Business Item

Management Committee

Committee meeting date: October 22, 2025 **For the Metropolitan Council:** November 12, 2025

Business Item: 2025-261

2025 Policy Update: FM 14-2

District(s), member(s):	All
Policy/legal reference:	FM 14-1 Procurement Policy; FM 14-2 Expenditures for the Procurement of Goods, Services, and Real Estate
Staff prepared/presented:	Jody Jacoby, Chief Procurement Officer, Procurement 651-602-1144
Division/department:	Regional Administration/Procurement

Proposed action

That the Metropolitan Council adopt the attached version of the following policy:

- FM 14-2 Expenditures for the Procurement of Goods, Services and Real Estate Policy

These policy changes are driven by the need to update thresholds that were last changed more than a decade ago.

The changes to FM 14-2 increase the Regional Administrator's (RA's) signature authority from $500,000 to $2 million. This allows the RA to authorize new contracts for goods and services up to the new $2 million threshold, including amendments up to 10% of the original contract price (aggregate). The RA will also be authorized to acquire real property, and interests in real property, for amounts not exceeding $2 million. The RA's authority to enter into construction contracts remains the same at $10 million.

Background

Internal policy to increase the RA's signature authority has historically been updated approximately every 12-15 years. These periodic increases allow the signature authority to keep up with inflation, market increases, and the need for greater procurement efficiency. The RA's signature authority for non-construction purchases is currently set at $500,000 total contract value as established in 2013 via Business Item 2013-268; any new award (including amendments) above that dollar value must be approved by the appropriate Committee and by the Metropolitan Council, which adds an average of 89 days to the Procurement Action Lead Time (PALT). An analysis of the past 10 years of award data showed that an increase to the RA's signature authority would have reduced the number of contracts that went before Council by approximately 50%.

Rationale

The increase to the RA's signature authority will shorten lead times and will allow Committees and Council to focus their energies, efforts, and discussion on the highest value contract actions. Operational divisions will be able to serve the public more nimbly and respond to time-sensitive matters more quickly as a result of a more agile procurement process. Shortening procurement lead times also helps the vendor community more effectively allocate their resources. With the RA's signature authority having last been increased 12 years ago, this is a sensible opportunity to revisit the RA's current signature authority. All procurements remain subject to applicable federal and state laws, Council policies, and periodic review.

Thrive lens analysis

On Feb. 12, 2025, the Council adopted Imagine 2050, which builds on policy direction in Thrive MSP 2040. Under the Thrive lens, this action advances the outcomes of Stewardship, Equity, and Prosperity. By expediting the procurement process, the needs of operational divisions and the public will be met more quickly; small and disadvantaged businesses will be more likely and more able to participate in the competitive process; prices will be more stable and predictable; and Metropolitan Council staff will have more resources to devote to higher-value tasks. Shortening procurement lead times is good for Met Council operational divisions, Regional Administration staff, the public, and the vendor community.

Funding

No funding is tied to the proposed action.

Small business inclusion

The proposed changes will have positive impacts on the small businesses that work on Council projects by shortening procurement lead times, which in turn will help the small business community more efficiently and effectively schedule their operations.

POLICY

Expenditures for the Procurement of Goods, Services, and Real Estate Policy

FM 14-2

Category: Financial Management	
Business Unit Responsible: RA: Procurement	
Policy Owner: Chief Procurement Officer	
Policy Contact: Chief Procurement Officer	
Synopsis: Provides direction for managing and responsibly expending public funds of the Council	

POLICY

The Metropolitan Council will expend funds consistent with the public purpose doctrine, governing laws, rules, and regulations. Expenditures must be within the approved annual operating or capital budgets and consistent with established policies and procedures.

The Regional Administrator may delegate expenditure authority and develop expenditure procedures consistent with this policy. No expenditures may be made without approval by those with delegated expenditure authority. Any expenditures beyond the delegated limits must be approved by the Metropolitan Council.

Expenditures for the procurement of goods and services

The Regional Administrator is authorized to perform the actions identified below.

1. Accept or reject any offer for any procurement of goods or services valued at not more than $2,000,000.
2. Accept or reject any offer for any procurement of construction or design-build services valued at not more than $10,000,000 that meet these identified conditions:
    a. The project for which the services are required is included in the Metropolitan Council- adopted capital program.
    b. The amount of the offer the Regional Administrator would accept is less than the engineer's cost estimate plus 10% or a review of the engineer's estimate is evaluated to determine why it is over the 10% with General Manager or Executive Division Director approval.
    c. Sufficient funds are available in the capital budget to complete the resulting contract.
3. Set the micro purchase (or single bid) level in accordance with FM 14-1 Procurement Policy.

The Regional Administrator must ensure that a quarterly report is made to the Metropolitan Council, through the Management Committee, on all procurements valued between $175,000 and $500,000.

Expenditures for incremental amendments to contracts for goods and services

The Regional Administrator is authorized to amend contracts and increase the contract prices in the following amounts:

1. For any non-construction contract with an original contract price of $2,000,000 or less, the Regional Administrator, or staff as delegated, may increase the contract price by an aggregate amount not to exceed 10% of the original contract price.
2. For any non-construction contract with an original contract price of more than $2,000,000, the Regional Administrator may increase the contract price by an aggregate amount of up to 10% of the original contract price.
3. For any construction or design-build contract with an original contract price of $10,000,000 or less, the Regional Administrator, or staff as delegated, may increase the contract price by an aggregate amount not to exceed 10% of the original contract price.
4. For any construction or design-build contract with an original contract price of $10,000,000 or more, the Regional Administrator, may increase the contract price up to a maximum of 10%.
5. As otherwise delegated by the Metropolitan Council.

Emergency expenditures

The Regional Administrator is authorized to declare an emergency on behalf of the Metropolitan Council, if the Regional Administrator determines that an emergency situation exists. An emergency situation exists when:

1. The health, safety or welfare of the public, including Metropolitan Council employees or facilities, is compromised or potentially compromised and remedial action is necessary or desirable; or
2. A significant cost savings is immediately available through circumstances previously unknown and requires prompt action to take advantage of the situation.

The Regional Administrator may authorize appropriate contracts and payments necessary to meet the emergency situation provided that, if the cost to correct the emergency situation totals $175,000 or more, the emergency declaration shall also be presented to the appropriate committee for ratification no later than the next regular meeting.

Expenditures for the acquisition of real property

The Regional Administrator is authorized to acquire real property, and interests in real property, such as easements, leases, licenses, and permits, for amounts not exceeding $2 million.

Additionally, the following matrix incorporates the expenditure and approval thresholds for acquisition of real property and real property interests:

	Approval Threshold	Approver
Authorization to make initial offer to acquire real property	Over $2 million $500,001 to $2 million $200,001 to $500,000 Up to $200,000	Metropolitan Council Regional Administrator General Manager Delegated Staff
Settlements after initial offer before filing of a condemnation petition where the settlement amount is less than $2 million	$500,001 to $2 million $200,001 to $500,000 Up to $200,000	Regional Administrator General Manager Delegated Staff
Settlements after initial offer before filing of a condemnation petition where the settlement amount is over $2 million and the initial offer was approved by the Council	$2 million over initial offer $500,001 to $2 million over initial offer $200,001-$500,000 over initial offer Up to $200,000 over initial offer	Metropolitan Council Regional Administrator General Manager Delegated Staff
Settlements after initial offer before filing of a condemnation petition where the settlement amount is over $2 million and the initial offer was **not** approved by the Council	Settlement over $500,000 over initial offer Up to $500,000 over initial offer	Metropolitan Council Regional Administrator
Settlements after the filing of a condemnation petition	Metropolitan Council Bylaws, Article IV, Section F	Chair and Regional Administrator in consultation with the General Counsel

The above thresholds apply only to the acquisition of real property. The thresholds specifically exclude statutory costs, attorneys' fees, and litigation expenses.

Additionally:

1. FTA concurrence may be required for certain transit acquisitions.
2. Before initiating a condemnation action, the Metropolitan Council must authorize the public purpose and necessity of the property being acquired for the public project.

Expenditures for contracts with other governmental entities

The Regional Administrator is authorized to enter into contracts with other governmental entities for the expenditure of amounts not exceeding $2,000,000.

PURPOSE AND SCOPE

This policy provides direction for managing and responsibly expending public funds of the Council, consistent with the public purpose doctrine.

The public purpose doctrine permits a governmental entity to expend public funds only if the primary purpose of the expenditure is public and the expenditure directly relates to the governmental purposes for which the entity was created. *Council Resolution No. 2022-22, Public Purpose Doctrine*, acknowledges the legal doctrine and sets some parameters and guiding policies as to what is within the public purposes of the Metropolitan Council so that the Regional Administrator may establish administrative procedures and policies consistent with the Resolution.

IMPLEMENTATION & ACCOUNTABILITY

The Regional Administrator is expected to establish the framework and accountability for the effective implementation of this policy.

PROCEDURES

- *FM 14-2a Delegation of Procurement and Contract Authority Procedure*

RESOURCES

Related Policies

- FM 9-1 Real Estate Policy

Related Procedures:

- *FM 2-2a Food and Refreshment Procedure*

Statutory Resources

- *Council Resolution No 2016-26, Public Purpose Doctrine*

HISTORY

Version 6 – Revision (Business Item 2024-160), Approval Date

06/26/2024 - This version clarifies that real estate: 1) acquisitions that exceed 1 million must be approved by Council, and 2) settlements before condemnation go to Council if the settlement value exceeds the initial offer by 1 million, and 3) Settlements after condemnation are governed by Metropolitan Council Bylaws, Article IV, Section F. This version also of FM 14-2 also adjusts the construction signature authority change order thresholds from 2.5 million to 10 million. This is an administrative clean-up and aligns with Council action taken in Business Item No. 2022-251 to raise the Council construction approval threshold to exceeding 10 million.

Version 5 – Template Update (*Business Item 2022-251*)
10/14/2022 – Updated procurement of construction or design-build services threshold pursuant to Business Item 2022-251.

Version 4 – Template Update (*Business Item 2022-17*)
02/09/2022 – Updated procurement threshold and language pursuant to Business Item 2022-17.

Version 3 – Template Update
10/12/2020 - Updated content into new template.

Version 2 – Approval Date
09/16/2016

Version 1 – Approval Date
09/11/1998

Last Reviewed Date

06/26/2024

Next Content Review Date

06/26/2025

Former Reference #

3-3

Version
6

POLICY

Expenditures for the Procurement of Goods, Services, and Real Estate Policy

FM 14-2

Category: Financial Management	
Business Unit Responsible: RA: Procurement	
Policy Owner: Chief Procurement Officer ~~Assistant Director of Procurement~~	
Policy Contact: ~~Jody Jacoby, Deputy~~ Chief Procurement Officer ~~Laura Vedder, Assistant Director of Procurement~~	
Synopsis: Provides direction for managing and responsibly expending public funds of the Council.	

POLICY

The Metropolitan Council will expend funds consistent with the public purpose doctrine, governing laws, rules, and regulations. Expenditures must be within the approved annual operating or capital budgets and consistent with established policies and procedures.

The Regional Administrator may delegate expenditure authority and develop expenditure procedures consistent with this policy. No expenditures may be made without approval by those with delegated expenditure authority. Any expenditures beyond the delegated limits must be approved by the Metropolitan Council.

Expenditures for the procurement of goods and services

The Regional Administrator is authorized to perform the actions identified below.

1) Accept or reject any offer for any procurement of goods or services valued at not more than $~~500,000~~2,000,000.
2) Accept or reject any offer for any procurement of construction or design-build services valued at not more than $10,000,000 that meet these identified conditions.
   a. The project for which the services are required is included in the Metropolitan Council-adopted capital program.
   b. The amount of the offer the Regional Administrator would accept is less than the engineer's cost estimate plus 10% or a review of the engineer's estimate is evaluated to determine why it is over the 10% with General Manager or Executive Division Director approval.
   c. Sufficient funds are available in the capital budget to complete the resulting contract.
3) Set the micro purchase (or single bid) level in accordance with FM 14-1 Procurement Policy.
   ~~a. Up to $10,000 for all funding types or~~
   ~~b. Up to $25,000 when purchasing from a Metropolitan Council Underutilized Business (MCUB) vendor with only local funds~~

The Regional Administrator must ensure that a quarterly report is made to the Metropolitan Council, through the Management Committee, on all procurements valued between $175,000 and $500,000.

Expenditures for incremental amendments to contracts for goods and services

The Regional Administrator is authorized to amend contracts and increase the contract prices in the following amounts:

1. For any non-construction contract with an original contract price of $~~500,000~~2,000,000 or less, the Regional Administrator, or staff as delegated, may increase the contract price by an aggregate amount not to exceed 10% of the original contract price.

~~1. .~~

2. For any non-construction contract with an original contract price of more than $~~500,000~~2,000,000, the Regional Administrator may increase the contract price by an aggregate amount of up to 10% of the original contract price.
3. For any construction or design-build contract with an original contract price of $10,000,000 or less, the Regional Administrator, or staff as delegated, may increase the contract price by an aggregate amount not to exceed 10% of the original contract price.
4. For any construction or design-build contract with an original contract price of $10,000,000 or more, the Regional Administrator, may increase the contract price up to a maximum of 10%.
5. As otherwise delegated by the Metropolitan Council

Emergency expenditures

The Regional Administrator is authorized to declare an emergency on behalf of the Metropolitan Council, if the Regional Administrator determines that an emergency situation exists. An emergency situation exists when:

1. The health, safety or welfare of the public, including Metropolitan Council employees or facilities, is compromised or potentially compromised and remedial action is necessary or desirable or
2. A significant cost savings is immediately available through circumstances previously unknown and requires prompt action to take advantage of the situation.

The Regional Administrator may authorize appropriate contracts and payments necessary to meet the emergency situation provided that, if the cost to correct the emergency situation totals $175,000 or more, the emergency declaration shall also be presented to the appropriate committee for ratification no later than the next regular meeting.

Expenditures for the acquisition of real property

The Regional Administrator is authorized to acquire real property, and interests in real property, such as easements, leases, licenses, and permits, for amounts not exceeding $2 million.

Additionally, ~~T~~the following matrix incorporates the expenditure and approval thresholds for acquisition of real property and real property interests.

	Approval Threshold	Approver

Authorization to make initial offer to acquire real property	Over $2~~1~~ million $500,001 to $2~~1~~ million $200,001 to $500,000 Up to $200,000	Metropolitan Council Regional Administrator General Manager Delegated Staff
Settlements after initial offer before filing of a condemnation petition where the settlement amount is less than $2~~1~~ million	$500,001 to $2~~1~~ million $200,001 to $500,000 Up to $200,000	Regional Administrator General Manager Delegated Staff

Settlements after initial offer before filing of a condemnation petition where the settlement amount is over $2~~1~~ million and the initial offer was approved by the Council	$2~~1~~ million over initial offer $500,001 to $2~~1~~ million over initial offer $200,001-$500,000 over initial offer Up to $200,000 over initial offer	Metropolitan Council Regional Administrator General Manager Delegated Staff
Settlements after initial offer before filing of a condemnation petition where the settlement amount is over $2~~1~~ million and the initial offer was **not** approved by the Council	Settlement over $~~2 million~~ 500,000 over initial offer Up to $~~500,000~~2 ~~million~~500,000 over initial offer ~~Settlement over $500,001 over initial offer~~	Metropolitan Council Regional Administrator ~~Metropolitan Council~~
Settlements after the filing of a condemnation petition	Metropolitan Council Bylaws, Article IV, Section F	Chair and Regional Administrator in consultation with the General Counsel

The above thresholds apply only to the acquisition of real property. The thresholds specifically exclude statutory costs, attorneys' fees, and litigation expenses.

Additionally:

1. FTA concurrence may be required for certain transit acquisitions.
2. Before initiating a condemnation action, the Metropolitan Council must authorize the public purpose and necessity of the property being acquired for the public project.

Expenditures for contracts with other governmental entities

The Regional Administrator is authorized to enter into contracts with other governmental entities for the expenditure of amounts not exceeding $~~500,000~~2,000,000.

PURPOSE AND SCOPE

This policy provides direction for managing and responsibly expending public funds of the Council, consistent with the public purpose doctrine.

The public purpose doctrine permits a governmental entity to expend public funds only if the primary purpose of the expenditure is public and the expenditure directly relates to the governmental purposes for which the entity was created. *Council Resolution No. 2022-22, Public Purpose Doctrine*, acknowledges the legal doctrine and sets some parameters and guiding policies as to what is within the public purposes of the Metropolitan Council so that the Regional Administrator may establish administrative procedures and policies consistent with the Resolution.

IMPLEMENTATION & ACCOUNTABILITY

The Regional Administrator is expected to establish the framework and accountability for the effective implementation of this policy.

PROCEDURES

- *FM 14-2a Delegation of Procurement and Contract Authority Procedure*

RESOURCES

Related Policies
- FM 9-1 Real Estate Policy

Related Procedures:
- *FM 2-2a Food and Refreshment Procedure*

Statutory Resources
- *Council Resolution No 2016-26, Public Purpose Doctrine*

HISTORY

Version 6 – Revision (Business Item 2024-160), Approval Date

06/26/2024 - This version clarifies that real estate: 1) acquisitions that exceed 1 million must be approved by Council, and 2) settlements before condemnation go to Council if the settlement value exceeds the initial offer by 1 million, and 3) Settlements after condemnation are governed by Metropolitan Council Bylaws, Article IV, Section F. This version also of FM 14-2 also adjusts the construction signature authority change order thresholds from 2.5 million to 10 million. This is an administrative clean-up and aligns with Council action taken in Business Item No. 2022-251 to raise the Council construction approval threshold to exceeding 10 million.

Version 5 – Template Update (*Business Item 2022-251*)
10/14/2022 – Updated procurement of construction or design-build services threshold pursuant to Business Item 2022-251.

Version 4 – Template Update (*Business Item 2022-17*)
02/09/2022 – Updated procurement threshold and language pursuant to Business Item 2022-17.

Version 3 – Template Update
10/12/2020 - Updated content into new template.

Version 2 – Approval Date
09/16/2016

Version 1 – Approval Date
09/11/1998

Last Reviewed Date

06/26/2024

Next Content Review Date

06/26/2025

Former Reference #
3-3

Version
6