proclamations

Includes a statement of nonpartisanship as well as an overview of the purpose of this policy for the general public.

The Steams County board is a nonpartisan body that does not advocate for positions or policies that do not have a direct, unambiguous and explicit relationship to the County's programs, services, policies, or budgets. This policy provides the County Administration with guidelines in responding to requests for Resolutions. It outlines, in general, the reasons for Board proclamations and resolutions.

Ceremonial Proclamations and Resolutions are documents signed by the Board chair and issued for:

Defines the categories that ceremonial proclamations and resolutions will be issued and considered for.

- Public awareness
- Arts and cultural celebrations
- Special honors

Resolutions:

Defines the categories that the County Board will consider for resolutions. Includes a bullet point explicitly identifying any other actions required by State or Federal law or policy as a category of consideration.

1. **Resolutions for the county board to take affirmative action on an item of county business such as:**
   - Approval of Board minutes, County policies, procedures, and guidelines;
   - Approval of the annual budget, budget amendments, to establish funds, to make large purchases;
   - Approval to advertise for bids and proposals, to enter into contracts and agreements;
   - Approval of interim or ad hoc committees to analyze issues;
   - Approval of appointments of some employees and appointments to various boards and committees;
   - Approval of comprehensive plan, rezoning, conditional use permits, findings of facts, and other zoning issues;

- Approval of employment policies and union agreements;
- Approval of commissioner's salaries, approval of official newspaper, approval of official website, and other annual requirements;
- Establishing or dissolution of Joint Powers Agreements;
- Enacting a State of Emergency;
- Other actions required by State or Federal law or policy.

2. Statements to Influence State and Federal Policy.

- Resolutions about State policy that are directly and explicitly related to the County budget, programs and services. For example, issues of importance raised by the Association of Minnesota Counties and the Minnesota Inter-County Association, and funding of local projects and initiatives.

Defines what qualifies as categories that would be considered by the board for statements to influence state and federal policy. Includes reference of issues raised by county level organizations.

- Resolutions about Federal policy that are directly and explicitly related to the County budget, programs and services. For example, issues of importance raised by the National Association of Counties and funding of local projects and initiatives.

3. Proclamations and Resolutions will not be issued for:

Issues in which the county board is not required by Federal law or policy, State law or policy, or local law or policy to act upon unless identified above. For example:

Defines categories that will not be considered for Proclamations or Resolutions. This serves as a reference to the public for understanding if their request falls under one of the categories of consideration.

- Expressing an opinion on matters of political or ideological controversy
- Expressing an opinion on issues generally identified and known as supported by one political party and/or opposed by a political party.
- Expressing an opinion or position on topics that have no direct, unambiguous and explicit relationship to the County's programs, services, policies, or budgets.
- Events or organizations with no explicit and unambiguous relationship to the County's programs, services, policies, or budgets
- Campaigns or events contrary to County policies

4. Administration of the Guidelines:

Requests for county board action on a resolution or proclamation will be processed by the County Administrator. The County Administrator will apply the guidelines and provide a reply to the requestor. This policy or the administration of this policy does not prevent anyone from being heard. Anyone may be heard by the county board through contacting a Board Member or appearing before the Board at the Open Forum.

Defines who processes requests for county board action and how requests are processed. Includes a statement clarifying that this policy does not inhibit members of the public from

AGENDA PREPARATION AND DISTRIBUTION

Overview: Agenda preparation and distribution procedures can vary from county to county in length and detail. The following examples offer a variety of structures for counties interested in updating their agenda preparation and distribution procedure.

Example Policy: Dakota County Agenda Preparation and Distribution

Defines who prepares the agenda for regular and special meetings. Defines who reviews the agenda and how members of the Board should request agenda items.

the county manager shall cause preparation of the agenda and supporting material for each regular and special meeting. members of the board may request an item to be placed on the agenda by informing the county manager. prior to finalizing the agenda, the county manager shall seek review from the chair of the proposed agenda and schedule of business.

Defines the timeline for when Board members receive the agenda. Defines how members of the public can join the agenda distribution list.

The board agenda packet, including the meeting agenda and supporting material, shall be received by each member of the board no later than the Friday preceding the regular Tuesday meeting.

Copies of the agenda and supporting material are made available to the county staff, public and media as appropriate. A distribution list is maintained in the county administration office. Members of the public who are interested in following issues considered by the board may register their name and address with county administration to be placed on the agenda distribution list.

Defines how future agenda items should be discussed and the benefits of identifying agenda items as early as feasible.

If possible and if time allows, Board members are encouraged to identify and request future agenda topics within the agenda section entitled "Future Agenda Items." Early identification of future agenda items informs the Board that a particular subject will be discussed and provides staff an opportunity to conduct any research, study and background sufficient to support the Board discussion.

Example Policy: Carver County Agenda Preparation and Distribution

Defines the timeline for agenda items to be submitted for inclusion. Outlines the agenda approval process as including both the board chair and board.

The county administrator shall prepare the proposed agenda and supporting material for each regular and special meeting. members of the board may direct that an item be placed on the proposed agenda by informing the county administrator. The county administrator shall include an item on the proposed agenda if a member directs that the item be placed on the proposed agenda at least three (3) days prior to the meeting for which the agenda is to be prepared. Placement of requested item on the proposed agenda requires county board chair approval. The final agenda shall be formally approved by the county board.

The board agenda packet, including the meeting agenda and supporting material, shall be received by each member of the board no later than the Monday preceding the regular Tuesday meeting.

Defines the distribution timeline of agendas to board members for a regular board meeting.

Defines the process of agenda distribution to individuals not on the board and instructions for the public to be added to the distribution list.

Copies of the agenda and supporting material shall be made available to the county staff, public and media as appropriate. A distribution list shall be maintained in the county administration office. Members of the public who are interested in following issues considered by the board may register their name and address with county administration for placement on the agenda distribution list.

Recommends the use of future agenda topics for board members to allow for research and background information to be included within the agenda.

If possible and if time avails, board members are encouraged to identify and request future agenda topics. Early identification of future agenda items informs the board that a particular subject will be discussed and provides staff an opportunity to conduct any research and provide background information sufficient to inform the Board.

BOARD OFFICER ELECTIONS

Overview: Counties vary on nomination procedures for board chair elections. While board chairs are elected, the nomination process varies based on what process works best for each county. The following offers a nomination and election example.

Example Procedure: Carver County

The county board, at its statutory meeting (first Tuesday after the first Monday of each year), elects from its members a chair and a vice-chair. The chair presides at the county board meetings, decides on questions of order, subject to vote of the county board, and signs all documents requiring signature of the county board. The chair's signature, attested to by the county administrator or designee, is binding as the signature of the county board.

Defines when the chair and vice chair are elected and the duties of the chair and vice chair within the board.

The county board elects from its membership a vice chair at the same time and place and in the same manner as provided for the election of the chair. The vice chair performs the duties of the chair when the chair is unable to perform those duties. The process to open nominations for chair shall be as follows:

1. **Open the floor for nominations.**
    - Recognition by the chair is not required to make a nomination.
    - After each nomination, the county administrator repeats the name of the nominee to the members.
    - Nominations do not have to be seconded, but it is not out of order for members to second a nomination.
    - A person can nominate himself or herself.
    - A member can decline the nomination during the nominating process.

Defines the nomination process and qualifications for nominations. Stipulates that a nominated member is able to decline nomination.

2. **Close the nominations.**

Defines the process for closing nominations, including the requirement of a motion to close nominations.

- A motion to close is not necessary as the nomination process continues until no one wishes to make further nominations.
- When the nomination stops, the County Administrator calls three times for more nominations and declares nominations closed after making sure that no more nominations are forthcoming.
- A motion to close nominations is out of order if any member still wishes to make a nomination.

3. **Vote on nominations.**

Outlines the nomination voting process. An example of using a voice vote for deciding majority. Includes tie procedure.

- Nominations are decided by majority vote.
- A voice vote will be used, and the voting is over when someone wins the nomination by majority vote.
- Voting on each nominee is conducted in the order in which they were nominated.
- After naming the first nominee, the County Administrator will announce the votes.
- This procedure continues until someone receives a majority vote.
- If there is a tie vote or no one receives a majority vote, members keep voting until someone is elected.

Following the election of the chair, the chair will conduct the nomination of the vce chair and follow the same process.

Outlines vice chair election and nomination procedure. Includes absentee policy for choosing a temporary chair at meetings.

If the chair and vice chair are absent from any meeting, the members present shall choose one of their members as temporary chair, and all documents requiring the signature of the county board shall be signed by a majority of it and attested to by the Clerk to the Board (Minn. Stat. §375.13).

At the statutory meeting (and if applicable during the year), the chair of the county board shall have the authority to recommend committee chairs and appoint members of the county board to standing committees and other county board-member appointed committees, organizations and groups, subject to approval by the county board.

Defines the authority to recommend and appoint committee chairs as falling within chair duties. Includes approval process for committee appointments and nominations.

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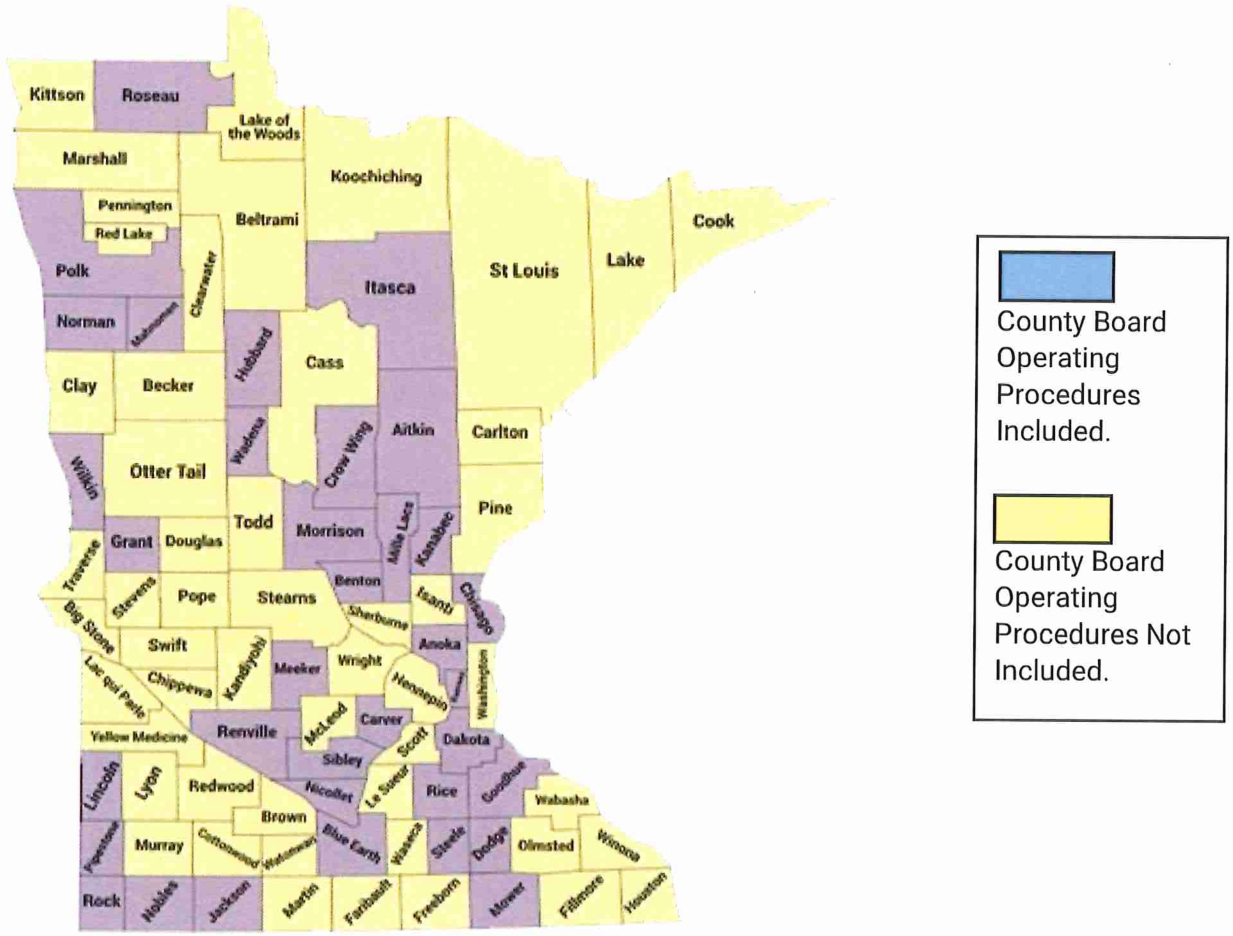
Stearns County. "Guidelines for Requested Resolutions and Proclamations." Adopted June 23, 2020.

APPENDIX ONE: MAP OF RESPONDENTS



APPENDIX TWO: COUNTY BOARD OPERATING PROCEDURES MATRIX

This matrix is intended to allow counties to look at different board operating procedure examples by section and understand what counties are including. Counties that responded to our request for board operating procedures were included in the matrix. Links to each respondent County's full board operating procedures are available on most county web pages.

Click here to access Appendix Two.

REQUEST FOR PROPOSALS (RFP)

Note: RFPs, evaluation criteria, and the evaluation process are all integral to the RFP process. This practice consolidates, updates, and replaces the previously published practices of Request for Proposals, Developing Evaluation Criteria, and The Evaluation Process. We are indebted to the authors of these practices and to the team who worked on Developing and Managing Requests for Proposals (DMRFP), Third Edition.

The guidance in this practice is offered to clarify concepts and identify elements favorable to achieving a successful outcome using the RFP process. Application of guidance in public procurement practices will depend on the laws, procurement codes, ordinances, trade agreements, and policies of each entity.

Note: This practice is presented in two parts. SECTION 1 covers THEORY and SECTION 2 covers PROCESS. Numbering will reflect this division.

STANDARD

A Request for Proposals (RFP) is a solicitation document issued through a competitive procurement method. An RFP is used when the requirements are not clearly known, are qualitative rather than quantitative, or when the entity is looking for a solution to a problem. An RFP tends to be utilized for technical and complex procurements as proposers are encouraged to offer creative and innovative solutions customized to the entity's needs. The evaluation of proposals requires pre-established criteria and processes, which are used to select a proposer(s) for contract award.

A key benefit of the RFP process, when warranted, is the ability to engage with proposers at various stages of the RFP evaluation, i.e, clarification, negotiation, dialogue.

Definition

Request for Proposals (RFP): The document used to solicit proposals from suppliers for commodities, i.e., goods and services. Selection is based on the evaluation of criteria and most often includes price.

SECTION 1: THEORY

Procurement professionals should keep the end in mind when first drafting the documents for use in the RFP process. RFPs could include debriefs, protests, and audits. The successful outcome of a procurement is dependent upon policies, procedures, planning, process design and execution, decisions, actions, and inactions. All aspects of an RFP are subject to public scrutiny.

Professional judgment
The procurement professional applies judgment, experience, professional knowledge, training, best practices, lessons learned, and ethics throughout the preparation and execution of an RFP.

Public Procurement Practice

REQUEST FOR PROPOSALS (RFP)

(Cont'd)

Element 1.1: Establish policies and procedures for using an RFP.

Procurement policies and procedures are the foundation for a consistent, ethical, and transparent process for selecting a proposer for contract award. Entities should dedicate a section of their procurement policies and procedures to describe the use of a competitive process from development of the RFP through contract award.

Policies and procedures should address:
- The roles and responsibilities of the procurement professional and the evaluation committee.
- The authority, including the authority to delegate, of a legislative body or individual to award the contract.
- Procurement's responsibility for determining which competitive method is used.
- Protests, errors, or anomalies that may be encountered during the competitive process.
- Debriefs.
- The nature of the procurement and if it warrants an opportunity for information exchange and possible proposal revision.

Element 1.2: RFP types and evaluation methodology

There are many different types of RFPs, some variations are simpler, others include multiple stages. Procurement professionals should select the right type of RFP to achieve the best possible outcome for the specific project.

Considerations in selecting an RFP:
- Entity seeks the best solution from potential proposers.
- Whether engagement with proposers is warranted, i.e., clarification, negotiation, dialogue.
- Entity knows general requirements, outcomes, and desired results, but not the solution.

RFP types include:
- RFPs without Negotiation.
- RFPs with Consecutive Negotiations.
- RFPs with Concurrent Negotiations aka Best and Final Offer.
- RFPs with Dialogue.

Procurement professionals should select the right type of RFP to achieve the best possible outcome for the specific project. Before issuing a Request for Proposals (RFP), procurement professionals and stakeholders must create an evaluation methodology by which the resulting proposals will be evaluated to identify the top-ranked proposal. To the extent possible, templates should include built in flexibility to allow the procurement professional to customize the RFP evaluation methodology.

Methodology items stated in the RFP:
- Criteria and weights
- Formula for calculation of scores for price
- Overall process, short-list
- Optional steps with process and conditions for use

Methodology items not stated in the RFP:
- Method of reaching consensus
- Roles and responsibilities

(Cont'd)

The evaluation criteria and their weights must be stated in the RFP with sufficient detail to enable the proposer to know what information to include in their proposal. Any changes to the criteria and weights published in the RFP must be communicated to all interested parties using the same method through which the RFP was issued, and before the deadline to receive proposals.

The RFP must also state how the proposals will be evaluated, including evaluation steps and the conditions that must be met to advance proposals through the evaluation process. Evaluation steps include evaluation of the mandatory and scored criteria, as well as short-listing, demonstrations, interviews, and a request for best and final offers (BAFO), which may or may not be permitted by the RFP.

Conveying the importance of criteria to achieve successful outcomes
Care must be taken when defining the evaluation criteria and associated weights, specifically when assigning a weight to price relative to non-price criteria. Assigning weights incorrectly may lead to an undesirable outcome.

Price, for example, may be an important element in proposals submitted in response to an RFP. However, the award recommendation is based on all factors, including price, but never made on price alone. Based on the entity's goal or expected outcome for the solicitation, the entity must determine how price will be evaluated and select the appropriate weighting and formula. There are a number of methods to incorporate price into the evaluation methodology stated in the referenced textbook *Developing and Managing Requests for Proposals* (DMRFP).

> *To optimize the strategic value of Procurement, departments should involve Procurement early for the best outcome.*

Element 1.3: RFP Structure

The entity should develop a standard RFP format or template grouping like information into customizable sections. A well-structured document used consistently is beneficial in the following ways:

- Helps build capacity and achieve efficiency through a familiar and more readily comprehensible format for both staff and proposers
- Makes it easier for the proposer to respond
- Reduces drafting, assembly, and review time
- Structures content

Entities will determine specific section headings and content. The RFP document should detail in a clear, organized, and consistent manner the conditions, procedures, evaluation criteria and process, as well as requirements.

Instructions to proposers should include:

- Submission method, location, and deadline, i.e., date and time, manner.
    - Electronic submission requirements, e.g., file format and functionality such as a searchable PDF versus a scanned document to PDF, file size limits, image quality
- Proposal format and content requirements.
- Process and designated point of contact for questions, clarifications, and addenda.
- Process for protests.
- Details on pre-proposal conferences, if any.
- Page limits.
- Mandatory requirements, if any.

(Cont'd)

- Entity-provided response form(s).
- Schedule of solicitation activities, timelines, and milestones.
- Confidentiality, public record laws, entity policies, release of proposal information and results.
- Background: History and context for the desired outcome.
- Negotiation terms for the RFP, e.g., terms and conditions, scope of work, pricing, timeline.

Scope of Work and Specifications should include:
- Overview of the project, including background information.
- Entity's problem, challenge or issue, and desired outcome(s).
- Design and technical requirements.
- Performance requirements.

> *The "Specifications" Global Best Practice, available on the NIGP website, includes tips for writing specifications.*

The evaluation methodology and selection process should include:
- Evaluation criteria.
    - Weighting of each criterion
    - Formulas or calculations to be used for scoring
    - Responsiveness and responsibility requirements
- Information for interviews, presentations, or demonstrations.
- Negotiation terms and the process to include exceptions/alternatives.
- The method of contract award, e.g., single or multiple award, highest rated proposal(s).

General Terms and Conditions should include:
- Definitions.
- Governing law.
    - Rights, e.g., cancellation, addenda
- Protest policy.
- Clauses applicable to the solicitation process.
- Entity preference programs.
- Not to exceed budget, competitive range.

Conditions for Participation

A procuring entity must include the conditions for participation in the solicitation, if any. Suppliers may be eliminated from consideration for award on grounds such as:
- Bankruptcy or insolvency.
- False declarations.
- Significant or persistent deficiencies in performance of any substantive requirement or obligation under a prior contract or contracts.
- Final judgments in respect of serious crimes or other serious offences.
- Professional misconduct or acts or omissions adversely reflecting on the commercial integrity of the supplier.
- Failure to pay taxes.

(Cont'd)

Special Terms and Conditions

Terms and conditions may vary according to the specific procurement. This section should include:

- Definitions.
- Delivery location.
- Shipping terms.
- Warranty requirements.
- Performance requirements.
- Public Records and release of RFP information and results.
- Performance bond.
- Entity preference programs applicable to the RFP.
- Minimum qualification requirements.
- Contract term and renewals.

Forms

An RFP should include required forms for the proposer to complete and submit with their proposal. Provision of forms helps the proposer prepare an organized and concise proposal. This typically results in shorter, concise, well organized proposals being written with more consistency in structure and content and, therefore, easier to review by the evaluation committee.

Forms for proposers' use may include:

- Submittal checklist.
- Administrative information such as a cover sheet.
- Certifications and assurances, insurance, bonding.
- Proposer knowledge and experience.
- Experience of proposed key personnel (resumes).
- Work plan and approach.
- References.
- Cost schedule, pricing sheet.
- Exceptions to the contract terms and conditions.
- Questions or clarifications.
- Open-ended questions to gauge proposers' level of expertise.
- Risk identification and mitigation plan.
- Value-added options or alternatives.

The RFP should include or reference the entity's proposed contract for review and subsequent acceptance upon award. Depending on the negotiation terms, proposers should be instructed to declare in their proposals any terms to which they take exception.

> *The ability for proposers to take exception will vary by jurisdiction or entity. Best practice recommends proposers declare any exceptions within their response to the RFP. Exceptions in some jurisdictions may result in a determination of non-responsiveness.*

Negotiation

Procurement should develop a negotiation strategy, then craft the provisions of the RFP to reflect that strategy. The strategy should include the identification of team members who may be required to participate should negotiations occur. The procurement professional is an integral part of the negotiating team and should take the lead role in crafting the negotiation strategy. The team should be limited to those members with essential skills or knowledge necessary to reach a sound agreement.

(Cont'd)

The procurement professional will prepare a negotiation strategy using the following considerations:

- Project risk exposure
- Entity risk tolerance
- Which components of the RFP are negotiable e.g., scope, terms and conditions
  - Explicit exclusions i.e., insurance, limitations of liability
- The negotiation process, e.g., short listing, concurrent, Best and Final Offer (BAFO)
- Pricing, both amount and structure
- Price escalation clause
- Timelines
- The mechanism for the proposer to identify proposed changes
- Steps to take when negotiations fail
- Type of commodity
- Entity policies
- Market conditions
- Level of negotiation expertise and skills of the entity's procurement and legal departments' staff
  - It may be beneficial to consider supplementing the entity's expertise by engaging a negotiation consultant or investing in negotiation training
- The entity's Best Alternative to a Negotiated Agreement (BATNA)

If allowed, each RFP should state what may or may not be negotiated, including:

- Contract terms, such as insurance, limitations of liability, indemnification, delivery, and payment terms.
- Proposed solution, value-added options, or alternate proposals.
- Warranty.
- Scope of Work.
- Terms and conditions.
- Pricing, compensation, payment structure, discounts, trade-ins.
- Incentives, penalties, liquidated damages.
- Optional or additional components as identified in the RFP.
- Other items as favorable to the entity.

> *A well-crafted and executed negotiation strategy contributes to achieving the best outcome for the project.*

Element 1.4: Determination of Proposal Responsiveness/Compliance[1]

Responsiveness is the proposal's compliance with objective mandatory submission requirements such as the correct number of copies and authorized signatures, proof of insurability, bonding, and certification as required in the RFP. A checklist including the responsiveness requirements is an effective tool to help prevent compliance issues.

> *Procurement professionals must consider potential unintended consequences of using mandatory requirements. The use of "must" as opposed to "should" indicates a mandatory requirement, thus imposing unnecessary or restrictive barriers that may discourage a supplier from responding or inadvertently disqualify an otherwise qualified proposer. Whether mandatory requirements are used depends on professional judgment, legitimate operational requirements, and may also warrant a discussion with the project manager.*

1 Responsiveness is also known as compliance to mandatory requirements

(Cont'd)

Determination of responsiveness of a proposal is typically a straightforward process, done as pass/fail, and should be conducted by the procurement professional. A record of the determination and rationale should be kept in the procurement file. Proposals that do not comply with objective requirements are deemed non-responsive. Proposals determined to be responsive will continue through the evaluation process.

Some entities choose to include language in their RFP to allow for resolving immaterial errors or omissions related to mandatory criteria, i.e., rectification, minor informality inconsequential to determination of award. Examples of resolving may include waiving, revising, or clarifying and are applied with professional judgment to each situation.

An example of an immaterial deficiency or minor informality would be a proposal lacking a signature, as it would not give a proposer an unfair advantage. If the RFP includes rectification language, the proposer would be permitted to provide the signature. This opportunity should be applied equally to all proposers.

> *Examples of material errors or omissions include anything affecting Price, Quality, Delivery, or Quantity (PQDQ). Rectification of such errors would be consequential to the determination of award.*

Criteria to Determine Proposer Responsibility
The level of responsibility is determined through the evaluation of the technical requirements and subsequent verification of the general requirements.

1. Mandatory technical requirements:
   a. The first phase of determining responsibility is to review the mandatory technical requirements, for example:
      - Compliance to technical requirements.
      - Review of equivalents for acceptance.
2. Evaluation criteria
   a. The second phase of determining responsibility, conducted by the evaluation committee, involves scoring the evaluation criteria, for example:
      - Experience, e.g., level of.
      - Professional ability of staff assigned to the project.
      - Technical approach and methods.
      - Reference checks, past performance evaluations, reliability.
      - Quality of goods or services.
      - Sustainability, e.g., social, economic, environmental.
      - Schedule.

Evaluation criteria used to determine proposer responsibility must be stated in the RFP and should relate directly to the scope of work. Market conditions are also a consideration in the selection of the most appropriate evaluation criteria. Selection of evaluation criteria and determination of their respective weights/scoring should be based on their relative importance to the entity as they can significantly affect the quality of the proposal content and subsequent outcome of the evaluation.

3. Price
   a. The third phase of determining responsibility is generally conducted by the procurement professional, and involves calculation of scores for price using the predetermined method or formula, which must be listed in the RFP.

(Cont'd)

4. General requirements:
   a. The procurement professional performs a due diligence review, as appropriate, to validate the general requirements before award recommendation, for example:
      - Adequate financial resources.
      - Ability to comply with the delivery or performance schedule.
      - Satisfactory performance record.
      - Satisfactory record of integrity and business ethics.
      - Necessary organization and experience.
      - Necessary equipment and facilities.
      - Otherwise qualified and eligible, i.e., other provisions of law specifying when suppliers are disqualified from or ineligible for award.

The depth and extent of review will depend on the entity's policies, procedures, and the professional judgment of the procurement professional.

Element 1.5: The Evaluation Committee

Participation as an evaluation committee member demands a commitment of dedication and effort. Members should conduct themselves in a professional manner and not use their position to unduly influence other members of the committee, regardless of their position within the organization. Advance planning is necessary for the efficient and proper execution of the evaluation process. The optimal composition and number of evaluation committee members should be determined by the nature of each procurement, balancing engagement, expertise, and available resources.

The evaluation committee should be vetted in advance by the procurement professional to ensure all members are free of bias or conflict of interest.

Once evaluation committee members are selected, Procurement should provide them with a document, i.e., manual, describing the evaluation process and guiding principles. Ideally, this information would be reviewed during a live training session prior to evaluation of proposals, emphasizing:

- Evaluation committee member roles and responsibilities.
- Communication protocols internally and externally, as well as confidentiality.
- Signature of relevant declarations, e.g., impartiality, confidentiality, conflict of interest.
- Identification of actual, potential, or perceived conflicts of interest.
- The timeline and expectations, including attendance and participation at scheduled meetings.
- The evaluation process and steps to be followed.
- The criteria to be evaluated, how scoring will be applied, and consensus reached.

Preparation and Planning

The procurement professional should serve as the chairperson of the evaluation committee and facilitate the process. When the role of chairperson is delegated, for example, to the program or project manager, the procurement professional should provide oversight to facilitate and manage the evaluation process. The decisions and actions of the Committee should be properly documented in the procurement file.

It is the Chair's responsibility to:

- Ensure everyone is heard and that all viewpoints are discussed.
- Ensure no member is influencing the decisions or discussion of other members.
- Reinforce the confidential nature of the evaluation process, content, and outcome.

Procurement should conduct training for the evaluators prior to the submission deadline to ensure the evaluation methodology as detailed in the RFP is well understood by all. When possible, this training should be conducted at a time near the proposal due date so the information is 'fresh' in the minds of evaluators when they receive the proposals.

SECTION 2: PROCESS

Element 2.1: Executing the RFP Process

Once the RFP is issued, the procurement professional's responsibilities include the following:

- Record the activities related to the solicitation process.
    - A repository of the RFP documents may be paper or electronic
    - The process for record-keeping should be documented and consistent for all RFPs
- Designate a single point of contact for proposers and management of pre-proposal communications.
    - All potential proposer questions and other communications regarding the RFP are to be directed to the procurement professional managing the solicitation process to decrease the likelihood of:
        - Inappropriate sharing of information
        - The appearance of impropriety
        - The potential for a protest
    - The designated procurement professional would consult with the project manager or subject matter expert to gain information to respond to a proposer's technical questions
- Communicate any changes to the RFP via addenda to all interested parties using the same method through which the RFP was issued, and before the deadline to receive proposals.
- Manage, guide, and facilitate the evaluation process. The procurement professional should not be a voting member of the evaluation committee.

> *Practitioners should exercise their professional judgment and consider whether the nature of the addenda warrants an extension of the deadline. This may require a conversation with the project manager.*

The receipt, handling, and evaluation of proposals must be carried out in accordance with all applicable laws, the process outlined in the RFP, as well as the principle of ethics, which includes accountability, impartiality, professionalism, service, and transparency. The entity must keep all proposals secure and must maintain the confidentiality of those proposals subject only to applicable freedom of information or public records laws.

Proposals are evaluated against the criteria as stated in the RFP. The entity conducts a comprehensive, fair, and impartial evaluation of each proposal to identify the top-ranked proposal. Scoring results from the entity's assessment of the quality of the proposal, as determined by the proposer's technical approach, qualifications, and experience. A well-documented evaluation process helps the entity support their award decisions.

Public Procurement Practice

REQUEST FOR PROPOSALS (RFP)

(Cont'd)

When evaluating proposals, members of the evaluation committee must:

- Evaluate the proposals according to the published criteria and evaluation methodology, e.g., established weights for criteria and using the same assumptions.
- Use a consistent approach when scoring each criterion and each proposal.
- Record scores with the strengths, weaknesses, or rationale and include the scores with the evaluation report.

Element 2.2: Receipt and Review of Proposals

Receipt and Responsiveness
After the proposal deadline, the procurement professional opens the proposal and determines responsiveness by ensuring the proposals comply with the mandatory requirements stated in the RFP.

Non-Responsiveness
If a proposal is determined to be non-responsiveness and eliminated from consideration, the justification must be documented in the procurement file and communicated without delay to the proposer. Acceptance of a non-responsive submission undermines the integrity of the procurement by violating the principles of impartiality, transparency, and fairness.

Minor Informalities and Irregularities
When applicable, the procurement professional may request the proposer resolve, or rectify, any immaterial errors or omissions related to mandatory criteria within a specified time, as stated in the RFP.

Responsibility
Responsive proposals are then subject to the evaluation process, which determines the level of proposer responsibility through evaluation and scoring of the technical proposal. Evaluation of the technical proposal may consist of multiple steps or options such as:

1. Score initial technical evaluation.
   a. Seek clarifications, as needed
   b. Establish shortlist based on scoring
2. Conduct dialogue or discussions, interviews, presentations, demonstrations, according to stated criteria.
   a. Seek clarifications, as needed
   b. Revise scoring
   c. Request Best and Final Offer (BAFO)
   d. Update shortlist to reflect the final ranking

Whether the entity uses the options stated under each step will depend on the nature, complexity, and other factors of the procurement.

Requests for Clarification
An entity may request a proposer to clarify a specific aspect of a proposal. This process may not be used to correct, supplement, or modify a proposal. When a request for clarification is necessary:

- Negotiations are not implied.
- The procurement professional must issue the request in writing.
- The requests and responses must be documented in the procurement file and shared with the evaluation committee.

Consensus
After all evaluation committee members have independently completed the initial scoring of the technical proposals, the committee applies the established methodology to reach consensus.

Optional steps

The committee may exercise the right to use optional steps as stated in the RFP, for example, establishing a short list of proposers who will move forward in the evaluation process. Proposers may be invited to present or participate in interviews as established in the RFP. In many cases, there is a clear break or gap between proposers who scored well and those who did not, which helps in selecting the short list. Selection of a short list of proposers for presentations must not be arbitrary.

After the optional steps have been executed, members of the evaluation committee may finalize their technical scores and document the rationale for any changes.

Price Proposals

Once the evaluation of the technical proposals has been completed, the procurement professional shares the price proposals with the evaluation committee.

The procurement professional is responsible for:

- Calculating the scoring for price for each proposal.
- Reviewing pricing for apparent errors or omissions.
    - Investigating prices appearing to be abnormally low or high
- Confirming discounts/trade-ins have been applied.

> *For more complex pricing structures, an additional review or analysis of pricing components may be advisable prior to recommendation for award. This would be decided on a case-by-case basis.*

Final ranking of proposers is based on the combined final technical and price proposal scores. The top-ranked proposer is recommended for award.

- If negotiations are necessary prior to recommendation for award, the procurement professional would send a Notice of Intent to Negotiate to the top-ranked proposer and facilitate the negotiation process.

Element 2.3: Evaluation Report and Recommendation for Award

The evaluation committee will:

- Issue the notice of final ranking to Procurement who will issue the recommendation to award.
- Develop the evaluation report to support the recommendation for award.

The evaluation report typically includes:

- General description of the RFP.
- A statement of the evaluation methodology used by the committee.
- Names of all proposers.
- Results of the evaluation process performed by the evaluation committee.
- Justification for the award recommendation.
- Signature by committee chair.

Award Approval

The top procurement official in an entity, i.e., Chief Procurement Officer, should be responsible and have authority to solicit and award all competitively solicited contracts without limits for purchases that have been approved in the adopted budget.

Public Procurement Practice

REQUEST FOR PROPOSALS (RFP)

(Cont'd)

Notice of Intent to Award

Once the award recommendation has been approved, the procurement professional should notify the successful proposer, in writing. All other proposers should also be notified of the decision.

- Entities may be subject to a mandatory waiting period, e.g., 10 calendar days, between the intent to award and final award to allow for protests regarding the committee's final decision.
- During this time, preliminary discussions with the selected proposer may be conducted by the entity.

Contract Assembly

The contract should include:

- Final terms and conditions.
- Schedules.
- RFP, in whole or part.
- Addenda.
- Proposer's response, in whole or part.

> *The contract should include all applicable documents such as attachments, exhibits, schedules, and not by reference.*

Debrief

Once the award has been announced, proposers may request a debrief within a specified amount of time as stated in the RFP. The entity will provide a debrief upon request. The debrief should be facilitated by the procurement professional. During the debrief, the entity discusses only the strengths and weaknesses of that proposer's proposal.

Best practice is to actively offer debriefs. Depending on the entity, a debrief sometimes is also the first step in a protest or challenge process.

The procurement professional should establish clear expectations for any debrief. The intent of the debrief is to provide the supplier with constructive feedback on their own proposal. Debriefs can also offer an opportunity for suppliers to convey valuable feedback to the entity regarding the RFP and solicitation process.

The thoroughness of the comments recorded by the evaluation committee and the preparation of the procurement professional conducting the debrief directly impact the value of a debrief. Proposals may be subject to the Freedom of Information Act (FOIA) and may also contain confidential or proprietary information. During the debrief, only details from the proposer's response are discussed.

Protests

An RFP consists of objective and subjective elements, i.e., the solicitation, evaluation criteria and methodology, evaluation and award process, and the terms and conditions.

Because of the subjective elements, if the RFP is not designed and executed in an impartial, open, fair, ethical, and transparent manner or is too restrictive, it is subject to more risk and protests than some other solicitation methods. For more information, refer to NIGP's global best practice on Protests.

Audits

Audits determine if the RFP process was carried out in accordance with the entity's policies and procedures. For more information, please refer to the NIGP's global best practice on Audits.

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THE INSTITUTE
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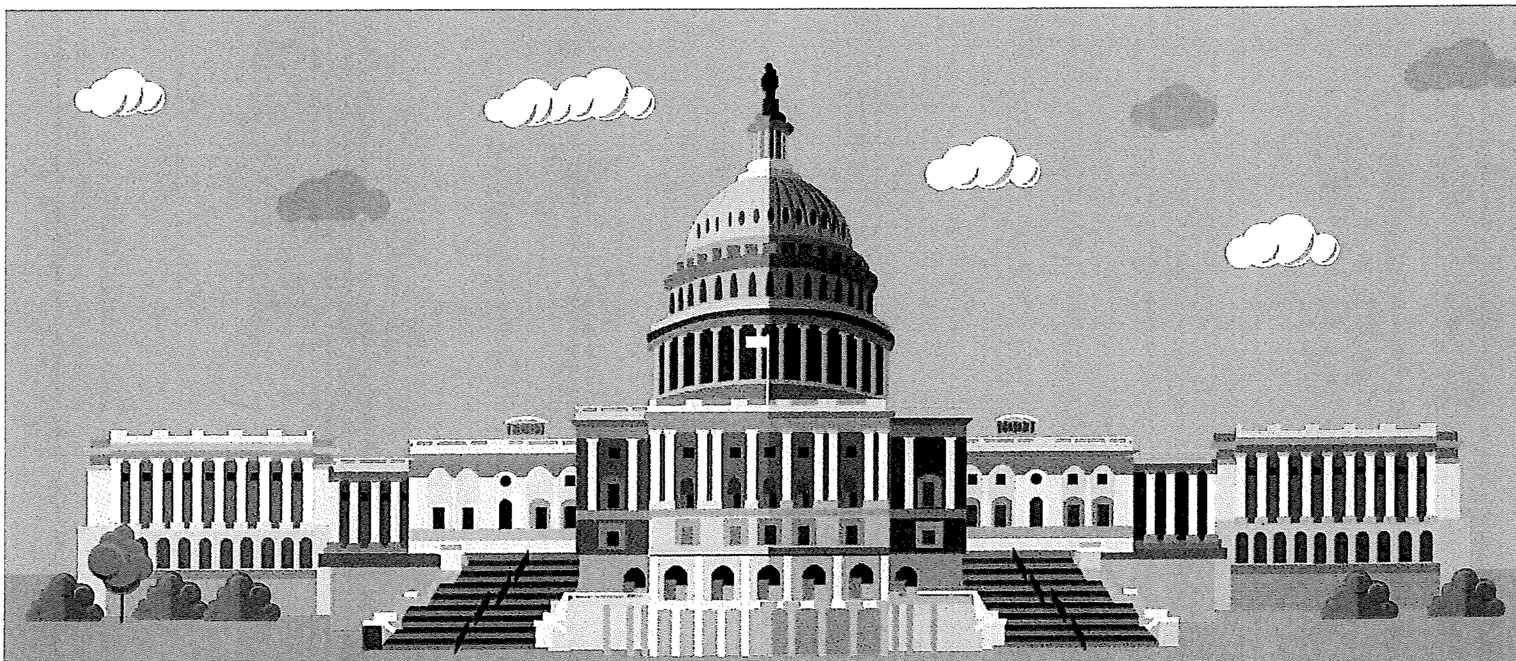
The Public Procurement Guide
for Elected and Senior Government Officials



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The purpose of this guide is to help elected and senior government officials understand how public procurement can help achieve their goals or get their entity into trouble, and which aspects of procurement deserve management attention. It is written from the perspective of a seasoned public executive mentoring other executives new to the public sector on what is worth knowing about public procurement.

If you'd like to provide NIGP feedback about this guide, recommend revisions or have questions about the principles and practices discussed herein, contact us at **NIGPGuide@nigp.org**.

Quick Reference:
Top 10 Things to Know About Procurement

1 What is your role in the procurement process?

Be involved in determining the business need, defining the context and background for others, defining the desired performance outcomes, and securing the budget necessary to achieve those outcomes. Then decide on your needed level of personal oversight and engagement while your procurement professionals design and implement the procurement methods for achieving best value and navigate the legal and ethical landscape. Rely on their professional skills and advice. Depending on your governing arrangements, you may or may not be tasked with making a final procurement approval decision.

Tip: *Review your entity's procurement policy to confirm the extent of your procurement authority and role in the contracting process.*

2 Ethics - Staying on the Right Side.

Some of your day-to-day activities may touch on ethical issues in procurement. Require your procurement professionals to orient you to the conduct, situations, relationships or conflicts of interest that could negatively affect the procurement process, or be perceived by the public as unethical. Declare any conflicts of interest at the beginning of any procurement/contracting-related activity you may be involved with; be conservative and recuse yourself when appropriate. Lead and foster a culture of high ethical standards for public procurement in your entity.

Tip: *Ethical behavior in public procurement is grounded in fairness and consistency in all procurement-related relationships, processes and actions. Avoid even the appearance of impropriety or favoritism.*

3 Procurement Authority - Why is it important to me?

Best practice is to put all procurement processes under the authority of a Chief Procurement Officer(s) who possesses enough independence to ensure good checks and balances. Who gets to make final procurement processes strongly affects how business decisions are made and the quality of the results you get from procurements, so it is important to use people that have professional training in procurement. Large entities may benefit by employing separate CPOs for specialty areas such as Construction or Information Technology. Most entities should establish centralized units for procurement expertise to develop policy and strategy, coordinate purchasing expenditures to gain greater value, and handle complex purchases directly. In turn, procurement professionals strategically train, monitor and delegate the ability to handle most ordinary transactions to others throughout the entity.

Tip: *Organizational structure should place Procurement as an independent function on the same plane as Finance and Legal, with all expected to contribute at a similarly high level.*

4 What is the strategic value of procurement to a public entity?

As a maturing profession, procurement has become a broader and more sophisticated discipline that can help your entity thrive if allowed and tasked to do so. In most public entities, spend under procurement authority is second only to expenditures related to salaries and benefits. Procurement has a visibility into the breadth of organizational operations, resource requirements and contractual relationships that lends a unique perspective and strong information base from which a Chief Procurement Officer can contribute to development and achievement of the organization's strategic plan. Wise executives recognize that when procurement is empowered and required to play a strategic role, those professionals can help erase siloed organizational behavior and revise processes to make more fully informed business decisions, achieve coordinated savings and reduce unnecessary purchases across the entity, reduce risks, bring market intelligence to bear on strategies, achieve best value for dollars expended, and maintain integrity. The world of commerce has become much more complex and sophisticated and government cannot afford any antiquated procurement thinking or outmoded processes.

Tip: *Expect your chief procurement officer to contribute to strategic and operational planning conversations, serving as one of your internal business advisors.*

5 Procurement Values and Principles.

Effective public procurement is grounded in the key values of Transparency, Accountability, Ethics, Impartiality, Service, and Professionalism, but your procurements will be effective only if your entity knows how to implement those values. These values and the principles that flow from them determine how your suppliers and contractors treat your entity, and they affect how the press and public and other government partners treat your entity. Be in the newspaper for achieving good results through effective procurement, not procurement mistakes.

Tip: *Require your procurement professionals to ensure your entity makes progress along a spectrum of procurement professionalism.*

6 How is public procurement different from private sector procurement?

Two key differences: transparency and complexity. First, public procurement is founded on the near universal codified principle of fully advertised, open and fair competition, with only limited exceptions. The private sector is generally free to follow whatever methods it chooses; competitive or not, transparent or not. Second, private sector purchasing is simple in the sense that it all boils down to contributions to the organization's profit, notwithstanding any secondary social responsibility goals. In contrast, public procurement is not based on one primary measure and almost always has to balance multiple goals that are often in conflict: speed, low price, quality outcomes, level playing field, social and environmental goals, public transparency and accountability. This is a much more complex work environment.

Tip: *The operating environments for private sector organizations and public sector entities may seem similar, but the underlying law and the accountability standards for procurement are not the same. Do not make the mistake of applying private sector standards to public sector procurement obligations.*

7 Procurement Methods.

If you are involved in procurement decisions, you will want to understand the basic methods for getting what the entity needs; procurement process is not simple or "one-size-fits-all." Most procurement methods rely on public competition, and are tied to dollar thresholds. The higher the value, the more formal and fully open the procurement, and the more likely that multiple factors will contribute to the award decision, not just lowest cost. Emergencies and true sole-source situations are typical exceptions from competition. The legislative trend is toward creating laws that grant procurement professionals more flexibility to create and implement innovative and intelligent contractor selection methods and contract arrangements, rather than prescribing overly specific "recipes" within statute or code. Within all the procurement methods, seemingly minor details and decisions can have a profound impact on the outcomes of the procurement, highlighting the need for your entity to possess strong procurement expertise.

Tip: *Seek out procurement professionals with nationally recognized procurement-related certifications. Examples: CPPO, CPPB, CPSM, C.P.M.*

8 Emergency Management and Continuity of Operations.

These topics are among your basic management responsibilities. Remember that procurement offices can help you – they have an important role in disaster preparedness, and in supporting the logistics of disaster recovery efforts for emergency events such as severe storms, floods, fires, epidemics, and crime events.

Tip: *Involve procurement professionals in your continuity of operations plans.*

9 The issue of Privatization.

Is outsourcing (using the private sector to deliver government services) or privatization (turning over public functions completely to the private sector) a good idea? Public-Private Partnerships, Outsourcing, and Privatization can be controversial, but can be smart choices under the right circumstances. Any decision to follow one of these avenues should assess all tradeoffs and demonstrate net value to the public, and all drawbacks and challenges should be well-addressed during early planning.

Tip: *Procurement professionals must be included in outsourcing decisions because they have key skills and tools for analyzing the positive and negative issues.*

10 The issue of Social Policy and Contracting Preferences.

Procurement officials should make doing business with the government easily accessible to all interest groups. A live issue is whether public procurement should go further, to advance several possible categories of social policies. For instance, public procurement can be an effective catalyst for spurring specific complimentary economic development, and for advancing environmental/sustainability goals, and procurement professionals can advise on the best means for implementing chosen policy goals. Trying to provide an economic boost to local businesses through "buy local" requirements (such as mandating they receive a scoring preference) deserves caution – there is no good research to confirm whether such favoritism works or whether the benefits outweigh the costs. Local preferences can be politically and technically hard to implement and administer, and retaliatory "reciprocal preferences" from other jurisdictions may hurt your businesses more than they are helped.

Tip: *Procurement professionals must be included in decisions on social policies and contracting preferences because they have key information on the positive and negative issues.*

If you are interested by the issues above and wish to drill deeper for pragmatic advice, an expanded version of each issue is presented in the following sections. Use these issues as conversation starters with your procurement professionals about actions your entity should take.

The Public Procurement Guide

for Elected and Senior Government Officials

The purpose of this guide is to help elected and senior government officials understand how public procurement can help achieve their goals or get their entity into trouble, and which aspects of procurement deserve management attention. It is written from the perspective of a seasoned public executive mentoring other executives new to the public sector on what is worth knowing about public procurement.

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1. Role of elected officials in the procurement process

The Highly Abridged Version:

Hire the best procurement professionals and, wherever feasible, use them to handle all procurement functions possible.

Your current procurement rules and procedures may call for you to make certain decisions during the procurement process. In a smaller community you may have the responsibility for making award decisions, making final decisions on protests, and signing contracts. In larger entities your involvement may be confined to approving large dollar value awards.

When you think about the basic expectations of good government and its handling of money, they call for systemic checks and balances in the request-approval-release of payments to prevent embezzlement. Realize the expectations for procurement decisions also call for similar types of separation. A public official should maintain an "arm's length" distance from any elements of the procurement transaction not formally required of the official. Wherever feasible, consult with or delegate decisions to professionals who know how to navigate the legal and ethical landscape associated with obligating your agency in contractual relationships and who can design and implement the methods for achieving best value. For officials who wish to be as involved as possible, procurement professionals can guide you about appropriate and problematic actions for each separate procurement.

You are likely to be involved during budget planning and adoption for expenditures that will be handled as A) public procurements or B) handled through other (non-procurement) types of public contracts such as grants or intergovernmental agreements. If you are so involved, it will be valuable for you to use your leadership to make sure all expenditures are subjected to a good "business case" and a good risk analysis. All executives and your procurement staff should have a good grasp of the methodology for preparing a business case - a business case is a structured basis for comparing alternatives and making a wise choice from among them (see resources for more explanation). And someone needs to be proficient at risk analysis and risk management, whether they are in your procurement staff, legal staff or are specialized risk managers. Both business cases and risk analysis can be very simple for simple situations, and very complex for complex situations - you want people who know how to conduct these analyses efficiently to match the situation, and you really want everyone to make the wisest decisions to get the desired results and avoid problems. Your role includes finding experts on business cases and risk analysis and using them.

2. Ethics

The Highly Abridged Version:

Do nothing to compromise the appearance or reality of fair treatment and opportunity for all who would do business with your entity.

There are established principles to guide your actions, and those of all employees, but procurement is complex and the details can be very tricky. Rely on your procurement staff to be your professional guides.

There are several areas to learn more about: Bribery and Kickbacks; Gifts and special deals; Conflicts of Interest; Disregarding law or policy; Lobbying; Supplier personal relationships; Confidential information.

The importance of public trust and the mandate to lead given by the public cannot be overstated. Leadership credibility is fundamental to the public's willingness to support government agencies and their leaders. Elected officials and employees involved in the procurement process know that acting in a manner consistent with the values and principles of the public procurement profession is essential to preserving the public's trust and mandate (see the later section on values and principles).

"Public confidence in the integrity of the government is indispensable to faith in democracy, and when people lose faith in the system, we lose faith in everything we fight and spend for."

Adlai Stevenson, Governor - Illinois, 1952

Your leadership is shown through your own personal actions, and by how you lead others to act:

- Act and conduct business with honesty and integrity, avoiding even the appearance of impropriety. The public expects that public officials will serve only the public interest, refraining from anything that enhances or appears to enhance self-interest.
- Maintain consistency in all processes and actions. The public and firms doing business with your entity need to know they can count on you to be steady and even-handed.

- In all actions, reflect the values of the public procurement profession:

  - Accountability
  - Ethics
  - Impartiality
  - Professionalism
  - Service
  - Transparency

But while these action standards sound simple, the details behind them can be surprisingly tricky. Procurement has become a very complex function in both the private and public sectors, and specialized training and expertise are essential to avoid problems. That's why, as an elected official, it is vital to put the most qualified procurement professionals you can find in charge of all the procurement processes.

While some entities are large enough to enjoy a dedicated ethics officer and an ombudsman for the public, all entities can rely on procurement professionals to highlight situations and behaviors throughout the entity that compromise ethical procurement practice, and to create work structures, procedures and personal action standards to eliminate such compromises. But those improvement efforts will work only if they receive organizational support - your leadership is essential.

A few categories of ethical situations to reflect on include:

Bribery or Kickbacks

Bribes or kickbacks, whether in the form of cash, gifts or other *quid pro quo* from a supplier/contractor to explicitly influence a contract award are blatant forms of corruption. The ultimate responsibility for such actions falls on elected and senior officials.

Conflicts of Interest

Though less obvious than bribes and kickbacks, conflicts of interest behaviors are equally corrupt. Conflicts of interests occur when there is an attempt to influence the awarding of contracts to individuals or businesses when such an award would result in financial or other benefits for the public official or family member. You and your employees must avoid activities that present conflicts of interest, whether perceived or actual, or you will face the political and practical fallout. That statement is obvious, but because the activities can be subtle, people can easily get into conflicts without realizing it, or because they think no one will notice. You need people you can rely on to identify and constructively rectify these situations. Procurement professionals can give you the details needed to help create a culture of integrity.

Gifts and special deals

Prospective or current suppliers/contractors may offer gifts or favors or discounts or special deals to you or to employees of your entity, with the implicit expectation of getting government business in return. Government ethics laws are likely to address these situations and you are well-advised to check into the details of those laws; however, from an ethical standpoint, no elected official or government employee should receive any benefit from a supplier because of their government position. The undeniable implication is that favoritism is expected in return. Procurement professionals are almost certain to have substantial training in this area, and are one of your very best resources to advise how to avoid or resolve unethical situations.

Failure to comply with Law and Policy

Our human tendency is to work around anything we perceive as cumbersome or unnecessary (whether the perception is true or false), including procurement regulations and policies, rather than work hard to make the rules practical and valuable. However, making an "end run" around procurement laws is not only unethical, but it backfires way more often than it helps. Sometimes the failure to follow policy and regulations only causes small problems and losses; sometimes the failure leads to extreme problems. Why would you put up with any problems or losses, regardless of extent? Your constructive option is to set the expectations that all procurement policies must be crafted to be streamlined and effective, must be written down and read by all, and that all employees will follow those measures because it is both smart and ethical to do so.

Lobbying

You already know how much elected and senior officials are lobbied by individuals or firms that seek to influence budget and procurement decisions, e.g., trying to get you to pursue one alternative over another, in an attempt to benefit their clients. Lobbying can be a valuable source of information for the elected official if conducted within a transparent framework. One problem is getting balanced information from other points of view so that you can make the best substantive decision. Another potential problem is the perception that your decision process is unfair or unwise.

When interests come to lobby on procurement matters, is wise practice to either meet with lobby interests only with your procurement officer present, or refer the lobby interest to the procurement department to handle. The procurement department will be a neutral resource for information gathering and analysis from all special interests. This is the best way for your entity to capitalize on the information while protecting you and your entity from accusations of conflict of interest.

Supplier relationships

Supplier relationships are important; suppliers may offer suggestions or to assist in achieving procurement efficiencies, cutting costs, identifying new technologies or solutions, and in producing more effective solicitations. Just like other lobbying interests, suppliers are motivated to offer these benefits because they reasonably hope or expect that the relationship will benefit them. And just as with other lobbying interests, your challenge is to ensure your entity gets balanced information from other points of view so that you can make the best substantive decision, and also demonstrate to anyone that your communications and decision processes are fair and wise.

Direct all supplier contact through your procurement professionals - they are trained to treat suppliers equitably and consistently, and meet the supplier's needs. Procurement offices also must maximize communication during the process - effective communications with suppliers is crucial to achieve best value and desired outcomes. It's not okay for a procurement office to be ignorant of emerging trends or market dynamics because they think they have to keep suppliers at arm's length. And when you have ongoing supplier relationships that you view as partnerships, keeping open lines of communication is essential.

Confidentiality

As a public administration official, you may have access to procurement and other nonpublic information that could affect a contract bid or the award process (e.g., upcoming procurements, bid prices; evaluations and/or recommendations). You should consult with your procurement staff before releasing any such information from your office, or you could have your procurement department handle information releases directly.

One last piece of advice about ethics is to actively create, model, and share the ethical culture you want for your entity. Train and prepare your employees for the procurement ethics situations described above. Make your ethics laws and policy known on your website, in your procurement documents, and through outreach to your suppliers.

3. What is procurement authority and why is this important for an organization?

The Highly Abridged Version:

Centralizing authority for procurement decisions in a Chief Procurement Officer is an essential ingredient for coordinating a system of smart procurement decisions.

Power structures are one of the most important factors affecting an organization's operations - deciding who wields authority to control public procurement is one of the key issues underlying how well your entity can conduct its procurement activities. If you want your entity to handle procurement at an adequate level, and especially if you want your entity to improve its procurement activities beyond adequate, authority to procure must be arranged so that your entity can become more coordinated, strategic, and professional.

Procurement authority includes the power to control the choice of sourcing methods, the management of sourcing activities, and the conduct of contract negotiations. It governs who is responsible for making decisions on suitability and quality issues while developing, administering and modifying procurement documents and actions. Final contract award and signature authority can be held by governing bodies or elected officials, or sometimes delegated to a Chief Procurement Officer.

From the lessons learned in public administration, and what NIGP recommends, is that procurement authority should be centralized in a Chief Procurement Officer (or multiple specialized CPOs, such as for Construction, or Information Technology) and her/his professional staff. Procurement professionals should hold and retain strong primary responsibility for **procurement control/planning/QA/compliance/coordination.** At the same time, a good portion of routine **purchasing activity** like purchase-card purchases and fill-in-the-blank contract release orders and catalog orders should be delegated to different types/levels of staff throughout the entity, along with training and establishment of streamlined compliance checks.

In government, procurement almost always has to balance multiple goals that are often in conflict: speed, low price, quality outcomes, level playing field, social and environmental goals, public transparency and accountability, risk management, and effective contract management to achieve the needed results on time and budget. The adept synthesis and balancing of entity business needs with market conditions, available solutions, legal requirements and other procurement interests demands a higher level of cross-functional awareness and practice than is generally found in an organization's operational departments - they have a different immediate focus and generally are not in a position to make the completely informed decisions necessary for strategic procurement value without coordination by people who possess specialized procurement expertise. Procurement professionals are trained to see and deal with these cross-functional connections and implications, but must possess central procurement authority for the entity to achieve procurement coordination. Similar to other specialized business support functions, a mature organization will want a professional procurement department that has specialized knowledge of public procurement principles and can lead the organization to implement effective processes and best practices.

4. The strategic value of procurement

The Highly Abridged Version:

Why is this subject important? In most government entities, procurement expenditures are second only to salaries and benefits, so effectiveness and savings through good procurement can be critical to the success of your mission.

How can your entity become more strategic? Make sure that all your activities clearly lead to mission-aligned outcomes – many decision processes contain steps that are unnecessary or interfere with effectiveness. Also, fully informed procurement decisions rely on a large array of information - get the right people to share the right information at a time when it can make a positive difference.

Who will be involved? Everybody who affects procurement or is affected by it. Find people who can design and implement change and give them the support they need.

What are the improvement areas? Two main improvement goals: make each individual procurement more successful and coordinate across all procurements. Focus on:

- More effective use of technology
- Entity needs analysis, focusing on procuring the most mission-critical things
- Improved "market research"
- Better "business cases" and cost-benefit analyses of alternatives
- Implement more sophisticated contractor selection methods
- Negotiating – getting better at when and how to do it
- Contract writing tailored to the situation
- Improved risk management and contract administration.

WHY is this subject important? Procurement today happens in a world that is getting more complex and sophisticated, and everything around government expenditures needs to keep up. The challenge of complexity is compounded when government revenues and resources are always less than what your mission demands. The result is that most government entities need to do a better job with the effort and money they spend on procurement and outsourced program delivery. Strategic procurement is an integrated campaign over time involving the whole organization – it is the opposite of a series of disjointed individual purchases. Strategic value begins to grow when an entity shifts its focus from reactive, transactional, lowest-price purchases to proactive, best value procurement actions. The main improvement goals are to make each individual procurement more successful and to achieve the benefits of coordinating as much as possible across all the procurements.

A. Individual procurements fail usually because of poor planning decisions, or in poor performance by the contractor/supplier and poor contract administration by entity staff failing to catch (and sometimes contributing to) performance problems. It is relatively rare for "front page" problems to arise from the selection and purchasing/contracting steps.

B. The collective procurement activity of your entity can be uncoordinated, and therefore more wasteful and problem-ridden than it should be. Human nature being what it is, people in the entity can be shortsighted and not want to invest effort in getting coordinated, and may even cover up problems, or fail to recognize them.

Your leadership opportunity is to work with your procurement professionals to assess where your entity falls on the spectrum of "procurement maturity," and to devise actions to move your entity towards more professionalism (and therefore benefit). The private sector, in general, recognized the contribution to the success of the entity that good procurement produces, sooner than the government sector, and has devoted more resources than government to improving procurement because it is such a ripe area for achieving benefits - but government needs those benefits just as much.

HOW can your entity become more strategic around procurement? First, work on making sure that all your activities are clearly tied to the outcomes you want from procurement. The processes and actions people create for making and implementing procurement decisions should lead to the desired outcomes, and if your entity is falling short of its desired outcomes, the design of the processes and actions need to change. It's primarily the processes (not people's individual performance) that drives the outcomes.

The processes we are talking about are those that lead to fully informed decisions about choices and actions that will lead to the desired outcomes. Procurement decisions rely on a large array of information, some of which comes from program managers and program staff (including information from outside stakeholders), some from procurement staff, some from finance, legal and fiscal staff, and some from potential contractors/suppliers. Effective decisions can only be made after getting all these people to share the right information so it can be considered before the main decisions have been made. Success comes from figuring things out before making a decision, not making a decision and then hoping others will figure out how to make it work.

Second, in addition to making sure the processes achieve the outcomes, processes generally also could use a good trimming, as they tend to grow and become convoluted over time. Ask your staff to map out the steps and functions they follow, looking to eliminate or transform every step that does not add solid value.

WHO will be involved in a shift towards more strategic procurement? First, public entities need procurement people with critical thinking skills and expertise to design the organizational changes and improved strategies needed to keep up with today's procurement environment. Expect your procurement professionals to possess the knowledge and skills necessary to identify the important goals, turn them into actionable objectives, and effectively communicate them to everyone affected.

Second, acknowledge that everyone connected to procurement must participate in changes and making the changes part of the standard operating culture. That means people in most areas of your entity. The move toward strategic procurement involves partnerships that likely will include legal, financial, IT, HR and program staff. One of your challenges is to provide the authority and support they need so the entity can make and sustain the desired changes.

While talking about the people who need to work together and get things done in your entity, this is a good place to mention that changing demographics are showing that newer employees may be less likely to stay in one job or organization for a long time, compared to earlier times. That means that entities should devote more effort to creating institutional knowledge - structures or practices to transfer procurement knowledge that formerly were attained only through long experience.

WHAT improvement areas can the entity work on? Obviously, procurement strategies must align with the vision, mission, values and goals of the organization and also meet the needs of the community and key stakeholders, but if they are not currently aligned, it will take some initial hard work to get them in alignment. Improved procurement strategies must be designed proactively with the involvement of all levels and units of the public entity. A few aspects where empowered procurement professionals can work with others to help their entity make better decisions and get more value from their own procurements and contracts are through conducting:

- More sophisticated entity needs analysis and planning, which focuses effort on the procured goods and services that are mission critical to the entity. Data management and spend analysis techniques can help avoid duplication, rogue spending and maximize volume discounts.

- Improved "market research" to identify a complete range of delivery alternatives and their basic feasibility, which avoids narrow minded or short-sighted decisions. Procurement staff must work hard to stay current on marketplace conditions and all staff must not miss innovative solutions appearing in the marketplace.

- Better cost-benefit analyses of those alternatives, to make the highest value choice that aligns with the entity's goals.

- Better documentation of the business case for top alternatives, to fulfill the need for transparency and accountability, and also help others learn how to make solid decisions.

- More sophisticated contractor selection methods aimed at achieving:

  - a match to market conditions specific to the purchased service or product,
  - greater competition/better prices or value,
  - continuity of supply and easier administration,
  - best fit, better service and outcomes, and fewer problems.

- Negotiating – getting better at when and how to do it.

- More sophisticated contract drafting; a good contract helps keeps things on track and provides answers if problems arise.

- Making sure staff have both the time and expertise necessary for risk management and contract administration, which, along with selection of the best supplier/contractor, are the strongest factors for keepings things on track and getting good results.

- More effective use of technology. Electronic processing can reduce the wait time to purchase goods and services, and reduce overhead costs of those transactions. Integrated systems can track spend data, affording wider and more immediate data reporting capability than manual or siloed systems. Data that is easily accessed and understood is essential for understanding and managing the entity's expenditures, and supports transparency and accountability.

5. Important Procurement Values and Principles

The Highly Abridged Version:

Bedrock values and principles to guide public procurement have been established by NIGP, but their usefulness comes only through detailed understanding and an organization-wide commitment to working in partnership with each other.

To achieve an ethical procurement culture and realize the strategic value of procurement, an entity will be guided by discrete values and principles. NIGP: The Institute for Public Procurement adopted the "Values and Guiding Principles of Public Procurement" in 2010. They are: Accountability; Ethics; Impartiality; Professionalism; Service; Transparency. What do terms like these mean in public procurement and what importance are they to you as an elected or senior official?

Transparency and Accountability

NIGP's value on "Transparency" states that transparency means "Easily accessible and understandable policies and processes...essential to demonstrate responsible use of public funds."

"The liberties of a people never were, nor ever will be, secure when the transactions of their rulers may be concealed from them."

Patrick Henry

The principle of transparency in public procurement is based on the premise that, without transparency, there cannot be a corruption-free procurement system. Procurements in the public sector are reported publicly and can be scrutinized by the public, while private sector procurement information is generally closely held to maintain a competitive advantage. Not recognizing this fundamental difference may help explain why some public officials fall into ethics violations or other problems.

Another aspect of transparency is ensuring that any potential supplier can easily find out how to seek business with your entity, and have the same access to information that all others have.

"One of the chief virtues of a democracy... is that its defects are always visible and under democratic processes can be pointed out and corrected."

Harry S. Truman

In addition to those purposes, transparency is also linked to the value and principle of Accountability. Transparency in procurement means easy access to understandable documentation of our procurement actions, so that everyone can hold the entity accountable for making good program decisions about alternatives for achieving outcomes, and about the effectiveness of specific purchasing decisions. Accountability for procurement decisions primarily revolves around sound business judgments, smart assessment of market conditions, arranging for good competition and making the best selections, and compliance with laws and regulations; which all lead to the desired outcomes. Recognize that effective management philosophy is focused on whether the entity is making good decisions about those things; it is not a "gotcha" focus on individuals, since most decisions are a result of either effective or ineffective processes for collecting information and comparing perspectives. Organizational learning and progress depend upon having helpful procurement documentation that is easily accessible and examined often. In other words, that sentence means you can't get better if you have no awareness about what is going well or poorly.

Some best practices related to Transparency:

- Create and maintain complete and modern policies, procedures, and records.
- Provide easy access to those policies and records.
- Constantly improve easier and wider access to government contracting opportunities.

Ethics and Impartiality

Because of its importance and complexity, Ethics is introduced in its own section above. Impartiality is closely related, and defined as "unbiased decision-making and action...essential to ensure fairness for the public good." While this involves eliminating conflicts of interest for you and your employees, impartiality is primarily exhibited by the way your entity treats prospective and existing suppliers/contractors. For instance, during each procurement, the entity must take action to create a level playing field:

- Advertise widely rather than targeting to exclude undesired competition.
- Describe your entity's needs and requirements in terms of outcomes, and not focus on prescriptive specifications that reduce competition and innovation.
- Eliminate personal and institutional bias from all decisions.
- Balance competing interests among stakeholders and document the chosen rationale.

Professionalism and Service

Professionalism is linked to the previous sections on Strategic Value and the arrangement of Procurement Authority. You should ask your procurement professionals exactly how they implement the principles of professionalism that they are expected to pursue in your entity.

Those principles are:

- Be led by those with education, experience, and professional certification in public procurement.
- Continually contribute value to the organization.
- Continually develop as a profession through education, mentorship, innovation, and partnerships.
- Develop, support, and promote the highest professional standards in order to serve the public good.
- Seek continuous improvement through ongoing training, education, and skill enhancement.

Service includes the following principles:

- Be a crucial resource and strategic partner within the organization and community.
- Develop and maintain relationships with stakeholders.
- Develop collaborative partnerships to meet public needs.
- Maintain a customer-service focus while meeting the needs, and protecting the interests, of the organization and the public.

There are two aspects, or levels, to all the principles bulleted above. On one level, those principles are the responsibility of your procurement professionals and apply to their activities. At the same time, it's not just up to them - the entire entity is responsible to implement those principles to their procurement related activities. Procurement professionals can come up with plans for achieving them, but implementation is a partnership with all units within the entity.

6. Private v. Public Procurement: Differences and Similarities

The Highly Abridged Version:

Many aspects of public procurement are controlled by legislative statutes; private sector entities are free to follow their own policies and methods.

Where choice is allowed, public procurement exists in an environment of multiple competing goals - goals for the entity and goals for the public - which can be a difficult balancing act. Significant differences exist for procurement in the public sector as compared to the private sector. If you are not familiar with procurement, and especially if you are new to the public sector, it is important to become aware of these differences as a basic part of government operations.

What is the big deal about Competition? Public procurement is founded on the near universal statutory requirement for fully advertised, open and fair competition, with only limited exceptions. The private sector is free to follow whatever methods it chooses; competitive or not, transparent or not.

Why is open competition one of the key principles for government procurement? Historically, when government and private purchasers were allowed to select suppliers of good and services based on subjective discretion, that led to bribes and other corruption. Even when corruption was not a factor, there are many stories about picking goods or services that were either a bad price or turned out to be spectacular quality failures. Fair and open competition came to be seen as a good way to combat corruption and also get good prices, and the concept of including specifications for quality was added to make sure the desired quality outcomes were achieved. These principles were so successful that they became widespread law throughout the public sector.

Selection based strictly on the lowest bid has its own set of limitations and drawbacks, and in modern times, procurement methods have evolved to look at all the factors (beyond just price) that add up to good value, but they are still based on the same principle of using market competition to illuminate the best choices.

The beauty of relying on competition for government business is twofold: it provides the incentive for bidders to propose the greatest possible value they can deliver, and it provides objective, comparative market information that helps the government entity determine whether it is getting the most value possible. That is, the best alternative will appear through competition; or another way of looking at it is that competition is a good way of testing whether an alternative is really the best or not. Because of that, whenever someone says "oh, competition isn't necessary; I assure you this solution is the best available," the best response is that if that solution really is the best, competition will prove it. For this reason, recommended practice is to go beyond the minimum requirements for public competition and make it a policy to conduct procurements through competition whenever practicable.

At the same time, it is true that there are some common sense exceptions to conducting competition, explained in the later section on procurement methods. It is also worth remembering that when it comes to public sector procurement methods, they are prescribed by legislative bodies, not procurement managers. As a result, allowable methods tend to be standardized, constrained and rather slow to react to changing conditions in the world. Private sector procurement methods are decided by each company or delegated manager, can vary widely, and can adapt to changing conditions quickly.

Multiple goals. The second most apparent difference between public and private sector procurement is that private purchasing is simple in the sense that it all eventually boils down to contributions to that entity's profit. In contrast, public procurement almost always has to balance multiple goals that cannot be tied to a single measure like profit, and are often in conflict: speed, low price, quality outcomes, level playing field, social and environmental goals, public transparency and accountability, and being averse to risk. This is a much more complex work environment, involving more difficult and subjective analyses of what is important, more negotiation and communication effort to balance tradeoffs, more complicated solicitation and selection methods to meet multiple goals, and more complicated contracts. Expectations and regulations around ethics, fairness and transparency are generally much greater. Procurement cycles are longer. There are many more stakeholders.

In addition to the differences between the public and private sectors, there are some similarities worth recognizing:

Sustainability – the triple bottom line orientation. Increased integration of sustainability values and goals into strategic plans has expanded the traditional definition of "bottom line" from a singular focus on profit and loss to embrace social, economic and environmental costs. This is an area where government has led in the establishment of the desired values, but as social and environmental issues have become part of good business for everyone, the private sector has in many cases gone beyond the government in developing the most effective means for implementing those values. Both sectors are expected to do more, and to cooperate more.

Growing sophistication. As mentioned in the section on the strategic value of procurement, both the general marketplace and the practices of procurement are changing at faster rates and becoming even more complex. Sourcing strategies rapidly evolve, and must be tailored for specific products or services and their marketplace. Planning decisions are being guided by strategic sourcing models, and total cost of ownership and cost-benefit analyses. There is a greater focus on balancing many factors to achieve "best value" and more emphasis on negotiations and longer-term "partnerships".

7. Typical Procurement Methods and Key Exceptions to Competition

The Highly Abridged Version:

What are the three common levels of public competition? Below a certain dollar threshold, you can select a provider without needing to conduct any competition. In a middle range, typically you have to seek at least 3 quotes. At a higher dollar level, advertised and fully open, formal competition is required.

What are suppliers competing over? The two main types are *price* and *qualifications to perform*. Other values can also be included. "Best Value" methods include all your important values.

Are there exceptions to competition? Two customary exceptions included in most procurement laws are Sole-Source and Emergencies.

Does "cooperative purchasing" make sense for us? Being able to utilize a contract already established by another public entity (*aka* "piggy-back"), or to subscribe to a joint cooperative procurement established for multiple entities, may save administrative time and leverage the greater purchasing power of a "cooperative contract" to achieve lower prices.

Typical Procurement methods, and the need for competition.
The basic types of procurement methods are fairly similar across our country, particularly around the need for full and open competition. While they are the same in substantive characteristics, the labels or names for these methods can vary a lot.

- **Small direct purchases/no competition:** Most government entities adopt a low dollar threshold that allows for direct purchases without a required effort to conduct any competition (competition is encouraged but optional). Dollar levels for that threshold vary considerably, and usually are a balance between efficiency and the public's expectations around opportunities to bid and getting low prices through competition. The upper dollar thresholds for this "small purchase" method typically fall within a range from $2,500 to $25,000.

- **Informal, or "3-quotes" competition:** There is often a middle ground where competition is required, but follows relatively streamlined and informal procedures around how many potential providers are contacted (typically 3 quotes minimum), how long to advertise/allow for bids or proposals, and whether to use other administrative procedures like providing a right for a potential provider to protest the government entity decisions. Upper dollar thresholds for this intermediate or informal range typically vary from $75,000 to $250,000.

- **Full formal competition:** At some established higher dollar level, the full, formal competition method gives full published notice to the public about a contracting opportunity, gives adequate time to prepare bids or proposals (typically 14 - 30 days minimum), may give potential suppliers a chance to challenge the relevance and fairness of the advertised requirements, and always gives them a chance to protest the government's selection of provider if something is improper.

Since more care should be taken when there is more money or complexity at stake, often these dollar thresholds are tied to requirements for involvement or review by people in risk management, finance, information technology, or legal.

Governing bodies are trending toward raising dollar thresholds regarding the need for competition because of the benefits from streamlining, and perhaps because of trust in their procurement professionals. Procurement officials ensure contracts are distributed and awarded fairly over time within the expanded small and informal ranges.

What is Competition based on? Price and Qualifications.

There is another basic aspect to procurement methods besides the level of competition tied to dollar thresholds, and that is the rationale for selecting a potential supplier. The two most simple categories for deciding who gets a contract are A) the lowest-priced supplier gets it, or B) the most suitably qualified supplier gets it.

For much of U.S. history, government relied heavily on the simple low-bid selection method (Invitation to Bid or ITB). That method can result in mild to severe drawbacks when quality, timeliness, continuity of supply, environmental impact, and a host of other important goals get excluded from the selection decision.

Officials experiencing these drawbacks developed methods like the Request for Proposals (RFP) that consider performance qualifications of the potential supplier and their proposed approach for meeting the government need. Price may be a small or large part of the selection considerations. There is another method for architects and engineers that restricts the government to only considering qualifications and project approach, and price doesn't get discussed until negotiations with the selected supplier. Other methods have developed in the construction industry, such as Design-Build, Construction Manager/General Contractor, and others, and are gaining in use. Many of these require specialized expertise on the part of your procurement officials.

A more current trend in procurement laws and methods is to seek Best Value, by allowing the public entity to include all the factors that it finds to be relevant and important to achieving "value" in its broad meaning. Governing bodies authorize procurement officials to determine the most suitable method to achieve the entity's values and goals. This is the approach supported by NIGP and recommended by the American Bar Association Model Procurement Code, now adopted in whole or in part in most states and thousands of local governments.

Exceptions from competition.

Since public procurement competitions require time and effort, officials are often interested in the few exceptions to competition. In addition to the small procurement or direct contracting method, there are two other customary exceptions included in most procurement laws: Sole-Source and Emergencies. Emergencies, with their need to respond more quickly than competition allows, are intuitively easy to understand. Sole-source means that competition would be fruitless when the need can only be met by one provider. The concept itself is intuitive, but its application can be controversial because it may rely on competing subjective interpretations about whether there truly is only one provider. Procurement officials are the best trained people to determine whether there is only one or more than one provider, and within an entity they should be the one authorized to make this judgment call. It is a common temptation for people to abuse this method to simply get what they have assumed is the best product or service, but that runs directly counter to the principle of relying on competition for proof instead of making personal judgment calls.

There is another area of procurement that is an exception to competition - jurisdictions may adopt social policies that set up direct contracts to certain nonprofit corporations that typically assist those with a disability, the blind, etc. Others have social policies regarding the mandatory use of inmate labor for certain contracts. Some jurisdictions may adopt policies that prescribe limited competition; these are usually described as "set-aside" programs where only a certain class of bidder/proposer is allowed to compete for a certain class of contracts. Each of these policy options has effects on the competitive market for government business; for instance, opponents to such policies may frame them as hurting "regular" business. Potential effects should be explicitly considered during the policy process, and procurement professionals can help analyze the impacts - also see the later section on "The Issue of Social Policy and Contracting Preferences."

A brief mention of cooperative purchasing.

Cooperative Purchasing in general refers to the practice and ability for one government entity to "tap into" a competitively solicited contract established by another entity, or joint cooperative procurements established on behalf of multiple entities, and directly purchase from one of those contracts without having to start from scratch by conducting their own separate competition, selecting a provider, and creating their own contract. This saves administrative time and money, and cooperative contracts often can leverage collective purchasing power into lower prices. They are usually viewed as options or alternatives to conducting one's own procurement. Many, but not all procurement laws allow this practice. Some laws count the other entity's competition as sufficient, some only allow this if your own entity was a co-partner in the original competition, and others do not allow this at all. These policy choices about the required participation in competition are legislative judgments and there is no definitive best policy practice on this detailed issue. More generally, procurement professionals should have the knowledge and skills to assess the benefits, as well as the costs and limitations, of using any given cooperative contract.

8. Emergency Management and Continuity of Operations

The Highly Abridged Version:

A basic responsibility for elected officials is emergency preparation and response. Procurement is a key component of both phases.

An important best practice for public entities is to include the procurement department on the continuity of operations and emergency and disaster management teams. Procurement offices have an important role in preparing for and supporting the logistics of disaster recovery efforts for emergency-related events such as severe storms, floods/fires/earthquakes, epidemics, and crime events. Emergency purchases may be needed due to an unexpected and urgent request where health and safety or the conservation of public resources is at risk. Usually formal competitive bidding procedures can be waived. Your procurement department will likely know of federal emergency funding parameters, compliance issues, and contract options that can be employed during response and recovery periods. Procurement staff have access to resources to describe their role in emergency operations centers, to set up "pre-positioned" contracts, and how to utilize and support local vendor relationships.

9. The Political Policy Issue of Privatization

The Highly Abridged Version:

Outsourcing, privatization, and use of public-private partnerships are always complicated and can be contentious. Procurement professionals are essential consultants on these issues.

Outsourcing (turning to the private sector to provide things previously provided directly by the government), and **Privatization** (divesting a government function nearly completely or completely) are attention-getting policy choices that typically are driven by political considerations.

Public-Private Partnerships (which fall along a spectrum where the partners allocate their obligations, resources, and risks/rewards in order to help the public entity achieve things it cannot on its own), are ostensibly less about politics and more about innovative selection and contracting methods, but they also can have political aspects, especially when private money is borrowed to finance public assets, or when they are misused to sidestep competition and transparency.

Are any of these policy choices a good idea from a financial stewardship perspective? They should be selected only after assessing all relevant trade-offs, and any of these choices must demonstrate net value to the public. Procurement officials' training includes knowledge and skills for analyzing these types of issues, and you should include them when considering any of these choices.

Procurement officials are also usually charged with implementing these choices effectively, and if they do not possess the appropriate expertise in-house, will be able to find the outside resources necessary for the public entity to handle the often-complex business, legal and contractual aspects.

10. Social Policy and Contracting Preferences

The Highly Abridged Version:

Procurement policies are a possible tool for affecting social policy - sometimes effective, but too often misapplied.

Elected officials often are concerned with issues having social, economic, and environmental fairness and sustainability implications. Some seek to use the power of public procurement as a means to advance social policy. Even within procurement there can be several potential approaches to advance a given social policy. Whether the approach provides direct or indirect support, some are more effective and some are more problematic - all can be controversial.

Public procurement *can* be an effective catalyst to spur specific economic development, promote the availability and use of environmentally preferable products and services and advance other sustainability-related goals (such as elimination of human trafficking and slavery from supply chains, for example). Further, some entities have implemented procurement policies to correct structural imbalances affecting minority-, woman- or veteran-owned businesses, qualified rehabilitation services for disabled/challenged persons, or to stimulate the local economy through a "buy local" initiative.

For many entities the results of these policies have established a new status quo for their jurisdictions and would likely be considered appropriate and, for the most part, successful applications of procurement policy to positively affect social change. Too often, though, manipulating procurement practice to address a social issue negatively impacts competition or inadvertently creates new system imbalances that prompt claims of "preferential treatment" or favoritism. This creates a contracting environment at greater risk for supplier protest or legal challenges that impede agency efficiency and effectiveness. As mentioned in section seven on procurement methods, some jurisdictions adopt exceptions to competition by directing contracts to targeted, favored types of businesses; or they adopt a partial exception to competition by designating certain types of contracts or certain sets of money that are "set aside," and only the favored class of businesses are allowed to compete for that business. These approaches can be characterized as *direct support*.

In contrast to direct support through mandated exceptions or set-asides, *indirect support* seeks social goal achievement through means more subtle than mandates. They can be perceived as a less honest approach, one that has "rigged the game." An example of this is a scoring preference for a favored class of business that gets mechanically applied during the competitive process - typically for all bids and proposals issued by the entity. This gets applied as an "extra points" advantage toward selection.

Mechanistic preferences tilt the playing field, which some people object to as a matter of principle, claiming that contract selections should be based solely on "merit" (price and qualifications).

To the extent that there has been research conducted into the efficacy of indirect support methods, the results have not provided a clear indication that they really help the favored businesses or ultimately derive positive benefit to the agency.

Looking at the implications of employing a 'local preference' as an example, scoring preferences encounter certain issues:

1. It can be difficult to define the favored class of business, in this case a *local* business. Should a local business be defined as one that is owned by a local person; or one that uses local workers; or one that pays more than X amount of local taxes; or has a location within jurisdiction limits, or within a certain distance radius; or must have its headquarters there and not just a local office; etc.?

2. "Buy local" preference laws may be successfully challenged. In a few court cases they have been ruled unconstitutional.

3. Many jurisdictions have enacted retaliatory preferences to counteract neighboring jurisdictions' preference laws. If you adopt a preference policy for your "local" businesses, the retaliatory policies will penalize them when they seek work in that other jurisdiction. Depending on where they do most of their business, this can result in your local businesses losing more than they gain from your preference.

We can see just from the one example above that achieving social goals through procurement policy can prove challenging and have unintended consequences. As with so many issues that government leaders wrestle, social goals require clear problem definition and due diligence when considering potential solution approaches. Keep in mind that how your agency conducts its (procurement) business will directly influence how the business community and the public-at-large perceives the integrity, professionalism and trustworthiness of its leaders.

Resources

1. NIGP Values and Guiding Principles of Public Procurement. Procurement Resources page at www.nigp.org. (http://www.nigp.org/home/find-procurement-resources/guidance/values-and-guiding-principles)

2. NIGP Position Papers. Procurement Resources page at www.nigp.org. (http://www.nigp.org/home/find-procurement-resources/guidance/position-papers)

3. NIGP-CIPS Global Best Practices. Procurement Resources page at www.nigp.org. (http://www.nigp.org/home/find-procurement-resources/guidance/global-best-practices)

4. The National Association of State Procurement Officials. NASPO Publications page at www.naspo.org; particularly, *State & Local Government Procurement - A Practical Guide* (2nd Edition 2015), ISBN-13: 978-1-60427-107-2

5. Schmidt, Marty J. (2015). *The business case guide* (3rd Edition 2015). ISBN 978-1-929500-14-7.

Acknowledgements

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Feedback or Comments

If you'd like to provide NIGP feedback about this guide, recommend revisions or have questions about the principles and practices discussed herein, contact us at **NIGPGuide@nigp.org**.

Steele County
2026 Budget
Budget Preparation & Review Calendar
2025 Key Dates

Week of April 15th

- 2026 Budget Strategy Session with Board of Commissioners

Month of May

- Distribute Capital Improvement Plan (CIP) schedules to Department Heads for review/changes – May 31st deadline.
- 2026 Budget Kick-Off (distribution of budget materials to departments)
- Budget materials available on U Drive (Budget Builder – 2026 Budget) including video and PDF walkthroughs on completing budget changes in OpenGov.

June 14

- OpenGov Budgets due to the Finance Director

June-July 9th

- Department head meetings with Finance Director
- Send out agency appropriation letters – Finance

July 10

- Board of Commissioner Initial Budget Review with Department Heads

July - August

- Department budget review meetings with Administrator and Finance
- Work Session-Key Talking points presentation to Commissioners -Finance

August 7th

- Board of Commissioner Follow-Up Budget Review with Specific Department Heads/Finalize CIP/Finalize Agency Appropriations

August 12th

- Board Meeting to approve Budget for CIP & Agency Appropriations

September 4th

- Board of Commissioner Final Budget Review with Department Heads

September 9th

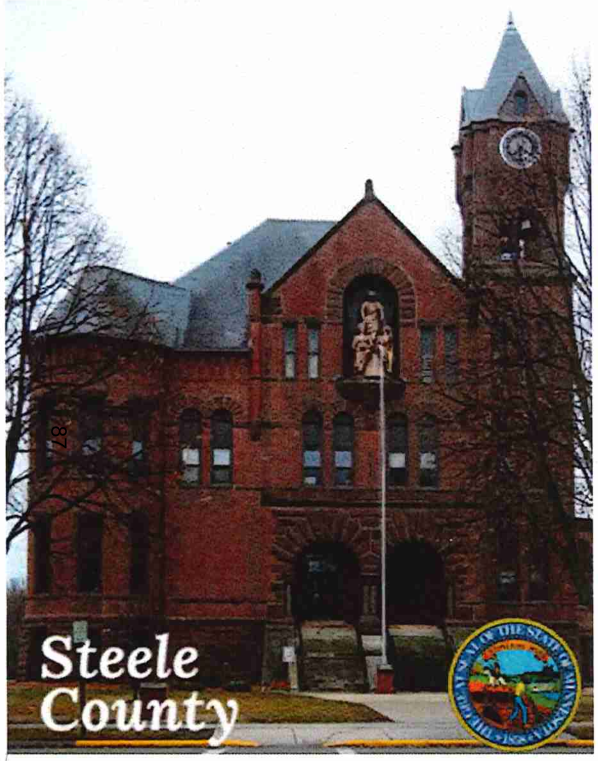
- County Board consideration of preliminary budget and tax levy
- County Board adopts preliminary tax levy

October - November

- Additional budget review meetings with Department Heads and/or County Board, as necessary
- Departmental budget narratives due to Finance by October 17th for 2026 Budget Book
- Budget public hearing notices are mailed (TNT statements) PT&E (October)
- Notice of budget hearing is published Administration
- Public hearing is held to allow citizen comment on the 2026 proposed budget and property tax levy

November 25th

- County Board final review and adopts final 2026 budget and property tax levy

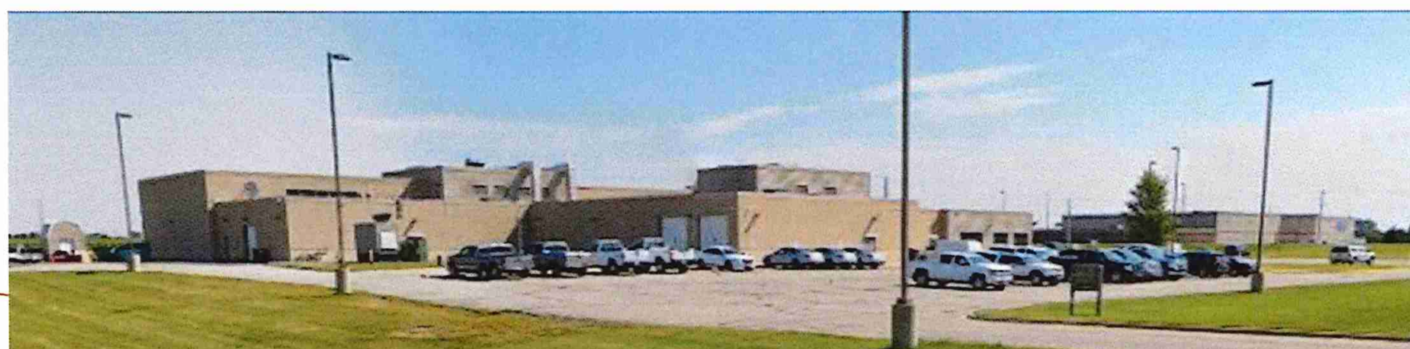


- Debt Policy Best Practices

1. Review the policy annually and follow it
2. Ensure the policy provides a guideline and structure of issuing debt
3. Commitment to long-term planning
4. Ensure there is strong internal management
5. Identify the legal authority to issue debt which includes types of debt and the debt structure

- When to issue debt for Capital Projects

1. What is the project?
   a) Is it a short term or long-term project?
   b) Multiple projects or a single project?
2. What is the financing strategy?
   a) Are their grants?
   b) Will this be General Obligation debt?
3. What is the legal debt capacity (how much can you borrow)?
4. What are your financial limits based on your revenue?
5. What are the Internal policy limits?
6. What is the overlapping debt?
   a) Schools, City, County, State?

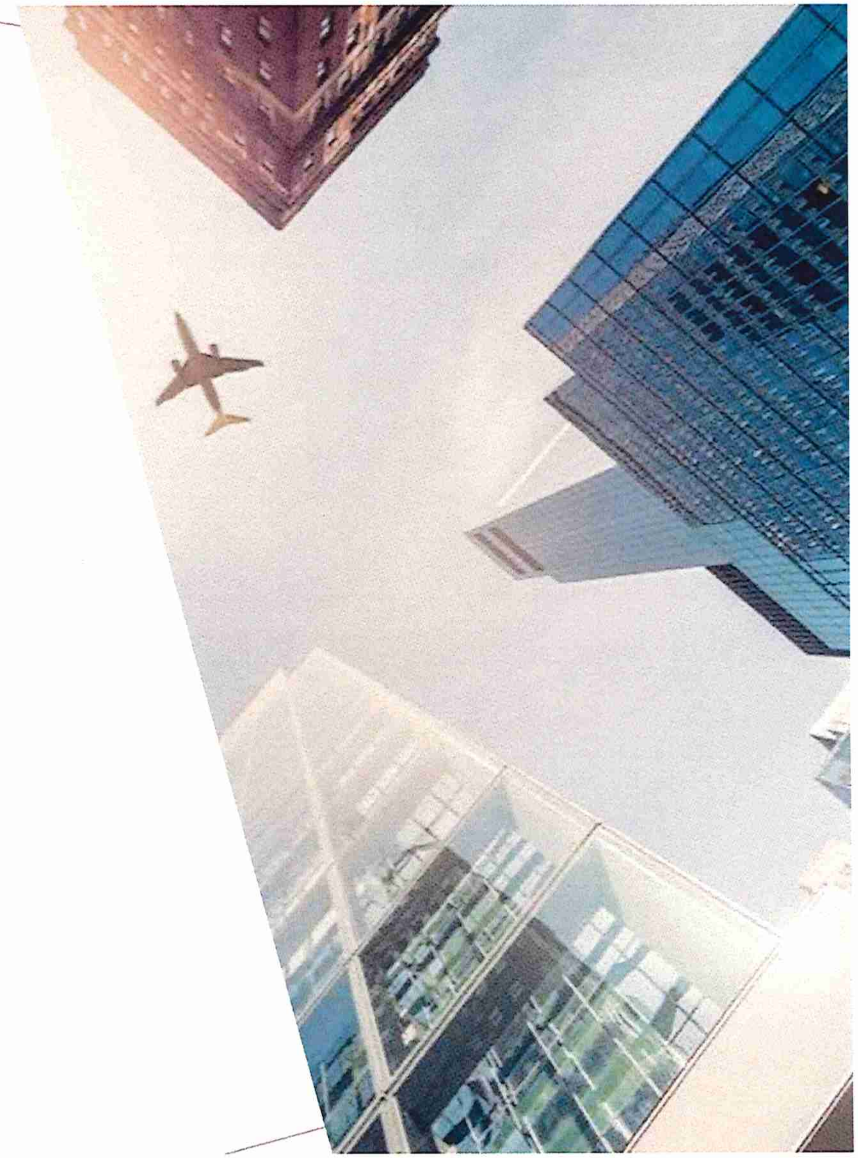


- Financing Team

1. Governing bodies to follow
   a) Federal Securities Law
   b) Federal Tax Law-Private Use
   c) State Law
   d) Local Ordinances
2. Use a Municipal Advisor for Issuance
3. Establish a Bond Counsel
   a) Private use requires Special Counsel
4. Use an Underwriter

BUDGETING

PERFORMANCE BASED-STRATEGIES



RETHINKING BUDGETING TECHNIQUES

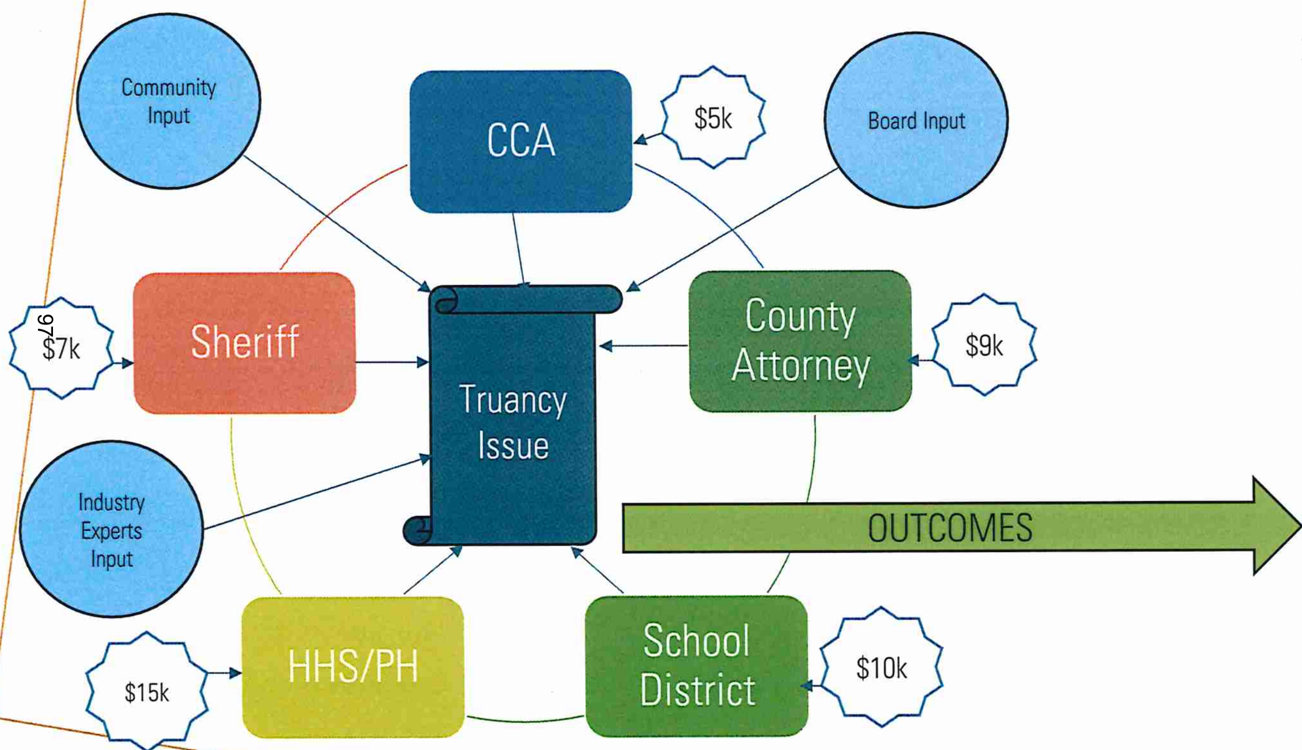
Outcome-Based Budgeting

- Breaks down the silos within departments
- Community and Tax-payer involvement which leads to acceptance of the programs
- Fund the Top and impactful programs
- Measure the results by outcomes
- Cross-functional teams from various departments working together for common goals
- Better outcomes year over year

What does Success look like?

- Must have trust across the various stakeholders
- Facts are not enough-must be consensus on what the priorities should be for the County
- Input from all stakeholders, both from the community, the non-profits, Commissioners, and the County Departments
- Be willing to make changes to support Top Initiatives

WHAT DOES THIS LOOK LIKE FOR STEELE?



1. Measurable outcomes achieved
2. Total amount spent on program
   1. Includes total number of hours
   2. Expenditures on total program
3. Expected results via KPI reporting established by the team approach with the Board's oversight/strategy
4. Reinvestment funding for success or Redirection of strategy to programs that are successful
5. Maximizes taxpayers' dollars and provides transparency through result reporting to community
6. Reduces redundancy of spending, increases accountability and oversight