



Municipal Officials Handbook, Page 173

Municipal Contracts

6.201 Authority to Enter Into and Execute Contracts

A city or town is authorized to *make any contracts necessary to carry into effect the applicable powers granted by this chapter and to provide for the manner of executing the contracts* ([7-1-4124\(4\)](#) and [7-5-4301](#), MCA).

Attorneys, including city attorneys, spend a great deal of their time in law school learning about contracts. Therefore, prudent municipal officials will require that all of their *contracts for goods or services be drafted by their city attorney for review and approval by the city or town council prior to execution by the chief executive*, as required by [7-3-203\(7\)](#), MCA. In short, the preparation of municipal contracts is not a job for amateurs. Model contracts for various purposes are available from the Montana Municipal Interlocal Association (MMIA).

As detailed in Section 6.103, a contract for the purchase of any automobile, truck, other vehicle, road machinery, other machinery, apparatus, appliances, equipment, or materials or supplies for construction, repair, or maintenance *in excess of \$50,000 must be given to the lowest responsible bidder after advertisement for bids. Exemptions from this requirement in order to deal with an emergency are set forth at* [7-5-4303](#), MCA.

With certain limited exceptions, a contract for services must not extend beyond five years ([7-5-4304](#), MCA). The mayor, any member of the council, any city or town officer, or any relative or employee of an enumerated officer *may not be directly or indirectly interested in the profits of any contract entered into by the council* while the officer is or was in office. The requirements that must be met to waive this prohibition are set forth in detail at [7-5-4109](#), MCA.

Sponsored by [MSU Extension](#)