

PURCHASING PRACTICES AND GENERAL GUIDELINES

A. APPLICABILITY

1. The District's Chart of Accounts summarizes expenditures by both activity and by object or category. The Chart of Accounts includes the following major classification of object of expenditures:
 - ❖ Personal Services
 - ❖ Materials and Supplies
 - ❖ Purchased Services
 - ❖ Utility Services
 - ❖ Repairs and Maintenance
 - ❖ Long-term Contractual Obligations
 - ❖ Capital Outlay
2. These guidelines apply specifically to purchases of goods and services charged to Personnel Services, Materials and Supplies, Purchased Services, Repairs and Maintenance, and Capital Outlay as periodically defined by the Director of Finance and Administration.
3. The purchasing guidelines may be suspended during an emergency.

An emergency is any situation that **constitutes an immediate threat to the health or safety** of the personnel, property or obligations of the District or the taxpayers or residents of the District.

Under emergency conditions, the primary concern of the person in charge of the emergency should be the health and safety of the personnel or property of the District, or that of the taxpayers and residents of the District. Secondary consideration should be given to the amount of District funds necessary to adequately resolve the emergency condition. Therefore, bidding requirements and the limits on the delegated authority are suspended under emergency conditions.

B. REQUIREMENTS FOR BIDDING AND OBTAINING PRICE QUOTATIONS

1. Purchases should be comparison shopped in order to achieve the lowest possible purchase price. Prudent management, however, indicates that at certain cost levels, the potential savings by bidding an individual purchase are offset by the increased personnel costs required to obtain multiple bids. These guidelines attempt to balance the cost savings potential from receiving bids with the increased personnel costs associated with obtaining those bids. The Board has adopted the schedule shown in B.3. with the understanding that Staff may choose to incorporate more rigid requirements to the extent that the more rigid requirements are economically feasible.
2. Construction Contracts, Contract Purchase Orders, Consulting Contracts and other purchases authorized to be charged against an appropriation for a Capital Project shall be

subject to the bidding requirements identified in Section B and as may be further governed by provisions of the Colorado Revised Statutes.

3. The requirements for obtaining quotes for the purchase of goods and services are as follows:

<u>Purchase Commitment Amount</u>	<u>Minimum # of Quotes</u>
\$ 1,000 and Under	None
\$ 1,001 - \$ 10,000	Three Verbal
\$ 10,001 and over	Three Written*

*NOTE: State Statutes require specific formal bid advertisements for “construction contracts for work or materials, or both,” for \$60,000 or more.

4. Some purchases are available only from single or limited sources due to: their nature (i.e. utilities); existing relationships (i.e. bank service charges); long-term contracts (i.e. fire protection); or unique physical requirements of our operations. If staff is unable to obtain quotes required under Section B-3 because of the need to use sole source providers, market conditions, etc. this should be documented. The documentation must be provided on either an annual basis for multiple purchases or accompany the purchasing commitment document.
5. Staff may use the Colorado Division of Local Government purchasing program awards without obtaining any additional quotations for purchases up to \$10,000 or for items specifically identified in the budget such as miscellaneous capital items.
6. Occasionally the District may receive a low price quotation that for various reasons the District may not want to accept. If the quote was obtained pursuant to Section B-3 and is not used, justification, in writing must accompany the purchasing commitment document.

C. USE OF REQUESTS FOR QUALIFICATIONS (“RFQ”)

1. Professional Services such as audit and legal shall **not** be awarded based on competitive bid. However, such services, whenever feasible shall be awarded after soliciting Request for Qualifications (RFQ’s) from qualified service providers.
2. If a contact is awarded pursuant to an RFQ, the period covered by the RFQ shall not exceed 5 years.

D. APPROVED PURCHASING COMMITMENT INSTRUMENTS

To ensure that purchases are made in accordance with good business practices every purchase of materials, supplies and services requires a District commitment instrument authorized by the appropriate level of District employee. To streamline the amount of paperwork as much as practical several different commitment instruments may be used. Any changes to any of these forms must be approved by District’s Legal Counsel. The approved documents are:

1. Capital Construction Contracts

A Capital Construction Contract is required for contracts in excess of \$60,000 but may be used for other contracts necessary to complete capital improvement projects. Construction contracts shall be prepared in the standard format approved by the District's Legal Counsel. The attached Exhibit A summarizes the approval process required for Construction Contracts, Contract Purchase Orders Consulting Contracts and other purchases to be charged against an appropriation for a Capital Project. Staff is hereby authorized to make payment for services rendered within approved contract amounts. The approved contract amount shall be the amounts appropriated by the Board and all change orders approved but not ratified pursuant to Section F.

Final release of retainage and final payment requires Board approval and advertising pursuant to the Colorado Revised Statutes.

2. Consulting Contracts

A Consulting Contract is used for work that involves professional services. These contracts shall be prepared in the standard format approved by the District's Legal Counsel.

3. Contract Purchase Orders

A Contract Purchase Order enables the District to contract with a consultant or contractor to perform services and provide materials. The Contract Purchase Order shall be prepared in a standard format approved by the District's Legal Counsel.

4. Purchase Requisition/Purchase Orders

A Purchase Order ("PO") is a formal document with terms and conditions printed on the back of the document. This document is to be used for all purchases over \$500 with the exceptions defined under any of the categories listed below. In order to use a PO, a Purchase Requisition ("PR") must first be completed. The PR is the document wherein the authorizing signatures are obtained.

5. Open Purchase orders

For some purchases that have multiple occurrences during the course of the year the District will issue an "open" Purchase Order (this may apply to either the regular or contract purchase order). The initial Purchase order will identify the amounts and the term of the agreement and will be bid per District Guidelines. Subsequent purchases against an open PO will be charged against the original commitment by approved increases in the amount or reduction in the amount originally approved.

6. Field Purchase Orders

A Field Purchase Order ("FPO") is used for smaller purchase (less than \$500) when there is no need for formal terms and conditions to be specified. The individuals executing FPO's must have the proper delegated authority to execute the document and therefore no additional authorizations are required

- Professional membership dues
- Expenses incurred while attending training classes and conferences
- Travel expenses while attending an out-of-town conference.
 - Only Supervisors Cards have these travel vendors available.
 - Non-Supervisor Cards can have travel vendors unblocked with Supervisor approval (**Please note the General Manager still must pre-approve out-of-town travel**)
- Miscellaneous items

The plan specifically identifies **Unauthorized Purchases/Vendors**. These include:

- Items for personal use
- Country club memberships
- Cash withdrawals
- Recreational vehicles (boats, RV's, motorcycles, etc.)
- Direct marketing
- Purchase of alcohol or tobacco

Misuse of the Purchase Card can result cancellation of card privileges and disciplinary action up to, and including, termination of employment.

Accounts Payable staff Purchasing Cards – Paying Agents Only

In order to minimize bank fees Accounts Payable staff has been issued Purchasing Cards to make payment only on pre-approved and budgeted monthly and recurring expenses. Instead of accounts payable issuing the vendor a check the payment is made using these specialized purchasing cards. All supporting documentation and pre approvals shall be obtained before the expense is paid. Examples of these expenses include:

- telephone and cell phone charges
- copier lease payments and usage fees
- utility bills
- preauthorized chemical and irrigation supplies.

No other use shall be made using these cards. The bi-weekly statements for the accounts payable cards are to be approved by the Accounting Manger to ensure compliance with these guidelines.

E. DELEGATED AUTHORITY FOR PURCHASE APPROVAL

1. The Board hereby delegates authority to commit the District for purchases made within approved budgetary authority (except as noted in C.3.) as follows:

Treasurer	Up to \$60,000
General Manager	Up to \$40,000

2. The Board hereby authorizes the General Manager to delegate authority, in writing, to various District personnel up to the maximum amounts shown in the table below:

<u>Job Function</u>	<u>Delegated Authority Amount</u>
Other Employees	Up to \$ 1,000
Section Heads/ Field Supervisors	Up to \$ 2,500
Division Heads/Project Managers	Up to \$ 10,000
Directors (Department Heads)	Up to \$ 20,000

3. The Director of Finance and Administration shall develop specific internal control procedures to be used to approve the following category of expenditures:
- a. Personnel Services (including approved benefits and other related charges)
 - b. Utility Services
 - c. Payments required pursuant to Intergovernmental and other long-term contracts
 - d. Legal and audit services
 - e. Renewal or replacement of existing insurance policies and coverages
 - f. Miscellaneous capital – specifically itemized in the budget

F. CHANGE ORDERS AND AMENDMENTS TO CONTRACTS

Staff is hereby delegated authority to authorize change orders and amendments to contracts provided such change orders have been recommended and have the concurrence of:

- 1) the independent Consulting Engineer hired for the Project, if any,
- 2) the Project Manager
- 3) and the Director of Public Works
- 4) and the General Manager if necessary due to delegated authority limits

and provided that:

- a. The change order or amendment will not increase or materially alter the scope of the project.
- b. The aggregate total of all outstanding change orders or amendments that have not been ratified by the Board will not exceed \$40,000. Staff will bring to the Board for ratification all change orders prior to exceeding the \$40,000 limit or prior to final release of retainage whichever is earlier.
- c. The change order or amendment will not cause the project appropriation to be exceeded.