III. CALL TO ORDER

II. DISCUSSION
A. MVAC Housing Project
B. Hospital Purchases Threshold
C. River's Edge Hospital and Clinic Debt Service Placement
D. Employee Drug and Harassment Policy Reviews

III. ADJOURNMENT
TO: Todd Prafke  
City Administrator  

FROM: Russ Wille  
Community Development Director  

RE: Owner-Occupied – Home Rehabilitation Matching Loan Program  

ACTION/RECOMMENDATION  

None needed. For Council review and discussion only.

BACKGROUND  

In 2014 and 2015 as the Council considered housing options and undertook a study that initially led to development of the City’s third work force housing subdivision, the Council’s consensus was that not only was new housing needed, but additional efforts were also needed to help preserve existing housing stock. To that end we undertook a number of efforts including promoting a rental enhancement assistance program, development of Traverse Green and additional research on housing rehabilitation programs and funding opportunities.

In 2016, staff worked with three graduate students of the Urban and Regional Studies Institute at Minnesota State University – Mankato to undertake an analysis of the physical condition of single-family homes in Saint Peter. You may remember their report to the Council and really pretty cool mapping and data they presented. The results of their work generally indicated that there were a number of homes in need of improvements to extend the useful life of the residence.

To encourage improvements to the residences, staff is proposing that the City partner with the Minnesota Valley Action Council to provide loans to partially finance the repairs and rehabilitation of the owner-occupied residences.

MVAC currently administers a Rehabilitation Loan Program within their service territory. MVAC has administered the program for a number of years and has considerable experience in the rehabilitation of both owner-occupied and rental properties. Their 2017 annual report states that seventeen (17) Saint Peter households were assisted during the year and investments of $306,415 were made to improve the existing housing stock.

Loans are designed to provide for basic improvements that directly affect the safety, livability, or energy efficiency of the homes. Specific eligible repairs or rehabilitation projects include, but are not necessarily limited to:
It is proposed that the City commit up to $100,000 to fund owner-occupied housing repair via a new loan program administered by MVAC. The proposed funding would provide for up to 10 loans of $10,000 each. The loan funds provided by the City would need to be matched by the applicant dollar-for-dollar with other funds. The match could be provided from any source including other MVAC funds.

MVAC currently administers a Home Improvement Loan Program where eligible borrowers could access up to $27,000 to fund necessary repairs. If the Saint Peter funds are added to the existing loan funds available from MVAC, an individual household could receive up to $37,000 to fund home repairs.

The loans are proposed to be provided at 0% interest. If the homeowner remains in the home for the following 10 years, the loan would be forgiven. If the homeowner sells, assigns or transfers the property prior to the completion of the tenth year, the loan would need to be repaid in full.

The Housing Condition Study suggests that there is a cluster of homes on South Front Street and around Minnesota Square Park that are deteriorating due to a lack of repair and investment. I have included Page 25 from the Housing Conditions Survey which identifies the characteristics of the tract and visually depicts the housing conditions within the tract.

I have also included a map identifying the proposed neighborhoods which would be eligible to participate in the loan program. The target area contains 28 blocks and approximately 236 detached, single-family dwellings.

The Housing Conditions Survey suggests that just over 20% of the structures within the area are licensed as rental properties. If that is the case, approximately 190, owner-occupied, single-family dwellings would be eligible to apply for the loan funding.

MVAC’s administration of the program would include the marketing of the program within the target area. MVAC would also work with the borrower to determine program eligibility and to close the loan. Finally, MVAC would inspect the completed repairs and distribute the funds to the contractor when completed.

MVAC has prepared a Grant Administration Contract for City Council review and consideration, a copy of which is attached. The contract would stipulate that MVAC would be reimbursed at a rate of $40/hour up to a maximum expense of $8,000 for the project.

MVAC Housing Services Director Judd Schultz, will be at the Council workshop to provide more information on how the City and MVAC could partner on financing owner-occupied housing improvements.

Funding for this project will be provided by two funds. The first is HELP money that has been paid back to the City for both Washington Terrance and Nicollet Meadows. Originally these
dollars came from the State and were used to assist moderate income buyers with ownership entry. We would propose using about $25,000 of the $28,000 in that fund. We would also propose to use about $75,000 in funding from Washington Terrace. These funds must be used for moderate income eligible recipients which we believe will include the vast majority in the target geographic area. Total funding would be $100,000. These funds were set aside specifically to fund housing or must be used to meet moderate income housing needs in the community. The contract for MVAC would be paid by professional fees in the Community Development Department.

This would meet our goal of having a multipronged approach to assisting working families with new housing needs, but putting additional effort in preserving existing housing stock.

Please feel free to contact me should you have any questions or concerns on this agenda item.

R JW
CITY OF ST. PETER
Home Rehabilitation Matching Loan Program

Program Summary

• $100,000 available to fund 10 matching loans at $10,000 each.
• 0% interest 10 year deferred loan, lien placed on property.
• Loan paid back if homeowner sells, assigns or transfers property any time in 10 year period.
• Loan forgiven if homeowner owns and occupies property through lien term.
• For homeowners in targeted areas of the City.
• Funds must match other funds/programs utilized at the home.
• No income limit – targeted areas contain lower income households.
• Funds can be used for necessary permanent improvements and repairs.
• Homeowner applies for matching funds; provides proof of other funding in project.
• Improvements/repairs inspected prior to release of program funds.

Administration

• Minnesota Valley Action Council will administer the project.
• Market the program in targeted areas.
• Determine eligibility of household and obligate funds.
• Inspect completed work for release of funds.

Questions

• Require contractors to perform work, any household labor?
• Household income limit?
Grant Administration Contract

This Agreement is made as of the day of , 2018, by and between the City of St. Peter, a City under the laws of the State of Minnesota (hereinafter referred to as “the City”) and Minnesota Valley Action Council, Inc. a Minnesota corporation (hereinafter referred to as “the Consultant”).

In consideration of the mutual covenants and promises hereinafter set forth, it is understood and agreed as follows:

1. Employment

City hereby retains and employs Consultant to perform certain necessary services to carry out program implementation activities for a matching funds housing rehabilitation program in targeted areas of the City. The program will assist 10 owner occupied households, providing each household with $10,000 in matching funds for housing rehabilitation purposes.

2. Basic Services of the Consultant

The Consultant will provide the following specific services to the City:

(1) Consultant will prepare program materials and marketing plan.

(2) Consultant will offer programs to eligible households that meet the matching funds requirement.

(3) Consultant will work with households to determine eligibility for the program, and manage the households’ participation from application through project completion.

(4) Consultant will inspect completed work, ensuring good quality workmanship prior to releasing City funds.

(5) Consultant will process all project payments and invoice City on a monthly basis for both rehabilitation costs and administrative costs.

(6) Consultant will manage all aspects of the program.

(7) Consultant will provide reports to the City as requested.

3. Project Implementation Services

Consultant and City intend to establish a close cooperative working relationship. Consultant and City agree that City is responsible for the performance of certain acts and functions that will enable Consultant to fulfill its duties under this Agreement. The City agrees that Consultant will,
in the course of administration of the Grant, may require the cooperation and services of the City’s Attorney and City Administration. In performing the Basic Services, the Consultant does not intend to eliminate or reduce the services that will be required of the City Attorney or City Administration in the course of the project. The Consultant intends to provide administrative services that shall be undertaken only at the request of and under the direction of the City Council.

4. Limitation of Consultant Services

City and Consultant agree that Consultant will not provide and is not obligated to provide the following services under this Agreement:

(a) The Consultant will not provide or be obligated to obtain legal advice or architectural/engineering services to or on behalf of the City.

(b) The Consultant shall not undertake any activity or action unless the City Council has provided appropriate policy direction or specific authorization to do so.

(c) The City shall be responsible for maintaining the program’s accounting system.

(d) The Consultant will not undertake those administrative tasks that are otherwise assigned to be delegated to City staff.

(e) Consultant will not employ subcontractors whose services shall be directly billable to the City without the express written authorization and approval of the City. Notwithstanding the foregoing, Consultant reserves the right to subcontract any and all services in consideration of the Compensation and Payment set forth in Section 6 below.

5. Compensation and Payment

The Consultant agrees:

(a) To provide professional services as necessary to complete the administration, management, and implementation of the project. The Consultant will provide services on an hourly reimbursement basis that includes both direct and indirect allocable costs incurred for the performance of the grant. These costs will be invoiced at the current hourly rate, and an itemization of hours by project will be provided with the draw down request. Any subcontractor services shall be invoiced through the Consultant at the subcontractor’s invoice rate.

(b) The Consultant and the City agree that the hourly rate for services rendered to administer the program shall be $40/hour. Invoices will include an itemization of the time billed for each facet of the project. Total administrative costs for the project will not exceed $8,000.

(c) Said hourly rate shall apply through and including .
(d) In the event the City requests Consultant to perform services not included in this Agreement, or in the event there is a substantial change in the nature of the work or the issues involved, City and Consultant shall create a written addendum to this Agreement the terms hereof.

6. Schedule and Method of Payment

All charges for grant administration services and reimbursable expenses may be billed to the City monthly or as expenditures accrue. All bills are due upon receipt and shall be paid by the City no later than the date of the next regular City Council meeting or as soon thereafter as funds become available. All billings from the Consultant for this project shall be itemized in a manner acceptable to the City. City agrees to pay interest computed at 8 percent per annum on any portion of its account that remains unpaid for more than 30 days. In the event City fails to pay all fees and expenses when billed, City also agrees to pay costs and expenses of collection, including attorney’s fees incurred in collecting the unpaid account. City understands that Consultant need not proceed with or perform the services hereunder as long as any fees or expenses are unpaid.

7. Cooperation between the City and the Consultant

It is the intent of this Agreement that a close cooperative working relationship be established between the City and the Consultant. Among the City’s specific responsibilities under this Agreement are:

(a) To make available to the Consultant, at no cost and in a timely manner, any available data, studies, reports, maps and other documents in its possession or available to it pertinent to the services to be performed.

(b) To provide any legal information, guidance, advice and opinion necessary hereunder.

(c) To cooperate and assist in assembling information, data and other aid needed to facilitate the Consultant’s activities hereunder, including review by City officials and other governmental agencies.

(d) To act as the Fiscal Agent for the grant, including the receipt and disbursement of all grant funds.

8. Termination of Contract

(a) Termination for Cause: If, for any reason not beyond its control, Consultant shall fail to fulfill in a timely and proper manner the obligations under this Agreement, or if the
Consultant shall violate any of the covenants, agreements, or stipulations of the Agreement, the City shall thereupon have the right to terminate this Agreement by giving written notice of such termination and specifying the effective date thereof, at least ten (10) days before the effective date of such termination. In such event:

1. All finished or unfinished documents, data, studies and reports prepared by the Consultant under this Agreement shall, at the option of the City, become the property of the City.

2. The Consultant shall be entitled to receive just and equitable compensation for any work completed.

3. The Consultant shall have no obligation to finish work in progress.

(b) Termination for Convenience of the City: The City may terminate this Agreement at any time by giving at least ten (10) days notice in writing to the Consultant. If the City as provided herein terminates the Agreement, the Consultant will be paid for the time provided and expenses incurred up to the termination date. If this Agreement is terminated due to fault of the Consultant paragraph (a) shall apply above.

9. Indemnity

City shall indemnify and save Consultant harmless from and against any and all costs, liability, or expense, including reasonable attorneys’ fees, arising out of (a) any breach of warranty, covenant, agreement, or representation made by City in this Agreement; (b) any non-fulfillment of any agreement of City under this Agreement or any misrepresentation in or omission from this Agreement or from any document or other instrument furnished or to be furnished to Consultant; and (c) all actions, suits, proceedings, demands, assessments, judgments, costs, and expenses incident to any of the foregoing. Consultant will give written notice as soon as practicable to City of the occurrence or non-occurrence of any event or the discovery by Consultant of any circumstance against which City may be called upon to indemnify Consultant under this Agreement.

10. Other Compliance Provisions

(a) The Consultant will comply with provisions of the Copeland Anti-Kickback Act (18 USC 874), as supplemented in the Department of Labor regulations (29 CFR, Part 3).

(b) The Consultant hereby assigns to the State of Minnesota any and all claims for overcharges as to goods and/or services provided in connection with this Agreement resulting from antitrust violations that arise under the antitrust laws of the United States and of the State of Minnesota.
(c) The Consultant shall comply with grantor agency requirements and regulations pertaining to reporting and patent rights with respect to any discovery or invention that arises or is developed in the course of or under this Agreement and/or grantor agency requirements and regulations pertaining to copyrights and rights in data.

(d) The Consultant shall provide to the City, the grantor agency, the Comptroller General of the United States or any of their duly authorized representatives, access to any books, documents, paper and records of the Consultant that are directly pertinent to this Agreement, for the purpose of making audit, examination, excerpts and transcripts. The Consultant shall maintain all required records for three (3) years after the close of this project.

(e) Notice to Contractor: “You are required by Minnesota Statutes, 1982, Section 270.66, to provide your Social Security Number or Minnesota Tax Identification Number if you do business with the State of Minnesota. This information may be used in the enforcement of federal and state tax laws. Supplying these numbers could result in action to require you to file state tax returns and pay delinquent state tax liabilities. This contract will not be approved unless these numbers are provided. These numbers will be available to federal and state tax authorities and state personnel involved in the payment of state obligations. The following numbers apply to the Consultant:

<table>
<thead>
<tr>
<th>Social Security Number</th>
<th>Does Not Apply</th>
</tr>
</thead>
<tbody>
<tr>
<td>Minnesota Tax ID Number</td>
<td>9465358</td>
</tr>
<tr>
<td>Federal Employer ID Number</td>
<td>41-6050353</td>
</tr>
</tbody>
</table>

(f) The Consultant is an independent contractor in the relationship hereunder with the City and the City shall not have any duty with respect to FICA or any other withholding taxes or payroll requirements for these consulting services. The independent contractor relationship created by this contract is for the unlimited and specific purposes set forth in this contract, including exhibits attached.

(g) All claims by Consultant or City by one against the other arising out of or related in any manner to this Agreement shall be resolved by arbitration, as set forth herein.

A single arbitrator engaged in the practice of law and who has at least eight (8) years of litigation experience shall conduct the arbitration under the then current commercial arbitration rules of the American Arbitration Association ("AAA"), unless otherwise provided herein. The arbitrator shall be selected in accordance with AAA procedures. The arbitration shall be conducted in Mankato, Minnesota.

Consultant and City shall allow and participate in discovery in accordance with the Federal Rules of Civil Procedure. The arbitrator shall rule on unresolved discovery disputes. The arbitrator shall only have authority to award contractual damages and shall not have the authority to award punitive or exemplary damages, other non-compensatory damages or any other form of relief. Each party shall bear
its own costs and attorneys' fees. The arbitrator's decision and award shall be final and binding, and judgment upon the award rendered by the arbitrator may be entered in any court having jurisdiction thereof.

If either party files a judicial or administrative action asserting claims subject to arbitration, as prescribed herein, and the other party successfully stays such action and/or compels arbitration of said claims, the party filing said action shall pay the other party's costs and expenses incurred in seeking such stay and/or compelling arbitration, including reasonable attorneys' fees.

(h) The provisions hereof represent the entire contract between parties. This contract and any special provisions to which this contract is subject may only be altered, amended or rescinded by a duly executed written agreement.

In Witness Whereof, the parties have executed this agreement as of the date at the beginning of the document.

Minnesota Valley Action Council, Inc.          City of St. Peter

By_____________________________       By __________________________
Amanda Mackie, Executive Director
**Legend**
- Street Names - Medium
- County Boundary
- City Limits
- Railroad
- Parcels (1-19-2017)
- Parks
- PWI Watercourse
- PWI Basin
- Lakes & Rivers

**Home Owner Rehab.**
- 28 blocks
- 236 homes

**Map Name**

**Disclaimer:**
This drawing is neither a legally recorded map nor a survey and is not intended to be used as one. This drawing is a compilation of records, information, and data located in various city, county, and state offices, and other sources affecting the area shown, and is to be used for reference purposes only. The City of Saint Peter is not responsible for any inaccuracies herein contained.
TO: Honorable Mayor Zieman  
Members of the City Council  

FROM: Todd Prafke  
City Administrator  

RE: Hospital Purchase Threshold  

ACTION/RECOMMENDATION  

None needed. For Council information and further discussion.  

BACKGROUND  

This discussion comes to you based on action by the Hospital Commission asking that you review the Ordinance related to spending thresholds of capital purchases that must be approved by the Council. A copy of the ordinance is attached for you review.

This Ordinance was modified a few years back to increase the threshold and to clarify what type of purchases fell into the category of those that need Council approval. As you may recall, when that change was made, part of your discussion centered on the notion that while limits needed to increase for the Hospital, they should probably be tied in some way to the rules the Council imposes on itself. There were a couple of reasons for that including more unified policies for ease in operation and understanding of and changes in State rules all balanced with the need for the Council to continue to have a good understanding of the Hospital funds, budgets, purchasing and capital plans but balanced in a way that didn’t hinder the Hospital from doing its work that often requires higher priced equipment and other assets. It may also be important to know that the Hospital request doesn’t come with a specific amount.

The basis for the request is that waiting on Council approval for purchases sometimes requires an extra couple of weeks. At times this has delayed some actions and reduced the Hospital’s ability to function effectively on a day in and day out basis. I think the biggest concerns lie in those purchases in amounts ranging from $35,000 to $49,999. So with that linkage to the Hospital and City purchase policies I have also included a copy of the City Purchase policy.

A couple of things you may want to remember:

The Council has established rules and some purchases require specific Council action as part of the process. The City’s rules are as follows:

- Purchases $7,501 to $30,000 - All budgeted purchases between $7,501 to $30,000 shall be initiated by a purchase order signed by the requisitioner, Department Director,
Finance Director, and City Administrator and presented to the City Council on the Consent Agenda for approval prior to the issuance of a purchase order. Documentation shall include unit costs, names of all vendors supplying quotes, names of all vendors contacted to provide quotes, and costs including shipping and taxes.

- Purchases $30,001 to $50,000 - All budgeted purchases between $30,001 to $50,000, shall be initiated by a purchase order signed by the requisitioner, Department Director, Finance Director, and City Administrator and presented to the City Council as an agenda action item for approval prior to the issuance of a purchase order. Documentation shall include unit costs, names of all vendors supplying quotes, copies of the quotes submitted, names of all vendors contacted to provide quotes, and costs including shipping and taxes.

- Purchases over $50,000 shall be initiated as a formal bid request and staff shall follow the procedure for receipt of bids outlined in this document. (Note: Formal Bids come to Council for approval as a separate agenda item.)

Additionally, the State just recently changed the rules related to items that require formal bids. A copy of the Statute is also attached for your reference. The change is an increase in the maximum Cities can purchase without a formal bid process. Formal bids for us means development of written specifications, official published notice, a bid date and all the bond stuff that goes with it.

My goal for your meeting is to have you focus on a few different questions and not get too far into an effort towards a complete overhaul of either the Hospital Ordinance or the City Purchase policy as both work well for the most part with "Well" being defined as understandable, allowing for business activities to process pretty efficiently balanced with the needs of the Council to appropriately know and manage the fiscal policies of the City, and be good stewards of City resources. Changes would require modification to one or both depending on the path you choose.

Here are a few questions you may wish to consider as a part of your discussion and decision process:

- Do you believe the Hospital Ordinance and City Purchasing policy should be linked through similar Council approval thresholds or processes?

- If so should one of both of the thresholds/ceilings change?

- If not, are there other processes that you envision that balance the needs of the Commission and the Council?

- What level should the Council have specific knowledge of purchases or approval of Hospital purchases?

The Finance Director and I have discussed and might suggest something like this:
Rivers Edge Purchasing

<table>
<thead>
<tr>
<th>Current Purchase Level</th>
<th>Approval</th>
<th>Purposed Purchase Level</th>
<th>Approval</th>
</tr>
</thead>
<tbody>
<tr>
<td>$&lt; 5,000</td>
<td>CFO and CEO</td>
<td>$&lt; 7,500</td>
<td>CFO and CEO</td>
</tr>
<tr>
<td>$5,000 $&lt; 35,000</td>
<td>Hospital Commission</td>
<td>$7,500 $&lt; 50,000</td>
<td>Hospital Commission</td>
</tr>
<tr>
<td>$&gt; 35,000</td>
<td>Saint Peter City Council</td>
<td>$&gt; 50,000</td>
<td>Saint Peter City Council with formal Bids</td>
</tr>
</tbody>
</table>

We are also suggesting the Council take some time at another meeting to discuss City policy and modification of the limits that require formal bids. We don't really see any great reason to change the purchase amounts for what goes on a consent agenda other than the ceiling as it correlates to the Bids process. Formal bids cost a bit more to administer than just getting publically solicited proposals. However, that discussion may be for a different time.

Please feel free to contact me if you have any questions or concerns about this agenda item.

TP/bal
Sec. 6-228. - Capital items, and emergency facilities purchasing.

Capital items shall include any equipment or group of different equipment whose intended use in an integrated manner supports the provision of a singular service, project or program and has a useful life in excess of one year and a purchase price of greater than $5,000.00. Capital purchases costing between $35,000 and $49,999 shall be made only after multiple written quotes have been solicited and recommended by the Commission for approval and approved by the City Council. Capital purchases of $50,000.00 or greater shall be allowed only after formal sealed bids have been received and recommended by the Commission for approval and approved by the City Council. The sealed bid process shall be as outlined in State Statute and/or the City’s purchasing policy and all bids shall be publically opened and read.

No alterations, repairs or improvements to the hospital, medical clinic or nursing home shall be made by said Commission, with a cost of $35,000.00 to $49,999.00, without first obtaining multiple written quotes and the approval of the Council. No alterations, repairs or improvements to the hospital, medical clinic or nursing home shall be made by said Commission, with cost of $50,000.00 or more, without first obtaining formal sealed bids and the approval of the City Council. The sealed bid process shall be as outlined in State Statute and/or the City’s purchasing policy and all bids shall be publically opened and read. Capital equipment that needs immediate replacement due to a malfunction which compromises the hospital’s ability to provide patient service or provide an appropriate hospital environment may be made at the discretion of the Commission under rules it may establish but must be sent for review and ratification to the City Council if in excess of $50,000.00.

The Commission shall develop purchasing rules or policies for purchases under the limits established in this section and those rules or policies may be more restrictive in nature than those provided for in this section. Copies of any such rules or policies must be provided to the City Administrator’s Office upon adoption.

(Ord. No. 24(3rd Ser., § 1, 9-28-2015)
CITY OF SAINT PETER

PURCHASING POLICY

General Provisions

The purchasing policies of the City are established by the City Council through the City Administrator.

The purpose of this policy is to provide for the fair and equitable treatment of all persons involved in public purchasing by the City of Saint Peter, to maximize the purchasing value of public funds in procurement, and to provide safeguards for maintaining a procurement system of quality and integrity.

This policy applies to the procurement of materials, supplies, services, and construction. It shall apply to every expenditure of municipal funds, irrespective of their source. When the procurement involves the expenditure of Federal or State assistance or contract funds, the procurement shall be conducted in accordance with any applicable mandatory Federal or State laws and regulations which are not reflected in this policy. Nothing in this policy shall prevent the City of Saint Peter from complying with the terms and conditions of any grant, gift, or bequest which are otherwise consistent with law.

To facilitate a sound and cost-effective purchasing operation, all purchases shall be of a quality to suit the intended purpose at the lowest possible cost.

The City Administrator shall be the designated purchasing agent of the City of Saint Peter. Purchases for the requirements of the City are made for each department through the City Administrator’s office or his/her designee. The success of the purchasing function and the mutual benefits derived are contingent upon the cooperation of all City departments.

Purchase authorization should be sought far enough in advance to allow for delivery prior to actual need. Ideally, similar purchases by various departments should be aggregated on one purchase order to allow for better unit prices and lower delivery costs. Purchases shall not be split in order to circumvent any provision of this policy or applicable Minnesota State Statutes.

DISCRETIONARY AUTHORITY

Competitive purchases shall not be made on the sole basis of low quotation. Said purchases shall be based upon factors such as life-cycle costs, quality, delivery period, and availability of goods and maintenance service, as determined by discretion herein given.

GENERAL INFORMATION

Whenever possible and as outlined below, competitive prices shall be obtained for the purchase of materials, equipment or services. Generally, the greater the value of the purchase, the more formal the method used.

The following procurement methods shall be used and in all cases, a written record shall be made and preserved by the City Administrator’s Office.

Adopted: 10/22/2012
<table>
<thead>
<tr>
<th>Level of Purchase</th>
<th>Procurement Method</th>
</tr>
</thead>
<tbody>
<tr>
<td>$1 to $500</td>
<td>Direct purchase</td>
</tr>
<tr>
<td>$501 to $1,000</td>
<td>Verbal Quotations</td>
</tr>
<tr>
<td>$1,001 to $10,000</td>
<td>Three Written Quotations (requested verbally)</td>
</tr>
<tr>
<td>$10,001 to $50,000</td>
<td>Formal Written Proposals (requested in writing*)</td>
</tr>
<tr>
<td>Exceeding $50,000</td>
<td>Formal Bids</td>
</tr>
</tbody>
</table>

*Written requests for proposals should be provided to three or more vendors or service providers. The information must also be included on the “public notices” section of the City website. The request must require the vendor/provider to submit their proposal in writing with the signature of the vendor or service provider included.

For purchases up to and including $50,000 the City Administrator shall have discretion as to whether a Performance Bond is required and/or the amount of that Bond.

Opportunity to do business with the City shall be provided to all responsible vendors. To this end, the City Administrator’s office shall develop and maintain a directory of potential vendors for various types of supplies, equipment and services. Any responsible vendor may be included in the directory upon written request. The directory shall be used to develop a mailing list for distribution of purchase specifications and invitations to bid.

In the event local and non-local proposals for goods and services of like amount, quality and availability exist at the same price, the local proposal shall be accepted. Local vendors are hereby defined as those business establishments that have a significant portion of their physical plant located within the corporate boundaries of the City of Saint Peter.

**PURCHASES OVER $50,000**

**FORMAL BIDS M.S. 471.345 SUBD. 4 PROCEDURE**

**Notice to Bidders** - Notice inviting sealed competitive bids shall be published in the official newspaper of the City at least ten (10) days before the final date for submitting bids thereon. Such notice shall cite the specifications on the supplies, materials, equipment or construction project or other matter to be contracted for and shall state the amount of bond or other security, if any is to be required, to be given with the bid and the amount of bond or security to be given with the contract. The notice shall state the time limit, the place of filing and the time of opening bids and shall also state that the right is reserved to reject any or all bids. Any consideration or award of the contract shall also be stated in general terms.

**Solicitation and Posting** - The purchasing agent shall also solicit bids from such qualified prospective vendors that are reasonably known to the purchasing agent.

**Bid Security Deposit** - This deposit shall be in the form of a certified or cashier’s check or a bond written by a surety company authorized to do business in the State of Minnesota. The amount of such security shall be expressed in terms of percentage of the bid submitted. Unless fixed by the City Council, the City Administrator shall prescribe the amount of any security to be deposited with any bid. The City Administrator shall be authorized to waive the bid security requirement for purchase of materials under $100,000.

**Bid Opening** - Bids shall be opened in public at the time and place designated in the notice requesting bids. Original bid documents shall be referred to the Office of the City Administrator to be examined and tabulated and shall be reported to the City Council with a recommendation.

Adopted: 10/22/2012
After opening, all bids shall be available for inspection and kept on file by the City Administrator's office.

**Award of Bid** - Provided that the City Council shall find any of the bids satisfactory, the Council shall award the contract to the lowest responsible bidder unless the Council shall determine that the public interest will be better served by accepting a higher bid. The Council shall have the right to reject any or all bids and to waive irregularities in bidding and to accept bids which do not conform in every respect to the bidding requirements. Upon satisfying itself that the conditions have been met, the Council may award the contract by resolution.

**Written Contract** - All formal bid awards shall be made the subject of written contract. A purchase order alone shall be a sufficient written contract only in cases where the expenditure is in the usual and ordinary course of the City's affairs. In no case shall a purchase order be sufficient for the construction of Public Works or the contracting for supplies or services over any period of time or where the quality of the goods or materials or the scope of the services bargained for is not wholly standardized.

**Bidder's Security** - All bid bonds or certified or cashier's checks may be retained by the City Administrator's Office until the contract is awarded and executed. If any successful bidder fails or refuses to enter into the contract awarded to him/her in the time specified after the same has been awarded, or file any bond required within the same time, the deposit accompanying his bid shall be forfeited to the City, and the City Council at its discretion may award the contract to the next lowest competent bidder unless the Council shall determine that the public interest will be better served by accepting a higher bid, or said contract may be re-advertised.

**Performance Bond** - At the time a contract is executed the contractor shall file a bond executed by a surety company authorized to do business in the State of Minnesota, to the City, conditioned upon the performance of said contract and saving the City harmless from all losses or damages caused to any person or property by reason of any carelessness or negligence by the contract and from all expense of inspection, engineering, and otherwise, caused by the delay in the completion of any improvement. The bond shall further be conditioned to pay all laborers, mechanics, subcontractors and material suppliers as well as all just debts and demands incurred in the performance of such work. Unless fixed by the City Council, the City Administrator shall prescribe the amount of the performance bond and in the case of construction contracts, the amount of the labor and materials bond to be required of the successful bidders. For purchases up to and including $100,000 the City Administrator shall have the discretion as to whether a Performance Bond is required and the amount of that Bond. For purchases or contracts over $100,000, the regulations contained in Minnesota Statutes shall apply as those regulations relate to publication, bonding, and bid security.

Adopted: 10/22/2012
PURCHASE ORDERS

Approval for purchases shall be granted following the submission of a purchase order and shall be processed in accordance with administrative procedures. The purchase order serves to define the approximate quantity and intended use of requested materials, supplies and services and to provide better control over financial resources. The purchase order also serves to inform the Finance Department of pending financial obligations.

Purchase authorization should be sought far enough in advance to allow for delivery prior to actual need. Ideally, similar purchases by various departments should be aggregated on one purchase order to allow for better unit prices and lower delivery costs. Purchases shall not be split in order to circumvent any provision of this policy or applicable Minnesota State Statutes.

Purchase orders shall be prepared on four-part forms in ascending numerical order. The yellow copy shall be retained by the department initiating the purchase order. The Finance Department (Accountant) shall retain the blue copy in a numerical file. The pink and white copies will be returned to the department initiating the purchase order. The white copy shall be forwarded to the vendor and the pink copy shall be attached to all properly reconciled invoices when received and forwarded to the Finance Department for payment.

In all cases, purchase orders for items exceeding the budget shall be signed by the below named individuals.

**Purchases $1 to $500** - All budgeted purchases between $1.00 and $500 may be initiated without a purchase order subject to Foreman or Department Superintendent verbal approval.

**Purchases $501 to $1,000** - All budgeted purchases between $501 and $1,000 may be initiated without a purchase order subject to Department Superintendent or Department Director verbal approval.

**Purchases $1,001 to $7,500** - All budgeted purchases between $1,001 to $7,500 shall be initiated by a purchase order signed by the requisitioner, Department Director, Finance Director, and City Administrator prior to the purchase of any items.

**Purchases $7,501 to $30,000** - All budgeted purchases between $7,501 to $30,000 shall be initiated by a purchase order signed by the requisitioner, Department Director, Finance Director, and City Administrator and presented to the City Council on the Consent Agenda for approval prior to the issuance of a purchase order. Documentation shall include unit costs, names of all vendors supplying quotes, names of all vendors contacted to provide quotes, costs including shipping and taxes.

**Purchases $30,001 to $50,000** - All budgeted purchases between $30,001 to $50,000, shall be initiated by a purchase order signed by the requisitioner, Department Director, Finance Director, and City Administrator and presented to the City Council as an agenda action item for approval prior to the issuance of a purchase order. Documentation shall include unit costs, names of all vendors supplying quotes, copies of the quotes submitted, names of all vendors contacted to provide quotes, and costs including shipping and taxes.

**Purchases over $50,000** shall be initiated as a formal bid request and staff shall follow the procedure for receipt of bids outlined in this document.

Adopted: 10/22/2012
BLANKET PURCHASE ORDER

To avoid excessive paperwork and administrative delays, frequently used vendors may be issued a blanket purchase order with a designated spending limit not to exceed twelve (12) months of normal purchases. Departments may then purchase various supplies on a daily basis within the designated spending limit. However, no one item purchased via a blanket purchase order may exceed $1,000.

Blanket purchase orders may be issued only upon receipt of a properly executed purchase order that identifies the designated spending limit. Department Directors shall provide the vendor with a list of employees authorized to purchase via the blanket purchase order. It shall be the Department Director and vendor’s responsibility to abide by the designated spending limit.

Adopted: 10/22/2012
RECEIPT/RETURN OF MATERIALS

All vendor issued packing slips or other pertinent documentation shall be given to the Finance Department and attached to the appropriate purchase order for future reference.

A returned materials report identifies items returned to a vendor due to damage or other valid reason of non-acceptance. Issuance of a returned materials report should be acknowledged by the vendor by a credit memorandum.

INVOICES

An invoice is the means by which a vendor informs the City of its financial obligation. Invoices should contain an itemization of quantities and charges for supplies, materials, or services furnished to the City as well as special conditions such as discounts and due dates.

Upon receipt of an invoice, the Finance Department shall reconcile the purchase order, packing slips, returned materials reports and credit memorandums to the invoice. Any and all discrepancies in quantities and costs must be reconciled by the Department Director before an invoice is forwarded to the Finance Department for payment.

At appropriate intervals, the Finance Department shall prepare a schedule of invoices payable for Council review and approval. Payment shall be made following Council approval except that the Finance Department is hereby granted authority to make prior payment to take advantage of allowable discounts or for other necessary reasons as determined by the Finance Director.

PETTY CASH

It is the City's policy to hold petty cash purchases to a minimum. No employee may make such a purchase without prior authorization of his/her Department Supervisor or Department Director. Such purchases are generally paid for by the employee who then secures reimbursement from the petty cash fund. The number and size of petty cash funds shall be designated by the Finance Director. The Department Director of any Department maintaining a petty cash fund shall be responsible for the administration of such fund.

Each petty cash fund shall be maintained on an "imprest" system which requires that each disbursement must be supported by proper documentation. Replenishment of petty cash funds will be made by submitting a report of disbursements along with supporting documentation to the Finance Department for payment processing. Each petty cash fund will be audited by the Finance Department periodically.

Petty cash purchases are to be held under forty dollars ($40) whenever practical. Expenses for travel, schools, luncheons, etc. should not normally be reimbursed by the petty cash fund, but rather submitted on an Expense Reimbursement Form.

EMERGENCY PURCHASES

Emergency purchases are to be made only when normal operations of a department would be hampered significantly by delays resulting from the submission of a purchase order or when property, equipment, or lives are endangered through unexpected circumstances.

Adopted: 10/22/2012
In the case of an emergency, a Department Director may purchase directly any budgeted supplies, materials, or services necessary to alleviate the emergency. Every effort shall be made to contact the City Administrator or Finance Director if emergency expenditures exceed the budget or are unbudgeted, whether the emergency occurs during normal working hours or not. The emergency, following its abatement, shall be explained on a purchase order and submitted to the City Administrator.

**GRATUITIES AND KICKBACKS**

It shall be unethical for any person to offer, give or agree to give any employee or former employee, or for any employee or former employee to solicit, demand, accept or agree to accept from another person a gratuity or an offer of employment in connection with any decision, approval, disapproval, recommendation, preparation or any part of a program requirement or a purchase request, influencing the rendering of advice, investigation, auditing or any other advisory capacity in any proceeding or application, request for ruling, determination, claim or controversy, or other particular matter, pertaining to any program requirement or a contract or subcontract, or to any solicitation or proposal therefor.

**EMPLOYEE CONFLICT OF INTEREST**

It shall be unethical for any employee to participate directly or indirectly in a procurement when the employee knows that:

(a) the employee or any member of the employee's immediate family has a financial interest pertaining to the procurement; or

(b) any other person, business or organization with whom the employee or any member of the employee's immediate family is negotiating or has an arrangement concerning prospective employment is involved in the procurement.

An employee or any member of the employee's immediate family who holds a financial interest in a disclosed blind trust shall not be deemed to have a conflict of interest with regard to matter pertaining to that financial interest. No purchase shall be made which would violate Minnesota State Statutes pertaining to elected officials' conflict of interest.
May 15, 2018

City of Saint Peter
Sally Vogel, Director of Finance
Todd Prafke, City Administrator
227 South Front Street
Saint Peter, MN 56082

RE: 2018 Hospital Expansion Project

Honorable Mayor, Council members, Director Vogel, and Administrator Prafke:

For some time we have been working with staff and Council on the financing plan for the proposed remodel/expansion of the River’s Edge Hospital & Clinic. A part of the plan included the refinance of the 2008B Hospital Revenue Bonds that were issued to fund a portion of the construction cost of the Medical Office Building located on the hospital campus. That portion of the plan has now been completed and we are moving on to the next components of the finance plan.

The Letter of Conditions provided by the United States Department of Agriculture (USDA) establishes a budget for the remodel/expansion project and the refinance of the 2010A Bonds which includes the following:

<table>
<thead>
<tr>
<th>Project Costs:</th>
<th>Total Budgeted:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Construction</td>
<td>$21,777,000</td>
</tr>
<tr>
<td>Sitework</td>
<td>2,225,000</td>
</tr>
<tr>
<td>Contingencies</td>
<td>1,928,000</td>
</tr>
<tr>
<td>Equipment &amp; Furnishings</td>
<td>4,745,000</td>
</tr>
<tr>
<td>Architectural &amp; Engineering</td>
<td>1,955,000</td>
</tr>
<tr>
<td>Project Management</td>
<td>800,000</td>
</tr>
<tr>
<td>Legal &amp; Administration</td>
<td>370,000</td>
</tr>
<tr>
<td>Refinance of 2010A Bonds</td>
<td>9,670,000</td>
</tr>
<tr>
<td>Capitalized Interest</td>
<td>1,970,000</td>
</tr>
<tr>
<td>Costs of Issuance</td>
<td>436,000</td>
</tr>
</tbody>
</table>

**TOTAL USES:** $45,876,000

The sources of project funding as outlined in the same letter of conditions includes the following:

<table>
<thead>
<tr>
<th>Project Funding Source:</th>
<th>Funding Amount:</th>
</tr>
</thead>
<tbody>
<tr>
<td>USDA Direct Loan</td>
<td>$33,320,000</td>
</tr>
<tr>
<td>Private Long-Term Lending</td>
<td>5,000,000</td>
</tr>
<tr>
<td>Hospital Cash Contribution</td>
<td>7,556,000</td>
</tr>
</tbody>
</table>

**TOTAL SOURCES:** $45,876,000

As USDA will not serve as a construction lender, the City is required to obtain temporary financing for most of the project costs funded by the USDA Direct Loan. The refinance of the 2010A Bonds will not be accomplished until the closing occurs on the USDA Direct Loan, so that portion of the project cost will not be included in the required temporary financing.
At this time the process for putting up to $24 million in temporary construction lending (Bond Anticipation Notes, Series 2018B) and the permanent private lending of $5 million (Healthcare Revenue Bonds, Series 2018C) is being initiated. Robert W. Baird and Company (Baird) has been engaged as underwriter/placement agent of a direct purchase sale of both of these project financing components. Baird has collected sufficient information and has initiated contacts with investors that may have an interest in the project. The calendar for implementing both financing components includes the following:

<table>
<thead>
<tr>
<th>Date</th>
<th>Entity</th>
<th>Action</th>
</tr>
</thead>
<tbody>
<tr>
<td>May 21, 2018</td>
<td>Council</td>
<td>Project discussion and review of parameters resolutions</td>
</tr>
<tr>
<td>May 23, 2018</td>
<td>Hospital Commission</td>
<td>Project discussion and recommendation to Council</td>
</tr>
<tr>
<td>May 29, 2018</td>
<td>Council</td>
<td>Adopt parameters resolutions</td>
</tr>
<tr>
<td>Week of 6/4</td>
<td>Pricing Committee</td>
<td>Receive financing proposals. If acceptable, sign bond purchase agreements.</td>
</tr>
<tr>
<td>June 11, 2018</td>
<td>Council</td>
<td>Adopt Award Resolutions</td>
</tr>
<tr>
<td>Week of June 25</td>
<td>Staff</td>
<td>Closing</td>
</tr>
</tbody>
</table>

Enclosed for Council discussion at its May 21, 2018 work session and proposed for adoption at the May 29, 2018 City Council meeting are two draft parameters resolutions authorizing the execution of bond purchase agreements for the 2018B and 2018C Notes/Bonds. The resolutions establish parameters for the execution of a bond/note purchase agreement for each of the financing components by the Mayor and City Administrator. Council would then be asked to ratify those actions at the June 11, 2018 regular meeting.

Please feel free to contact me with any questions regarding the information provided. Thank you for your time and consideration.

Sincerely,

Shannon Sweeney, Associate
David Drown Associates, Inc.
CITY OF SAINT PETER, MINNESOTA

RESOLUTION NO. 2018 -

STATE OF MINNESOTA)
COUNTY OF NICOLLET)
CITY OF SAINT PETER)

RESOLUTION APPROVING THE AUTHORIZATION FOR THE ISSUANCE OF
UP TO $24,000,000 OF HEALTHCARE BOND ANTICIPATION NOTES SERIES 2018B
IF CERTAIN TARGETS ARE MET

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF SAINT PETER, NICOLLET
COUNTY, MINNESOTA, (herein, the "CITY") THAT:

1. The City Council hereby finds and declares that it is necessary and expedient to sell and
issue its fully registered Healthcare Bond Anticipation Notes Series 2018B in the total
aggregate principal amount of not to exceed $24,000,000 (herein, the "Notes"). The
proceeds of the Notes will be used, together with any additional funds of the City, for
funding the 2018 Hospital Expansion Project.

2. The City Council desires to proceed with the sale of the Note by direct negotiation and
hereby authorizes David Drown Associates, Inc. (herein, "DDA") to negotiate on behalf
of the City.

3. The Mayor and the City Administrator are hereby authorized to approve the sale of the
Notes in an aggregate principal amount not to exceed $24,000,000 and to execute a
purchase agreement for the purchase of the Notes provided the net effective interest
rate is less than 4.25%.

4. Upon approval of the sale of the Notes by the Mayor and the City Administrator, the City
Council will take action at its next regularly scheduled meeting thereafter to adopt the
necessary approving resolutions as prepared by the City's bond counsel.

5. DDA is authorized to secure a credit rating if required for a sale as directed by City staff.

6. If the Mayor and City Administrator have not approved the sale of the Notes and
executed the related purchase agreement by August 1, 2018 this resolution shall expire.

Adopted by the City Council of the City of Saint Peter, Nicollet County, Minnesota, this ___ day of
__, 2018.

__________________________
Charles Zieman
Mayor

ATTEST:

__________________________
Todd Prafke
City Administrator
RESOLUTION APPROVING THE AUTHORIZATION FOR THE ISSUANCE OF
UP TO $5,000,000 OF HEALTHCARE REVENUE BONDS SERIES 2018C
IF CERTAIN TARGETS ARE MET

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF SAINT PETER, NICOLLET COUNTY, MINNESOTA, (herein, the "City"), THAT:

1. The City Council hereby finds and declares that it is necessary and expedient to sell and issue its fully registered Healthcare Revenue Bonds, Series 2018C in the total aggregate principal amount of not to exceed $5,000,000 (herein, the "Bonds"). The proceeds of the Bonds will be used, together with any additional funds of the City, for funding the 2018 Hospital Expansion Project.

2. The City Council desires to proceed with the sale of the Bonds by direct negotiation and hereby authorizes David Drown Associates, Inc. (herein, "DDA") to negotiate on behalf of the City.

3. The Mayor and the City Administrator are hereby authorized to approve the sale of the Bonds in an aggregate principal amount not to exceed $5,000,000 and to execute a purchase agreement for the purchase of the Bonds provided the net effective interest rate is less than 5%.

4. Upon approval of the sale of the Bonds by the Mayor and the City Administrator, the City Council will take action at its next regularly scheduled meeting thereafter to adopt the necessary approving resolutions as prepared by the City's bond counsel.

5. DDA is authorized to secure a credit rating if required for a sale as directed by City staff.

6. If the Mayor and City Administrator have not approved the sale of the Bonds and executed the related purchase agreement by August 1, 2018 this resolution shall expire.

Adopted by the City Council of the City of Saint Peter, Nicollet County, Minnesota, this ___ day of ___, 2018.

Charles Zieman
Mayor

ATTEST:

_______________________________
Todd Prafke
City Administrator
Memorandum

TO: Honorable Mayor Zieman
    Members of the City Council
FROM: Todd Prafke
       City Administrator
RE: Drug Free Workplace/Harassment Policy Training

ACTION/RECOMMENDATION

None needed. For Council review and training only.

BACKGROUND

City Councilmembers are considered employees of the City and as such, each of you are subject to various provisions of the Employee Personnel Policy including the Drug Free Workplace Policy and the Harassment Policy.

The workshop agenda includes Councilmember training on each of these policies and these portions of the Personnel Policy are attached for your knowledge. A similar training effort for other staff is made as a part of “all staff” meetings on a periodic basis.

My goal for your meeting is to treat this like a training session and not a policy discussion. This is a holdover from your first goal session of the year that was cut short.

Please feel free to contact me if you have any questions or concerns on this agenda item.

TP/bal
IV. SEXUAL HARASSMENT

The City of Saint Peter maintains that all employees will have a right to a workplace free of verbal and or physical sexual harassment. The term “sexual harassment” includes unwelcome sexual advances, requests for sexual favors, sexually motivated physical contact or communication of a sexual nature when:

1. Submission to that conduct or communication is made a term or condition, either explicitly or implicitly, of obtaining employment; and/or

2. Submission to, or rejection of that contact or communication by an individual is used as a factor in decisions affecting that individual’s employment; and/or

3. That conduct or communication has the purpose or effect of unreasonably interfering with an individual’s employment or creating an intimidating, hostile, or offensive employment environment; and the employer knows or should know of the existence of the harassment and fails to take timely and appropriate action.

Any employee who believes that they are being sexually harassed in any form or who believes they have witnessed sexual harassment shall immediately report the conduct to their immediate supervisor, to their Department Director or to the City Administrator. Sexual harassment complaints shall be processed pursuant to the City’s Affirmative Action complaint procedure. Such procedures shall be modified to include the following additional requirements:

1. If, when a complaint of sexual harassment is initiated, the employee states that the employee is unable to function in the worksite from which the complaint arose, the City shall conduct a preliminary investigation within two (2) calendar days or reasonable extension thereof. If this preliminary investigation establishes that a reasonable basis exists for the employee’s concern about continuing in the work situation, the City shall take intervening action to defuse the situation which may include temporary reassignment of either party to the complaint until such time as the complaint is fully investigated, there is a finding, and corrective action, if required, is implemented.

2. Within the time limit set forth in the affirmative action complaint procedures, but not to exceed thirty (30) days, the City shall conduct a full investigation and prepare a report along with designated actions to be taken to remedy the complaint. Reprisal against a complaining employee or a witness is strictly prohibited.

Nothing herein shall be construed as limiting in any way an employee’s right to file a charge of sexual harassment with the Minnesota Department of Human Rights, the federal Equal Employment Opportunity Commission, or a court of appropriate jurisdiction.
EXEMPLARY FROM CITY OF SAINT PETER PERSONNEL POLICY

VII. EMPLOYMENT PROCEDURES AND POLICIES.

DRUG FREE WORKPLACE

Employees are entrusted to safely carry out their job duties. Use and/or abuse of drugs or alcohol jeopardize the health, safety, and well-being of the individual user, all City employees, and also endangers the safety of the general public. In addition, the City must comply with all federal and state regulations that require affirmative actions to eliminate the impact of the misuse of alcohol and drugs in the workplace.

The City of Saint Peter Drug Free Workplace Policy, which includes provisions calling for the use of drug and alcohol testing under certain circumstances, has been implemented to keep the workplace free from drug and alcohol influenced employees.

The overall goal of the policy is to ensure a drug free workplace environment that in turn will reduce accidents and injuries in City operations.

Intent of Policy - The intent of this policy is for the City to maintain a drug free workplace for all of its employees and the public. The City and its employees will provide a drug free workplace by adhering to the following regulations:

1. The distribution, sale, manufacture, possession or use of alcohol, drugs, controlled substances, drug paraphernalia, or any combination thereof is prohibited in the workplace.

2. Any employee convicted of manufacturing, using, selling, distributing or possessing a controlled substance or failing to comply with any drug free workplace requirement may be subject to immediate disciplinary action up to and including discharge, and/or may be required to participate in chemical dependency treatment.

3. Any employee desiring information concerning drug abuse counseling and/or rehabilitation programs should contact the City Administrator’s Office or their Department Director for this information and additional resources.

4. Any employee convicted of manufacturing, using, selling, distributing or possessing a controlled substance while employed by the City of Saint Peter shall notify the City Administrator’s Office within five (5) days of the conviction.

5. The City of Saint Peter, as the employer, is required to report any workplace drug crimes to the United States Department of Labor within ten (10) days of conviction.

Non-Discrimination - The City’s policy on work-related substance abuse is non-discriminatory in intent and application. In accordance with Minnesota Statutes, Chapter 363, disability does not include any condition resulting from alcohol or other drug abuse which prevents a person from performing essential functions of the job or creates a direct threat to property or the safety of individuals.
Prohibitions/Requirements - During work hours or while on the City's premises, no employee shall use, sell, manufacture, possess or transfer any illegal drug, alcohol, controlled substance, or any prescription drug, except as medically prescribed and directed and which does not adversely affect work performance.

(1) No employee shall report to work under the influence of illegal drugs, alcohol, controlled substances or other prescription drugs which adversely affect their alertness, reaction, response, judgment, decision-making, or safety.

(2) No employee shall operate, use, or drive any equipment, machinery, or vehicle of the City while under the influence of illegal drugs, alcohol, controlled substances, or other mood-altering drugs. Such employee is under an affirmative duty to immediately notify his/her supervisor that he/she is not in an appropriate mental or physical condition to operate, use, or drive City equipment or his/her personal vehicle while on City business.

(3) During work hours, including rest and lunch breaks, or while on the City's premises, no employee shall use, sell, possess, or transfer alcoholic beverages.

(4) The required transportation or possession of illegal drugs, alcohol, or controlled substances as a result of performing official peace officer duties or undercover operations by order of the Chief of Police are not considered in violation of this policy.

(5) Supervisors shall notify the appropriate law enforcement agency when they have reasonable suspicion to believe that an employee may have illegal drugs in their possession at work or on City premises.

(6) Any employee engaging in the off-duty manufacture, sale, transfer, use, or possession of illegal drugs or controlled substances is subject to discipline up to and including discharge.

Data Disclosure - The City will not disclose individual test result reports and other information acquired in the drug or alcohol testing process to another employer or to a third party individual, governmental agency, or private organization without the written consent of the employee tested, unless permitted by law or court order. Questions in this area shall be directed to the City Administrator's Office.

Testing Procedures - Any alcohol and/or drug testing undertaken by the City shall be in accordance with Minnesota Statutes 181.950-.957 (1996), the Minnesota Drug and Alcohol Testing in the Workplace Act as amended and all applicable Federal regulations.

Any employee that has a confirmed positive drug or alcohol test will be removed from his/her position, informed of educational and rehabilitation programs available and referred to a Substance Abuse Professional (SAP) for assessment. The employee may be subject to disciplinary action up to and including discharge. A negative-dilute result for drugs and/or alcohol will be subject to a retest.

Required Drug and Alcohol Testing

(1) Pre-Employment Testing. Applicants for positions that will require pre-
employment drug and alcohol testing shall be notified of the required testing at the time of application for the position. Pre-employment drug and alcohol testing will be given after a conditional offer of employment has been made. Receipt of a negative drug test result is required prior to employment.

(2) **Reasonable Suspicion Testing.** All employees may be subject to drug and alcohol testing if the City has a reasonable suspicion that the employee:

(a) Is under the influence of drugs or alcohol;

(b) Has violated the City's Drug Free Workplace policy;

(c) Has sustained a personal injury arising out of and in the course of employment, or has caused another employee to sustain a personal injury;

(d) Has caused a work-related accident or was operating or helping to operate machinery, equipment, or vehicles involved in a work-related accident.

A reasonable suspicion referral for testing will be made on the basis of specific facts and rational inferences drawn from those facts.

(3) **Routine Physical Examination Testing.** An employee may be required to undergo drug and alcohol testing as part of a routine physical examination which will occur not more than once annually. The employee will be given two weeks written notice that a drug or alcohol test is being required as part of the physical examination.

(4) **Random Testing.** Non-safety sensitive employees are not subject to random drug and alcohol testing procedures. However, an employee who tests positive will undergo random drug tests outlined in the Treatment Program Testing of this policy.

(5) **Return-to-Duty Testing.** Employees who previously tested positive on a drug or alcohol test must test negative for drugs and alcohol and be evaluated and released by the SAP before returning to work. Following the initial assessment, the SAP will recommend a course of rehabilitation unique to the individual. The SAP must assess the employee and determine if the required treatment has been completed. The SAP should schedule the return-to-duty test only when the employee is known to be drug and alcohol free and there is no risk to public safety.

(6) **Treatment Program Testing.** The City may request or require an employee to undergo drug and alcohol testing if the employee has been referred by the City for Chemical dependency treatment or evaluation or is participating in a chemical dependency treatment program under an employee benefit plan. In this case, the employee may be requested or required to undergo drug or alcohol testing without prior notice during the evaluation or treatment period and for up to two (2) years following completion of any prescribed chemical dependency treatment program.
(7) **Critical Incident Testing.** (For Law Enforcement Personnel) A law enforcement employee may be subject to a drug and alcohol test under the following situations:

(a) When an employee, during the performance of their duty, is involved in an incident in which the employee has discharged a firearm outside of training.

(b) When an employee is involved in a vehicle pursuit, as defined by Minnesota Statute 609.487 and Minnesota Statute 626.5532 as amended that results in death or personal injury.

**Employee Rights During Drug and/or Alcohol Testing** - If an employee or job applicant refuses to take an alcohol or drug test, no test shall be given. However, if an employee refuses a test, they will be considered insubordinate and will be subject to disciplinary action, up to and including discharge. A job applicant who refuses to take a drug or alcohol test shall be deemed to have withdrawn their application for employment. No employee or job applicant who refuses to undergo drug or alcohol testing of a blood sample upon religious grounds shall be deemed to have refused unless the employee or job applicant also refuses to undergo drug or alcohol testing of a urine sample.

An employee or job applicant has a right to offer the City a written explanation of a positive test result on a confirmatory test within three (3) working days after employer notice of the positive test result. They also have the right to request within five (5) working days after employer notice of a positive test result a confirmatory retest of the original sample at another licensed testing laboratory at the employee’s or job applicant’s own expense.

In the event of a positive test, the employee shall be suspended from duty without pay. Should the confirmatory test result show positive, the employee will be considered to have violated the policy. Should the confirmatory test result show negative, the employee will be returned to full duty status and will be paid as if working for the suspended period.

**Consequences of Violations** - Each situation will be reviewed on a case-by-case basis evaluating the severity and circumstances involved. An employee violating this policy may be referred to treatment in accordance with Minnesota Statutes 181.950-957 and/or subject to disciplinary action up to and including discharge.

**Employee Notification of Drug and Alcohol Free Workplace Policy** - The City will provide a copy of this policy to every employee currently employed by the City. New employees of the City will receive a copy of this policy with their orientation materials. Every job applicant subject to drug and alcohol testing will be given a copy of this policy prior to any testing. Copies of this policy and applicable Minnesota Statutes are available for inspection by appointment during regular business hours in the City Administrator’s Office.

**OFF-DUTY RESPONSE**
**Purpose** - The purpose of this policy is to provide guidance to employees and volunteers of the City of Saint Peter on off-duty response when they have consumed alcoholic beverages or are under the influence of prescription or over the counter drugs. The policy applies to all employees and volunteers of the City who are subject to or are occasionally summoned for duty when off-duty.

**Policy** - It is the policy of the City that no employee or volunteer will perform their official duties when they are under the influence of an alcoholic beverage, illegal drugs or physician prescribed drugs which may prohibit an employee or volunteer from performing their official duties. This policy applies whether the employee/volunteer is on-duty or off-duty. For the purpose of this policy, "fit for duty" shall be defined as:

"A determination that the employee or volunteer is capable of performing ALL essential job functions."

There may be times when an employee or volunteer has consumed alcoholic beverages and is summoned (paged or called) for duty. The member shall do the following when summoned for duty after they have consumed alcoholic beverages:

1. Make their own assessment whether they are “fit for duty” based on the quantity of alcoholic beverages consumed and the time since the consumption.

   If the employee or volunteer does not feel they are “fit for duty,” they shall not respond to the call for duty. If there is a doubt on their fitness for duty, the employee/volunteer shall not respond. If the summoning is done by “group page,” there is no need for an individual response. If the employee or volunteer is summoned individually, they shall advise their supervisor or the supervisor making the request for the off-duty response of the fact the employee/volunteer will not be responding in keeping with this policy.

2. If the employee or volunteer is satisfied that they are “fit for duty,” then they may respond to the request for an off-duty response. Immediately upon arriving at the work location, the employee/volunteer shall report to a supervisor and advise the supervisor of their condition. The supervisor will make a “confirmation” assessment and either clear the employee/volunteer for duty or ask them to leave the work location. If there is no departmental supervisor on duty, the employee/volunteer is to summon the department supervisor on duty.

3. Employees or volunteers who are taking prescription or over the counter drugs shall abide by the restrictions for the drug(s) being taken. If the restrictions preclude the employee/volunteer from operating equipment or working when taking the drug(s), the employee/volunteer shall not respond to call(s) for off-duty responses.

4. Supervisors who are notified by employees/volunteers responding under this policy shall evaluate each individual and note the report by the employee/volunteer as part of the critique of the incident. A decision of a supervisor, after making an evaluation, that the employee/volunteer is “unfit for duty” shall be binding on the employee/volunteer.

5. If an employee/volunteer is judged to be “unfit for duty” and not capable of
returning home, the supervisor shall insure the employee/volunteer is provided transportation to his/her home. No disciplinary action will be taken against an employee/volunteer who responds in good faith and is judged to be "unfit for duty" by a supervisor. Employees/volunteers who respond in an obvious state of intoxication are subject to enforcement action. If the employee/volunteer is eligible for remuneration for the off-duty response, no remuneration or credit will be granted if the employee/volunteer is judged unfit for duty.

Drug Free Workplace Policy adopted July 9, 2007