

RESOLUTION NO. 61-97

A RESOLUTION ADOPTING A POLICIES AND PROCEDURES MANUAL FOR PURCHASING OF EQUIPMENT, MATERIALS, SUPPLIES AND NON-PERSONNEL SERVICES BY THE CITY OF GRAND JUNCTION, COLORADO.

WHEREAS, as a home rule city under Colorado statutes, we have the right to adopt our own written purchasing policies and procedures; and,

WHEREAS, the City of Grand Junction believes a systematic, consistent, unified, and standardized purchasing program contributes to the efficiency and effectiveness of the entire City organization; and,

WHEREAS, the City of Grand Junction requires that procurement of all goods and services necessary for the performance of City operations take place within a prescribed framework of rules and regulations designed to protect the public interest; and,

WHEREAS, it is in the best interest of the City to adopt and follow such policies and procedures, as described in Exhibit A.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF GRAND JUNCTION: That,

- (a) All Purchases made on behalf of the City of Grand Junction shall be made in accordance with and conforming to the rules and regulations as published in the City of Grand Junction Purchasing Manual dated October 15, 1997.
- (b) The forms and processes described herein can from time to time be modified with approval of the City Manager, but such changes shall not affect the competitive bidding and approval requirements.

PASSED and ADOPTED this 15th day of October, 1997.

Attest:

/s/ Janet Terry
President of the City Council

/s/ Stephanie Nye
City Clerk

City of Grand Junction, Colorado

PURCHASING
MANUAL

October 15, 1997

DIVISION OF PURCHASING

2549 River Road
Grand Junction, Colorado 81505-7209
(970)244-1533

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SECTION I: INTRODUCTION

1.1 Forward:

The Purchasing Division has prepared this Purchasing Manual for the use by all departments and divisions of the City of Grand Junction. The purpose of the manual is to serve as a guide for the fair and equitable treatment of all persons involved in public purchasing, to maximize the purchasing value of public funds in procurement and to provide safeguards for maintaining a procurement system of quality and integrity.

Competition is the byword. From an economic standpoint, competition in public purchasing is an almost indispensable means for improving the quality of commodity purchases, encouraging innovation among suppliers, increasing the City's latitude of choice and, most importantly, assuring the reasonableness of costs. Competition coupled with standardization and bulk purchasing maximizes and City's opportunity to obtain the greatest value for the tax dollar.

To administer an effective procurement program, all personnel involved must work as a team and cooperation with one another is all important. Those individuals whose duties require them to become a part of the purchasing cycle must be totally aware of the policies and procedures adopted herein as a general framework for ethical procurement practices. Our goal is the promotion of the City's best interest through intelligent action and fair dealing; together we shall make it happen.

Signed this 15th day of October, 1997:

Mark K. Achen
City Manager

Ron Lappi
Administrative Services Director

1.2 Purpose of Manual:

The purposes of this Purchasing Manual are to provide for the fair and equitable treatment of all persons involved in public purchasing by the City, to maximize the purchasing value of public funds, to codify and standardize the City's purchasing rules and regulations for the orderly and efficient administration thereof, to provide safeguards for maintaining a procurement system of quality and integrity and foster effective, broad-based competition within the free enterprise system.

This Purchasing Manual shall be a complete source of purchasing information and detailed regulations for the centralized purchase of all commodities, contractual services and equipment. All City of Grand Junction employees shall familiarize themselves with the regulations set forth and shall adhere to the policies and practices established herewith under normal circumstances. The City Manager and the Purchasing Division are aware that exceptions to purchasing procedures shall appear, on occasion, as needs and responsibilities change. The City Manager reserves the right to waive regulations established in this manual if it is determined to be in the best interest for the City of Grand Junction. The City Attorney may, concerning expenditures of the City Attorney's office, determine that the manual shall not apply. The City Council shall be notified by the City Manager of any exceptions to purchasing regulations.

This Manual has been prepared to serve as an informative guide for those employees granted purchasing privileges in the name of the City of Grand Junction. Detailed explanations of individual department's responsibility and role in the procurement function are offered with this Manual, as well as an overall summary of the entire purchasing process.

1.3 Centralization of Procurement Authority:

Except as otherwise provided herein, all rights, power, duties and authority, other than rule making authority of the City Manager, relating to the procurement of supplies, services and construction and the sale and disposal of supplies, services and construction are vested in the Administrative Services Department Purchasing Division. This manual is authorized by the City Council, City of Grand Junction, by Resolution No. 61-97 dated October 15, 1997.

1.4 Applicability:

This Purchasing Manual shall apply to the procurement of all materials, services and professional services required or used by all departments of the City, including businesses and enterprises operated by the City, whether used in the construction of City improvements or otherwise, irrespective of the source of funds, excepting only donations, the procurement of legal and litigation services, musical, dramatic and other fine arts performances and services and activities subject to contracts between the City and other governmental bodies. When any procurement involves the expenditure of federal or state funds, the procurement shall be conducted in accordance with any mandatory applicable federal and state laws or regulations. This Manual does not create or confer any right or entitlement upon any person to bid on or receive an award of any City contract.

1.5 Procurement Contrary to this Manual:

Except as may be otherwise provided by law, it shall be unlawful for any City officer or employee to order or purchase a procurement contrary to the provisions of this Manual. Any procurement or contract so made shall be void and wholly without effect and shall not be binding upon the City in any regard. Individual(s) shall accept liability for procurement.

1.6 Policy:

- A. Competitive sealed bidding or competitive negotiation, as appropriate, shall be used to enter into contracts with non-governmental contractors for the purchase or lease of goods, services and/or construction.
- B. The disposal of City tangible personal property shall be through a competitive process.
- C. The policy and practices set forth herein are designed to ensure fair and equitable treatment of all persons involved in providing goods, services and/or construction to the City.
- D. It is unlawful to disclose the identity or information derived from competing proposals to any bidder or offeror that might provide an unfair advantage over a competing bidder or offeror.
- E. All City employees are governed by the provisions of this Manual whether directly or indirectly involved in a procurement transaction. Violation of these provisions is grounds for disciplinary action, to include termination and criminal action in the event of fraud or corruption.

1.7 Responsibility:

- A. The City Manager is responsible for the City's purchasing system. This responsibility is exercised and directed through the Administrative Services Director.
- B. The Purchasing Agent is the principal public purchasing official of the City. The Purchasing Agent's responsibilities as enumerated in this Manual (Section 2).
- C. Department Directors are responsible for ensuring their departments' purchasing activities are in accordance with the rules and regulations set forth herein.
- D. Any purchase or contract entered into by any elected or appointed City official, Department Director or employee that violates the rules and regulations defined and enumerated in this Manual shall be the personal and financial responsibility of that individual. Violation of these policies and procedures shall be grounds for disciplinary action to include termination and/or criminal prosecution.

1.8 Changes:

Any person using this Manual is encouraged to comment and/or recommend changes. Address such in writing to the following:

Purchasing Agent
Division of Purchasing
City of Grand Junction
2549 River Road
Grand Junction, CO. 81505-7209
(970) 244-1533 or FAX (970) 244-1427

SECTION 2: PURCHASING AUTHORITY

2.1 City Council:

- Authority: The responsibility for all purchases made by the City of Grand Junction is held by the City Council. City Council shall authorize the City Manager to establish procurement rules and regulations for all City personnel.

2.2 City Manager:

- Definition: Council appoints City Manager by majority vote; the City Manager is the Chief Executive Officer of the City and shall be responsible for the conduct of all City departments. In the absence of the City Manager, the Assistant City Manager shall be responsible for the conduct of all City departments.
- Authority: The City Manager shall establish the rules and regulations for the procurement of all goods and services and such rules and regulations shall be applicable to all City employees. The City Manager and City Council possess the sole authority for any deviation from purchasing regulations. If improper purchasing practices occur, the City Manager may invoke disciplinary action(s) upon the individual, division and/or department. Disciplinary action may be in the form of restricted purchasing privileges, restitution, suspension, termination or any other form deemed appropriate by the City Manager.
- The following goods and services must be approved by the City Manager's office:
 1. All capital outlay or improvement projects.
 2. Service and maintenance contracts over \$25,000.00 that shall bind the City of Grand Junction.
 3. Insurance contracts.
 4. Other items consistent with policy and/or practice of the City Manager.

2.3 Department Directors:

- Authority: By authority of the City Manager, Department Directors shall be delegated purchasing authority and responsibility as set forth.
- Department Directors are given the responsibility of ensuring that all personnel in their department are knowledgeable of and fully understand, purchasing procedures established by the City Manager. By following the requirements established within this manual, Department Directors may be able to make better use of budgeted funds for their department. Through proper planning of purchases, so as to allow the Purchasing Division sufficient time to obtain proposals, quotations or bids (with an allowable lead time for delivery), departments shall not only be able to realize savings through competition between vendors, but shall also preclude unnecessary delays.
- Department Directors may delegate purchasing authority and are responsible for preparation of a list of their personnel authorized to purchase commodities and services. The list shall be updated annually. The list shall include the signature of each individual. On occasion, vendors shall send a receipt to the accounting division that is not actually a City purchase; a list of employees authorized to purchase shall assist the Purchasing Division and Accounts Payable Section in paying vendors for City purchases.
- If Department Directors have any questions concerning procurement procedures, the Purchasing Agent is prepared to offer assistance. It is the responsibility of the Purchasing Division to work closely with departments when information is required, working closely shall ensure that adequate equipment or services are obtained.

2.4 Purchasing Agent:

- Authority: By the authority of the City Manager, the Purchasing Agent is hired by the Administrative Services Director and shall work under his direction. The Purchasing Agent shall be responsible for the daily operations of the Purchasing Division. The Purchasing Agent shall have the actual authority and power and it shall be his duty to comply with the following:

- A. Purchase or Contract. To purchase or contract for all supplies and services requested by any department or agency which derives its support wholly or in part from the City, all in accordance with purchasing procedures as prescribed herein and such rules and regulations as the Purchasing Agent may adopt for the internal management and operation of the purchasing department together with such other rules and regulations as shall be prescribed by the City Manager and/or the City Council.
- B. Purchase Authority- Goods and Services: Responsible for the centralized procurement system. Responsible for processing all requisitions amounting to \$1,000 or more.
- C. Minimum Expenditure. Act to procure for the City the highest quality in supplies and contractual services at least expense to the City.
- D. Encourage Competition. Discourage uniform bidding and endeavor to obtain as full and open competition as possible on all purchases and sales.
- E. Rules and Regulations. Propose amendment for consideration and approval by the City Manager, all City procurement rules and regulations authorized by this Purchasing Manual and others necessary to its operation.
- F. Purchasing Analysis. Keep informed on current developments in the field of purchasing, pricing, market conditions and new products and secure for the City the benefits of research done in the field of purchasing by other governmental jurisdictions, national technical societies, trade associations having national recognition and by private businesses and organizations.
- G. Forms. Prescribe and maintain such forms as he shall find reasonably necessary for compliance with this Purchasing Manual.
- H. Vendors' File. Prepare and maintain a file of current and potential vendors for solicitation of bids and proposals. Vendors shall be listed by the commodities and/or services they offer
- I. Bulk Purchases. Maximize the benefits the possibilities of buying "in bulk" so as to take full advantage of quantity discounts.
- J. Federal Tax Exemptions. Act so as to procure for the City all Federal tax exemptions to which it is entitled.
- K. Cooperation with Accounting Division. Cooperate with the City's Accounting Division so as to secure for the City the maximum efficiency in budgeting and accounting.
- L. Stores Internal Service Fund. Be responsible for fund management. Exercise direct supervision over the City's print shop and central stores and general supervision over all other inventories of supplies belonging to the City.
- M. Surplus Property. Sell, trade, auction or otherwise dispose of surplus supplies belonging to the City.
- N. Cooperative Purchasing: When in the best interest of the City, participate in, sponsor, conduct or administer cooperative purchasing agreements with the State or one or more political subdivisions of the State of Colorado.

2.5 Senior Buyer:

- Senior buyer(s) shall perform procurement functions and miscellaneous assignments as authorized and directed by the City Purchasing Agent. Each buyer shall have specific departmental and commodity group assignments (See 2.10B).

2.6 Division Managers (Managers, Superintendents and Supervisors):

- Authority: By authority of the City Manager, Division Managers shall be granted authority and responsibility as set forth in this Section.
- Division Managers shall be responsible for their division expenditures and the resulting paperwork. Through prompt attention to invoices and receipts, the City may take advantage of discounts and bills can be paid to avoid late charges. Any damage(s) or shortage(s) on received shipments should be noted on the freight receipt and receiving report. Managers shall ensure that deliveries are carefully accounted.

2.7 Delegations to Other City Officials:

Notwithstanding the provisions of Section 2 (Purchasing Authority), procurement authority with respect to certain supplies, services or construction may be *delegated* to other City officials by the City Purchasing Agent, when such delegation is deemed necessary for the effective procurement of these supplies, services or construction.

Any Department Director, Manager or authorized employee *delegated* the task to sample or test equipment, uniforms, chemicals, etc., for the purpose of judging suitability or fitness in advance of a purchase, shall notify the Purchasing Division upon receipt of goods to be sampled. The department sampling or testing goods or materials shall inform vendors that the City shall not be responsible for any items delivered for testing purposes and shall not be obligated to purchase any items.

2.8 Procurement Approval Table:

The following table indicates final approval and/or payment amounts/authorization for all City purchases. The matrix presents types and methods of purchasing on the top horizontal row; the first vertical row indicates dollars to be expended. The remaining boxes indicate the personnel required to give final purchase approval based on the level of expenditure and the method of purchase.

PROCUREMENT APPROVAL MATRIX

Final Approval

Type → Dollars ↓	Small Purchases under \$10K	Formal Bid/ Proposal (low bid, only)	Unbudgeted or Not Low Bid	Sole Source Purchase	Service/ Maint. Contracts	
\$\$\$\$\$\$ 1 to 999	Division				Division	
1,000-4,999			Department Director	Purchasing Agent		Manager
5,000-9,999						
10,000-24,999		Department Director	City Manager	City Manager	Department Director	
25,000-49,999		City Manager	City Council	City Council	City Manager	
50,000 & Over		City Council			City Council	

NOTE: Authority Matrix applies to material and/or service acquisitions with adequate current year budget appropriations. Unbudgeted purchases are prohibited except in case of actual emergency.

2.9 Purchasing Privileges Table:

The following table is to be used as a quick reference to answer the following questions: a) Who has the authority and privilege to make a purchase on behalf of their department or division; b) What methods can be used to make a budgeted purchase; and, c) Who has the final authority to approve a purchase. The matrix presents these questions on the top horizontal row; the first vertical row indicates dollars to be expended. Starting from the left-hand column working to the right explains the process per expenditure level.

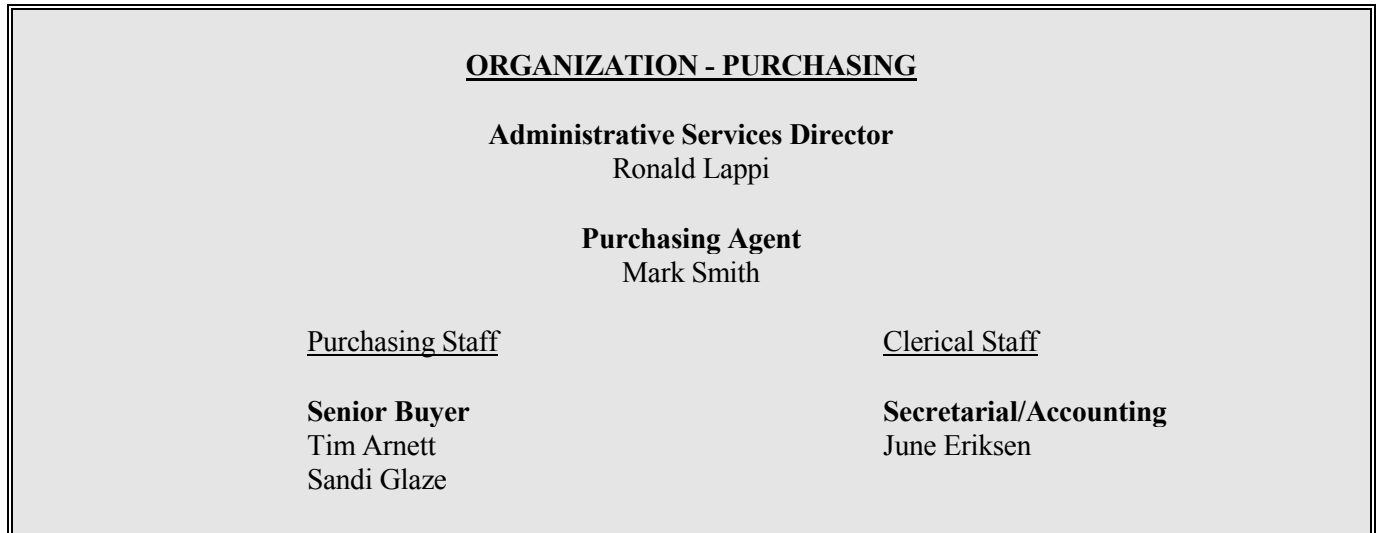
PURCHASE AUTHORIZATION MATRIX

Purchase Privileges

Expenditure - How much?	Who has authority to make this commodity purchase?	What purchase method(s) may be used?	Who has authority to approve this level of expenditure?
\$1 - \$999	Exempt employees and non-exempt with Division Manager authorization	<ul style="list-style-type: none"> • Purchasing card is preferred. • Petty Cash Check if ⩽ \$100 • Purchase Order over \$100 	Division Managers, Superintendents and Supervisors
\$1000 - \$9999	Purchasing Agent Senior Buyers	<ul style="list-style-type: none"> • Telephone Quotes • Fax Quotes • Informal Written Quotation 	Division Managers, Superintendents and Supervisors
\$10000 - \$24999	Purchasing Agent Senior Buyers	<ul style="list-style-type: none"> • Formal Competitive Advertised Bid Invitation 	Department Director or designated representative
\$25000 - \$49999	Purchasing Agent Senior Buyers	<ul style="list-style-type: none"> • Formal Competitive Advertised Bid Invitation 	City Manager or designated representative
\$50000 or more	Purchasing Agent Senior Buyers	<ul style="list-style-type: none"> • Formal Competitive Advertised Bid Invitation 	City Council must approve all expenditures of \$50K+

2.10 Purchasing Division Organization Chart - Assignments:

A. General Authority and Responsibility



B. Purchasing Staff Commodity Assignments

Mark Smith, Purchasing Agent

- Construction Improvements (Buildings, Pipelines, General Construction, Parks, Multiple Discipline Contracts)
- Contract Administration
- Landscaping
- Concession Agreements
- Housing Rehabilitation
- Professional Services (Engineering, Architectural & Other Consulting Services)
- Telephones and related items
- Travel

Tim Arnett, CPPB, Senior Buyer

- Road and Construction Equipment
- Motor Vehicles and Related Items
- Firefighting Equipment
- Chemicals
- Shop Equipment and Related Supplies (Lumber, Welding, etc.)
- Radio & Communication Equipment and Maintenance
- Construction Improvements, Maintenance & Supplies (ADA Compliance, Paving and Concrete, Painting, Plumbing, Excavating, HVAC, Fencing, Lumber, Roofing, Drywall, Electrical, Horizontal Boring, Welding)
- Refuse Collection and Related Items
- Safety and First Aid Related Supplies
- Sand, Gravel and Cement
- Snow and Ice Abatement Program
- Traffic Control and Signs and Related Items
- Hardware, Handtools and Related Items

Sandi Glaze, Senior Buyer

- Botanical & Agricultural Supplies
 - Janitorial Services and Supplies
 - Computer Peripherals and Related Supplies
 - Office Related Items (Furniture, Work Stations, Furnishings, Floor Covers, Copiers, Lighting, Microfilm)
 - Vending Machines
 - Commercial Kitchen Equipment and Cutlery
 - Clothing/Uniform Purchases, Rental, Dry-cleaning & Laundry Services
 - Photographic Equipment, Supplies and Services
 - Law Enforcement Equipment and Supplies
 - Recreation Equipment and Supplies
 - Pools and Related Items
 - Books, Catalogs, Processing
 - Print Shop Supplies and Services
 - Laboratory Supplies
 - Weed and Rubbish Abatement Program
-

SECTION 3: PURCHASING AND REQUISITIONING CYCLE

3.1 Introduction:

The core of the central purchasing system is the Purchase Requisition. Requisitions are required for all procurement transactions of **One Thousand Dollars** (\$1,000) or more. A requisition shall be used for the acquisition of all goods and services *other than* “direct payment” payments; such as, conferences, travel, subscriptions, utility bills. If properly utilized, the requisition can save the City time, money and avoid duplication. The requisition informs the Purchasing Division of the needs of the requesting department. The requisition form enables the Purchasing Division to begin the research and procurement process for the fulfillment of the purchase. By following proper procedures, departments can expedite the process and also avoid the more expensive impulse and/or emergency purchase.

3.2 Purchasing Cycle (\$1,000 plus):

The purchasing cycle can be divided into seven basic steps:

<u>Steps</u>	<u>Departments Involved</u>
1. Need is recognized	Originating Department
2. Requisition completed	Originating Department
3. Pricing	Purchasing Division
4. Ordering	Purchasing Division, Originating Department
5. Receiving/Quality Control	Purchasing, Originating Department
6. Payment	Purchasing, Accounts Payable
7. Disposal of Surplus/Obsolete Property	Originating Department, Purchasing, Accounting

Purchasing relies on each department to complete the first two steps. In steps 3 and 4, Purchasing follows City procurement policy which results in issuance of a purchase order or execution of a contract. Step 4 may be completed by the originating department when ordering sophisticated and/or technical equipment. Step 5 generally rests with the central warehouse (Stores) or, when appropriate, the originating department. Step 6 combines the efforts of the originating department, Purchasing and Accounting. Purchasing handles the final step. Please notify Purchasing before disposing of any City property. At each step, other departments may also become involved.

3.3 Anticipation of Need:

Requesting departments should prepare the requisition far enough in advance so ordinary purchases do not become emergencies. By planning and forecasting purchases in advance, the Purchasing Division, vendors and requesting department may realize the advantages of soliciting competitive quotations, bids or proposals.

Required delivery dates on goods and services vary greatly and order requisitions should be prepared accordingly. Departments should realize unnecessary work delays could be created if order requests are not presented in a timely manner so to ensure proper purchasing procedures are accommodated and needed delivery dates are met.

3.4 When to Use a Purchase Requisition:

Requisitions (Banner Form FPAREQN) are **required** for all commodity purchases of \$1,000 and may be used for purchases over \$500.

3.5 How to Prepare a Purchase Requisition:

The department needing/desiring a product or service must, if accessible, complete a Banner (on-screen) Requisition Form. The Banner Requisition Form (FPAREQN) consists of five (5) pages. This form initiates the procurement process and defines the requestor, vendor, commodity and accounting information. Access to the form is from the Request Processing Menu (*FINREQST). **Funds for the purchase must have already been approved through the City's budget process to use this form.** The Requisition Form should include detailed specifications on the equipment, service or product that is needed. Any supplemental or detailed specifications should be forwarded to Purchasing via E-mail, FAX (244-1427) or inter-office mail.

The department enters the requisition into Banner System with a expected/necessary delivery date, charge number, complete description and estimated pricing along with any suggested or potential vendors. Description of the needed material or service is vital to the procurement process. Give a clear description of the item desired as to size, color, type, grade and any other pertinent information. If the purchase requires formal detailed specifications, Purchasing shall request from the department such technical assistance as may be required in preparing the specifications.

Hard-copy requisitions (Form C) require the above information.

Journalists learn to use the rule, "Five W's and an H," when seeking information for a news article. This rule also works for Purchase Requisition. Consider:

Who: Who needs it? Who shall receive the good or service? Who shall administer the contract and assure compliance by the Vendor? Who are recommended Vendors? Who is authorized to approve the Requisition?

What: What is needed? What are the critical features that the agency must have? What funds shall be used to pay for the item? What is the budget estimate? What are the criteria for acceptance or rejection?

Where: Where must the item be delivered? Where shall it be used?

When: When must the item arrive? When shall the agency be open to receive the item?

Why: Why is the item needed? Why is the delivery time important? Why are certain features important?

How: How is the item to be used? How is it to be packaged for delivery?

Remember to state the purpose for which the material or service is to be used, for example, "install walk light at 12th and North Avenue." In the case of requisitioning material or service for a specific piece of equipment, indicate the identity, such as, Chevrolet Patrol Car - vehicle #2241.

After the requisition is accurately and fully completed, the requisition documents are routed electronically or by Fax or inter-city mail, to Purchasing for appropriate action. Purchase shall follow the guidelines for procurement set forth herein. Purchase orders shall be issued only when approved by Department Directors or Division Managers.

3.6 Purchasing Division Responsibility:

Purchasing shall review all requisitions and proceed according to City purchasing rules and regulations (and other applicable professional purchasing practices) to acquire goods or services in a timely manner.

All justifications and purchase recommendations to the City Manager and City Council shall be processed by Purchasing prior to award of the purchase order.

Purchasing staff shall prepare all bidding documents, including the final specifications; a copy shall be forwarded to the department for review at the same time the bids are sent out. Any clarifications or changes shall be transmitted to potential vendors by a written addenda.

3.7 Timetables:

The following are approximate timetables for the purchasing cycle from receipt of the requisition to completion of the purchase order. Factors affecting this timetable may include workload, complexity of requisition, number of items requisitioned, clarification of specifications or requirements, approvals or problems. Timeliness can also vary depending on availability of goods from State bids or previous contracts.

<u>Dollar Threshold</u>	<u>Method</u>	<u>Response Time</u>
Under \$1,000	telephone	Purchase order issued within one week.
\$1,000 - \$5,000	telephone/fax bids	Purchase order issued within two weeks.
\$5,000 - \$10,000	informal written quotes/fax	Purchase order issued within four weeks.
Over 10,000	formal written bid/proposal	Purchase order issued within 30-45 days.

SECTION 4: PURCHASE ORDER

4.1 Purpose:

A purchase order is a document that states the terms and conditions of a proposed transaction and creates a contractual relationship between a vendor and the City. It describes the quantity and quality of the required goods and includes other information, such as shipping terms, delivery dates and location, prices quoted in the bid and, for internal clerical purposes, the number of the corresponding purchase requisition. The purchase order in conjunction with the encumbrance accounting system shall encumber the applicable appropriations account.

4.2 When to use Purchase Order:

Purchase orders are required for all invoiced purchases of commodities, materials or supplies with an expected expenditure of City funds of one thousand dollars (\$1,000) or more.

4.3 Process:

Generally, purchase orders shall be entered in Banner Accounting System by Purchasing Division personnel. Exceptions shall include purchase orders that draw on indefinite-quantity contracts, blanket purchase orders and term contracts that have been negotiated in co-operative purchasing ventures.

When applicable, departments shall use the Banner Purchase Order Form (FPAPURR) to input purchase orders and encumber appropriations.

4.4 Subsequent Changes or Cancellations:

Whenever a change of any kind on a purchase order is required, the originating department shall forward a **Purchase Order Change Request Form** (Form G) or a form that provides the information to be changed and a justification for doing so. Requests shall be directed to Purchasing via FAX (244-1427), phone, E-mail or inter-office mail. **NOTE: Only Purchasing is authorized to change and/or cancel the original purchase order. Purchase orders with activity, i.e. partial delivery or payment, can not be canceled.**

4.5 User Approval:

Purchase Orders must be approved for payment in accordance with final approval authority requirements set forth in Section 2. Approval processing shall be done, when practical, using the Banner *User Approval Form* (FOAUAPP). The system distributes purchase orders to all the appropriate City staff-members necessary for final approval, based on the total purchase order amount. The routing is based on accounting information entered during the creation of the purchase order.

4.6 Partial Delivery Payment:

If partial delivery of materials and/or services is made and a partial payment is to be made, departments shall complete and forward the **Partial Payment Authorization Form** (Form H) along with the any document received with the order to Purchasing. Purchasing shall process all partial payments and note the expenditure on original P.O. **Do not create another P.O. to make a partial payment.**

4.7 Receiving Procedure:

When the material or service is delivered to the department, the authorized agent of the department, as assigned by the Department Director, shall inventory and inspect the delivery to ensure the material(s) and/or service(s) are as listed on the shipping document and are in acceptable condition.

If all materials are received in acceptable condition, the receiving department shall notify Purchasing. The Banner Receiving Goods Form (FPARCVD) enables receipt information to be entered into the system for commodities ordered through the purchase order process. Receiving departments can also notify Purchasing by sending receiving documents via , inter-departmental mail or FAX (244-1427).

If materials and/or services received are damaged or defective, they should not be used. If possible, notation should be made upon the receipt in the presence of the delivery agent. Departments shall notify Purchasing immediately when damaged or defective commodities are received. For more specific receiving guidelines see Subsection 17.2

4.8 Blanket Order:

Blanket orders permit the Purchasing Division to perform its primary function of negotiating for the requirements of the City. It also eliminates the necessity for the Purchasing Division to be involved in each individual purchase; paper work is reduced and, at the same time, necessary control is maintained.

Annual purchasing agreements, also known as blanket orders, are agreements established with suppliers to allow small purchases by the City throughout the year without going through the purchasing procedure each time a purchase is made.

Blanket orders do not commit the City to purchase any merchandise or service from the vendor. They are issued to advise the vendor of the merchandise and/or service we may require, establish terms and pricing where applicable, establish dollar limits, either per release or per month, establish personnel authorized to make releases against these orders and outline the ordering, receiving and invoicing procedure. Any merchandise and/or service properly released and shipped against a blanket order is covered by the terms and conditions of the blanket order.

Only the Purchasing Division shall issue blanket orders and no blanket order shall be issued for a term longer than one month. Firm prices shall be established as part of each blanket order, whenever possible and this information shall be given to the receiving and accounting department to permit their payment of vendor invoices which are priced in accordance with this information.

Requests for the issuance of blanket orders by the Purchasing Division to cover requirements can and should be made by departments having needs that are applicable to blanket orders. It is the responsibility of each department to determine the approximate quantity needed and estimated amount that shall be spent during the fiscal year for a particular product category or products.

It must be clearly understood by all individuals authorized to make releases against blanket orders that there shall be strict adherence to the provisions established in the blanket order, with no exceptions and under no circumstance shall any other agreements be entered into between the employee and the vendor. This type of blanket order shall be issued only for non-capital materials and should normally cover off-the-shelf items.

It is the Purchasing Division's responsibility to make the vendor fully aware of the procedures of the blanket order and that the vendor complies with the procedures. It is also the Purchasing Division's responsibility to provide adequate information and instructions to the departments and individuals involved in the use of the blanket order.

Any item(s) on a blanket order with the City should be secured from the appropriate awarded vendor (s) by all City departments. Purchases made from blanket orders must not exceed \$1,000 for a single purchase.

4.9 Instructions for Blanket Purchase Orders:

- A. Releases against blanket orders can be made verbally with no written confirmation or by telephone call after proper approval has been received by the employee. Employee(s) shall identify themselves and provide the following information: service or description, part number if applicable, quantity, required date, point of delivery and blanket order number.
- B. Vendor shall prepare a delivery or counter ticket showing the above information.
- C. Tickets shall be approved by a department supervisor responsible for the expenditure or his/her authorized representative.
- D. All invoices (tickets) must be identified with the number of the blanket purchase order prior to them being sent to the accounting department. These summary invoices (tickets) shall be matched to a copy of the blanket purchase order waiting for the vendor's invoice to come at the end of the month. At that time invoices shall be reconciled to the vendors summary invoice (statement) and forwarded to the accounting department for payment. Any tickets attached to the vendor's summary invoice that cannot be matched must be explained and verified by the originating department. Authorized signatures shall be placed on each ticket.
- E. The Purchasing Division shall include the following paragraph in the blanket order to these vendors: *"A copy of your delivery ticket must be included with all shipments"*.
- F. No back orders shall be permitted under this procedure. If a partial shipment of any item is delivered, the order shall be considered as complete and the buyer must reorder.

SECTION 5: CITY STORES (INVENTORY WAREHOUSE)

5.1 Purpose:

City "Stores" is a central warehouse in which common-use commodities, items used by more than one department, are stored and issued on an "as needed" basis to requesting divisions. The primary function of Stores is to maintain immediate availability of commonly used materials and supplies. Stores secondary function is to warehouse emergency back-up supplies and provide for the storage and retrieval of historical City records. Emergency back-up supplies are those supplies that are critical to the continued operation of the City and have long delivery lead times. Stores also serves as a central delivery point to receive goods and to assure that appropriate arrangements are made for inspection and delivery.

All departments shall notify Stores of all anticipated special order demands far enough in advance so that Stores may have the additional items on hand when needed.

5.2 Required Usage:

Items available through Stores **may not** be purchased from outside vendors without permission of the Purchasing Agent or a Senior Buyer. Outside purchases shall require price or quality justification.

5.3 Stores Catalog:

A Stores Stock Catalog containing the descriptive listing of items and item numbers shall be published and maintained by the Purchasing Division. Catalogs are furnished to all using departments and agencies on a quarterly basis or as needed.

5.4 Stores Requisition Form:

Departments and agencies requesting delivery from Stores inventory shall use the Stores Requisition Form (FSAREQN). Once this form is completed and approved, the Banner system automatically reserves from Stores inventory the requested items. You may cancel a Stores Requisition at the "header" level, so long as there are no issues against the requisition.

The Stores Inventory Worksheet (Form G) is provided to facilitate inter-office Stores requisitions. Use of the worksheet is recommended for reference when entering Store's Requisitions into the Banner System.

5.5 Stores Window Pickup:

Items may be picked up at Stores during the hours of 8:00 A.M. to 4:30 P.M. Monday through Friday. Stores hours may be changed to comply with summer work schedules. Recipients of over-the-counter issues are required to have departmental authorization and the account number to which the item(s) shall be charged.

5.6 Delivery Times:

Departments requesting supplies from Stores shall receive their deliveries on Tuesday and Thursday each week, provided Stores Requisition Forms are received in the Purchasing Division a day in advance.

5.7 Use Authorization:

Personnel authorized to authenticate Stores Requisition Forms shall be only those individuals designated, in writing, by Department Directors or Division Managers. Directors and managers shall ensure that a listing of authorized personnel is updated as necessary.

5.8 Inventory Control:

The proper functioning of an inventory accounting system demands that all materials and supplies received, issued and on hand be accounted for, both in quantities and values and that, periodically, the inventory records and accounts be verified by actual physical inventory. Once a year, generally December, Central Stores shall close for several days to conduct a complete physical inventory.

The Purchasing Division shall be responsible for conducting periodic inventories to:

- ensure accurate record accountability;
- support the value of inventory shown in the fund balance sheet;
- disclose the possibility of fraud, theft or loss; and,
- reveal any weakness in the system for the custody and control of inventory.

5.9 Inventory Procedures:

The City Purchasing Division shall annually verify the quantities of the entire range of items held in inventory. A “wall to wall” count of all items in inventory completed at one time with shutdown of receiving and issue operations during counting. The counting of inventory by Purchasing Division personnel shall be completed “partially blind,” i.e., personnel conducting the count are given the locations and identifications, but not the listed balance.

SECTION 6: FIELD CHECK SYSTEM

6.1 Purpose:

Petty Cash Checks may be used when the purchase amounts to less than One Hundred Dollars (\$100.00).

6.2 Policies:

Checks (Form E) shall be issued to Department Directors and Division Managers by the City Accounting Division.

The checks issued to each department shall not be valid for more than \$100.00 and should be used to purchase items not in Stores. Checks may be used for all purchases under \$100.00 with the exception of payments made to City employees. Multiple checks written to pay for a transaction which is in excess of \$100.00 is not allowed. Checks must be made out for the exact amount of the purchase.

When using checks, compliance with City purchasing regulations is required. Department Directors and Division Managers issuing blank checks to employees are responsible for ensuring:

1. The items are not available in City Stores
2. The expenditure is necessary
3. The account being charged is proper and adequate funds exist
4. The item(s) purchased is received and used for City purposes
5. That no check shall be issued to a City employee, except by the central accounting department for travel expenses.

If any check is lost or stolen, the City Comptroller is to be notified immediately.

The checks are two-part with the top part consisting of the check and the documentation (item description, account number and net cost). The second copy is a yellow duplicate of the front copy. The check must be filled out completely and correctly. Attach the receipt/invoice with the top part (documentation) of the check along with part two (yellow copy) and forward to the Administrative Services Department Accounting Division within one working day after check is issued

The yellow duplicate copy of the check shall be forwarded by accounting to the Purchasing Division for review of vendor selection, item quality and Stores availability. After Purchasing review, the yellow copy shall be returned to the using department.

If an item is to be returned for credit, a copy of the original check (part two) and the credited funds shall be returned to the accounting department with a notation outlining the circumstances.

SECTION 7: PURCHASING CARD PROGRAM

7.1 Introduction:

The City of Grand Junction Purchasing Card Program is designed to improve the efficiency in processing small dollar purchases from any vendor that accepts the MasterCard® Purchasing Card. This program shall allow the cardholder to purchase approved commodities and services directly from our vendors. Each purchase card is issued to a named individual. The City of Grand Junction is clearly identified on the card as the *Government* buyer of goods and services. Purchases are exempt from sales tax.

The Purchasing Division and Accounting Division shall monitor the performance of the program. All questions or concerns shall be directed to:

Procurement Related:	Mark Smith	244-1534
	Sandi Glaze	244-1513

or

Accounting Related:	Randy Booth	244-1539
	Nancy Paregien	244-1522

7.2 Purpose of Card:

The purpose of purchasing card guidelines and policies is to accomplish the following:

- Reduce the cost of high volume, low dollar amount transactions. The program helps reduce the use of field checks, cash advances and small dollar purchase orders.
- Provide an efficient method of purchasing and paying for commodities and services not exceeding \$1,000 per purchase.
- Reduce field crew travel time involving purchases.
- Reduce paperwork.
- Develop reasonable and enforceable policies, procedures and audit controls. The program is NOT intended to avoid or bypass appropriate purchasing or payment procedures. Rather the program compliments the existing processes available.
- Increase the number of vendors immediately accessible by the City of Grand Junction.
- Improve management reporting on low dollar amount transactions.
- Provide for disciplinary action if the purchasing cards are misused.
- Ensure that the City bears no legal liability for inappropriate use of the purchasing card.

NOTE: The policies and procedures provided herein are minimal standards for Departments. Department Directors may establish additional controls.

7.3 How It Works:

The purchasing card program simplifies the procurement/disbursement process. Procurement responsibility is delegated to the ordering department enabling an authorized cardholder to place an order directly with the vendor.

When a purchase authorization is requested by the supplier at the point-of-sale, the MasterCard purchasing card system validates the transaction against preset limits established by the employee's Department Director or

Division Manager. All transactions are approved or declined electronically based on the purchasing card authorization criteria established. The authorization criteria may be adjusted periodically as needed and may include, but not be limited to, the following:

- Number of transactions allowed per day, week or month
- Single transaction limit (not to exceed \$1,000)
- Monthly spending limit
- Approved merchant category codes

The authorization process occurs through the electronic system that supports the purchasing card processing services under the City's agreement with Norwest Bank.

7.4 Who Does What?

The following is a summation of the responsibilities of the individuals and agencies involved in the purchasing card program.

Department Director/Division Managers:

- Request purchasing cards for designated employees.
- Set Departmental spending limits within established guidelines.
- Designate representatives responsible for authorizing charges.
- Collect cards from cardholders who end employment.
- Evaluate the need to cancel or reissue cards when employees transfer.
- Notify the Purchasing Agent (Purchasing Card Administrator) of terminated cards.
- Comply with all purchasing and purchasing card policies and procedures.

Cardholder:

- Hold and secure purchasing card.
- Ensure availability of funds and proper account codes.
- Order/Receive materials and services.
- Make sure there are no sales tax or no back-orders.
- Collect and save sales receipts.
- Match receipts with monthly card statement.
- Review monthly statements for validity of all departmental transactions.
- Process all billing statements in a timely manner.
- Identify disputed charges.
- Review monthly charges with cardholder's Immediate Supervisor.
- Comply with all purchasing and purchasing card policies and procedures.

Department Representative (designated by Department Director)

- Timely collection of all monthly statements for the department to be processed for payment.
- Review monthly statement of each cardholder.
- Make sure there are no sales tax or no back-orders.
- Ensure availability of funds in proper account codes.
- Verify appropriateness of account codes (i.e., Fund-Orgn-Acct-Prog-Actv).
- Handle disputed items.
- Sign the monthly statement authorizing charges.
- Process all billing statements in a timely manner.
- Forward statement and supporting receipts to Accounts Payable Division.
- Comply with all purchasing and purchasing card policies and procedures.

Accounting Division:

- Monitor charges for proper account codes and fund availability
- Receive approved monthly statements from all departments to consolidate for monthly payment.
- Receive consolidated statements from purchasing card issuing bank
- Confirm that all charges are authorized by department representatives.
- Notify departments when approved monthly statements are not received.
- Pay all non-disputed monthly charges from consolidated statement.
- Process accounting data.
- File and store statements, receipts, etc.
- Administer 1099 reporting.
- Monitor missing documentation and notify the Purchasing Agent (Card Administrator).
- Notify the Purchasing Card Administrator of any violations or discrepancies.

Purchasing Card Administrator and Purchasing Division:

- Coordinate program policy issues.
- Issue list of merchant/commodity codes to Department Directors.
- Block merchant/commodity codes for purchasing card program.
- Initiate training program for all cardholders.
- Coordinate issuance and cancellation of cards.
- Target new cardholders and expanded use of cards.
- Maintain policy and cardholder guides/manuals.
- Evaluate purchasing card feedback from suppliers and from departments.
- Coordinate and maintain internal controls.
- Participate in resolving billing disputes.
- Participate in ongoing program reviews.
- Conduct semi-annual inventory of purchasing cards.

7.5 Limitations on Use of Purchasing Card:

- A. Cardholder Use Only: The card may be used only by the employee whose name is embossed on the card. No other individual is authorized to use the card.
- B. City Purchases Only: The card is to be used for City authorized purchases only. The purchasing card cannot be used for any personal use and any such use shall require immediate reimbursement and shall result in disciplinary action which may include dismissal.

7.6 Dollar Limitations:

- A. The Department Director approving the assignment of a purchasing card shall set single purchase limits, as well as daily, weekly and monthly limits. The maximum single purchase limit is one thousand dollars (\$1000). The maximum allowable monthly limit is five thousand dollars (\$5,000) during the thirty day billing cycle. Requests for spending limit changes must be initiated by the Department Director or Division Manager and approved by the Purchasing Card Administrator.
- B. A purchase may be made of multiple items, but the invoice cannot exceed \$1,000 or the cardholders limit if less than \$1,000. Payment for purchases must not be split to stay within the single purchase limit.
- C. No capital may be purchased..

7.7 Other Conditions:

- A. All items purchased over-the-counter must be immediately available. No back ordering is allowed.
- B. All items purchased during one telephone or FAX transaction must be delivered in a single delivery. If an item is not immediately available no back ordering is allowed.
- C. All items purchased by telephone or FAX must be delivered by the vendor within the thirty day billing cycle. An order shall not be placed without this assurance.

7.8 Prohibited Use of Purchasing Cards:

The following types of items MAY NOT be purchased with a City purchasing card, no matter the dollar amount.

- Any item exceeding \$1,000 in value.
- Internet purchases are prohibited.
- Gasoline and oil.
- Vehicle repairs.
- Cash advances, cash refunds.
- City Stores inventory items.
- Items on a blanket purchase order.
- Capital outlay and expenditures related to capital projects.
- Personal items.
- Telephone calls.
- Any merchandise, product or service normally considered to be inappropriate use of City funds.
- Services performed by an individual i.e. 1099 vendors.

7.9 Allowable Purchases:

- Building/landscape materials.
- Catering and food for business use.
- Miscellaneous maintenance and repair requirements.
- Office supplies not in Stores inventory.
- General operating supplies not in inventory.
- Software (requires I.S. approval).
- Uniform and clothing purchases
- Travel expenses such as hotels, food and airline tickets.
- Education, i.e. registration for classes, conferences, seminars, etc.

7.10 Violations:

- A. Making purchases that exceed \$1,000. It is the responsibility of the ordering department to ensure all “extra” charges such as freight handling, set-up, etc., are considered before a purchasing card transaction is made. A vendors willingness to honor a purchasing card transaction exceeding \$1,000 does not authorize departments to make purchases.
- B. Purchases from vendors that create conflicts of interest, e.g. companies owned by the City employee or relatives or where the employee has or will gain or benefit directly or indirectly from the purchase.

8.1 Small Purchases - Informal Solicitations for Purchases Not Exceeding \$10,000: Any purchase of supplies and services less than \$10,000 may be made in accordance with the small purchases procedures set forth in this Section. Purchases shall not be artificially divided so as to constitute a small purchase.

A. Small Purchase Authority and Process:

1. The Purchasing Agent shall have the authority to negotiate, without formal competition, for the purchase of any materials, professional services, services or construction amounting to one thousand dollars (\$1,000) and not exceeding a cost of ten thousand dollars (\$9,999).
2. Such negotiated purchases shall be made in the *open market*: whenever practical or advantageous, the Purchasing Agent or designated representative shall obtain quotes from at least three (3) vendors. Negotiated purchases of materials, services or construction shall be awarded to the vendor supplying the lowest responsible and responsive quote. The names of the vendors submitting quotations, the amount of each quotation and the date, shall be recorded (Form C - Certification of Informal Quotations Form) and maintained as a public record.
3. The purchasing procedures adopted pursuant to this Section shall authorize the purchase of materials, services or professional services in the *open market* by Department Directors and Division Managers or their designated representatives, of other departments of the City, provided that no such purchase shall exceed the cost of one thousand dollars (\$1,000.).
4. No contract shall be artificially divided so as to constitute a small purchase.

8.2 Formal Solicitations for Purchases of \$10,000 or more:

- **Competitive Sealed Bids/Proposals Required.** Any expenditure for supplies, materials and equipment or any contract obligating the City of Grand Junction of ten thousand dollars (\$10,000) or more and all major capital expenditures shall be purchased under formal competitive sealed bid or competitive proposal procedures.
- **Public Notice Required.** Purchases of commodities and/or services estimated to cost ten thousand dollars (\$10,000) or more shall be published at least twice in a general circulation newspaper in the City of Grand Junction and be published at least five (5) working days preceding the last day set for the receipt of *bids* and ten (10) working days preceding the last day set for receipt of *proposals*. Public notice of invitations for bids shall state the place, date and time of the bid opening.
- **Public Records:** Purchasing Division is responsible for record keeping. All submittals, except confidential or proprietary information as defined by law, are public records and must be retained as such.
- **Definition: Competitive Sealed Bid (Formal).** A competitive sealed bid is a method of source selection for a procurement of goods and/or commodities estimated to be ten thousand dollars (\$10,000) or more. Award is generally made to the lowest responsive and responsible bidder whose bid complies with the specifications contained in the Contract (Bid) Documents. This means that bid price is the decisive criterion for determining the vendor who shall receive the award.
- **Definition: Competitive Proposal (Formal).** A competitive proposal (Request for Proposal) is a method of source selection for a procurement estimated to cost ten thousand dollars (\$10,000) or more. Award is generally to the respondent who's offer is considered the best when compared and evaluated against all other offers, cost is not the primary focus of bid award. Competitive proposal solicitations are used for the procurement of services that require a high degree of professional skill and expertise. The qualification based selection process shall be used for the retention of design professionals (architects, engineers and surveyors).

A. Competitive Sealed Bid Procedure:

1. Invitation for Bids (IFB): An Invitation for Bids shall be issued and shall include specifications and all contractual terms and conditions applicable to the procurement, as well as the bid opening time and date.
2. Specifications: Specifications shall be made available to all interested parties as stated in the IFB. If for any reason whatsoever it is necessary to change the specifications or any other of the formal data and there is adequate time as determined by the Purchasing Agent prior to the date of bid opening, an addendum shall be issued setting forth the changes. Specification changes must allow adequate notice and mailing time and shall be coordinated between user department and Purchasing. This addendum shall be mailed to everyone who received a copy of the Invitation for Bids. In certain cases the bid opening may be postponed to allow adequate time for respondents to prepare their bid based on specification changes. If there is not adequate time, the Invitation for Bids shall be canceled and new bid process initiated.
3. Newspaper Advertisement: At least two (2) bid invitation notices shall be published with the second publication occurring at least five (5) work days prior to the date for opening the sealed bids.
4. Bonding: Bid Bonds (5% to 10%) and 100% Performance and Payment Bonds are required on any City construction project of Fifty Thousand Dollars (\$50,000) or more or as the Purchasing Agent and/or Department Director deems advisable to protect the City's interests. Bonding for service contracts shall occur at the discretion of the Purchasing Agent or the Department Director of the using agency. Bid and performance/payment bonds shall not be used as a substitute for a determination of a bidder or offeror's responsibility. Contracts under \$50,000 may be bonded at 50% of contract amount.
5. Bid Opening: The opening of sealed bids shall be a public ceremony; bids shall be opened by the Purchasing Agent or his designated representative, at the time and place specified in the Invitation for Bids. The amount of each bid and such relevant information as the Purchasing Agent or his designated representative deems appropriate, together with the name of each bidder, shall be recorded. **BIDS MUST BE RECEIVED PRIOR TO THE SPECIFIED TIME AS ESTABLISHED IN THE INVITATION FOR BIDS. BIDS RECEIVED AFTER THE SPECIFIED DEADLINE MUST BE IMMEDIATELY RETURNED TO THE NON-RESPONSIVE VENDOR UNOPENED.**
6. Bid Submission and Bid Evaluation: Bids shall be unconditional and submitted without alteration or correction except as authorized in this subsection. Bids shall be evaluated based on the requirements set forth in the Invitation for Bids, which may include criteria to determine acceptability, such as inspection, testing, quality, workmanship, delivery and suitability for a particular purpose. Those criteria that shall affect the price and be considered in evaluation for award shall be objectively measurable, such as discounts, allowances, transportation costs and total or life cycle costs. The Invitation for Bids shall set forth the evaluation criteria to be used. No criteria may be used in bid evaluation that are not set forth in the bid documents.
7. Correction or Withdrawal of Bids: Correction or withdrawal of inadvertently erroneous bids before and after a bid opening may be permitted in accordance with this subsection. Mistakes discovered before the bid opening may be modified or withdrawn by written, telegraphic or Fax notice received in the office designated in the Invitation for Bids prior to the time set for the bid opening. After the bid opening corrections in bids shall be permitted only to the extent allowable in the bid documents and that the bidder can show by clear and convincing evidence that the mistake of a non-judgmental character was made, the nature of the mistake and the bid price actually intended. Except for the foregoing after the bid opening, no changes in bid prices or other provisions of bids prejudicial to the interest of the City or fair competition shall be permitted. In lieu of bid correction, a low bidder alleging a material mistake of fact may be permitted to withdraw its bid if: (i) the mistake is clearly evident on the face of the bid document, but intended correct bid is not similarly evident; or (ii) the

bidder submits evidence which clearly and convincingly demonstrates a mistake was made. All decisions to permit the correction or withdrawal of bids shall be supported by a written determination made by the Purchasing Agent or his designated representative.

8. **Award:** An award shall be made by written notice to the lowest responsible and responsive bidder whose bid meets the requirements and criteria set forth in the Invitation for Bids. In the event the low responsive and responsible bid for a construction project exceeds available funds or the engineers estimate, the Purchasing Agent or his designated representative is authorized, when time and economic considerations preclude resolicitation of work of a reduced scope, to negotiate an adjustment of the bid price with the low responsible and responsive bidder in order to bring the bid within the amount of available funds. Any such adjustments shall be based only on eliminating independent deductive items specified in the Invitation for Bids. In the purchase of supplies or services pursuant to this section of whatsoever nature or character, amounting in value to \$50,000 or more, the Purchasing Agent or his designated representative shall make report and transmit the bids to the next regular session of City Council with recommendation concerning acceptance or rejection thereof. The City Council shall thereupon approve or disapprove the recommendation of the Purchasing Agent or his designated representative.

B. Multi-step Sealed Bidding: When it is considered impractical to initially prepare a purchase description to support an award based on price, an Invitation for Bids may be issued requesting the submission of unpriced offers to be followed by an Invitation for Bids limited to those bidders whose offers have been determined to be technically acceptable under the criteria set forth in the first solicitation.

C. Competitive Sealed Proposal/Competitive Negotiation Process: A contract for supplies or services for \$10,000 or more may be entered into by use of the competitive sealed proposal/competitive negotiations method when (i) the Purchasing Agent or his designated representative determines that the complex nature or technical details of a particular procurement make the use of competitive sealed bidding either not practical or not advantageous to the City; (ii) specifications cannot fairly or objectively be prepared as to permit competition in the Invitation for Bids; (iii) high technology and electronic equipment is available from a limited number of sources; or (iv) specifications cannot practically be prepared except by reference to specifications of the equipment of a single source of supply.

1. **Requests for Proposals:** Proposals shall be solicited through a Request for Proposals process.
2. **Public Notice:** Adequate public notice of the request for proposals shall be given. Newspaper advertisement shall be placed at least twice and at least ten (10) working days prior than the due day for the receipt of proposals.
3. **Receipt of Proposals:** No proposals shall be opened until the time designated in the public notice for the request for proposals. A register of proposals shall be prepared containing the name of each offeror, the number of modifications received, if any and a description sufficient to identify the item offered.
4. **Evaluation Factors:** The Request for Proposal shall state the relative importance of price and other evaluation factors. Proposal evaluation criteria should measure how well each offeror meets the desired performance requirements established before proposals are received. Final consideration for awarding of contract shall not be based solely on price. A combination of qualifications, past experience, demonstrated successes, references, fees and costs, capacity to fulfill all requirements of the contract and other qualifying considerations shall be considered for evaluation purposes.
5. **Discussion with Responsible Offerors and Revisions to Proposals:** As provided in the request for proposals, discussions may be conducted with responsible offerors who submit proposals determined to be reasonably susceptible of being selected for award for the purpose of classification to assure full understanding of and conformance to, the solicitation requirement. Offerors shall be accorded fair and equal treatment with respect to any opportunity for discussion and revision of proposals and such

revisions may be permitted after submissions and prior to award for the purpose of obtaining best and final offers.

6. **Award:** Award shall be made to the responsible offeror whose proposal is determined in writing to be the most advantageous to the City, taking into consideration price and evaluation factors set forth in the request for proposals. No other factors or criteria shall be used for this evaluation. The contract file shall contain the basis on which the award was made. In the purchase of supplies or services pursuant to this section of whatsoever nature or character, amounting in value to \$50,000 or more, the Purchasing Agent or his designated representative shall make report and transmit the bids to the next regular session of City Council with recommendation concerning acceptance or rejection thereof and the City Council shall thereupon approve or disapprove the recommendation of the Purchasing Agent or his designated representative. If the value of the award is \$25,000, but less than \$50,000, the Purchasing Agent or his designated representative shall make report and recommendation and transmit same to the City Manager to approve or disapprove the award. If the value of the award is \$10,000, but less than \$25,000, the Purchasing Agent or his designated representative shall make report and recommendation and transmit same to the appropriate Department Director to approve or disapprove the award.

8.3 Non-Responsive Bid Definition:

A responsive bid is one which is in substantial conformance with the requirements of the Invitation for Bid. Bidders who substitute their standard terms and conditions for that of the City's bid documents or who qualify their bids in such a manner as to nullify or limit their liability to the City are non-responsive bidders.

A. Determination of Non-Responsive: the following are examples of non-responsive bidders:

- A bidder who fails to deliver a bid prior to the specified time and date as shown on the Invitation for Bids such is considered late and the bid shall not be opened.
- A bidder who fail to conform with required delivery schedules as set forth in the bid documents or in the permissible alternatives.
- A bidder who qualifies prices in such a manner that the firm's bid price cannot be determined ("price in effect at time of delivery").
- A bidder who fails to offer goods or services that complied with the specifications of the bid.
- A bidder who makes the purchasing authority the responsible party for determining that the bidder's products conform to the specifications.
- A bidder who fail to furnish bid surety.
- A bidder who limit the rights of the City under any contract clause.

B. Appeal: When a bid is declared non-responsive, the City Purchasing Rules and Regulations requires that the bidder be notified in writing and given an opportunity to appeal that determination. If it believes that the non-responsive determination was erroneous, arbitrary or capricious, the bidder has the right to seek relief according to the rules and regulations for protested solicitations or awards contained herein. (see Subsection 8.9).

8.4 Responsible Vendor Definition:

A *Responsible Vendor* is a person who has the capability in all respects to perform fully the contract requirements and the tenacity, perseverance, experience, integrity, reliability, capacity, facilities, equipment and credit which shall assure good, full and faithful performance.

A. Determination of Non-Responsibility: The following are reasons a bidder may be declared non-responsible:

1. The bidder is not a regular dealer or supplier of the goods or services offered;
2. The bidder does not have the ability to comply with the required delivery or performance schedule;
3. The bidder does not have a satisfactory record of performance as documented **prior to the receipt of bids** by the requesting agency's Department Director or designated representative or as referenced by other jurisdictions or customers;
4. The bidder does not have a satisfactory record of integrity or the bidder is currently disbarred or suspended by the State of Colorado or other Colorado jurisdiction or political sub-division; and
5. The bidder does not have the necessary facilities, organization, experience, technical skills or financial resources to fulfill the terms of the contract/purchase order.
6. The bidder of construction and/or maintenance services has a demonstrated record of safety violations.

B. Appeal: When a bid is declared "non-responsible," the City Purchasing Rules and Regulations requires that the bidder be notified in writing and given an opportunity to appeal that determination. If it believes that the non-responsible determination was erroneous, arbitrary or capricious, the bidder has the right to seek relief according to the rules and regulations for protested solicitations or awards contained herein (Subsection 8.9).

8.5 Bid Irregularities:

The Purchasing Agent has authority to waive bid irregularities if: **1)** the item being waived is only a matter of form or is an immaterial variation from the exact requirements of the Invitation for Bids; **2)** the item being waived has trivial or no effect on price, quality, quantity, delivery or performance; and **3)** such a waiver would not affect the relative standing of bidders or be otherwise prejudicial to them. Example of minor irregularities that may be waived are:

- Failure to furnish with the bid certain required information regarding the vendor's qualifications to perform the contract.
- Failure to submit required descriptive information on the products offered.
- Failure to return the proper number of executed bids or attachments, including certifications and affidavits.
- Failure to return a bid addendum or amendment if on the face of such bid the bidder acknowledges receipt of addendum or amendment or if the addendum or amendment does not have material effect on the bidder's liability under the terms of the contract.
- Failure to sign a bid, when evidence is submitted with the bid that clearly shows that the bid was the one intended by the bidder and that failure to sign was strictly an oversight.

When such minor irregularities are discovered by the purchasing authority, the bidder is requested to remedy the problem within a reasonable timeframe by later submitting omitted data or by providing a written statement of intent.

8.6 Exemptions to Competitive Bidding:

A. The following items are **exempted** from competitive bidding:

- Supplies, materials, services costing less than ten thousand dollars (\$10,000);
- Purchases made cooperatively with other units of government such as the State of Colorado and government cooperative groups utilizing extended awards from other governmental agencies; the City may, when deemed appropriate, extend its award to other governmental agencies;
- Services of individuals possessing a high degree of professional skill may be waived from competitive bidding by the Purchasing Agent when deemed in the best interest of the City. Professional design services (architectural, engineering, landscape architectural, surveying) expected to cost in excess of ten thousand dollars (\$10,000) shall be selected through the City's qualification-based selection (QBS) process outlined herein;
- Purchases from federal, state or other local government units;
- Magazines, books and periodicals;
- Clean-up and disposal of hazardous materials;
- Supplies, products or services indispensable to the City which are obtainable, for practical purposes, only from a single source, as identified by the Purchasing Agent using the procedure herein set forth;
- Although there exists more than one (1) responsible source, a competitive process cannot reasonably be used or, if used, would result in a substantially higher cost to the City, shall otherwise injure the City's financial interests or shall substantially impede the City's administrative functions or delivery of services to the public;
- A particular material or service is required to maintain interchangeability or compatibility as a part of an existing integrated system;
- A particular material, professional service or service is required in order to standardize or maintain standardization for the purpose of reducing financial investment or simplify administration;
- The material is perishable;
- The material qualifies as an object of fine art;
- A particular material is required to match materials in use, so as to produce visual harmony;
- A particular material is required to enable use by a specific individual;
- A particular material is prescribed by a professional advisor;
- The material, professional services or service is subject to a change order; and,
- Repair parts, warranty work and maintenance services when purchased from source vendor or original manufacturer for City-owned equipment and vehicles.

B. Miscellaneous Exemptions:

Any procurement resulting from a formal competitive bid or proposal may be used as the basis for the negotiated purchase of additional quantities of the same materials or services at any time within a period of two (2) years from the date of approval; provided, however, that subsequent procurements are expressly limited to the specific terms, conditions and pricing established by the original bid. Any change(s) nullifies this bidding exemption.

C. Construction Change Orders, permitted without competition when:

1. One (1) or more change order(s) to an existing construction contract which shall not exceed a cumulative cost of twenty-five (25) percent of the original contract awarded pursuant to an Invitation for Bids or Request for Proposals may be executed without competition.

2. Any construction change order which authorizes a new improvement under a construction contract may be executed without competition when:
 - a. The new improvement is required for the completion of an improvement which is currently under construction pursuant to a competitive bidding or competitive proposal process;
 - b. The new improvement results from the unforeseen physical condition(s) at the site of the improvement under construction and is required for the completion of the improvement under construction; and
 - c. An administrative finding has been made by the Purchasing Agent or his designated representative that it would be in the City's best interest to negotiate with the on-site contractor for the construction of the new improvement.

8.7 Waiver Process to Formal Competitive Bids:

The formal bid process may be waived by the City Manager at the request of the Purchasing Agent under the following conditions:

- Where the process may cause undue delay or hardship for a department, division or office of the City; and,
- When deemed in the best interest of the City.

8.8 Rejection of Bids: All bids may be rejected when one or more of the following occur:

- All bids exceed the budgeted amount;
- There are no responsible bidders;
- There are no responsive bidders;
- The project is abandoned; or
- The specifications, scope and/or terms and conditions are revised for rebidding.

8.9 Protested Solicitations or Awards:

A. Protest: Any actual or prospective bidder, contractor or vendor who is aggrieved in connection with the solicitation or award of a contract and purchase order may protest to the Purchasing Agent, Administrative Services Director or City Manager as set out in this Section. The protest shall be submitted in writing to the Purchasing Agent or his designated representative, within seven (7) working days after the aggrieved person knows or should have known of the facts giving rise thereto.

- Protests in connection with a solicitation or award of a contract involving an amount less than twenty-five thousand dollars (\$24,999) shall be filed with and determined by the Purchasing Agent.
- Protests in connection with a solicitation or award of a contract involving an amount of twenty-five thousand dollars (\$25,000) but less than fifty thousand dollars (\$49,999) shall be filed with and determined by the Administrative Services Director.
- Protests in connection with a solicitation or award of a contract involving an amount of fifty thousand dollars (\$50,000) or more shall be filed with and determined by the City Manager.

B. Authority: The City Purchasing Agent, City Administrative Services Director or City Manager, as set out in Subsection 8.9, shall have the authority to settle and resolve a protest of an aggrieved bidder, contractor or vendor, actual or prospective, concerning a solicitation or award of a contract. A written decision regarding the protest shall be rendered within thirty working days after the protest is filed. This authority shall be exercised in accordance with the City procurement rules and regulations set forth herein. After

thirty days and no decision is made, the written protest shall be forward to the City Attorney office for resolution.

8.10 Confidentiality:

After bids are opened and reviewed at the bid opening, they become confidential documents until the Purchasing Agent or designee awards the contract. **Department staff shall not discuss bids with competing vendors.** Vendor questions must be referred to the Purchasing Division. Department staff shall not discuss with any vendor the recommended award or the reasons for awarding or not awarding to any bidder.

8.11 Disagreements About Recommendations:

If the Department and the Purchasing Division disagree about the award recommendation, the Department Director or designee and the Purchasing Agent or designee shall meet personally to review the reasons for the disagreement. The mutual goal of the Department and the Division is to award to the lowest responsive and responsible bidder for goods or services that meet the Department's requirements contained in the specifications. Disagreements that can not be resolved shall be forwarded to the City manager's office for final determination.

SECTION 9: SPECIFICATIONS

9.1 Specifications:

The term, "specification" or "specifications" refers to that portion of a solicitation that describes the required characteristics of a commodity or service. It is used interchangeably with the terms, "purchase description," "purchase specification," "purchase requirement," "commercial item description," "scope of work" and "statement of work." A specification may include requirements for samples, prototypes, inspection, testing, warranty and packaging. The specification portion of a solicitation should not contain bidding instructions, contractual terms and conditions, delivery, pricing formats or similar material. The specifications are the communication medium between the purchaser and the seller and the basis on which the bids are prepared. Specifications for each item should be definite and precise to eliminate the possibility of misunderstanding on the part of the vendor or the purchaser.

REMEMBER, the fundamental premise of public procurement is that maximum price competition minimizes government costs. Specifications shall be prepared accordingly.

Specifications which call for only one "brand or trade name" item to be furnished shall not be issued unless prior approval is granted by the Purchasing Agent. "Brand names" may be used to establish an acceptable or minimum standards that all vendors must meet or exceed.

In considering and developing specifications, it must always be remembered that expenditures derived from public sources and administered by public bodies cannot be expected to provide for luxurious levels of quality. Therefore, the general policy of purchasing good, standard grades of merchandise which represent an optimum between quality and price and provide a satisfactory level of service shall be followed.

9.2 Authority for Specifications:

The City Purchasing Agent is responsible for and has the authority to accept or reject any specification. Since the purpose of a specification is to translate a user's need into the delivery of a good or service, the development of specifications must be a cooperative effort between the using agency and Purchasing. However, prior to release of a specification as part of a solicitation, the Purchasing Agent or Buyer must be satisfied that it shall result in a fair and equitable competitive procurement.

9.3 Types of Specifications:

There are several types of specifications; the development, selection and use of a particular type is dependent on the situation, time, information available and needs of the user.

A. PERFORMANCE SPECIFICATIONS: Performance specifications (also known as Functional Specifications) are preferred since they communicate what a product is to do, rather than how it is to be built. Among the ingredients of a performance specification would be the following:

- A general nomenclature or description;
- Required performance characteristics (minimum/maximum) to include speed, storage, production capacity, usage, ability to perform a specific function;
- Operational requirements, such as limitations on environment, water or air cooling, electrical requirements;
- Site preparation requirements for which the contractor shall be responsible, such as electricity, plumbing or for which the City shall be responsible;
- Compatibility requirements with existing equipment or programs;
- Conversion requirements for maintaining a current equipment or system until switching to the new equipment or system;
- Installation requirements;
- Delivery date;
- Maintenance requirements;
- Supplies and parts requirements;
- Quantity and method of pricing;
- Warranty; and
- Service location and response time.

Note: Performance specifications shall be developed by City agencies unless impractical or unnecessary to fully and accurately describe agency requirements.

B. DESIGN SPECIFICATIONS: Design specifications employ dimensional and other physical requirements and concentrate on how a product is fabricated, rather than on what it should do. Design specifications are normally prepared by architects and engineers for construction or custom manufactured products. Among the ingredients of a design specification would be the following:

- Dimensions, tolerances and specific manufacturing or construction processes;
- References to a manufacturer's brand name or model number; and
- Use of drawings and other detailed instructions to describe the product.

C. BRAND NAME SPECIFICATIONS:

1. A brand name specification may be used only when the Purchasing Agent has determined that sufficient sources of competition exist for the procurement of the material and that the use of the brand name specification is not intended to limit or restrict competition.
2. A brand name specification may also be used to describe the standard of quality, performance and other salient characteristics of a material in lieu of a description of its physical or functional characteristics. In such cases, the solicitation shall contain explanatory language that the use of the brand name is for the purpose of describing the standard desired and that the substitution of equivalent materials is permitted.
3. When a specification mentions a manufacturer's brand name or model number, it shall also include the words, "or equal." In this regard, "or equal" is interpreted to mean, "*substantially (real, actual*

and/or true, not imaginary) equal and capable of performing the essential functions of the referenced brand name or model." Identify in the requisition any specific features of the referenced brand that must be met.

D. **SERVICE DELIVERY SPECIFICATIONS (aka - SCOPE OF WORK/SERVICES)**: The following is an outline of the types of information that should be included in a scope of work or scope of services developed for procurement of independent contractors providing services other than construction, e.g. HVAC maintenance, window washing, demolition, etc.

1. *General Requirements*. Describe the contractor's responsibility to provide a service or produce a final product.
2. *Specific Requirements*. Address the specific tasks, sub-tasks, parameters and limitations which must be considered in producing the service or final project. Such factors as the following should be included:
 - Details of work environment;
 - Minimum or desired qualifications;
 - Amount of service needed;
 - Expected results
 - Location of service;
 - Definition of service unit;
 - Time limitations;
 - Travel regulations or restrictions;
 - Special equipment required; and
 - Other factors affecting working environment.
3. *City Provided Materials or Services*: List any plans, reports, statistics, space, personnel or other City provided items that must be used or are available for use, by the Contractor.
4. *Deliverables, Reports and Delivery Dates*. Identify the specific delivery dates for all services and products the Contractor must furnish. Be clear about the expectations of the City for the Contractor's performance.

9.4 Specifications "Do's and Don'ts":

A. **DO'S**:

- Use the word "must" or "shall" to describe a command or mandatory requirement;
- Use the words "should" or "may" to describe an advisory or optional requirement;
- Be specific and detailed in presenting mandatory requirements; and
- State a requirement of fact once and avoid duplication.

B. **DON'TS**:

- Present something as mandatory if it is really only optional;
- Write specifications or scope of work that restrict response to a single bidder/offeror; and
- Place bid/proposal administrative or contractual terms in the specification portion of the document.

9.5 Preparation of Specifications:

All specifications shall be drafted so as to promote overall economy for the purposes intended and to encourage competition in satisfying the City's needs and shall not be unduly restrictive. The policy enunciated in this

Section applies to all specifications including, but not limited to, those prepared for the City by independent architects, engineers, designers and draftsmen.

Departments are responsible for the first draft of specifications to be submitted to Purchasing. Lengthy and complex specifications should be submitted to Purchasing on a 3.5" diskette in *Microsoft Word*. Be certain the diskette label properly identifies the data. After Purchasing has reviewed the specifications and attached its standard terms and conditions, the Department shall be forwarded a redline draft for final review and approval.

Bids and quotations should be based on concise but adequate specifications. A lengthy specification composed or designed solely for the purpose of eliminating competition, other than those able to supply a particular brand name commodity, should be avoided and the actual brand name or common description should be used when no other of its kind would be equally satisfactory. Specifications should be detailed to provide a basis for full and fair competitive bidding upon a common standard and should be free from any restrictions which would have the effect of stifling competition.

The Purchasing Agent or Buyer has authority to require modifications or alterations to a specification to permit competitive bidding. The Purchasing Agent or Buyer shall furnish the requesting department representative a written report of any change(s) and why change(s) is desired and/or necessary. Disagreements between Purchasing staff and agency representatives regarding final bid or proposal specifications shall be resolved by the City Manager.

9.6 Changing Specifications:

Once an Invitation for Bids has been mailed, no changes in the specifications may be made unless all prospective bidders are notified by certified mail in an addendum, in duplicate, clearly pointing out such changes. This addendum shall instruct the bidder to sign and attach one copy to his/her bid as proof of receipt and retain the second copy with his/her bid file.

Once a decision has been reached on the specification(s), all bids must be based upon the same specifications and no bidder has a right to substitute other specifications for those contained in the bid.

SECTION 10.0: PROFESSIONAL SERVICES PROCUREMENT

10.1 Purpose:

The purpose of this section is to establish policy and procedures for procuring professional services or contracted services expected (1) to cost less than \$10,000 and (2) services expected to cost \$10,000 or more.

10.2 Authority:

Under \$10,000: For the purpose of procuring the service of licensed professional(s) or independent consultant(s), any using agency or department requiring such services may procure them on its own behalf when the total cost does not exceed \$10,000. Department Directors are responsible for selection and contract administration. Competition is not required; nevertheless, Department Directors are responsible for selection based on applicable and appropriate qualifications, experience, referenced successes and cost factors.

\$10,000 and Over: For the purpose of procuring the services of licensed professionals or consultants, all City departments are required to adhere to the selection procedures described in this Section if the work is to cost \$10,000 or more and shall be performed by an independent contractor within the scope of the practice of accounting, actuarial services, medicine, optometry or accredited consultants. The City Purchasing Agent is authorized to solicit and procure professional services expected to cost \$10,000 or more. Proposals shall be requested and received by the Purchasing Division. Offerors shall be ranked and negotiations conducted

with the highest ranked offeror. Final contract price shall be discussed only after determination of the best qualified offeror. No contract for the services of legal counsel shall be awarded without the approval of the City Attorney or his designated representative. Contracts for professional design services shall follow the qualification-based selection process (QBS).

10.3 Selection Procedures for Professional Service Contracts of \$10,000 or more:

Step 1: The first step requires the Director to designate a representative to serve as *Project Coordinator*, also known as “project manager.” Prior to preparing a requisition to issue a Request for Proposals (RFP), the project coordinator shall confer with the Purchasing Division to determine whether an RFP is the appropriate mechanism for the procurement. The Purchasing Agent may direct the use of Competitive Sealed Bid (IFB) if that is a more appropriate process. If the RFP is recommended, a schedule for the selection process shall then be established.

Step 2: The project coordinator shall prepare a written purchase requisition to transmit to the Purchasing Agent the Scope of Work (or Scope of Services) for the project. The Scope of Work (SOW) shall be submitted in writing via E-mail attachment or on a diskette in Microsoft Word. The SOW seeks results; it is performance, not process oriented and requires a systematic approach. It should define the mission of the RFP or answer the question ‘why’ this acquisition is being made or considered. It also discusses ‘how,’ at least in broad terms, the mission is to be accomplished. The SOW defines the logical flow of activities, specifies the expected result or outcome of each and delineates how this shall be measured. It defines who is responsible for what, i.e., it identifies the responsibilities of both parties (purchaser and supplier).

Step 3: Accompanying the SOW shall be a statement of the recommended evaluation criteria to be incorporated into the RFP and used to rank and select the service provider. The department shall also provide the names and addresses of the recommended evaluation committee members and a list of prospective offerors to be contacted.

Step 4: The Purchasing Division shall prepare a draft RFP for Departmental review. After all changes are made, the final draft RFP shall be released to the prospective offerors and advertised by the Purchasing Division. Generally a five (5) day lead time is required for publication.

Step 5: The Purchasing Division shall receive and secure all proposals until the date and time announced for the receiving deadline. At that time, submittals shall be opened, recorded and reviewed to be certain the administrative requirements of the RFP have been met. NOTE: At this stage only the names and addresses of respondents is public record; all other information is confidential until contract negotiations are completed.

Step 6: Copies of the proposals shall be forwarded to the Department for distribution to evaluation committee members for perusal prior to the formal selection meeting that follows.

Step 7: Committee members shall then meet as a team. The team reviews each proposal and determines its concerns. The team members shall score each proposal using a rating form. Once all proposals have been evaluated, team members shall rank the proposals in order of preference. Scores are averages to develop a proposal rating which identifies the proposal representing the best qualified or greatest value. The references of the highest ranked firm are checked to support a teams findings. The evaluation must be done in accordance with the criteria contained in the RFP. Committee members must treat the information in proposals as confidential during the evaluation process. A representative of the Purchasing Division shall assist the committee to assure that evaluations are conducted as stated in the RFP. The Purchasing representative shall arrange interviews and clarifications, if necessary. If warranted, an oral presentation may be scheduled to further evaluate the responsibility of the proposers.

Remember, the committee recommendation does not authorize the committee or department to notify any offeror of the status of the evaluation.

Step 8: The purchasing agent and project coordinator shall conduct negotiations with the recommended offeror until a final contract is agreed upon. The City Attorney's Office shall be asked to review the draft contract document before award. If terms or compensation cannot be agreed upon with the best qualified offeror, then negotiations shall be formally terminated with the selected offeror. If proposals were submitted by one or more other offerors determined to be qualified, negotiations may be conducted with such other offeror or offerors, in order of their respective qualification ranking and the contract may be awarded to the offeror then ranked best qualified if the amount of compensation is determined to be fair and reasonable.

Step 9: After both parties have agreed to the terms of the contract, the contract shall be presented to the proper authority for execution. Authority to award and execute contracts shall comply with purchasing authority thresholds as set forth in Section 2 of this Manual.

Step 10: The Purchasing Division shall notify all offerors of the selection and debrief any offerors requesting a debriefing.

10.4 Selection Procedures for Contracting with Design Professionals:

It shall be the policy of the City that all professional design firms shall be retained for public improvement projects through qualification-based selection (QBS). QBS is a negotiated procurement process for selection based on qualifications and competence in relation to the work to be performed. Design firms shall include professional architect, engineer and land surveying services. The process shall be as follows:

Step 1: Department Director or designated Project Coordinator assembles a selection committee consisting of five (5) members. The City Purchasing Agent or designated representative shall be responsible for maintaining the selection schedule. The committee holds a work session to: determine the project's preliminary scope of work; create list of materials and information that must be included in qualification submittals; establish the criteria for selection; and, set both project time frame and selection time frame.

Step 2: The Purchasing Division shall assemble a list of potential design professional firms from whom to solicit Statements of Interest (SOI) and Letters of Qualifications (LOQ).

Step 3: Invite firms to submit Statements of Interest (SOI) and Letters of Qualifications (LOQ) to become eligible for a possible interview for engineering and architectural services relative to design and construction requirements of the project.

Step 4: Committee reviews SOI/LOQ against pre-set criteria. Rank firms based on SOI/LOQ submittals and develop a short-list of 3 to 5 firms. Investigate references, jobs and office. Invite for interviews.

Step 5: Committee interviews, evaluates and ranks the firms. Select the most qualified firm in relation to the work to be performed.

Step 6: Invite the highest ranked firm to assist in defining the detailed scope of work or services and establish contract terms. Negotiate firm fixed fee contract for scope of work/services. If an agreement can not be reached, terminate the negotiations with the selected firm and begin negotiations with the firm that ranked second in the selection process.

Step 7: Purchasing Division notifies all non-selected firms of the committee's decision.

Step 8: Retain the selected firm, enter into written agreement. Agreement execution requires appropriate authorization as set forth in Section 2 of this Manual.

10.5 Proprietary Information:

Proprietary Information is defined as any information which is not generally known to competitors and which provides a competitive advantage. Unrestricted disclosure of proprietary information places it in the public

domain. Only submittal information clearly identified with the words “*Confidential Disclosure*” and placed in a separate envelope shall establish a confidential, proprietary relationship.

SECTION 11: CONTRACTS

11.1 General:

Contract shall mean any agreement enforceable by law between the City and one (1) or more outside parties, regardless of form or title, for the procurement of materials, services or construction. To be effective, a contract must include offer and acceptance by competent parties and the furnishing of some good or service for an agreed monetary consideration.

11.2 Types of Contracts:

The following defines several types of contracts used by the City of Grand Junction.

- A. *Blanket Agreements*. These contracts establish the commitment of a vendor to furnish the purchaser's (City) requirements for items or services on an as-required, over-the-counter basis.
- B. *Term Contracts*. These contracts establish a source of supply for a good or service for a specified period of time.
- C. *Requirements Contracts*. These are indefinite-quantity agreements in which the purchaser is obligated to order and the vendor is obligated to supply all of the purchaser's normal requirements for a specified price during a specified period.

11.3 Origin of Contracts:

Contracts may be originated in several ways before they are used by the City.

- A. State Contracts and Price Agreements: Under a permissive State law (24-110-101 et. seq.) CRS, the City may purchase from State contracts and price agreements. These contracts are entered into by the State of Colorado, Department of Administration, Division of Purchasing or other State departments with contractual authority. If these agreements have a clause acknowledged by the contractor, they may be used by other political jurisdictions, such as the City. When available and in the best interest of the City, the Purchasing Agent may forego the bid process and purchase directly from the State award vendor(s).
- B. Cooperative Purchase Contracts. These contracts are created by a voluntary pooling of interests by governmental units. If required by the bid documents or if the contractors agree, they may be used by other political jurisdictions, such as the City. When in the best interest of the City, the Purchasing Agent has authority to “piggyback” such agreements for the acquisition of supplies and services without going through the formal bid/proposal process. Final authorization shall adhere to Section 2 requirements.
- C. City Contracts. These contracts are specifically procured by the Purchasing Division either for City-wide purposes or for a specific department. City contracts shall be prepared in triplicate; completed contracts shall be filed with the contractor/vendor, City clerk's office and the Purchasing Division.

NOTE: For purposes of reference, the Purchasing Division may assign a Contract Number, Unit Price Agreement Number or Blanket Agreement Number to any of these contracts. These reference numbers are used when placing orders to assure that the order is linked to the correct agreement.

11.4 Contract Approval:

- A. Only the City Manager, his designated representative, Department Directors and their designated representatives and the Purchasing Agent and his designated representative are authorized to sign contracts which bind the City for the procurement of goods, services, insurance or construction, unless a specific delegation or exemption is made by City Council by resolution, code, regulation or letter of authority to another official or employee. Approval thresholds are as follows:
- City Manager or designee is authorized to sign all contract documents which bind the City to spend twenty-five thousand dollars (\$25,000) or more.
 - Department Director or designee is authorized to sign all contract documents which bind the City to spend from ten thousand dollars (\$10,000) to less than twenty-five thousand dollars (\$24,999) or more.
 - Purchasing Agent or designee is authorized to sign all contract documents which bind the City to spend less than ten thousand dollars (\$9,999).
- B. The Purchasing Agent shall not award any contract or finalize any procurement until the Administrative Services Director or City Comptroller has determined that appropriations for the using agency include a sufficient unencumbered balance in excess of all unpaid obligations to defray the cost of such procurement, excepting only:
1. Cases of emergency as set forth in Section 12; and
 2. Cases where revenue to pay the bidder or offeror shall be raised through the performance of the contract.
- C. The Purchasing Agent shall not award a contract for the acquisition of property or the construction of improvements or other expenditures which is to be financed by bonds or other obligations until the proceeds of the bonds or obligations have been received by the City Comptroller. Improvements to be paid for by special assessments are excepted from this requirement.

NOTE: GRANTS AND OTHER DOCUMENTS REQUIRING THE CITY MANAGER'S APPROVAL, BUT NOT THAT OF PURCHASING, SHALL BE PROCESSED IN ACCORDANCE WITH INSTRUCTIONS FROM THE CITY MANAGER'S OFFICE.

11.5 Contracts for Personal Services:

- A. Before requisitioning approval of an individual to provide personal services to the City, the Department should be certain that no violation of law, including but no limited to Internal Revenue Service (IRS) regulations, will occur. Care must be taken to make sure the personal services contract does not establish an employer-employee relationship with the City.
- B. Generally, the following tests support a personal services contract with an individual:
- The individual has performed similar services on a contractual basis with other clients;

- The individual has paid tax withholding and social security withholding as a self-employed person and agrees to do so during its contract with the City; and
- The individual shall perform the duties independently without direct detailed supervision by the City to include independence in establishing work hours and location of performance of duties.

11.6 Contract Administration:

- A. Departmental contracts shall be administered by the using agency. The Department Director is responsible for designating the contract administrator (a.k.a. project manager or project coordinator) prior to the solicitation of personal service contracts. Public works projects shall be administered by the City Engineer or designated Project Engineer.
- B. The departmental contract administrator shall be responsible for assuring that the contractual relationship is completed successfully and in accordance with the City's terms and conditions. The contract administrator may or may not be a City employee.
- C. Among the activities of a contract administrator are the following:
 - (1) Inspecting and accepting contractor performance;
 - (2) Communicating to and with contractors the City's requirements.
 - (3) Evaluating contractor performance;
 - (4) Notifying Purchasing promptly of any disputes, failures to perform or other problems with contractors;
 - (5) Documenting all activities of the contract and assuring copies of important documents are retained and/or forwarded to purchasing;
 - (6) Processing payments and contract close-out documents.
- D. It shall be the Purchasing Division's responsibility to:
 - (1) Maintain the City's record file of the contract;
 - (2) Review and approve all requests for changes in delivery, price or specification *before* any action is taken by the Department or contractor;
 - (3) Create Purchase Order and make partial to final payments with contract administrator's approval.
 - (4) Resolve disputes with Contractors;
 - (5) Issuing Cure Notices, demand letters and contract default/termination notices to Contractors; and
 - (6) Maintain records of vendor performance.

11.7 Contracts for Public Improvements:

- A. Contracts for Public Improvements (construction) shall be let in accordance with City of Grand Junction bidding procedures. These contracts are subject to approval in accordance with the authorization limits stated herein.

- B. When a contract for public improvements is awarded in excess of fifty thousand dollars (\$50,000), the following bonds or security shall be delivered to the City and shall become binding on the parties upon execution of the contract:
1. A **performance bond** satisfactory to the City, executed by a surety company authorized to do business in the State of Colorado or otherwise secured in a manner satisfactory to the City, in an amount equal to one hundred percent (100%) of the price and/or compensation specified in the contract; and
 2. A **payment bond** satisfactory to the City, executed by a surety company authorized to do business in the State of Colorado or otherwise secured in a manner satisfactory to the City, for the protection of all persons supplying labor and material to the Contractor or its Subcontractor for the performance of the work provided for in the contract. The bond shall be in an amount equal to one hundred percent (100%) of the price and/or compensation agreed to in the contract.
- C. Nothing in this section shall be construed to limit the authority of the City to require a performance bond or other security in addition to those bonds or in circumstances other than those specified.

11.8 Multiyear Contracts:

Unless otherwise provided by law, a contract for supplies or services may be entered into for a period of time deemed to be in the best interest of the City if the term of the contract and conditions of renewal or extension, if any, are included in the solicitation and if funds are available for the first year at the time of contracting. The City shall initiate the renewal or extension of a contract for supplies or services. Payment and performance obligations for succeeding fiscal years shall be subject to availability and appropriation of funds thereof.

When funds are not appropriated or otherwise made available to support continuation of performance in a subsequent fiscal year, the contract shall be canceled and the Contractor may be reimbursed for the reasonable value of any non-recurring costs incurred but not amortized in the price of the supplies or services delivered under the contract.

Annual service and product contracts may be renewed by the Purchasing Agent and Department Director up to four (4) times based on satisfactory performance and price stability.

SECTION 12: CITY PRIVATIZATION AND COMPETITIVE POLICY

12.1 Purpose:

The purpose of this Section is to set forth and establish policy and general guidelines for a privatization and competitive City procurement policy.

12.2 Background:

The following privatization and competitive procurement policy has been established as a management tool for the City to use in achieving its goal of being a model of effective, efficient and responsive municipal government, working in partnership with the private sector. Effective use of this management tool shall enhance the City's ability to ensure the most cost effective and beneficial expenditure of taxpayer dollars by utilizing the best talents, ideas and resources from both the public and private sector.

12.3 Policy:

The City of Grand Junction's policy is to utilize the most beneficial methods from the public and private sectors to provide quality services and products to its citizens. When practicable, the City shall utilize a

comparative cost and benefit analysis process with the private sector. Privatization of a “Core Competency” service or operation (i.e. policy making position/operation or functions required by statute to be performed by a government employee, etc.) shall not be considered.

12.4 Guidelines:

When directed by the City Manager, the Department Director and/or Purchasing Agent shall prepare a written feasibility study for the privatization of a service or operation performed by City employees. The study shall be returned to the City Manager for final feasibility determination. If the City Manager determines that it is feasible, the process shall continue with the preparation of an Invitation for Bids or Request for Proposals.

12.5 City’s Cost Comparison Methodology:

The City’s cost comparison methodology is based on the avoidable costs approach and shall include in the computations only those costs that the City shall no longer incur (i.e., avoid) by contracting out.

12.6 Public/Private Competitive Process:

The steps and responsibilities during the public/private competitive process is similar to the traditional purchasing process except for the fact that a bid/proposal from a City department is included. Because a City operating department is participating in the competition, two additional steps must be taken by the City to establish the credibility of the City proposal: Those steps are certification of the City proposal and a post-implementation audit of the service provider.

A. Steps in Competitive Process:

1. Identify privatization target areas, such as:
 - a. New services that have never been provided before that shall require an increase in capital investment and or full-time employee increases;
 - b. Services or operations that are commonly provided in the private sector marketplace;
 - c. Areas experiencing high personnel attrition/turnover;
 - d. Areas of documented poor service or a high volume of customer complaints;
 - e. Areas that have the greatest potential for cost benefits;
 - f. Pilot program(s) to measure comparative cost benefits of internal to external (privatized) performance; and,
 - g. Extraneous/fringe tasks not directly related to primary mission.
2. Identifying Service and Associated Costs
 - a. When the decision to use the competitive process is made, the operating department shall specify the service to be evaluated. That department is then responsible for notifying the parties that shall be affected by the process; these include the City Council, City Manager, Administrative Services (Finance) Director, City Auditor and City Attorney. All of these City officials shall need to prepare for their roles in the process.
 - b. Operating department personnel shall identify costs by determining the resources required and the method to be used for delivery of the service. The City Comptroller then assists the

operating department in identifying the costs of resources that shall be needed to deliver the service.

3. Preparing Bid Specifications for Privatization of City Provided Service

The Purchasing Division prepares the bid specifications utilizing the Final Scope of Work (Services) for service delivery prepared by the Department Director and his staff.

4. Certify City Cost Proposal

The City's Finance Division receives and tests the City proposal for reasonableness of proposed costs prior to competitive submission.

5. Open Bids and City Cost Proposal

On the filing date for proposals, the Purchasing Agent opens and announces the proposals, including the City proposal. The City Manager appoints an evaluation committee that reviews all proposals. The evaluation committee assesses the cost, service level and management control issues after studying all bids and the City proposal and prepares a written recommendation that is forwarded to the City Manager and Purchasing Agent. A final recommendation is prepared by the Purchasing Agent for presentation to City Council.

6. Award Contract

The City Manager and City Council make the final selection after reviewing the bids submitted, the City cost proposal and the recommendations of the evaluation committee. If the service shall be provided by the private sector, contracts are signed. If the service shall be provided by City staff, the City proposal and bid specifications shall serve as a performance contract.

7. Monitoring or Supervision

The operating department is responsible for monitoring the contract if a private proposer is selected or for supervising the service delivery if City staff are selected to provide the service. Contract monitoring shall involve an inspection function, a system for providing feedback to the Contractor on service levels, coordination of payments to Contractor and recordkeeping on contract requirements, such as insurance. **In all cases, the operating department retains responsibility for providing the service to the citizen.**

12.7 Computing the Cost of In-house Service Delivery:

The following four (4) cost categories together compose the total cost of in-house service delivery (see following model, #5):

1. **Personnel costs.** Personnel costs are the annualized salaries, wages and fringe benefits of all full-time and part-time staff involved with the in-house delivery of the target service or activity.
2. **Non-personnel costs.** Non-personnel costs include travel, utilities, printing and reproduction, contractual services, maintenance and repair, materials and supplies and other costs associated with in-house delivery of the target service or activity.
3. **Overhead (indirect) costs.** This category includes the support and shared costs that are not 100 percent chargeable directly to the in-house delivery of the target service or activity. The City shall use two (2) classes of overhead costs: (a) operations overhead and (b) general and administrative overhead.

a.) Operations overhead refers to those indirect costs incurred by the first supervisory level above and in support of the target service or activity. b.) General and administrative overhead refers to all other indirect costs, exclusive of operations overhead, incurred in support of the in-house delivery of the target service or activity. Examples of general and administrative overhead cost include those costs incurred in support of the target service or activity by such City departments as Finance, Personnel, Purchasing, City Attorney, Risk Management, etc.

Note: Only those operations overhead costs and general and administrative overhead costs that shall be avoided if the target service or activity is contracted out are considered.

4. **Depreciation costs.** The depreciation of capital assets (facilities and equipment) used in significant amounts for the in-house provision of a target service or activity.
5. **Total in-house costs.** The total avoidable personnel, non-personal, indirect and depreciation costs; this sum constitutes the “total in-house performance costs” and is compared to “contract performance costs” (see Cost Comparison Form - Section 12.9, Exhibit No. 1.).

12.8 Computing the costs of Contract Service Delivery:

The City shall use the following six (6) cost categories that together shall constitute the total cost of contract service delivery:

6. **Contract price.** This is the price or cost that a prospective contractor proposes to charge to provide the target service or activity.
7. **Contract administration costs.** These are the costs incurred in letting bids and proposals and in managing the resulting contract(s) until the service or activity is completed and final payment is made.
8. **Onetime conversion costs.** These costs are incurred when City service or activity is converted to contract service delivery. Onetime conversion costs include:
 - a. *personnel related costs*, such as unemployment compensation, accrued PTO benefits owed City employees and any other severance-type costs;
 - b. *material-related costs* associated with the preparation and transfer to the contractor of any City-furnished facilities and equipment; and,
 - c. *other costs*, such as penalty fees for terminating leases or rental agreements and the costs of holding unused or underused facilities or equipment until other uses can be found or until they are sold or leased.
9. **Revenue.** This includes any new revenue stream or increased revenue stream (e.g., rents, lease payments or parking facility revenues) that results from contracting out. Revenue is treated as a *deduction* from the cost of contracting out.
10. **Disposal of assets.** The net disposal value is computed by subtracting from the estimated salvage value of the cost of disposal of any assets made redundant by contracting out. If the net disposal is positive, the amount is treated as a deduction from the cost of contracting out. But if this value is negative, the amount is treated as a cost of contract service delivery.
11. **Local income tax.** The new revenues to be generated by transferring a service or activity to the private sector are entered as a *deduction* from the cost of contracting out.

12. **Total contract performance costs.** The totals costs are the contract price, plus contract administration and one-time conversions costs minus revenue and City income taxes, plus or minus disposal of assets costs. These cost data are transferred to the Cost Comparison Form.

12.9 Cost Comparison Form:

The major cost categories, for both in-house and contract service delivery, employed by the City in its cost comparison methodology are detailed on the City's cost Comparison Form. While the form is essentially self-explanatory, two aspects do warrant some special mention: performance periods and cost comparison ratio.

1. Performance Periods. The cost Comparison Form provides space to carry out the cost analysis for up to three (3) performance periods. A performance period is one fiscal year or contract year. Several reasons exist for extending the cost comparison beyond one performance period. First, the full cost savings may not be realized in a single performance period. Secondly, one-year comparisons cannot account for changes in public and private wage increases preprogrammed for several years into the future.
2. Cost Comparison Ratio. The cost comparison ration (line 13) is designed to establish a threshold below which a change in service delivery from in-house delivery to contract may simply not be warranted. While the change in service delivery mode is theoretically justifiable on the basis of any cost savings, as a practical matter the cost savings should be sufficient to justify the organizational upheaval that also occurs. The City of Grand Junction by this reference establishes a cost savings threshold of ten percent: contracting out must generate at least a ten percent cost savings for the City to deem the change worthwhile.

CITY OF GRAND JUNCTION
 Administrative Services Department

COST COMPARISON FORM
In-House vs. Contract Performance

Department _____.

Service Under Study _____.

<i>In-House Performance Costs</i>	(A)	(B)	(C)	(D)	(E)
	1st	2nd	3rd	Total	Ref.*
1. Personnel Costs					
2. Non-Personal Costs					
3. Overhead Costs					
4. Depreciation Cost					
5. TOTAL IN-HOUSE COST					

<i>Contract Performance Costs</i>					
6. Contract Price					
7. Contract Administration Cost					
8. One-time Conversion Cost					
9. Revenue					
10. Disposal of Assets					
11. City Income Tax (deduct)					
12. TOTAL CONTRACT COST					

Decision

13. Cost Comparison $\frac{\text{Total In-House Cost (Line 5, column D)}}{\text{Total Contract Performance Cost (line 12, Column D)}} = \text{_____} \%$

A percentage on line 13 equal to or greater than 110% supports a recommendation to contract performance.

Cost Comparison Decision (check one) Accomplish In-House _____.

 Accomplish by Contract _____.

*
*
*
*
*

* Use this area to footnote where supporting documentation may be found.

13.1 Emergency Purchase Definition:

An *emergency purchase* is a purchase made in an exigency, made under special procedures, designed to meet the emergency. Bona fide emergency purchases are made to protect the public health of citizens or when immediate repair is necessary to prevent further damage to public property, machinery or equipment. In addition, a bona fide emergency purchase is when the functioning and operation of a City department would be seriously hampered or delayed through use of the normal requisitioning/purchasing process.

13.2 Authority:

In case of an emergency affecting the public peace, health or safety, the City Manager may waive all provisions for competitive bidding. In such instances, the City Manager may direct the appropriate Department Director or Purchasing Agent to procure such emergency needs by informal open market procedure, as expeditiously as possible, at not more than commercial prices. When expenditures exceed \$50,000, a full report of the circumstances necessitating the emergency action shall be presented at the next City Council meeting by the City Manager.

13.3 Emergency Purchase Procedures:

A. Criteria. The following are the criteria for determining whether to use emergency purchase procedures:

1. An equipment breakdown or act of God threatens to terminate essential services; or
2. Public safety, health or welfare are threatened by a dangerous condition or immediate need for supplies, equipment or services.

B. Procedures. The following are procedures to be followed for emergency purchase situations:

1. In the event of an actual emergency during non-working hours, the Department Director or designee may purchase directly any supplies whose immediate procurement is essential to protect the life, health or safety of the public. When expenditures exceed \$25,000, the Department Director or designee of the City agency using the emergency procedure shall submit by close of business the next work day a purchase order with a copy of the delivery document and a written report explaining the circumstances of the emergency to the City Purchasing Agent.
2. During normal City business hours, the Department shall notify the Purchasing Agent of the emergency situation and request verbal approval to proceed with the emergency purchase. The department shall provide the following:
 - a. The nature of the emergency;
 - b. The estimated cost of the services/goods required; and
 - c. The vendor recommended to receive the order.

SECTION 14: SOLE SOURCE DESIGNATION

14.1 Authority:

The City Purchasing Manual allows for exemption from the competitive process when a written determination has been made by the Purchasing Agent and approved by the City Manager, Director or Manager that there is only one source practicably available to supply a good or service.

When, in the opinion of the Purchasing Agent the best interests of the City shall be served, the agent may authorize the use of sole source procurement procedures provided the expenditure does not exceed ten thousand dollars (\$9,999). Sole source requests of ten thousand dollars and less than twenty-five thousand dollars (\$24,999) must be approved by the City Manager; requests for sole source expenditures of twenty-five thousand dollars (\$25,000) or more shall be approved by City Council.

14.2 Sole Source Criteria:

The following are the criteria used for determining sole source:

- The Vendor is the original equipment manufacturer (OEM) and there are no regional distributors;
- The parts or equipment requested are not interchangeable with similar parts or equipment available from another manufacturer;
- The compatibility or conformity with City owned equipment or materials in which non-conformance would require the expenditure of additional funds.
- No other equipment is available that shall meet the specialized needs of the department or perform the intended function; or
- Detailed justification is available which reasonably establishes that the Vendor is the only source practicably available to provide the item or service required.

14.3 Procedures:

- A. Departmental Responsibility: The department shall complete a Sole Source Justification Form (Exhibit A). Attach documentation or justification which reasonably establishes, after conducting a good faith review of available sources, that the proposed Vendor is the only source practicably available to provide the item or service required. The department is responsible for conducting negotiations, as appropriate, as to price, delivery and terms.
- B Authorization Thresholds:
1. For sole source purchases up to \$5,000 the Division Manager may sign the justification memo and forward to the Purchasing Agent for final determination.
 2. For sole source purchases over \$5,000 and under \$25,000, the Department Director must sign the justification memo and forward to Purchasing Agent. If, applicable, the Purchasing Agent shall forward requests to City Manager with agent's recommendation for final determination.
 3. For sole source purchases of \$25,000 or more, the requesting department's director or his/her designated representative, shall prepare a standard format City Council recommendation for presentation to City Council for final determination. The Purchasing Agent shall review all recommendations before Council presentation. Presentation shall be made by the requesting agency.

Note & Remember: Personal preference, convenience or "to standardize" is not sufficient justification for spending public funds under non-competitive conditions.

15.1 Required Method:

The City's *required* shipping and handling term is *FOB Destination*. Shipping other than FOB Destination shall occur only with the written approval of the Purchasing Agent of Buyer.

15.2 FOB Destination (Free on board destination):

FOB Destination means the Vendor maintains title for the goods until they are received by the Purchaser. The Vendor pays the shipping costs and is responsible for claims against the Carrier.

15.3 FOB Plant/Origin:

Occasionally, a vendor shall quote FOB Plant/Origin. Accepting a quote of FOB Plant/Origin has consequences for the City if the shipment is lost or damaged. FOB PLANT/ORIGIN means the Purchaser accepts title to the goods from the moment they are picked up by the Carrier. The Purchaser pays shipping costs and is responsible for claims against the Carrier.

15.4 Accepted Variations of FOB Destination:

City employees contracting for shipping may accept the following variations of FOB Destination:

- FOB DESTINATION, FREIGHT PREPAID
- FOB DESTINATION, FREIGHT COLLECT
- FOB DESTINATION, FREIGHT COLLECT AND ALLOWED

15.5 Employee Responsibility:

If an FOB shipping term is accepted that shall result in the City paying and bearing freight charges, the purchase order must indicate the FOB Terms and the estimated freight charges to be billed. If the actual freight charges are more than ten percent (10%) than the estimated charges, Purchasing must approve charge before the material is ordered.

SECTION 16: COMPUTER HARDWARE/SOFTWARE PURCHASES

16.1 Authority of Information Services Director:

All purchases of computer hardware and software must have prior approval of the City's Information Services (IS) Manager.

16.2 General Guidelines:

The procedures set forth in this Section shall be followed for all hardware and software purchases regardless of price, including monitors, memory and multi-function cards, co-processor chips, disk drives and backup units.

These procedures do not apply to computer accessories or furniture (printers, plotters, scanners, desks, stands, floppy disks, paper, ribbons, anti-glare screens, surge suppressors, etc.). Normal purchasing procedures shall be followed for these items.

16.3 Request and Purchase Procedure:

1. The department requesting purchase shall prepare a typical requisition which shall be forwarded to the IS manager by E-mail or hard-copy. The requisition shall state the reason for need, item description, expected costs, possible vendors and applicable accounting information.
2. The IS manager or his designated representative, shall evaluate the request. The IS manager can either approve the request, approve an alternative purchase and/or arrange a meeting with the department involved to discuss the request.
3. Purchases under \$1,000 shall be returned to the requesting department for purchase, with recommended source. Purchase requests of \$1,000 or more shall be the responsibility of the IS Manager who shall follow the procurement rules and regulations as set forth herein.
4. "Sole Source" Computer Equipment Acquisition: Purchases which would, because of dollar amount, require a bid procedure, but for which it is deemed not in the City's interest to seek bids (because of the need to standardize equipment and/or provide equipment which fits within current maintenance/service policy) shall be so marked upon forwarding to Information Services Manager. Such purchase requests must meet City guidelines for sole source procurement (See Section 14). Sole source computer related purchases shall be justified in writing by the IS Manager.
5. To expedite the purchase of routinely approved software and hardware, contact the Information Systems Manager for a list of pre-approved materials. Purchases of pre-approved computer related items do not require compliance with the aforementioned conditions.

SECTION 17: CHANGE ORDERS - ACCEPTANCE - PAYMENT

17.1 Change Orders:

- A. **General:** The purpose of this section is to delineate the authorities and procedures of the City's change order control system.
- B. **Purpose:** The purpose of a change order is to recognize changes occur on jobs which may result in amendments to the project time schedule and/or cost. Change orders that affect time schedules shall be approved by the appropriate Department Director. Change orders that result in additional costs shall comply with the authority thresholds set forth in this section; these thresholds apply to both the design phase (professional service agreements) and construction phase (construction contract).
- C. **Change Orders - Public Improvement Projects/Construction:**
 1. One (1) or more change orders to an existing public works construction contract which do not exceed the cumulative cost of twenty-five percent (25%) of the original contract awarded pursuant to an Invitation for Bids or Request for Proposals may be executed with the existing contractor and shall not require a bid or proposal process.
 2. Any construction change order which authorizes an improvement under a construction contract may be executed without competition when:
 - a. The improvement is required for the completion of an improvement which is currently under construction pursuant to a competitive bidding or competitive proposal process;
 - b. The improvement results from the unforeseen physical conditions at the site of the improvement under construction and is required for the completion of the improvement under construction; and

- c. A written finding has been made by the City Engineer that it is in the City's best interest to negotiate with the on-site contractor for the construction of the improvement.

D. Authority to execute Public Works Change Orders and Dollar Thresholds:

1. If the original contract allows for contract modification and the requested change shall increase the contract amount by \$50,000 or more and the aggregate of change orders, including the proposed change order, plus the original contract amount are less than the budgeted amount of that contract and/or project, the change shall be approved in advance by the City Council.
2. If the original contract allows for contract modification and the requested change in contract amount is \$25,000 and less than \$50,000 and the aggregate of change orders, including the proposed change order, plus the original contract amount are less than the budgeted amount of that contract and/or project, the change order shall be approved in advance by the City Manager.
3. If the original contract allows for contract modification and the requested change is less than \$25,000 and the aggregate of change orders, including the proposed change order, plus the original contract amount are less than the budgeted amount of that contract and/or project, the change shall be approved in advance by the requesting agency's Director.
4. Unbudgeted change orders require funding source approval by the City Manager before the requested change may be authorized or approved by the appropriate authority. The City Manger may forward funding source requests to City Council for consideration.

E. Procedures:

1. A Request for Change Order (Form J) must be completed and approved before any change order is effective. Funds shall be encumbered after approval of the change order. The hard-copy format shall be prepared by the requesting agency's project manager or contract administrator and shall contain sufficient information to justify the change (i.e., contractor proposals, cost and pricing data, etc.) and source of funding.
2. Attach request to any other necessary documentation including standard change order forms provided by vendors, project managers and professional consultants. The authorizations of the project architect/engineer and/or construction manager *must* be secured prior to forwarding to the Purchasing Agent.
3. Purchasing Agent shall be responsible for returning authorizing documents back to the originating agency.

CAUTION: All personnel working with contractors must be cautious about making "constructive changes" based upon their "apparent authority." Such changes might result from an innocent statement, such as, "I would like to see you do....." When the contractor proceeds to perform what it considered an instruction and bills the City for the change, a dispute may arise because the change was not properly approved and funds are not available for it. Making such statement(s) may be create personal liability for the charges and be grounds for disciplinary action.

F. Change Orders - Non-Construction:

Any change in delivery, price or terms of a contract or purchase order shall be authorized only by the Purchasing Agent after review of the particular circumstances and a determination is made that the change is authorized by the original solicitation. Department personnel may be held personally liable for unauthorized changes which result in increased charges to the City.

Authority to execute non-construction change orders shall be as follows:

- City Council: \$50,000 or more
- City Manager: \$25,000 to \$49,999
- Department Director: \$ 5,000 to \$24,999
- Division Managers: \$ 4,999 or less

17.2 Acceptance of Goods and Services (Receiving):

- A. The Latin phrase, *Caveat Emptor*, "Let the Buyer Beware," should guide all City personnel who accept goods or services on behalf of the City. The Uniform Commercial Code states, "The Buyer has the right before payment or acceptance to inspect goods at any reasonable place or time."
- B. City agencies are delegated the authority and responsibility to inspect and accept goods and services on behalf of the City. It is imperative that the individuals exercising this responsibility assure that the quality and quantity received are the same as called for in the contract or purchase order. Goods and services must be delivered on time, as specified and in the proper quantity and quality.
- C. The responsibilities of receiving personnel are as follows:
 1. Inspecting:
 - (a) Before and during unloading, inspect all containers and packages for external damage. Any unusual "rattles" or signs of leakage should be noted.
 - (b) If external damage is apparent, then the package should be opened immediately and a joint examination of the contents should be made by the driver/delivery person and the receiving person.
 - (c) A full, detailed report of the examination should be endorsed on the carrier's delivery receipt and the Department copy. The driver should sign the Department copy of the document.
 - (d) The Department has the right to a reasonable inspection *if there appears to be damage*. The delivery agent should not be allowed to pressure the receiving personnel into neglecting this important responsibility.

NOTE: Courts have ruled that a consignee may not open the containers and examine the merchandise before giving a receipt to the carrier, *unless the containers indicate the probability of damage*.

- (e) Once the merchandise is signed for, the carrier's liability may be ended, unless concealed damage is discovered within a reasonable time (usually within 10 days).
- (f) Inspect the labels to be certain they are being delivered to the proper location.
- (g) Inspect the outstanding order file to be certain the goods were actually on order.
- (h) *Within three (3) days*, inspect the contents for concealed damage.
- (i) Inspect the goods for compliance with the purchase order to include the following:
 - Verify the brand name and model number are the same as specified on the order;

- Check for proper labeling;
- Visually examine and compare to the requirements of the order, e. g., type of material, number of plies, dimensions, gauge, seals, thread count, water marks, weight, etc.;
- Verify the packing slip with the delivery;
- If food, verify that the USDA grading certificates are proper;
- Check for damage or spoilage; and
- Check for correct packaging.

2. Counting:

- (a) Count the cartons, containers and items as they are being unloaded. If there is a discrepancy, make a full notation on the carrier and Department copies of the freight bill before signing.
- (b) Require the driver to verify the exception statement on the freight bill.
- (c) Within three (3) days of receipt, unpack and count all merchandise.
- (d) Sampling may be performed for large shipments. If shortages occur within the samples, the shipment should be segregated and action taken to require the vendor to complete the order.
- (e) Industrial usage generally allows a maximum of five (5%) percent overage. Vendors are allowed to close orders that are a maximum of five (5%) percent short.
- (f) The count must be verified **before** payment.

3. Certifying:

- (a) Certify the packing sheet - receiver with the correct count and any exception information discovered during the inspection.
- (b) Certify the receiving copy of the purchase order with the correct count and any information relating to damage or rejection.

4. Protecting:

- (a) Move the goods to the proper location from the receiving point as quickly as possible.
- (b) Protect the goods from the elements and improper storage and handling procedures.
- (c) Identify goods with labels or property tags to ensure against pilferage or misplacing.
- (d) Update inventory records immediately.

5. Communicating:

- (a) Notify the Buyer, as appropriate and using personnel immediately after receiving goods.
- (b) Process receiving documents to the Buyer immediately.
- (c) Call the attention of the Buyer immediately to any damages, discrepancies or failures to deliver to specifications.

D. Claims:

1. A refusal to accept goods is not justified solely by damage during transportation, however, if the damage is such that the entire value of the goods is destroyed, the goods may be refused and the carrier held responsible for their value.
2. Whenever possible, goods should be accepted, necessary steps should be taken to minimize damage and a claim filed with the carrier. While awaiting the carrier's investigation of the claims, the goods should be left in the original container and moved only if absolutely necessary.
3. *File claims immediately:* Even if the vendor is responsible for filing claims, the case with FOB Destination shipments, it is imperative that the receiving Department notify the vendor promptly and provide evidence to be used in the claim process.
4. Claims must be filed within nine (9) months of delivery. In the case of loss, claims must be filed within nine (9) months of a reasonable time for delivery.
5. Carriers must acknowledge receipt of a cargo claim within 30 days. Within 120 days, the carrier must pay, decline or make a firm compromise settlement.
6. In concealed damage claims, the burden of proof shifts to the claimant. When concealed damage is discovered, leave the damaged item in the container and immediately notify the carrier in writing requesting an inspection.
7. When shipments are made F.O.B. Destination, the seller must be notified of the necessity for a claim and provided all the documentation and evidence to support a claim.
8. For assistance in collecting claims, contact the Purchasing Division or the City Attorney's Office.

17.3 Payment for Goods and Services:

- A. All payments for goods, services or other purchases shall be made within thirty (30) days of the following, whichever is later:
1. The date on which payment is due under the terms of the contract;
 2. The date after which the goods or services are received; or
 3. The date after which the invoice is rendered.

17.4 Method of Payment:

Field Check: For purchases of \$100.00 or less in aggregate and buyer not authorized to use Purchase Card (See Section 6)

Purchase Card: For purchase of any item not exceeding \$1,000 in value. Dollar thresholds may vary as authorized. (See Section 7)

Direct Payment Authorization: Should only be used to purchase items for which an invoice may not be received, i.e. dues to professional organizations, right-of-way acquisitions, utility payments, credit card payments, taxes, registrations, subscriptions, fees, tuition and allowances.

Purchase Order: For purchases of goods and services in excess of \$100, required for commodity purchases over \$1,000 (See Section 4)

Partial Payment Form (of Purchase Order): If partial delivery of materials and/or services are received and the City is contractually obligated or if it is in the best interest of the City, a partial payment may be made from an existing, encumbered purchase order (See Sub-section 4.6)

SECTION 18 -- COOPERATIVE PROCUREMENT

18.1 General:

Cooperative procurement is a process by which two or more jurisdictions cooperate to purchase items from the same vendor. This form of purchasing has the benefits of reducing administrative costs, eliminating duplication of effort, lowering prices, sharing information and taking advantage of expertise and information that may be available in only one of the jurisdictions.

Cooperative procurement transactions must be legitimate and enforceable. There must be mutuality of understanding between buyers and sellers and a commitment on the part of participants in the cooperative procurement process to purchase from the successful vendor.

"Shopping" cooperative contracts (using one jurisdiction's contracts to bargain with other vendors) is considered an unethical purchasing practice. City employees shall not engage in this practice.

18.2 Authority:

- A. The City Manager may authorize the Purchasing Agent to participate in, sponsor, conduct or administer a cooperative procurement agreement with one or more other public bodies in order to combine requirements, increase efficiency or reduce administrative expenses. Participation in cooperative procurements as described in this section is exempted from competitive bidding and advertising requirements.
- B. The Purchasing Agent is authorized to use the Colorado Division of Purchasing or political subdivisions of the State or other governmental entities in the purchase of supplies, materials or equipment when such actions shall serve the best interest of the City.
- C. If the Purchasing Agent determines that another jurisdiction has entered into a competitive contract and that contract allows participation by the City ("piggy-backing" or "riding"), the City may make purchases from such contract(s).

SECTION 19: DISPOSAL OF SURPLUS PROPERTY

19.1 General:

The final step in the procurement cycle is disposition of an item or items when such is no longer useful to the Department. Timely identification of surplus and obsolete material is essential to an effective disposition program. Delayed identification ties up capital, results in higher maintenance and salvage costs and further deterioration of items.

19.2 Policy:

The Purchasing Agent is authorized to conduct and monitor the City's surplus property program. The following are the City's general policies for disposition of surplus:

- A. The Purchasing Agent may require Division Managers to provide periodic departmental reports of all supplies which are no longer used or which have become obsolete, worn out or unusable.
- B. The Purchasing Agent shall have authority to transfer stock to other agencies.
- C. The Purchasing Agent shall have authority to sell, exchange or trade-in all supplies which have become unsuitable for public use.
- D. All sales shall be made to the highest responsible bidder.
- E. The Purchasing Agent has authority to forego an auction or sealed bid process when the surplus material(s), supply(s) and equipment has a resale value under one hundred dollars (\$100.00); such property may be disposed of by negotiated sales to individuals or other communities.

19.3 Methods of Disposal:

When items become excess, obsolete or surplus, the using Department must report them to the Purchasing Division. In cases of disposal of items with an original purchase cost of \$500 or more, the Accounting Division shall be notified in order to update the Department's Fixed Asset Accounts. The following are the methods of disposition that may be used for the items:

- A. Transfer: Transferring to another Department with a use for the item is the best method of disposition. The Purchasing Agent periodically shall circulate a list of items available for transfer. A Department wishing to accept an item available for transfer shall notify Purchasing and receive approval for the transfer. Both the transferring and receiving Departments must update their inventory records to document the disposition of the item.
- B. Sale: There are several methods of selling excess and surplus items.
 - (1) Auctions. The City contracts with auctioneering services to sell items to the highest bidder at advertised public auctions.
 - (2) Sealed Bids. The Purchasing Agent may determine that items shall be sold at sealed bid sale. Public notice of the sale is made and solicitations are mailed to prospective bidders. This method assures reaching a large number of prospective bidders and allows potential purchasers from outside the immediate geographic area to participate in the bidding.
 - (3) Commercial Markets. The Purchasing Agent may determine that items may be offered for sale by consignment to established commercial markets. Candidates for this method of sale include antiques, art and specialized equipment.
 - (4) Sale of Scrap. Many items that are no longer usable may have a residual value. The Purchasing Division may arrange for the sale of scrap items with the money returned to City's general fund.
 - (5) Posted Prices. From time to time, where there is no regular market and demand is erratic, an item may be marked with a pre-established price and sold to the public on a first-come basis.
- C. Trade-in: The Purchasing Agent may determine that it is advantageous to the City to seek bids on replacement items with the bidders allowing/offering trade allowance and no trade allowance pricing. Award may be made in the manner that is most advantageous to the City.

- D. **Cannibalization:** Disassembling an item to use its components for repair or maintenance of a similar item is authorized only if cannibalization has more value and benefit than disposal or trade-in of the item. The Purchasing Agent must grant approval before an item is cannibalized and removed from the Department's property list.
- E. **Donation:** *Only the City Council* may dispose of an item by donation to a party outside of City government if the item has a value in excess of five thousand dollars. Items valued at less than \$5,000 shall be approved by the City Manager.
- F. **Waste Disposal Hazardous Materials:** There are strict federal and state laws regarding the disposal of hazardous materials. Departments which generate hazardous materials shall use City contracts for the proper disposal of these materials. Disposal of Hazardous Materials shall be directed by the City's Fire Chief or Environmental Specialist. Departments shall contact the Fire Chief or Environmental Specialist before moving, transferring or selling any hazardous materials.

19.4 Allocation of Proceeds:

Unless otherwise directed by the City Council or required by a grant, the proceeds from the disposition of surplus or excess property shall be deposited in the City's general fund.

19.5 Sales to Employees:

To reduce opportunities for deception and to avoid any appearances of impropriety in the disposition program, employees of the disposing Department or of the City's agencies processing surplus and excess property may not purchase items with a value greater than \$1,000. Employees may purchase the property when the sale is to the highest bidder at a public auction or by sealed bid.

19.6 Documentation:

Surplus Property Report -- This form (Form D) is used to report a surplus or excess item to the Purchasing Division. This form is required to report the transfer or disposition of an excess item with an original purchase price of five hundred dollars (\$500) or more or when equipment was purchased with grant funds.

19.7 Disposal of Grant Funded Equipment:

When equipment was purchased using funds from State or Federal grant funds, the provisions of the grant must be followed during disposal. It is the disposing Department's responsibility to notify Purchasing at the time of the Surplus Property Report of any grant provisions which must be followed. If required by the grant provisions, proceeds from disposal may be returned to the grant funding agency.

SECTION 20: PRINTING

20.1 City Print Shop Responsibilities:

The Purchasing Division maintains an in-house Print Shop designed and equipped to handle most City duplication and reproduction work. All internal City documents to be produced outside the using agency shall be reproduced by the City Print Shop with the exception of continuous forms and full-color pamphlets and brochures. Most jobs shall be completed within one week.

20.2 Departmental Responsibility:

User agencies are required to complete a Print Shop Request Form (Form K) which shall be attached to the job (originals) and sent through inter-departmental mail to the Print Shop. Jobs shall be processed in the order received.

The requesting party should furnish a copy of the form that is to be reproduced. The copy should be carefully scrutinized to eliminate obsolete or erroneous information. The quantity ordered should allow the advantage of economical longer runs, but at the same time, guard against waste through obsolescence.

It is the responsibility of the user department to have their print jobs camera ready prior to submission to the print shop.

20.3 Contractual Printing:

Printing requirements that are not economical or efficient to reproduce in the City of Grand Junction Print Shop may be offered to private, full-service printing firms. Requesting departments that desire reproduction work from external print shops shall initiate an order request for the printing required. All contracted printing requirements must be approved by the Purchasing Agent.

SECTION 21: ETHICS IN PUBLIC CONTRACTING

21.1 General Statement:

The objectives of public procurement include conserving public funds and inspiring public confidence. Any erosion of honesty, integrity and openness is more injurious to public procurement than to most other public pursuits. The appearance of a conflict of interest may be as harmful to public confidence in its government as an actual case of misconduct. For that reason, all personnel involved directly or indirectly in procurement transactions, from the original purchase to the ultimate disposal, must be guided by the highest standards of ethical conduct.

Further, any personal gain other than wages and benefits realized through public employment is a breach of public trust. To the extent that violations of ethical standards of conduct set forth in this section constitute violations of law such shall be punishable as provided by law. Such penalties shall be in addition to the administrative sanctions set forth in this section and the City's Personnel Policy Manual.

21.2 Policy:

No public employee having official responsibility for a procurement transaction shall represent the City in that transaction when the employee knows that:

- A. The employee is contemporaneously employed by a bidder, offeror or contractor involved in the procurement transaction;
- B. The employee, the employee's partner or any member of the employee's immediate family holds a position with a bidder, offeror or contractor, such as officer, director, trustee or partner, has a personal and substantial participation in the transaction or owns or controls more than five percent (5%) of the firm;
- C. The employee, the employee's partner or any member of the employee's immediate family has a pecuniary interest in or arising from the transaction;
- D. The employee, the employee's partner or any member of the employee's immediate family is negotiating or has an arrangement concerning prospective employment with a bidder, offeror or contractor;
- E. No employee or former employee who had official responsibility for procurement transactions may accept employment with any bidder, offeror or contractor with whom the employee dealt in an official

capacity for one (1) year following cessation of employment with the City, unless the City Manager has approved same prior to the commencement of employment with the bidder, offeror or contractor.

21.3 Vendor Requirements:

The City of Grand Junction stipulates certain ethical requirements for Vendors participating in procurement transactions, those statements are generally stated as follows:

- A. No bidder, offeror, contractor or subcontractor shall confer upon any public employee having official responsibility for a procurement transaction any payment, loan, subscription, advance, deposit of money, services, present or promised;
- B. All bidders, offerors, contractors or subcontractors shall complete a disclosure of interest form to inform of any personal interest of any public official with respect to any city procurement;
- C. Failure to make the required disclosure may result in disqualification, disbarment, suspension from bidding and rescission of contracts;
- D. No contractor or subcontractor shall give, demand or receive from any suppliers, subcontractors or competitors any bribe or kickback or anything of value in return for participation in a procurement transaction or agreeing not to compete in a transaction; and
- E. Architects or engineers employed by the City may not furnish building materials, supplies or equipment for any structure on which they are providing professional services. The City also does not accept bids or proposals from consultants or bidders who have solely and directly prepared specifications for a specific requirement, regardless of whether the consultant/bidder was paid for the specification.

21.4 Gratuities and Kickbacks:

- A. Gratuities. It is a breach of ethical standards for any person to offer, give or agree to give any employee or public official a gratuity or offer of employment or employment in connection with any decision or recommendation concerning a possible or actual purchase by and/or on behalf of the City.
- B. Kickbacks. It shall be unethical for any payment, gratuity or offer of employment to be made by or on behalf of a subcontractor under a contract to the prime contractor or higher tier subcontractor or any person associated therewith, as an inducement for the award of a subcontract and solicitation thereof.

21.5 Confidential Information:

It shall be a breach of ethical standards for any employee or public official to knowingly use confidential information for his or her personal gain or the personal gain of others.

21.6 Employee Personal Purchases:

It is a breach of ethical standards for any employee or public official to solicit or request personal monetary discounts from vendors based on employment with the City of Grand Junction.

21.7 Purchases from Employees (No extra compensation):

No officer or employee shall solicit or receive any pay, commission, money, or thing of value, or derive any benefit, profit or advantage, directly or indirectly, from or by reason of employment by the City, except his lawful compensation or salary as such officer or employee.

21.8 Public Disclosure Record:

State statues codified at C.R.S. 31-4-401 et. seq. and 24-18-101 et. seq., these statutory requirements allow the City to accept a bid, quotation or proposal which complies with the City's procurement policies and procedures, and is the lowest received in an competitive open process, even if the bidder is an employee or officer of the City, if the employee or officer has disclosed real or potential conflicts of interest and has abstained from voting on related issues. To qualify an employee or officer shall Public Disclosure Record (PDR) outlining the individual's financial interest. PDR forms are available by contacting the City Purchasing Agent. Completed forms shall constitute a public record filed in the Office of the City Clerk.

21.9 Sanctions:

- A. *Employees.* The City Manager may impose any one or more of the following sanctions on a City employee for violations of the ethical standards set forth in this Section: and the Personnel Policy Manual.
1. Oral or written warnings or reprimands;
 2. Suspension with or without pay for specified periods of time; or
 3. Termination of employment.
- B. *Non-employees.* The City Manager may impose any one or more of the following sanctions on a non-employee for violation of the ethical standards.
1. Written warnings or reprimands;
 2. Termination of Contracts; or
 3. Disbarment or suspension for cause from consideration for award of contracts.

SECTION 22: TERMS AND DEFINITIONS

22.1 Terms and Definitions:

Account Payable: A debt owed that arises in the course of business transaction (e.g., invoices, claims and bills; for materials received but not yet paid).

Account Receivable: A claim against a debtor usually arising from sales or services rendered.

Agent: One acting for another, called principal, in dealing with third parties.

A/E: All professional services associated with the research, design and construction of facilities.

Bid: A competitive price offer made by an intended seller, usually in reply to an invitation to bid. A price offer made at a public auction.

Bid Bond: An insurance agreement in which a third party agrees to be liable to pay a certain amount of money in the event of specific award bidder fails to sign the contract as bid.

Bid Deposit: A sum of money or check, deposited with and at the request of the City to guarantee that the bidder (depositor) shall, if selected, sign the contract as bid. If the bidder does not sign the contract, the deposit is forfeited in the amount of the deposit.

Bid Opening: The act of publicly removing bids from the bid box, opening the bid envelopes and making available, for public inspection, the bids received.

Blanket Agreements: Contracts that establish the commitment of a vendor to furnish the purchaser's (City) requirements for items or services on an as-required, over-the-counter basis.

Blanket Order: Generally specifies prices, terms, conditions and the period covered, but does not specify the quantity. Shipments are made against releases.

Brand Name Description: A description that identifies a single item or source for a product or service on a proprietary basis. Products are usually referenced by model or part number.

Centralized Purchasing: A system of purchasing in which all Purchasing authority, responsibility and control of purchasing activities is concentrated in one administrative unit.

Change Order: Purchaser's written modification or addition to a purchase order.

City: City of Grand Junction, State of Colorado

Collusion: A secret agreement or cooperation between two or more persons to accomplish a fraudulent, deceitful or unlawful purpose.

Commodity: a transportable article of trade or commerce that can be bartered or sold.

Competitive Sealed Bid: The offer of firm bids by individuals or firms competing for a contract, privilege or right to supply specified services or merchandise. Bids are submitted in sealed envelopes to prevent dissemination of the contents before the deadline for the submission of all bids; required on major procurements expected to cost at least ten thousand dollars (\$10,000) to ensure fair competition among bidders.

Conflict of Interest: The actual or potential conflict in which a person may gain from (or holds interest in) a company doing business with his employer.

Contract: An agreement, enforceable by law, between two or more competent parties, to do or not to do something not prohibited by law, for a consideration. Any type of City agreement, regardless of what it may be called, for the procurement or disposal of supplies, services or construction.

Contract Administration: The management of all actions, after the award of a contract, that must be taken to assure compliance with the contract; e.g., timely delivery, acceptance, payment, closing contract, etc.

Contractor: Contractor means any person having a contract with the City.

Delivery: The transfer of possession. Shipping: submission of the bill of lading or title to the goods by the carrier to the recipient.

Department Director: Shall include the following positions: City Attorney, Public Works and Utilities Director, Administrative Services Director, Parks and Recreation Director, Police Chief, Fire Chief, Community Development Director and Visitor and Convention Bureau Director.

Division Managers: Shall include exempt City employees with position titles, not limited to, including Assistant Director, Manager, Superintendent or Supervisor and exempt officers of the Police and Fire Departments.

Emergency Purchase: An *emergency purchase* is a purchase made in an exigency, made under special procedures, designed to meet the emergency. Bona fide emergency purchases are made to protect the public health of citizens or when immediate repair is necessary to prevent further damage to public property, machinery or equipment. In addition, a bona fide emergency purchase is when the functioning and operation of a City department would be seriously hampered or delayed through use of the normal requisitioning/purchasing process.

Evaluation of Bids: The process of examining a bid after opening to determine the bidder's responsibility, responsiveness to requirements and other characteristics of the bid relating to the selection of the award bid.

Formal Advertising: The placement of a notice in a newspaper or other media according to legal requirements to inform and solicit the public that the City is requesting bids on specific purchases it intends to make.

Formal Bid: An advertised bid which must be submitted in a sealed envelope and in conformance with a prescribed format to be received and opened publicly at a specified time.

Formal Contract: An agreement, enforceable by law, between two or more competent parties, to do or not to do something not prohibited by law, for a consideration.

Immediate Family: A spouse, children, parents, brothers and sisters and any other person living in the same household as the employee.

Informal Bid: A request for price quotation (3) for a commodity or service that does not require advertising, a sealed bid, public opening or reading of bids. Appropriate method for purchases costing between \$500 and \$10,000.

Invoice: Seller's itemized document stating prices and quantities of goods and/or services delivered and sent to buyer for payment.

Invitation for Bids (IFB): Means all documents, whether attached or incorporated by reference, utilized for soliciting bids.

Lease Purchase Agreement: An acquisition contract in which the lease's periodic payments or parts thereof are applied both to fulfill the lease obligation and as installments for equity and eventual ownership of the commodity upon completion of the agreement.

Net Price: Price after all discounts, rebates, etc. have been allowed.

Non-budgeted Purchase: Purchase of materials or services of benefit to the City even though the particular performance has not been budgeted for within a department so long as the expenditure shall not cause the program or division of the budget to be over-expended.

Non-Responsive Bid: A bid that does not conform to the mandatory or essential requirements of the invitation for bid.

Not Low Bidder: Award of a bid to a supplier that did not submit the low responsive bid.

Obsolete: No longer in use, discarded, out of date.

Official Responsibility: Administrative or operating authority, whether intermediate or final, to initiate, approve, disapprove or otherwise affect a procurement transaction or any claim resulting therefrom.

Open Market Purchase: A purchase in an amount less than one thousand dollars (\$1,000) which is made by buying from any available source, as opposed to buying from a vendor who has responded to an invitation to bid.

Pecuniary interest in or arising from the Procurement: A personal financial interest, generally a monetary gain.

Performance Bond: A contract of guarantee executed subsequent to award by a successful bidder to protect the City from loss due to his inability to complete the contract as agreed.

Performance Specification: A specification setting forth performance requirements that have been determined to be necessary for the item involved to perform and last as required.

Petty Cash Check: City checks to be used for open market purchases in an amount less than one hundred dollars (\$100) and made in accordance with established policy and controls.

Pre-Bid Conference: Meeting held with prospective bidders prior to solicitation of bids or proposals, to recognize state of the art limits, technical aspects, specifications and standards relative to the subject and elicit expertise and bidders interest in pursuing the task.

Prequalification of Bidder: The screening of potential vendors in which a City considers such factors as finances, reputation, management, etc. in order to develop a list of vendors qualified to bid on City contracts.

Privatization: Privatization/outsourcing is a contractual relationship with an outside vendor to assume responsibility for one or more government processes, functions and/or services.

Procurement: Means buying, purchasing, renting, leasing or otherwise acquiring any supplies, services or construction. "Procurement" includes all the functions that pertain to the obtaining of any supply, service or construction, including description of requirements, selection and solicitation of sources, preparation and award of contract and all phases of contract administration.

Procurement Transaction: All functions that pertain to the obtaining of any goods, services or construction, including description of requirements, selection and solicitation of sources, preparation and award of contract and all phases of contract administration.

Proprietary Information: Defined as any information which is not generally known to competitors and which provides a competitive advantage. Unrestricted disclosure of proprietary information places it in the public domain.

Proprietary Article: An item made and marketed by a person or persons having the exclusive right to manufacture and sell it.

Protest: A complaint about a City administrative action or decision brought by a bidder or vendor to the appropriate administrative section with the intention of receiving a remedial result.

Public Employee: Any person employed by the City, including elected officials and appointed members of boards and commissions.

Purchase Order: A purchaser's written document to a supplier formally stating all terms and conditions of a proposed transaction.

Purchasing:...Purchasing Division, a division of the Administrative Services Department.

Purchasing Manual: Documents which set forth the City's rules and regulations for the Purchasing Division's relations with suppliers and with other departments and prescribes the procedures to follow.

QBS: Qualification-based selection is a process utilized by the City for the selection of design professionals.

Quotation: Generally a sales proposal including price, sales terms and conditions; a price statement as an offer; a bid.

Recycled Paper: Paper made from waste paper products.

Request for Proposal (RFP): A request for an offer by one party to another of terms and conditions with references to some work or undertaking. "RFP" means all documents, whether attached or incorporated by reference, utilized for soliciting proposals. Also known as competitive negotiation.

Request for Quotation: A form of informal solicitation including obtaining oral or written quotes from vendors without formal advertising and receipt of sealed bids. Normally used for purchases where statutes do not require formal sealed bids but is considered good business practice to establish price competition.

Requirements Contracts: An indefinite-quantity agreements in which the purchaser is obligated to order and the vendor is obligated to supply all of the purchaser's normal requirements for a specified price during a specified period.

Requisition: An internal document by which a functional department such as stores, maintenance, production, sends to the Purchasing Division details of materials to meet their needs, replenish stocks or obtain materials for specific jobs or contracts.

Responsible Bidder: A person who has the capability in all respects to perform fully the contract requirements and the tenacity, perseverance, experience, integrity, reliability, capacity, facilities, equipment and credit which shall assure good faith performance.

Responsive Bidder: A bidder whose bid does not vary from the specifications and terms set out by the City in the bid documents.

Scrap: Material that is damaged, defective or deteriorated to the extent that it has no value except for its basic material content.

Sealed Bid: A bid submitted in a sealed envelope to prevent dissemination of its contents before the deadline for the submission of all bids; usually required by the purchasing authority on major procurements to ensure fair competition among bidders.

Service Contract: A contract that calls for a contractor's time and effort rather than for a concrete end product.

Services: Services means the furnishing of labor, time or effort.

Software: A set of programs, procedures and possibly associated documentation concerned with the operation of a data processing system. Contrast with hardware.

Sole Source Purchase: The purchase of a commodity which can only be purchased from one supplier, usually because of its technological, specialized or unique character.

Solicitation: The process of notifying prospective bidders that the City wishes to receive bids to provide goods or services. The process might consist of public advertising, the mailing of invitations for bids, the posting of notices, telephone calls to prospective bidders, etc.

State: State of Colorado.

Tabulation of Bids: The recording of bids and bidding data that was submitted in response to a specific invitation for the purposes of comparison, analysis and record-keeping.

Term Contracts: Contracts which establish a source of supply for a good or service for a specified period of time.

Transaction: Any matter under consideration or considered by a public employee on which official action is taken or contemplated.

User Agency: Any department, commission, board or public agency requiring supplies, services or construction procured pursuant to the City's purchasing rules and regulations.

Vendor: Any firm, individual, corporation, agent or company who may desire to quote on the City's requirements or who wants to purchase items offered for sale by the City; a supplier.

23.1 Forms List

Form A - Sole Source Request Form

Form B - Purchase Order Worksheet

Form C - Purchase Requisition Worksheet

Form D - Surplus Property Reduction Form

Form E - Field Check

Form F - Certification of Informal Quotes Form

Form G - Stores Requisition Worksheet

Form H - Partial Payment Form

Form I - Purchase Order Change Request Form see 4.4

Form J - Change Order Request Form

Form K - Print Shop Request

Form L -Requisition Form (also used for Stores orders)

Form A

**CITY OF GRAND JUNCTION
SOLE SOURCE JUSTIFICATION FORM**

Date: _____ Requested By: _____
Department: _____ Division: _____
Vendor Name: _____ Net Cost Delivered: \$ _____

**SOLE SOURCE JUSTIFICATION
(INITIAL ALL ENTRIES THAT APPLY)**

Material/Service Description: _____.

1. _____ - The Vendor is the original equipment manufacturer and there are no regional distributors;
2. _____ - The product, equipment or service requested is clearly superior functionally to all other similar products, equipment or service available from another manufacturer or vendor;
3. _____ - The over-riding consideration for purchase is compatibility or conformity with City-owned equipment in which non-conformance would require the expenditure of additional funds.
4. _____ - No other equipment is available that shall meet the specialized needs of the department or perform the intended function; or
5. _____ - Detailed justification is available which establishes beyond doubt that the Vendor is the only source practicably available to provide the item or service required.
6. _____ - Detailed justification is available which proves it is economically advantageous to use the product, equipment or service.

I recommend that competitive procurement be waived and that the service or material described herein be purchased as a sole source.

Departmental Approval:

Signed: _____, _____, _____
title date

Purchasing Approval:

Based on the above and attached documents, I have determined this to be a sole source with no other vendor practicably available.

Purchasing Agent Approval: _____ Date: _____

Final Authorization

City Council Approval Required (\$25K and over) yes / no
City Manager Approval Required (\$10K to less than \$25K) yes / no

Attach Justification Documentation and Forward to City Purchasing Agent

CITY OF GRAND JUNCTION
REPORT OF PROPERTY AND EQUIPMENT REDUCTION
Instructions: Complete form for each item, return to Purchasing Agent

Item Description: _____

Identification/Serial No.: _____

Date of Disposition: _____.

Method of Disposition:

- Y Trade in - new equipment acquired: _____ \$ _____ Allowance.
- Y Sold - Sale conducted by: _____ \$ _____ Received.
- Y Transfer - Agency/Dept. receiving: _____ \$ _____ Est. Value
- Y Other - explain: _____

Removed From: Department _____ Division _____

Reported By: _____ Signature: _____ Date: _____
 Print Name

Item Description: _____

Identification/Serial No.: _____

Date of Disposition: _____.

Method of Disposition:

- Y Trade in - new equipment acquired: _____ \$ _____ Allowance.
- Y Sold - Sale conducted by: _____ \$ _____ Received.
- Y Transfer - Agency/Dept. receiving: _____ \$ _____ Est. Value
- Y Other - explain: _____

Removed From: Department _____ Division _____

Reported By: _____ Signature: _____ Date: _____
 Print Name

PURCHASE ORDER CHANGE REQUEST FORM

City of Grand Junction, Colorado

Header Data

PO# _____ Vendor Number/Name: _____
Date of PO: _____ Department/Division: _____

Requested Change Description

Reason for Requested Change

Departmental Authorization

Signed: _____ Title: _____ Date: _____

For Purchasing Division Use Only:

Approved by: _____ Date: _____ Change Entered by: _____ Date: _____

Form G

STORES REQUISITION WORKSHEET

Store Requisition No.: _____

Department/Division: _____	Requested By: _____	Signature _____	Printed _____	Phone: _____
Order Date: _____	Requested Delivery Date: _____	Departmental Authorization By: _____		

Qty.	Commodity #	Item Description	Fund	Org.	Acct. #	Prog #	Activity No.	Extended \$	Order For:

For Stores Personnel Only

Order Filled By: _____ Date: _____ Delivered By: _____ Date: _____

City of Grand Junction Purchasing Division

2549 River Road, Grand Junction, CO. 81505-7209

CERTIFICATION OF INFORMAL QUOTATIONS

Requisition No.: _____ **Department:** _____ **Requestor:** _____

Method of Solicitation: Telephone FAX Informal Bid ← *Attach any documentation.*

QTY	DESCRIPTION	VENDOR 1	VENDOR 2	VENDOR 3
TOTALS				

Vendor 1: _____ Person Contacted: _____

Vendor 2: _____ Person Contacted: _____

Vendor 3: _____ Person Contacted: _____

Comments regarding Vendor's Bid (brand/manufacturer info., payment and delivery terms, warranty terms and etc.):

AWARD and Delivery Information

Low responsive and responsible bidder: _____

FOB Delivery to: _____

Delivery ARO: _____ days

Method of Payment: Purchase order # _____

Purchase card _____

Buyer Initials

Prepared By: _____ **Date:** _____

CITY OF GRAND JUNCTION

*******REQUEST FOR CHANGE ORDER*******

Department/Division: _____ Project Manager: _____

Project/Contract: _____ Purchase Order No.: _____

Change Order Request Number ____ of ____ Acct. No.: _____

Acct. No.: _____

A. Original PO/Contract Amount: \$ _____

B. Requested Change Order Amount: \$ _____

C. Total Change Orders to Date: \$ _____

D. New PO/Contract Amount (A+B+C) \$ _____

E. Percentage Change (B+C/A) \$ _____

Reason for Change Order (Attach complete cost and pricing data, contractor/vendor statements and other information supporting request)

- City (Owner) initiated change.
- Errors and Omissions of A/E.
- Unforeseen conditions the responsibility of the City (Owner), not the contractor/vendor.
- New laws or permitting requirements imposed.
- Change in technology
- Acts of God, too much rain, etc.
- Other: _____

I certify that unencumbered funds are available in the above account(s) and that the change order is proper and in the best interest of the City (Owner).

_____, _____
Name Title

For Purchasing Division Use

- a. Change Order Allowed by Original Solicitation/Contract: Yes/No
- b. Change Order is acceptable, appropriate and in the best interests of the City: Yes/No

Signed: _____ Date: _____

Approval Required: City Council City Manager

