

**SENATE  
STATE OF MINNESOTA  
NINETIETH SESSION**

**S.F. No. 587**

(SENATE AUTHORS: DAHMS, Pratt and Eichorn)

DATE  
02/02/2017

D-PG  
495 Introduction and first reading  
Referred to E-12 Policy

OFFICIAL STATUS

1.1 A bill for an act  
1.2 relating to education finance; authorizing a school district to renew an annual food  
1.3 service management contract up to three additional times; amending Minnesota  
1.4 Statutes 2016, section 123B.52, subdivision 1, by adding a subdivision.

1.5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

1.6 Section 1. Minnesota Statutes 2016, section 123B.52, subdivision 1, is amended to read:

1.7 Subdivision 1. **Contracts.** A contract for work or labor, or for the purchase of furniture,  
1.8 fixtures, or other property, except books registered under the copyright laws and information  
1.9 systems software, or for the construction or repair of school houses, the estimated cost or  
1.10 value of which shall exceed that specified in section 471.345, subdivision 3, must not be  
1.11 made by the school board without first advertising for bids or proposals by two weeks'  
1.12 published notice in the official newspaper. This notice must state the time and place of  
1.13 receiving bids and contain a brief description of the subject matter.

1.14 Additional publication in the official newspaper or elsewhere may be made as the board  
1.15 shall deem necessary.

1.16 After taking into consideration conformity with the specifications, terms of delivery,  
1.17 and other conditions imposed in the call for bids, every such contract for which a call for  
1.18 bids has been issued must be awarded to the lowest responsible bidder, be duly executed  
1.19 in writing, and be otherwise conditioned as required by law. The person to whom the contract  
1.20 is awarded shall give a sufficient bond to the board for its faithful performance.

1.21 Notwithstanding section 574.26 or any other law to the contrary, on a contract limited to  
1.22 the purchase of a finished tangible product, a board may require, at its discretion, a  
1.23 performance bond of a contractor in the amount the board considers necessary. A record

2.1 must be kept of all bids, with names of bidders and amount of bids, and with the successful  
2.2 bid indicated thereon. A bid containing an alteration or erasure of any price contained in  
2.3 the bid which is used in determining the lowest responsible bid must be rejected unless the  
2.4 alteration or erasure is corrected as provided in this section. An alteration or erasure may  
2.5 be crossed out and the correction thereof printed in ink or typewritten adjacent thereto and  
2.6 initialed in ink by the person signing the bid. In the case of identical low bids from two or  
2.7 more bidders, the board may, at its discretion, utilize negotiated procurement methods with  
2.8 the tied low bidders for that particular transaction, so long as the price paid does not exceed  
2.9 the low tied bid price. In the case where only a single bid is received, the board may, at its  
2.10 discretion, negotiate a mutually agreeable contract with the bidder so long as the price paid  
2.11 does not exceed the original bid. If no satisfactory bid is received, the board may readvertise.  
2.12 Standard requirement price contracts established for supplies or services to be purchased  
2.13 by the district must be established by competitive bids. Such standard requirement price  
2.14 contracts may contain escalation clauses and may provide for a negotiated price increase  
2.15 or decrease based upon a demonstrable industrywide or regional increase or decrease in the  
2.16 vendor's costs. Either party to the contract may request that the other party demonstrate  
2.17 such increase or decrease. The term of such contracts must not exceed two years with an  
2.18 option on the part of the district to renew for an additional two years, except as provided in  
2.19 subdivision 7. Contracts for the purchase of perishable food items, except milk for school  
2.20 lunches and vocational training programs, in any amount may be made by direct negotiation  
2.21 by obtaining two or more written quotations for the purchase or sale, when possible, without  
2.22 advertising for bids or otherwise complying with the requirements of this section or section  
2.23 471.345, subdivision 3. All quotations obtained shall be kept on file for a period of at least  
2.24 one year after receipt.

2.25 Every contract made without compliance with the provisions of this section shall be  
2.26 void. Except in the case of the destruction of buildings or injury thereto, where the public  
2.27 interest would suffer by delay, contracts for repairs may be made without advertising for  
2.28 bids.

2.29 **EFFECTIVE DATE.** This section is effective for contracts entered into on or after July  
2.30 1, 2017.

2.31 Sec. 2. Minnesota Statutes 2016, section 123B.52, is amended by adding a subdivision to  
2.32 read:

2.33 Subd. 7. **Food service contracts.** A contract between a school board and a food service  
2.34 management company that complies with Code of Federal Regulations, title 7, section

3.1 210.16, may be renewed annually after its initial term for not more than three additional  
3.2 years.

3.3 **EFFECTIVE DATE.** This section is effective for contracts entered into on or after July  
3.4 1, 2017.