

Norfolk Insider

City of Norfolk, NE

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“Bidding Amounts Changed”

The Norfolk City Council approved a change to city code Monday, August 19, that raises the threshold for requiring a formal bidding process on a large purchase from the current \$20,000 to \$30,000.

The amount at which the City would need to solicit bids from at least three competitive bidders increased from \$400 to \$600. City administration must award bids for items between \$1,500 and \$30,000. Decisions about purchases within their budget under \$1,500 can be made by city department managers.

“We try to update the City Code to adjust for inflation. The last time we changed these amounts was in 1998 so it was time these amounts were raised,” said Randy Gates, Finance Officer for the City of Norfolk.

Gates noted that the State of Nebraska changed the dollar amount that requires bidding when the costs will be assessed to property owners from \$20,000 to \$30,000 in 2008. When the state increased those amounts in 1997 from \$10,000 to \$20,000 is the last time the City of Norfolk, in 1998, increased the amount required for formal bids.

The formal bid process entails that the City Council approve the letting of bids and that the solicitation for bids be advertised in the local newspaper and distributed to prospective bidders. The vendor is then selected according to the specifications of the bid, the amount they submit and whether they are a “responsible and responsive bidder”. Any purchase or service costing \$30,000 and above will require the formal bid process.

In an informal bid process, at least three bids must be obtained with the “lowest responsible and responsive bidder” winning the bid. Council approval and advertising the bids in the newspaper is not required. With the change approved tonight the amount at which the informal bid process becomes applicable increases from \$400 to \$600.

Gates said that the “lowest responsible and responsive bidder” may not always be the lowest bidder.

“City ordinance allows us to accept the bidder who would provide the product or service that has the best value. Longevity, cost of operation and service after the sale are all taken into consideration,” said Gates.

Items or services under the amount of \$600 may now be made by “utilizing open monthly purchase orders or by purchasing from available sources without the necessity of a bid.” That amount was previously set at \$400.

The State of Nebraska does not require that municipalities use a formal bidding process for large ticket items.

“Even though the City of Norfolk is not required to do so, the council and mayor have, for many years, thought that a bidding process is a responsible way to spend tax money. We often have enough qualified bidders in the Norfolk area that we can secure three competitive bids with many purchases being made locally,” Gates said.