



# *City of Victor, Colorado*

## **Purchasing Policy & Procedures**

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**Revised:**

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# **Purchasing Policy & Procedures**

## **SECTION I - PURPOSE**

The City's purchasing policies and procedures have been established to ensure that revenues are spent in the most economical way. The City uses competitive means for the purchase of all products and services whenever possible; and believes in open, fair competition. The intent of this purchasing policy is to provide a method of accounting for budgetary control over purchases, to provide a method of enhancing organizational efficiency and to comply with applicable United States and Colorado laws and regulations. This policy replaces all earlier versions of this policy and any resolutions encompassing procurement policies defined in this manual.

## **SECTION II - USE OF POLICY**

This policy and awards of bid provisions herein are solely for the fiscal responsibility and benefit of the City of Victor, and confer no rights, duties or entitlements to any bidders or proposers. This policy shall apply to all purchases or contracts using funds under control of the City of Victor for supplies, equipment, construction or services, except for employment of staff, utilities and insurance. This policy shall apply to all officials, employees and agents of the City.

The City Council of the City of Victor, Colorado, determines the level of expenditures permitted for each City department by adoption of the annual budget. All purchases by any City department must be justified by a present need or a need reasonably foreseeable in the future for the purchase. Purchases made in excess of the allocated department budgets are prohibited, unless those purchases are authorized in advance by the City Administrator. Purchases of goods and/or services will not be made solely because funds are available.

This policy applies to all contracting and procurement activities by the City of Victor and is binding upon Council, Staff and temporary employees, contractors and consultants while engaged by the City.

## **SECTION III - PURCHASE ORDERS**

A purchase order (P.O.) authorizes a vendor to release goods or services to the City and informs them that funds have been encumbered to pay for the goods or services. A purchase order becomes a binding contract when the vendor demonstrates his acceptance of the purchase order through the initiation of some action to fill the order.

A. Purchase orders shall be required for all purchases excluding the following areas:

- Debt & Interest Payments
- Contracted Supplies, Services and Construction payments
- Payroll and Stipend Checks
- Payroll Taxes
- Insurance Premiums
- Payroll Deductions
- Utilities
- Leases or Lease-purchase Payments
- Petty cash requests

B. Each Department Head shall be responsible for the completion and issuance of all purchase orders. The Department Head is responsible for staying within his/her department's budget and must sign each PO prior to submittal to the City Clerk's Office. The distribution of the three-part purchase order shall be as follows:

1. The completed original must remain in the official PO Book,
2. A copy to the City Clerk's Office for payment processing, and
3. A copy retained by the Department Head

#### C. Purchase order amendments

A purchase order amendment shall be required when an amendment to an existing purchase order is necessary. If the amendment is less than 10% of the original amount or \$500 (whichever is less), the amendment will be processed automatically. A copy of amended PO shall be provided to the Department Head for budget balance adjustments. This means the City Clerk will pay the invoice if all the required documents have been provided. If the amount is greater than 10% or \$500 (whichever is less) and exceeds the original amount of the PO, then the approval process must be initiated again.

D. Purchase orders will be reviewed by Accounts Payable Clerk for accurate line item coding and all other required elements. Purchase orders not achieving requirements will be referred to the City Clerk for resolution.

E. The City Administrator shall review each purchase order for conformance with City Council goals and budget objectives. Any variance from these goals and objectives will be discussed with the appropriate Department Head.

### SECTION IV - BIDDING GUIDELINES

Bidding procedures are used to provide vendors the opportunity to bid, to elicit greater vendor response, to meet Colorado statutory requirements and to promote competitive prices from vendors for the purchase of capital equipment and other items of significant monetary value. The City Council reserves the right to call for formal or informal bids without regard to amount. As used herein, "bidding" shall include requests for bids, requests for proposals and/or requests for qualifications. The responsible Department Head and City Administrator shall determine when bidding procedures shall utilize a request for bids, request for proposals, or request for qualifications, as appropriate.

#### A. Guidelines:

The following bidding guidelines should be utilized for the purchase of supplies, equipment and services with an estimated value of:

1. **Under five thousand dollars (\$5,000):** informal quotes should be obtained from vendors, but are not required.
2. **Five thousand dollars (\$5,000) but less than twenty five thousand dollars (\$25,000):** at least three (3) written quotations from vendors must be obtained. At the discretion of the City Administrator or City Council, formal bid procedures may be followed. Except that:
  - Per CRS 31-15-712, "all work done by the City in the construction of works of public improvement of five thousand dollars (\$5,000) or more shall be by contract on open bids after ample advertisement."
3. **Twenty-five thousand dollars (\$25,000) or higher:** Most projects exceeding this amount will be subject to the formal bidding process, unless otherwise determined by the City Administrator or at the discretion of City Council. Formal bidding shall include the following requirements:
  - Project specifications and a bid package, RFP or RFQ shall be prepared by the Department or a designee (engineer/architect);

- Publication shall occur in a newspaper of general circulation within the City and other newspapers of greater circulation, if appropriate
- Chosen bidder is required to have a City business license, appropriate insurance, bonding and must comply with other City, State and Federal contract requirements
- A contract between the City and the “contractor” or “vendor” is required

**B. Bid Evaluation:**

In addition to the bid amount, additional factors will be considered as an integral part of the bid evaluation process, including, but not limited to:

- The bidder’s ability, capacity and skill to perform within the specified time limits
- The bidder’s experience, reputation, efficiency, judgment, and integrity
- The quality, availability, and adaptability of the supplies or materials bid
- Bidder’s past performance
- Sufficiency of bidder’s financial resources to fulfill the contract
- Bidder’s ability to provide future maintenance and/or service
- Bid most advantageous to the City, which may not always mean the lowest bidder
- Other applicable factors as the City determines necessary or appropriate. (Such as compatibility with existing equipment or hardware)
- If a bid other than low bid is recommended, the requesting department must demonstrate how the higher bid serves the best interests of the City Any bid, quote or offer may be rejected or accepted as determined to be in the best interest of the City

**C. Cooperative Purchasing:**

Products or services for which other public agencies have gone through a competitive bidding process and are able to have the bid prices they received extended to the City of Victor are exempt from the Bidding Guidelines. These "cooperative purchasing" or "piggyback purchasing" agreements (including, but not limited to Colorado State Purchasing Office, U.S. Government, Teller County, City of Cripple Creek or Woodland Park or any State cooperative purchasing pool) may satisfy the competitive bidding requirement and the City does not need to solicit additional bids. The City may also participate in joint bidding with other governmental agencies if it is in the best interest of the City to do so.

**D. Local Vendor Preference:**

To encourage purchasing within the City of Victor, it is the policy of the City of Victor to recognize and solicit quotes from local vendors. To be considered within this policy, local vendors must have a current valid business license on file with the City of Victor.

Bids may be awarded as deemed appropriate solely within the discretion of the City, to local vendors providing their proposal or quote is within 10% or \$1,000 (whichever is less) of the lowest bid. In an event where it may be prohibited as a condition of any grant, or violation of law, the local vendor preference may not be applied.

**SECTION V - SOLE SOURCE PURCHASES**

It is the policy of the City of Victor to recognize and solicit quotes. Sole source purchases may be made if it has been determined that there is only one good or service that can reasonably meet the need and there is only one vendor who can provide the good or service. These purchases should be used if it is in the best interest of the City.

The Department Head must justify the sole source purchase by memorandum to the City Administrator and attached to the purchase order. The City Administrator will review the request and justification for the sole source purchase. Bidding procedures may be waived by the City Administrator or City Council when it has been demonstrated that the requested goods or services are a sole source purchase. If the sole source purchase is not approved, the department shall obtain additional bids or quotes in compliance with this policy.

## SECTION VI - EMERGENCIES

The provisions of this Purchasing Policy may be suspended for emergency needs. Emergency needs are those unforeseeable purchases necessary to be made on the day of the need to continue uninterrupted service to the citizens of the City. In the event of an emergency need, City Council must be notified in writing at the next Council meeting following the date the purchase is made setting forth the reason the purchase was an emergency need. An invoice must also be submitted identifying the purchase as an "emergency need."

## SECTION VII - RECEIVING PROCEDURES AND PAYMENT REQUESTS

### A. Receiving Procedures:

1. It shall be the responsibility of the receiving department to ensure that goods and services are received as ordered and in good condition. Upon receipt of merchandise, check the quantity, quality, and any specifications such as model number, etc. to ensure that the goods have been received as indicated on the packing slip and as ordered on the purchase order.
2. If the goods are faulty or damaged, notify the vendor and Accounts Payable immediately. If damage is concealed or not noticed at time of delivery, leave all boxes and packing lists intact and notify vendor immediately.
3. It shall be the responsibility of the receiving department to inform accounts payable of the delivery and acceptance of an order by submitting the packing slip with the receiver's initials confirming receipt of goods.
4. It shall be the responsibility of the receiving department to inform accounts payable when full or partial payments are authorized.
5. All invoices shall be mailed or emailed by the vendor directly to the City Clerk's Office.
6. The receiving department shall be responsible for notifying the vendor of any goods received that are not in compliance with the terms of the purchase order and any damaged goods.

### B. Payment Process:

Payments shall be made only upon the accumulation of the following documents required for payment:

1. Original invoice
2. All initialed receiving documents (packing slips, etc)
3. Original PO with appropriate signatures
4. Any documents required by this policy or any other policy

## SECTION VIII - CREDIT/DEBIT CARD PURCHASES

The City has a credit/debit card maintained by the Clerk's Office and should only be used on a limited basis (Examples: to expedite purchases, secure lodging or rental vehicles or make purchases from one-time vendors who only accept electronic funds). **All credit/debit card purchases must be approved by the City Clerk's Office.** All purchasing policies and procedures apply to the use of these cards and accounts.

Use of any credit/debit card for personal items is not allowed and may result in discipline up to and including termination.

### A. Unauthorized Purchases:

- Items for personal use
- Any single transaction exceeding transaction limits
- Fuel for personal vehicle
- Capital goods
- Leased equipment

- Dividing an order to satisfy authorized transaction limits

#### B. Lost or Stolen Cards:

If the Credit/Debit Card is lost or stolen, notify the Clerk's Office immediately. The administrative department will follow up through written notice of the lost or stolen card. Only through both the verbal and written notice is the liability for unauthorized purchases reduced for the City of Victor.

#### C. Sales and Use Tax:

The City of Victor is tax exempt. A copy of the City's tax exempt number is available from the City Clerk's Office and must be provided to vendors prior to any orders.

### **SECTION IX - PETTY CASH**

The petty cash fund may be used to pay for small obligations of an emergency nature, which do not exceed \$20.

1. The City Clerk's Office is responsible for the petty cash fund
2. Petty cash purchases shall be obtained through completion of a ***Petty Cash Authorization Form*** signed by the Department Head and a legible receipt with supporting information.
3. Labor and service expenses shall not be paid through the petty cash fund.
4. It shall be the responsibility of the employee using the petty cash fund to obtain the City's tax-exempt number.

### **SECTION X – EMPLOYEE/OFFICIALS EXPENSE AUTHORIZATION/REIMBURSEMENT**

Personnel and officials who incur expenses in carrying out their authorized duties shall be reimbursed by the City upon submission of a properly completed and approved Expense Reimbursement Form and supporting documents. Please refer to the ***City of Victor Employee Handbook*** for further details. Reimbursement for supplies should only be requested on a limited basis and only with proper documentation.

