



PURCHASING POLICY AND PROCEDURE MANUAL

Division of Purchasing

250 N. 5th Street
Grand Junction, Colorado 81501
970-244-1533

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PURCHASING POLICY MANUAL REVISION TABLE

Resolution 29-01 authorized City Manager to amend the forms and processes of this manual. These regulations are promulgated in accordance with and conforming to the rules and regulations as established by Resolution 15-17.

Section	Revision Summary	Date	Approved By
9	Credit Cards. Switch from Wells Fargo to Citibank.	1/13/2010	Laurie Kadrich
2	Combined 2.8 & 2.9 tables.	1/16/2012	Rich Englehart
10.12	Removed Capital Improvements Construction Project.		
19/22	Moved Terms & Definitions from Section 19 to Section 22.		
3.10	Added Vendor Code of Conduct.	12/15/2014	Rich Englehart
5.7	Removed Blanket Order.		
17.3	Added Purchasing for Other Governmental Entities.		
20	Added 20.7, 20.8, 20.9, & 20.10.		
2.8	Threshold Dollar Amounts Changed	2/15/2017	Greg Caton
2.8	Increase from \$200k to \$500k for Fleet vehicles Council dollar threshold.	12/16/2021	Greg Caton
9	Purchasing card program.		
12.2 (b)	Reworded due to wording confusion.		
16.2	Increased from \$5k to \$10k for vehicles and equipment that will be included on fleet replacement accrual fund.		

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SECTION 1: INTRODUCTION

1.1 Purchasing Manual Introduction.

- (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 revised City of Grand Junction Purchasing Manual (Manual).
- (b) The forms and processes described herein can be modified with approval of the City Manager, but such changes shall not affect the competitive bidding and approval requirements.

1.2 Foreword.

The Purchasing Division has prepared this Manual for use by all departments and divisions of the City of Grand Junction. The purpose of this Manual is to establish policies and serve as a reference for employees to maximize the value of public funds in procurement and to maintain an ethical, quality procurement system.

From an economic standpoint, competition in public purchasing is an 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 economies of scale will maximize the City's opportunity to obtain the greatest value for the tax dollar.

To develop an effective and efficient procurement program, all personnel involved must work as a cross functional team for the betterment of the City as a whole. Those individuals whose responsibilities require them to become a part of the purchasing cycle must be knowledgeable of the policies and procedures adopted herein as a general framework for ethical procurement practices. The goal is the promotion of the City's best interest through intelligent activities and fair dealing with the vendor community.

1.3 Purpose of Manual.

The purpose of this Manual is 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 orderly and efficient administration, to provide safeguards for maintaining a procurement system of quality and integrity, and foster effective, broad-based competition within the free enterprise system.

All City of Grand Junction employees shall familiarize themselves with the regulations set forth and shall adhere to the policies and practices established herewith. 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 Council shall be notified by the City Manager of any exceptions to purchasing regulations, as delineated in the procedures herein.

This Manual has been prepared to establish policy and serve as a reference for those employees delegated purchasing authority in the name of the City of Grand Junction. Detailed explanations of individual department responsibility and role in the procurement function are included within this Manual, as well as in other written purchasing procedures as they are developed.

1.4 Centralization of Procurement Authority.

Except as otherwise provided herein, all rights, power, duties and authority, relating to the procurement of supplies, services and construction are vested in the Purchasing Division. The sale and disposal of supplies and equipment are also the responsibility of Purchasing Division. Authority may be delegated only by the Purchasing Division with approval of the Purchasing Manager and the City Manager within the parameters established in this Manual.

1.5 Applicability.

This purchasing policy shall apply to the procurement of all materials, equipment, construction and services required by the City. Purchases subject to contracts between the City and other governmental bodies, nonprofits, and utility providers are excluded. 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.

1.6 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 goods and/or services contrary to the policy of this Manual. Any procurement or contract so made shall be void and wholly without effect and shall not be binding upon the City.

1.7 Policy.

- (a) Competitive sealed bids or competitive proposals, as appropriate, shall be used to facilitate contracts with nongovernmental contractors for the purchase or lease of goods, services and/or construction in accordance with the limitations of this Manual.
- (b) The disposal of City tangible personal property shall be through an open competitive process to the extent possible. The City may donate surplus property to other governmental entities or nonprofit organizations, as is in the best interest of the City.
- (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.

1.8 Responsibility.

- (a) The City Manager is responsible for the City's purchasing system. This responsibility is delegated to the Purchasing Manager.
- (b) The Purchasing Manager is the principal public purchasing official of the City. The Purchasing Manager's responsibilities are as enumerated in this Manual (Section 2).
- (c) Department Directors are responsible for ensuring their departments' purchasing activities do not violate the rules and regulations of this manual.
- (d) Any violation of the rules and regulations outlined in this manual are grounds for disciplinary action, up to and including termination and/or criminal prosecution.

1.9 Changes.

Any person using this Manual is encouraged to comment on it/its use. Address comments in writing to the following:

Division of Purchasing
City of Grand Junction
250 N. 5th Street
Grand Junction, CO 81501

SECTION 2: PURCHASING AUTHORITY

2.1 City Council.

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

2.2 City Manager.

- (a) Definition. The Council appoints the 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 Deputy City Manager shall be responsible for the conduct of all City departments.
- (b) 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 delegation, restitution, suspension, termination or any other form deemed appropriate by the City Manager.
- (c) The following goods and services must be approved by the City Manager's office:
 - (1) All capital outlay and service and maintenance contracts between the amounts of \$25,000 \$200,000;
 - (2) All Fleet expenditures less than \$500,000;
 - (3) Other items consistent with policy and/or practice of the City Manager.

2.3 Department Directors.

- (a) Authority. By authority of the City Manager, Department Directors or their designated representative shall be delegated purchasing authority and responsibility as set forth.
- (b) 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.
- (c) Department Directors may delegate purchasing authority to their employees as required to facilitate the activities within their scope of responsibility. However, the ultimate responsibility remains with the Director for the activities of their subordinate employees.
- (d) If Department Directors have any questions concerning procurement procedures, the Purchasing Manager or any member of the Purchasing Staff is prepared to offer assistance.

2.4 Purchasing Manager.

- (a) Authority. By the authority of the City Manager, the Purchasing Manager shall be responsible for the daily operations of the Purchasing Division. The Purchasing Manager shall have the actual

authority and power to ensure compliance with the contents of this Manual. It shall be his responsibility to comply with the following:

- (1) Purchase or Contract. The Purchasing Manager is responsible to purchase or contract for all supplies and services required by any department, division or authority that derives its support wholly or in part from the City, all in accordance with purchasing procedures as prescribed herein and such rules, regulations and procedures as the Purchasing Manager 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.
- (2) Purchase Authority – Goods and Services. The Purchasing Manager is responsible for the centralized procurement system and for processing all orders amounting to \$15,000 or more. Competitive quotation activities may be delegated to the Department Director or Division Manager/Supervisor in accordance with the policies and procedures herein, provided the documentation is provided to the Purchasing Office to file with the original purchase order. Purchases under \$15,000 may be accomplished by any City fiscal process, as approved in this Manual. Competitive quotations are strongly recommended for all City of Grand Junction purchases.
- (3) Minimum Expenditure. The Purchasing Manager shall act to procure for the City the highest quality in supplies, equipment and contractual services at the least expense to the City.
- (4) Encourage Competition. The Purchasing Manager shall endeavor to obtain as full and open competition as possible on all purchases and sales.
- (5) Rules and Regulations. The Purchasing Manager may propose amendments to all City procurement rules and regulations authorized by this Manual and others necessary to its operation, for consideration and approval by the City Manager.
- (6) Purchasing Analysis. The Purchasing Manager shall 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.
- (7) Forms. The Purchasing Manager shall prescribe and maintain such official City of Grand Junction forms as necessary for compliance with this Manual. Forms contrived by individual departments/divisions will not be honored by the Purchasing Staff. Only official City of Grand Junction purchasing forms shall be used.
- (8) Bulk Purchases. When beneficial to the City, the Purchasing Manager shall maximize the benefits and the possibilities of buying “in bulk” so as to take full advantage of the economy of scales through quantity discounts.
- (9) Federal Tax Exemptions. The Purchasing Manager shall act so as to procure for the City all federal tax exemptions to which it is entitled.
- (10) Cooperation with Accounting Division. The Purchasing Manager shall cooperate with the City’s Accounting Division so as to secure for the City the maximum efficiency in budgeting and accounting.
- (11) Stores. The Purchasing Division shall be responsible for the Central Stores to include general supervision over all inventories required to support the daily activities of the City.
- (12) Surplus Property. The Purchasing Division shall sell, trade, auction or otherwise dispose of surplus supplies belonging to the City as is in the best interest of the City.
- (13) Cooperative Purchasing. When in the best interest of the City, the Purchasing Division shall participate in, sponsor, conduct or administer cooperative purchasing agreements with the State or one or more political subdivisions of the State of Colorado.
- (14) Specifications: Compliance to the physical or functional characteristics as described in the bid documents.

2.5 Buyer(s).

A Buyer(s) shall perform procurement functions and miscellaneous assignments as authorized and directed by the City Purchasing Manager.

2.6 Division Managers.

- (a) Authority. By authority of the City Manager, Division Managers shall be granted authority and responsibility as set forth in this section.
- (b) 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 prompt payment 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. Managers shall ensure that deliveries are carefully accounted for, without damage or shortages of merchandise.

2.7 Delegations to Other City Officials.

Notwithstanding the provisions of this chapter (Purchasing Authority), procurement authority with respect to certain supplies, services or construction may be delegated to other City officials by the City Purchasing Manager, 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.

2.8 Purchasing Approval Limits Table.

The following table indicates purchasing approval limits for City expenditures. The matrix presents types and methods for expenditures on the top horizontal row; the first vertical row indicates dollars to be expended. The remaining boxes indicate the approving authority required to give expenditure approval. **Note: all purchases over \$15,000 shall be forwarded to the Purchasing Division to be assigned a Purchase Order.**

Type of Purchase	Dollar Amount	Approval
Procurement Card	Up to \$5,000	Division Representative
Department Quotes	\$5,000-\$14,999	Division Manager
Formal Quotes by Purchasing	\$15,000 - \$24,999	Department Director
Formal Solicitations	\$25,000 - \$199,999	City Manager
Fleet Purchases Only	\$500,000 – over	City Council
Non-Fleet Solicitations	\$200,000 – over	City Council
Sole Source	See Section 14	See Section 14

Notes:

- Table applies to material and/or service acquisitions with adequate current year budget appropriations. Unbudgeted expenditures are prohibited except in case of actual emergency or City Manager directive.
- Requisition with applicable supporting quote documentation is required. Refer to Section 4, Purchasing and Requisitioning Cycle.
- Awards of at least \$50,000 shall be approved by City Council if any of the following are met:
 1. There fewer than 2 responses to a solicitation
 2. There is a request for a single/sole source vendor
 3. Specific appropriations do not exist for the purchase of the good or service

SECTION 3: ETHICS IN PUBLIC CONTRACTING

3.1 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 chapter 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 chapter and the City's Personnel Policy Manual.

3.2 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 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; or
- (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.

3.3 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.

3.4 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.

3.5 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.

3.6 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.

3.7 Purchases from Employees.

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.

3.8 Public Disclosure Record.

State statutes codified at C.R.S. § 31-4-401 et seq. and § 24-18-101 et seq. 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 a 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 file a public disclosure record (PDR) outlining the individual's financial interest. Completed forms shall constitute a public record filed in the office of the City Clerk.

3.9 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) Nonemployees. The City Manager may impose any one or more of the following sanctions on a nonemployee 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 4: PURCHASING AND REQUISITIONING CYCLE

4.1 Requisition.

The core of the central purchasing system is the purchase requisition. Requisitions are required for all procurement transactions of \$15,000 or more. The requisition authorizes the Purchasing Division to begin the research and procurement process for the fulfillment of the purchase. The Purchasing Division is not authorized to act until it receives the requisition. The appropriate authority in the department/division must approve the requisition before sending it to the Purchasing Office.

4.2 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. All Requisitions shall have applicable supporting quote documentation attached.

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. To ensure needed delivery dates are met, proper purchasing procedures should be used.

4.3 When to Use a Purchase Requisition.

Requisitions are required for all commodity purchases and service contracts of \$15,000 or more.

4.4 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.

Purchasing Staff shall prepare all solicitation documents, including the final specifications. A copy shall be forwarded to the department for review prior to the solicitation being sent out. Any clarifications or changes shall be posted on the City's website on the "Bids" page.

SECTION 5: PURCHASE ORDER

5.1 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, and prices quoted in the solicitation response. The purchase order shall encumber the applicable appropriations account.

5.2 When to Use Purchase Order.

Purchase orders are required for all invoiced purchases of commodities, materials or supplies and services with an expected expenditure of City funds of \$15,000 or more unless previously approved by the Purchasing Manager.

5.3 Process.

Purchasing Division personnel shall complete all purchase orders in the City's Financial System and send a copy to the Vendor, the Requestor and the paying Division.

5.4 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 that provides the information to be changed and a justification for Purchase Order Change. Requests shall be directed to Purchasing via e-mail or inter-office mail.

5.5 User Approval.

Purchase orders must be approved for payment in accordance with final approval authority requirements set forth in Section 2.

5.6 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/division shall submit the invoice for approval to their authorized department/division personnel who then process the invoice for payment. Partial payments shall be processed based on items actually received. Down payment and prepayment is acceptable on a case by case basis as approved by the Purchasing Manager.

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.

5.7 Purchase Order Exemptions or Exceptions.

- Colleges, Universities, Higher Education, School Districts
- Annual Software Renewals
- Title Companies and Real Estate Firms
- Utilities
- Other government and quasi-government agreements
- Annual dues and subscriptions
- Loan and Debt Payments

SECTION 6: SHIPPING AND HANDLING

6.1 Required Method.

The City's preferred shipping and handling term is FOB Destination (Grand Junction).

6.2 FOB Destination (Free on Board Destination).

FOB Destination means the vendor maintains title for the goods until the purchaser receives them. The vendor pays the shipping costs and is responsible for claims against the carrier.

6.3 FOB Origin.

Accepting a quote of FOB origin has consequences for the City if the shipment is lost or damaged. FOB 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.

SECTION 7: CONTRACTS

7.1 General.

“Contract” shall mean any agreement enforceable by law between the City and one 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.

7.2 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 (C.R.S. § 24-110-101 et seq.), 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 Manager may forgo 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 Manager 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 filed with the contractor/vendor, and retained electronically through the City’s Records Management Program.

7.3 Contract Signature Authorization.

- (a) Only the City Manager, his or her designated representative, and the Purchasing Manager and Buyers and his or her 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.

7.4 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 not limited to Internal Revenue Service (IRS) regulations, will occur. Care must be taken to make sure the personal service contract does not establish an employer-employee relationship with the City.
- (b) Generally, the following tests support a personal service contract with an individual:
 - (1) The individual has performed similar services on a contractual basis with other clients;
 - (2) 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

- (3) 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.

7.5 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 designee.
- (b) The departmental contract administrator shall be responsible for assuring that the contractual relationship is completed successfully and in accordance with contract terms and conditions. The contract administrator may or may not be a City employee.
- (c) Among the activities of a contract administrator is the following:
 - (1) Inspecting, accepting and recording contractor performance;
 - (2) Communicating the City's requirements to and with contractors;
 - (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; and
 - (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(s);
 - (4) Resolve disputes with contractors;
 - (5) Issue cure notices, demand letters and contract default/termination notices to contractors.

7.6 Contracts for Public Improvements/Construction

- (a) Contracts for public improvements (construction) shall be initiated by the Purchasing Division 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 \$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 100 percent 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 100 percent of the price and/or compensation agreed to in the contract.
- (c) Nothing in this chapter 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.

7.7 Multiyear Contracts.

In accordance with Colorado Law, the City may not enter into multiple fiscal year direct or indirect financial obligations. The City may however annually renew existing contracts if conditions of renewal or extension are included in the solicitation. 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 nonrecurring 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 Division and Department Director up to three additional contract periods, based on satisfactory performance of the contractor. Unforeseen increases may be allowed on a case by case basis.

SECTION 8: CHANGE ORDERS – ACCEPTANCE - PAYMENT

8.1 Change Orders.

- (a) General. The purpose of this chapter 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 occurring on jobs that 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) Any construction change order, which authorizes an improvement under a construction contract, may be executed without competition when:
 - (i) The improvement is required for the completion of an improvement that is currently under construction pursuant to a competitive bidding or competitive proposal process;
 - (ii) 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; or
 - (iii) A written finding has been made by the Project Manager, or his designee, that it is in the City's best interest to negotiate with a specific, generally on-site, contractor for the construction of the improvement(s).
- (d) Authority to Execute Change Orders and Dollar Thresholds.
 - (1) If the original contract allows for contract modification and the requested change shall increase the contract amount by \$200,000 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 more than \$25,000 and less than \$200,000 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 or designee.
- (e) A Request for Change must be completed and approved before any change order is effective. Funds shall be encumbered after approval of the change order

SECTION 9: PURCHASING CARD PROGRAM

9.1 Introduction

The City of Grand Junction purchasing card program is designed to improve the efficiency in processing purchases under employee spending authority from any vendor that accepts the 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. Under special conditions, upon written request, a Department card may be issued. Contact the Finance office for details. 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. All City of Grand Junction officers and employees are eligible to obtain a City Purchasing Card. All travel related expenses shall follow the travel policies as noted in the Personnel Policy Manual, Section 2.600.

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

Procurement Related:	Program Administrator	244-1555	mattmar@gicity.org
Accounting Related:	Finance Supervisor	256-4012	ashleym@gicity.org

9.2 Who Does What?

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

- (a) Department Director/Division Managers shall:
 - (1) Request purchasing cards for designated employees;
 - (2) Set cardholder spending limits within established guidelines;
 - (3) Designate representatives responsible for authorizing charges;
 - (4) Collect cards from cardholders that end employment;
 - (5) Evaluate the need to transfer cards when employees transfer;
 - (6) Notify the Purchasing Card Administrator of cards that must be terminated; and
 - (7) Comply with all purchasing and purchasing card policies and procedures.
- (b) Cardholder shall:
 - (1) Hold and secure purchasing card;
 - (2) Ensure availability of funds and proper account codes;
 - (3) Order/receive materials and services;
 - (4) Make sure there is no sales tax;
 - (5) Collect and save detailed sales receipts in Chrome River;
 - (6) Review monthly statement (6th – 5th of each month) in Chrome River to ensure inclusion of necessary receipts;
 - (7) Handle disputed items;
 - (8) Complete monthly expense report in Chrome River within 2 weeks after the close of the p-card cycle (5th).
 - (9) Attach **detailed** receipts itemizing all items purchased to individual transaction in a monthly Chrome River expense report, providing only the summary receipt showing the total transaction amount is not acceptable. For meals provide both the itemized receipt and signature receipt with tip;
 - (10) Comply with all purchasing and purchasing card policies and procedures; and

- (11) Cancel lost or stolen cards by notifying the Purchasing Card Administrator and cardholder's Department/Division Manager.
- (c) Chrome River Expense Report Approvers shall:
- (1) Make sure there is no sales tax;
 - (2) Ensure availability of funds in proper account codes;
 - (3) Verify appropriateness of account codes;
 - (4) Approve all cardholder expense reports within 4 weeks after the close of the p-card cycle (5th). Unapproved expense reports will result in unallocated funds and will be reported to directors and city manager;
 - (5) Comply with all purchasing and purchasing card policies and procedures.
- (d) Accounting Division shall:
- (1) Review a selection of charges for proper account codes and adherence with purchasing card policies and procedures;
 - (2) Receive expense reports from cardholders every month via Chrome River;
 - (3) Monitor missing documentation and notify the Purchasing Card Administrator and General Services Department;
 - (4) Notify Purchasing department, Finance department, and General Services of any violations or discrepancies.
- (e) Purchasing Card Administrator and Finance Division shall:
- (1) Coordinate program policy issues;
 - (2) Create and maintain cardholder hierarchy for control and reporting purposes;
 - (3) Create dollar transaction limits for cardholders and oversee any necessary and required modifications;
 - (4) Process properly authorized card requests and card strategy changes;
 - (5) Assign merchant codes to particular card strategies and change when in the City's best interest;
 - (6) Block merchant/commodity codes when appropriate;
 - (7) Initiate training program for all cardholders;
 - (8) Coordinate issuance and cancellation of cards;
 - (9) Maintain policy and cardholder guides/manuals;
 - (10) Maintain purchasing card software database;
 - (11) Evaluate purchasing card feedback from suppliers and from departments;
 - (12) Coordinate and maintain internal controls;
 - (13) Assist in resolving billing disputes, if required;
 - (14) Monitor/audit use of cards and selection of vendors;
 - (15) Notify cardholder and/or cardholder's Department/Division Manager of any violations or discrepancies;
 - (16) Participate in ongoing program reviews;
 - (17) Conduct annual inventory of purchasing cards; and
 - (18) Provide cardholders all relative information regarding card-use policy and procedures.

9.3 Limitations on Use of Purchasing Card.

- (a) Cardholder Use Only. Only the employee whose name is embossed on the card may use 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 may result in disciplinary action. Reimbursement shall be provided to accounts receivable using a Revenue Recap Sheet.
- (c) Infractions: All infractions against the policy stated in this manual are tracked. The information is reviewed by the Program Card Administrator or the General Services Department every month. If it is found that an employee has multiple infractions or seems to be abusing the Purchasing Card guidelines, the information will be elevated and reviewed by the Purchasing Manager, the Department Director and the City Manager. Disciplinary action may include a decrease in spending limit, loss of Purchasing Card privileges or dismissal.

9.4 Dollar Limitations.

- (a) The Department Director approving the assignment of a purchasing card shall set single purchase limits and monthly limits. The maximum single purchase limit is \$5,000. Maximum allowable monthly limit is \$20,000. 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 \$5,000 or the cardholder's limit if it is less. Payment for purchases must not be split to stay within the single purchase limit. Violation of policy may result in cancellation of employees p-card.

9.5 Other Conditions.

- (a) All items purchased by telephone, on the Internet or fax must be delivered by the vendor within one billing cycle. An order shall not be placed without this assurance. Exceptions to this rule are purchases made for travel and conferences.
- (b) All items must be shipped to a city address.
- (c) Auto rental companies' collision damage should be declined. Review the vehicle rental agreement carefully to make sure you are declining CDW/LDW, and also, to familiarize yourself with the terms and conditions of the auto rental agreement.
- (d) Auto pay on bills is allowed if the vendor has a secure website and the fee is less than the 1% rebate that is earned through the purchasing card program.

9.6 Prohibited Use of Purchasing Cards.

The following types of items may not be purchased with a City purchasing card, no matter the dollar amount. Violation of policy may be investigated and could result in cancellation of employees p-card, termination and/or criminal prosecution. The Department Director and Program Administrator will determine the appropriate consequence:

- (a) Any item exceeding \$5,000, unless special circumstances have been approved by Department Director;
- (b) Cash advances, cash refunds;
- (c) City Stores inventory items;
- (d) Local (Grand Junction) vehicle repairs;
- (e) Local (Grand Junction) gasoline and oil purchases for city-owned vehicles. The City has a separate card for fuel purchases locally;
- (f) Any merchandise, product or service normally considered to be inappropriate use of City funds.
- (g) No internal purchase, made to the City, including utilities, movie tickets, etc.

9.7 Violations.

- (a) Making purchases which exceed the cardholder's specific dollar limit. 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.
- (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).
- (c) Personal purchases - defined as anything that is not purchased for use and ownership by the City. It is a violation of City policy for ANY personal purchase or personal transaction with a City Purchasing Card, whether or not the Cardholder intended to pay the City back for the purchase. Should this policy be violated, the City must be reimbursed immediately for the amount of the personal purchase. Reimbursement shall be provided to accounts receivable using a Revenue Recap Sheet.
- (d) Shipping purchases to addresses other than City properties.
- (e) Violation of policy may be investigated and could result in cancellation of employees p-card, termination and/or criminal prosecution. The Department Director and Program Administrator will determine the appropriate consequence.

9.8 Requests, Disputes and Forgery/Fraud.

- (a) To initiate issuance of a new purchasing card or to change information on an existing account a written request by the cardholder and/or his/her immediate supervisor is required. The request shall state the employee's name (as it should appear on the card), employee number, department, position, email, default GL, and Chrome River approver. The request shall be sent to the Purchasing Card Administrator using City Web's forms "New Cardholder Request Form".
- (b) To dispute a charge, the cardholder should call the customer support number 1-800-523-9078.
- (c) To report a lost or missing card, contact the Purchasing Card Administrator or Deputy Finance Director if administrator is not available.

9.9 Internet Purchasing Card Procurement.

- (a) Making purchases on the Internet by use of the purchasing card requires special precaution by the using department. Individuals must be aware that the chance of fraudulent card purchases could occur as a result of the City card number being obtained by unscrupulous individuals and used to make purchases. In order to discourage any fraudulent activity, the using department is encouraged to make the actual purchase by using the e-company's toll free number and placing the order verbally. If purchases are made directly on the Internet, they should only be made on a secured Internet site. A small gold colored lock symbol will appear on the lower right corner of the screen if it is a secure site. However, secure web sites do not normally guarantee the security of their site, although they attempt to provide a safety net for the consumer.
- (b) Sales tax should not be paid under any circumstance, even if the website does not allow for tax-exempt purchases. The cardholder should contact the vendor directly to ensure order is tax exempt. If the vendor does not comply, then another vendor must be found.
- (c) The using department representative must be careful to monitor the electronic purchasing process. All responsibility is borne by the individual making the purchase to ensure the process is monitored and recorded. Users are responsible to maintain a log of Internet purchases to ensure that the City is not billed for goods that have not been received. The log may be a manual log or a computer log. Entries are to be contemporaneous to give up-to-date information of the activities relative to the purchase.
- (d) At the time the order is placed the individual employee making the electronic purchase is required to download a receipt or record of the order placed for future reference. Some e-companies provide you a confirmation of the order electronically and some do not. This process ensures a record of the transaction. The downloaded order documentation must be detailed with an itemized list of all items purchased and shall be submitted with the purchasing card statement for the items that have been

charged for that period. Caution should be made to ensure the items that have been ordered are received, prior to authorizing the payment. If the items are not received as ordered, it is the sole responsibility of the individual ordering the merchandise to contact the vendor and rectify the

- (e) Additional caution must be made with regard to shipping and handling charges. Often the minimum charges for shipping and handling can exceed the savings or value the employee thinks they are obtaining on behalf of the City of Grand Junction. It is not uncommon for the shipping and handling to be a large percentage of the total expenditure, canceling out any savings that would have been realized. The most common carriers used by e-commerce companies are UPS and Federal Express, although heavier shipments may be made by freight carriers. Normally the rates are established based on the dollar value of the order placed and no documentation of the actual UPS/Federal Express/Freight Bill is provided to the purchaser.
- (f) Although the City supports this type of purchasing activity, City employees are encouraged to purchase from local trusted vendors if the goods desired are available. The element of risk is reduced considerably, and the assurance of quality is enhanced, because employees can examine the goods prior to purchase.
- (g) All e-commerce purchasing is subject to promulgated City purchasing policy and procedures.

SECTION 10: METHODS AND PROCEDURES FOR SOURCE SELECTION

10.1 Informal Solicitations for Purchases Not Exceeding \$25,000.00

Any purchase of supplies and services less than \$25,000 may be made in accordance with the purchase procedures set forth in this chapter. Purchases shall not be artificially divided to circumvent the solicitation process. If numerous items are being purchased from one vendor on one order, the aggregate price is the determining factor with regard to solicitation procedures.

(a) Purchase Authority and Process.

- (1) The Purchasing Manager or employees with delegated purchasing authority shall have the authority to purchase without formal competition, for the purchase of any materials, professional services, services or construction amounting to more than \$5,000 and not exceeding a cost of \$25,000. If multiple purchases will be made during one fiscal year with an aggregate amount to warrant annual contracting, the Purchasing Division may require the department/division provide data for a formal competitive solicitation, as is in the best interest of the City.
- (2) Such negotiated purchases shall be made in the open market; whenever practical or advantageous, the Purchasing Division or designated representative shall attempt to obtain quotes from a minimum of three 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 documented and maintained as a public record.
- (3) The purchasing procedures adopted pursuant to this chapter 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 \$5,000 without competition.
- (4) No contract shall be artificially divided so as to constitute a small purchase.
- (5) The Purchasing Division encourages the solicitation process to increase competition and value for the City. Upon request the Purchasing staff will help facilitate the quote process.

10.2 Solicitations for Purchases of \$25,000 or More.

- Competitive Sealed Bids/Proposals Required. Expenditures for supplies, materials and equipment or any contract obligating the City of Grand Junction of \$25,000 or more and all major capital expenditures shall be purchased under formal competitive sealed bid (IFB, Invitation For Bids) or competitive proposal (RFP, Request For Proposals).
- Public Notice Required. Purchases of commodities and/or services estimated to cost \$25,000 or more shall be published in a general circulation newspaper in the City of Grand Junction and be published at least five working days preceding the last day set for the receipt of solicitations. Public notice of solicitations 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. Documents will be retained electronically through the City's Records Management system. The electronic copy shall be considered the official document.
- Definition – Competitive Sealed Bid (Formal). A competitive sealed bid (IFB) is a method of source selection for a procurement of goods and/or commodities estimated to be \$25,000 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 Sealed Proposal (Formal). A competitive proposal (RFP) is a method of source selection for a procurement estimated to cost \$25,000 or more. Award is generally to the respondent whose offer is considered the best when compared and evaluated against all other offers. Cost is not the primary focus of proposal award. Competitive proposal solicitations are used for the procurement of supplies or services that require a high degree of professional skill and expertise, or when looking for the solution to a problem. The qualification-based selection process shall be used for the retention of design professionals (architects and engineers).

(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 place, time and date. All IFB documents are posted electronically on the City's *Bids* website.
- (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 Division prior to the date of bid opening, an addendum shall be issued setting forth the changes. Specification changes must allow adequate notice and notification time and shall be coordinated between user department and Purchasing. This addendum shall be posted electronically on the City's *Bids* website. In certain cases, the bid opening may be postponed allowing adequate time for respondents to prepare their bid based on specification changes. If the opening date is changed, it shall be noted in the addendum document. If there is not adequate time, the IFB shall be canceled and a new bid process initiated.
- (3) Bonding. Bid bonds of five percent (5%) and 100 percent (100%) performance and payment bonds are required on any City construction project of \$50,000 or more or as the Purchasing Manager and/or Department Director deems advisable to protect the City's interests. Bonding for service contracts or software shall occur at the discretion of the Purchasing Manager or the Department Director of the using agency.
- (4) Bid Opening. The opening of sealed bids shall be a public formal procedure. Bids shall be opened by the Purchasing Division, at the time and place specified in the Invitation For Bids. The amount of each bid and such relevant information as the Purchasing Division 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 IFB. Bids received after the specified deadline may be immediately returned to the nonresponsive vendor unopened.
- (5) Bid Submission and Bid Evaluation. Bids shall be evaluated based on the requirements set forth in the IFB, 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 IFB shall set forth the evaluation criteria to be used.

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 email, or fax notice received in the office designated in the IFB 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 nonjudgmental 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 Division.

- (6) Award. Generally, 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 IFB. The City does not have a local preference policy. However, City Administration and City Council reserve the right to review and award bids at their discretion to responsive and responsible companies which may or may not be the low bidder. In the event the low responsive and responsible bid for a construction project exceeds available funds or the engineer's estimate, the Purchasing Division, when time and economic considerations preclude re-solicitation of work of a reduced scope, may 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. In the purchase of supplies or services pursuant to this section of whatsoever nature or character, amounting in value to \$200,000 or more, the using department shall make report and transmit the bids to the next regular session of City Council with recommendation concerning acceptance or Solicitation analysis. The City Council shall thereupon approve or disapprove the recommendation.
- (b) Multi-Step Sealed Bidding. When it is considered impractical to initially prepare a purchase description to support an award based on price, a Request for Information, RFI, may be issued. An RFI can request submission of prices as part of the RFI process; or request the submission of un-priced offers to be followed by an IFB or RFP limited to those bidders whose offers have been determined to be technically acceptable under the criteria set forth in the first solicitation. Not all RFI solicitations result in additional steps including an IFB or RFP.
- (c) Competitive Sealed Proposal/Competitive Negotiation Process. A contract for supplies or services for \$25,000 or more may be entered into by use of the competitive sealed proposal/competitive negotiations method when: (1) the Purchasing Division 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; (2) specifications cannot fairly or objectively be prepared as to permit competition in the invitation for bids; (3) high technology and electronic equipment is available from a limited number of sources; or (4) specifications cannot practically be prepared except by reference to specifications of the equipment of a single source of supply.
- (1) Requests for Proposals (RFP). Proposals shall be solicited through a request for proposals process.
- (2) Receipt of Solicitations. No proposals shall be opened until the time designated in the proposal document or addenda. A tabulation/abstract of solicitations 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.
- (3) 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 may 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.
- (4) 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.

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 amounting in value to \$200,000 or more, the using department shall make report and transmit the offers to the next regular session of City Council

with recommendation concerning acceptance or rejection thereof. City Council shall thereupon approve or disapprove the recommendation. If the value of the award is between \$25,000 and \$200,000, the using department 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 between \$15,000, and \$25,000, the Purchasing Division shall make report and recommendation and transmit same to the appropriate Department Director, or designee to approve or disapprove the award.

10.3 Nonresponsive Bid Definition.

A responsive bid is one that is in substantial conformance with the requirements of the IFB. 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 may be nonresponsive bidders.

- (a) Determination of Nonresponsive. The following are examples of nonresponsive bidders:
- (1) A bidder who fails to deliver a bid prior to the specified place, time and date as shown on the IFB such is considered late and the bid shall not be opened.
 - (2) A bidder who fails to conform to required delivery schedules as set forth in the bid documents or in the permissible alternatives.
 - (3) 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").
 - (4) A bidder who fails to offer goods or services that comply with the specifications of the bid.
 - (5) A bidder who makes the purchasing authority the responsible party for determining that the bidder's products conform to the specifications.
 - (6) A bidder who fails to furnish bid surety.
 - (7) A bidder who limits the rights of the City under any contract clause.
 - (8) A bidder who fails to return or comply with the Response requirements.
- (b) Appeal. When a bid is declared nonresponsive, the City purchasing rules and regulations require that the bidder be notified and given an opportunity to appeal that determination. If he believes that the nonresponsive determination was erroneous, arbitrary or capricious, the bidder has the right to protest according to the rules and regulations for protested solicitations or awards contained herein (Section 10.9).
- (c) The City at its sole discretion may determine a bid to be nonresponsive or may waive any requirement when deemed in the City's best interest.

10.4 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 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 subdivision;
 - (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; or

- (6) The bidder of construction and/or maintenance services has a demonstrated record of safety violations.
- (7) Inability to meet the required contract performance schedule.
- (b) Appeal. When a bid is declared “non-responsible,” the City purchasing rules and regulations require that the bidder be notified and given an opportunity to appeal that determination. If he believes that the non-responsible determination was erroneous, arbitrary or capricious, the bidder has the right to protest according to the rules and regulations for protested solicitations or awards contained herein (Section 10.9).
- (c) The City at its sole discretion may determine a bidder non-responsible or may waive any requirement when deemed in the City's best interest.

10.5 Solicitation Irregularities.

The Purchasing Division has authority to waive irregularities if: (a) the item being waived is only a matter of form or is an immaterial variation from the exact requirements of the Solicitation; (b) the item being waived has trivial or no effect on price, quality, quantity, delivery or performance; (c) such a waiver would not affect the relative standing of bidders or be otherwise prejudicial to them; and (d) the waiver is in the City’s best interest. Examples of minor irregularities that may be waived are:

- (a) Failure to furnish with the bid certain required information regarding the vendor’s qualifications to perform the contract.
- (b) Failure to submit required descriptive information on the products offered.
- (c) Failure to return the proper number of executed bids or attachments, including certifications and affidavits.
- (d) 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.
- (e) 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 offeror is requested to remedy the problem within a reasonable timeframe by later submitting omitted data or by providing a written statement of intent.

10.6 Exemptions to Competitive Solicitation.

- (a) The following items are exempted from competitive bidding:
 - (1) Supplies, materials, services costing less than \$25,000;
 - (2) 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;
 - (3) Purchases/Contracts with utility providers, federal, local government and not-for-profit units;
 - (4) Purchases approved by the 21st Judicial District Law Enforcement Forfeiture Board using seized funds;
 - (5) Magazines, books and periodicals;
 - (6) Membership Dues, Postage and Insurance;
 - (7) Supplies, products or services indispensable to the City which are obtainable, for practical purposes, only from a single source, as identified by the Purchasing Manager using the procedure herein set forth;

- (8) The material qualifies as an object of fine art;
 - (9) A particular material is required to match materials currently in use by the City; or
 - (10) City Council approved non-capital items;
 - (11) Original Equipment Manufacturer (OEM) repair parts purchased from the source vendor;
 - (12) Annual maintenance and service agreements on purchases originally obtained by competitive solicitation or Sole Source when the terms of the agreement specify the original provider performs ongoing maintenance;
 - (13) Goods or services obtained as a result of a Memorandum of Understanding (MOU).
- (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 three 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 solicitation. Additional quantity negotiations must be accomplished by the Purchasing designee.
 - (c) Construction change orders may be permitted without competition as described in Section 8.

10.7 Waiver Process to Formal Competitive Bids.

The formal bid process may be waived by the Purchasing Manager under the following conditions:

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

10.8 Rejection of Bids.

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

- (a) All bids exceed the budgeted amount;
- (b) There are no responsible bidders;
- (c) There are no responsive bidders;
- (d) The project is abandoned; or
- (e) The specifications, scope and/or terms and conditions are revised.
- (f) Irregularities in the procurement process as determined by the Purchasing Manager and/or the City Manager.

10.9 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 Manager, or City Manager as set out in this section. The protest shall be submitted in writing to the Purchasing Manager or his designated representative, within seven working days after the aggrieved person knows or should have known of the facts giving rise thereto.
 - (1) Protests in connection with a solicitation or award of a contract involving an amount less than \$200,000 shall be filed with and determined by the Purchasing Manager.
 - (2) Protests in connection with a solicitation or award of a contract involving an amount of \$200,000 or more shall be filed with and determined by the City Manager.
- (b) Authority. The City Purchasing Manager or City Manager, as set out in this section, 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 30 working days after the protest is filed. This authority shall be

exercised in accordance with the City procurement rules and regulations set forth herein. The City reserves the right to make determinations that are deemed in the best interest of the City. If 30 days have passed without a decision, the written protest shall be forwarded to the City Attorney's office for resolution.

10.10 Confidentiality.

After solicitations are opened and reviewed at the solicitation opening, they become confidential documents until the Purchasing Division awards the contract or the solicitation project is cancelled. Staff shall not discuss solicitations with competing vendors. Vendor questions must be referred to the Purchasing Division. Staff shall not discuss with any vendor the recommended award or the reasons for awarding or not awarding. Members of any evaluation team or committee will be kept confidential. Scores may be made public, but individual names will remain anonymous.

10.11 Disagreements about Recommendations.

If the Department and the Purchasing Division disagree about the award recommendation, the Department Director or designee and the Purchasing Manager or designee shall meet personally to review the reasons for the disagreement. The mutual goal of the Department and the Purchasing 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 cannot be resolved shall be forwarded to the City Manager's office for final determination.

SECTION 11: SPECIFICATIONS

11.1 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 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.

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 Manager. “Brand names” may be used to establish acceptable or minimum standards that all vendors must meet or exceed.

In considering and developing specifications, it may be determined that expenditures cannot be expected to provide for excessive levels of quality.

11.2 Authority for Specifications.

The Purchasing Division 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 Division must be satisfied that it shall result in a fair and equitable competitive procurement.

11.3 Types of Specifications.

There are several types of specifications. The development, selection and use of a particular type are 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:
- (1) A general nomenclature or description;
 - (2) Required performance characteristics (minimum/maximum) to include speed, storage, production capacity, usage, ability to perform a specific function;
 - (3) Operational requirements, such as limitations on environment, water or air cooling, electrical requirements;
 - (4) Site preparation requirements for which the contractor shall be responsible, such as electricity, plumbing or for which the City shall be responsible;
 - (5) Compatibility requirements with existing equipment or programs;
 - (6) Conversion requirements for maintaining a current equipment or system until switching to the new equipment or system;
 - (7) Installation requirements;
 - (8) Delivery date;
 - (9) Maintenance requirements;

- (10) Supplies and parts requirements;
- (11) Quantity and method of pricing;
- (12) Warranty; and
- (13) 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:
 - (1) Dimensions, tolerances and specific manufacturing or construction processes;
 - (2) References to a manufacturer's brand name or model number; and
 - (3) 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 Manager 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, in general terms, the contractor's responsibility to provide a service or produce a final product.
 - (2) Specific Requirements. Next, 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:
 - (i) Details of work environment;
 - (ii) Minimum or desired qualifications;
 - (iii) Amount of service needed;
 - (iv) Expected results;
 - (v) Location of service;
 - (vi) Definition of service unit;
 - (vii) Time limitations;
 - (viii) Travel regulations or restrictions;
 - (ix) Special equipment required; and

- (x) 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.

11.4 Specifications "Do's and Don'ts."

- (a) Do:
 - (1) Use the word "must" or "shall" to describe a command or mandatory requirement;
 - (2) Use the words "should" or "may" to describe an advisory or optional requirement;
 - (3) Be specific and detailed in presenting mandatory requirements; and
 - (4) State a requirement of fact once and avoid duplication.
- (b) Don't:
 - (1) Present something as mandatory if it is really only optional;
 - (2) Write specifications or scope of work that restrict response to a single bidder/offeror; and
 - (3) Place bid/proposal administrative or contractual terms in the specification portion of the document.

11.5 Preparation of Specifications.

All specifications shall be drafted so as to promote overall economy for the purpose intended to encourage competition in satisfying the City's needs and shall not be unduly restrictive. The policy enunciated in this chapter 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 via e-mail attachment. 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 that would have the effect of stifling competition.

The Purchasing Manager or Buyer has authority to require modifications or alterations to a specification to permit competitive bidding. The Purchasing Manager or Buyer shall furnish the requesting department representative with 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.

11.6 Changing Specifications.

Once a solicitation has been posted, no changes in the specifications may be made unless an addendum is issued, clearly pointing out such changes. Vendors must acknowledge in a form required by the Purchasing Division receipt of each/any/all addenda. Once a decision has been reached on the specification(s), all responses must be based upon the same specifications and no vendor has a right to substitute other specifications for those contained in the solicitation.

SECTION 12: PROFESSIONAL, TECHNICAL AND EXPERT SERVICES

12.1 Purpose.

The City frequently requires the specialized skills, knowledge, resources and services of private contractors or consultants to complete complex studies, to develop or revise procedures, to conduct audits, to train staff, to design facilities, or to provide a specialized product. The purpose of this section is to set forth policy and procedures for procuring professional, technical and expert services.

12.2 Authority.

- (a) Under \$25,000. 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 \$25,000. Department Directors or Division Managers are responsible for selection and contract administration. Competition is not required; nevertheless, Department Directors or Division Managers are responsible for selection based on applicable and appropriate qualifications, experience, referenced successes and cost factors.
- (b) \$25,000 to \$200,000. With the approval of the City Manager, professional, technical and expert services with a total cost of \$25,000-\$200,000 can be procured without competition. Department Directors are responsible for providing the City Manager with a written justification and recommendation for the selection.
- (c) Over \$200,000. With the approval of City Council, professional, technical and expert services can be procured without competition. Department Directors are responsible for providing and presenting City Council with a written justification and recommendation for the selection.
- (d) Without the approvals set forth above, for the purpose of procuring the services of licensed professionals or independent consultants, all City departments are required to adhere to the selection procedures described in this chapter if the work is to cost \$25,000 or more. The City Purchasing Manager is authorized to solicit and procure professional services expected to cost \$25,000 or more. Proposals shall be requested and received by the Purchasing Division. Offerors shall be ranked, and negotiations may be conducted. 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 (SOQ).

12.3 Selection Procedures for Professional Service Contracts of \$25,000 or More.

The selection process for professional services, to include design firms, architects, engineers, land surveying, auditors, training and other professional or technical specialized services shall be competitive whenever possible. Prior to making the decision to solicit proposals a determination must be made if the process is to be single or multi-step. In a multi-step process, the department desiring the services should determine if it would be in the best interest of the City to obtain qualification letters or statements of qualification (SOQ) from prospective providers prior to soliciting proposals. If that is the desire of the requesting department, the process will start with the SOQ. The following process shall be adhered to in varying degrees as agreed upon between the using department and the Purchasing Division.

- (a) 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 or if a qualification letter/statement of interest (SOQ) is the first step of the process. If the RFP is recommended, a schedule for the selection process shall then be established.

- (b) Step 2. The project coordinator shall prepare a purchase requisition to transmit to the Purchasing Division with the scope of work (minimum requirements for services) for the project. The scope of work (SOW) shall be submitted in writing or e-mail. 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).
- (c) Step 3. Accompanying the SOW shall be (1) a proposed calendar of events, and (2) the recommended evaluation criteria to be incorporated into the RFP and used to rank and select the service provider. (3) The department shall also provide the names and addresses of the recommended evaluation committee members and a list of prospective offerors to be contacted.
- (d) Step 4. The Purchasing Division shall prepare a draft RFP for departmental review. Only after all revisions are made will the RFP be advertised by the Purchasing Division.
- (e) Step 5. The Purchasing Division shall receive all proposals until the deadline date, place and time specified. 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 are public record; all other information is confidential until contract negotiations are completed and award has been made or the project is cancelled.
- (f) Step 6. Electronic 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.
- (g) Step 7. Committee members shall then meet as a team. The team reviews each proposal and determines the strengths and weaknesses of each. The team members may score each proposal using a rating form that is specifically prepared for the unique conditions of the proposed contract work. After all proposals have been evaluated, team members shall rank the proposals in order of preference. The references of the highest ranked firm are checked to support the team finding. The evaluation must be done in accordance with the criteria contained in the RFP. The information in proposals is confidential during the evaluation process. If requested, a representative of the Purchasing Division shall assist the committee to assure that evaluations are conducted as stated in the RFP. If warranted, interviews or oral presentations may be scheduled to further assess the capabilities of the proposers.

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

Members of the evaluation team or committee will be kept confidential. Scores can be made public, but individual names will remain anonymous.

- (h) Step 8. The Purchasing Representative and/or the project coordinator may conduct negotiations with the recommended offeror until a final contract is agreed upon. If necessary, 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, negotiations shall be terminated. 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.
- (i) 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 2.8.

- (j) Step 10. All proposers shall be notified of the selection.
- (k) Step 11. The length of Professional Services is one year with three (3) additional one-year extension options. Increases may be allowed on a case by case basis and contract amendment approval should be made according to the Purchasing Approval Limits.

SECTION 13: EMERGENCY PURCHASES

13.1 Emergency Purchase Definition.

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 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 Division to procure such emergency needs by informal open market procedure, as expeditiously as possible, at not more than commercial prices. When expenditures exceed \$200,000, 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) A piece of equipment requires immediate repair to prevent further damage to public property, machinery or equipment; or
 - (3) A dangerous condition or immediate need for supplies, equipment or services threatens public safety, health or welfare.
- (b) Procedures. The following are procedures to be followed for emergency purchase situations:
- (1) In the event of an actual emergency during nonworking 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 requisition with a copy of the delivery document and a written report explaining the circumstances of the emergency to the Purchasing Division.
 - (2) During normal City business hours, the Department shall notify the Purchasing Manager and/or the City Manager of the emergency situation and request verbal approval to proceed with the emergency purchase. The Department shall provide the following:
 - (i) The nature of the emergency;
 - (ii) The estimated cost of the services/goods required; and
 - (iii) 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 procurement process when a written determination has been made by a Department Director or Division Manager, and approved by the Purchasing Manager, City Manager or City Council, that there is only one source practicably or reasonably available to supply a good or service.

When, in the opinion of the Purchasing Manager the best interests of the City shall be served, the Purchasing Manager may authorize the use of sole source procurement procedures provided the expenditure does not exceed \$25,000. Initial sole source requests up to \$25,000 must also be approved by the Department Director. Initial sole source requests from \$25,000 to \$50,000 must be approved by the City Manager. Initial requests for sole source expenditures of \$50,000 or more shall be approved by City Council. See "Purchasing Approval Limits" Section 2.8.

Sole source requests may remain in effect for up to five years or until the conditions of which the Sole Source was approved have changed. Purchasing may request justification per Section 14.3.(a). Purchases of items related to prior approved sole source requests may be procured without repetitive approval authority given that budgeted funds are available.

14.2 Sole Source Criteria.

The following are the criteria used for determining sole source:

- (a) The vendor is the original equipment supplier/manufacturer with similar parts or equipment and equipment/parts are not available from another manufacturer;
- (b) The compatibility or conformity with City-owned equipment or materials in which nonconformance would require the expenditure of additional funds;
- (c) No other equipment is available that shall meet the specialized needs of the department or perform the intended function;
- (d) Detailed justification is available which reasonably establishes that the vendor is the only source practicably available to provide the item or service required; or
- (e) Written demonstration and justification is available which reasonably and practicably establishes that the selection of a sole source vendor is in the best interest of the City.
- (f) The product, equipment or service is functionally superior to all other competitive products.

14.3 Procedures.

- (a) The department shall complete a Sole Source Justification Form and attach documentation and justification that establishes that the proposed vendor is the only source reasonably or practicably available to provide the item or service required. The department is responsible for conducting negotiations, as appropriate, as to price, delivery and terms. In an effort to ensure that sole source justifications forms are valid, after a period of five years, the Purchasing Staff reserves the right to request the using department update the information or justify that the sole source conditions continue to be valid. The Sole Source Justification Form can be found on the intranet under Forms-Purchasing.
- (b) Authorization Thresholds: For sole source purchases follow the approval limits designated in Section 2. If a sole source is required to be approved by the City Council, the presentation to Council for final approval or disapproval must be made by the requesting department. The Purchasing Manager shall review the recommendation for compliance with the City's policies prior to the agenda being forwarded to the City Clerk to be placed on City Council's agenda. Presentation shall be made by the requesting Department.

SECTION 15: INFORMATION TECHNOLOGY PURCHASES

15.1 Authority of Information Technology Director.

All purchases of computer hardware and software must have prior approval of the City's Information Technology (IT) Director or his designated representative.

Any purchase request submitted directly to the IT Operations Supervisor shall be returned to the requesting department without further processing.

15.2 General Guidelines.

The procedures set forth in this chapter shall be followed for all hardware and software purchases, usage, and installation regardless of price, including monitors, printers, plotters, scanners, memory and multi-function cards, co-processor chips, disk drives, backup units and/or any other device/component which is controlled by computer.

Each department shall be responsible for ensuring no unauthorized software or programs are installed on their machines by their assigned personnel. Should an unauthorized installation be discovered on a department machine by IT personnel, the assigned department head and the Purchasing Manager shall be notified by IT.

Only properly licensed software/hardware owned by the City of Grand Junction may be installed on City-owned machines. All City computer hardware/software classified as "infrastructure" or "City-wide" shall be under the jurisdiction of the Information Technology Division.

Any software or browser plug-ins downloaded from the Internet needed to view, hear or read web pages shall be the responsibility of the user to install and trouble shoot. Patches, minor updates and hardware drivers for approved software and hardware may be downloaded from the Internet.

15.3 Request and Purchase Procedure.

- (a) The department requesting the purchase shall forward the request to the IT Director by e-mail. The request shall state the reason/need for the item, item description including system requirements, estimated costs, possible vendors and applicable accounting information.
- (b) The IT Director or his designated representative shall evaluate the request. Routine items that are department specific for which no IT support is being requested can be authorized by the IT Director.
- (c) Hardware and software items that affect more than one department, the City-wide or infrastructure systems, significant upgrades or version changes to existing software or items for which technical support is being requested must be approved by the IT Director. The IT Director can approve the request, approve an alternative purchase and/or arrange a meeting with the department involved to discuss the request.
- (d) Approved purchases under \$15,000 shall be returned to the requesting department for purchase with a recommended vendor. Purchase requests of \$15,000 or more shall be the responsibility of the IT Director who shall follow the procurement rules and regulations as set forth herein.
- (e) "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 IT Director. 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 IT Director.

SECTION 16: FLEET PURCHASES

16.1 Authority of the Fleet/Facility Manager.

The City's Fleet Manager or his designated representative and the using department must review all purchase requests for vehicles and industrial equipment.

Any purchase request submitted directly to Purchasing without input from the Fleet Manager shall be returned to the requesting department and not processed until the request complies with Purchasing policies and procedures.

16.2 General Guidelines.

It is the policy of the Fleet Services Division (FSD) to provide the latest in vehicle and equipment technology to the City of Grand Junction service divisions in the most cost-effective fashion possible. It is also the FSD's responsibility to plan for replacement of City of Grand Junction vehicle and equipment assets in the most practical and economical time frame.

All vehicles and industrial equipment with a purchase value of \$10,000 and above or vehicles and equipment that require registration and licensing to operate on public roads and highways shall be included in the fleet replacement accrual fund and under the direction of the FSD.

16.3 Overview.

The economic life cycle of vehicles and equipment in today's industry is considerably longer than in the past. The ability of computerized fleet maintenance management systems and other technology such as oil analysis, engine analyzers, and on-board computer systems have had a positive impact on the length of service life. The change is demonstrated by the higher mileage warranties that are offered on some vehicles in fleet environments.

The most advantageous replacement frequency is not a preset, inflexible interval in usage, years, or maintenance cost, as has occurred in past years for some fleets. The most economical replacement opportunity will occur within a specified time frame or replacement window.

16.4 Vehicle and Equipment Specifications.

Specifications are developed by the Fleet Supervisor or a delegated representative and reviewed by the Purchasing Division for programmed replacements and approved additions to the fleet for which FSD will inherently have asset management responsibility, in consultation with the using agency. Specifications are developed/updated on an as-needed basis as early in the fiscal year as possible (subject to known/projected needs, availability of spec information, etc.). Specifications consider the using department's needs to the maximum extent possible, while also providing for standardization of similar fleet units to promote unit assignment flexibility. Specifications attempt to maximize supplier source options, while providing for using agency and City needs for satisfactory equipment and supplier performance.

Note: It is the responsibility of the using department to request early replacement, replacement upgrades and new vehicle or equipment additions to the fleet. During the budget process by the appropriate level the annual rental rate will be included in the requesting department's operating budget by the Accounting Division. FSD will continue to use the Equipment Replacement Committee to evaluate and approve projected vehicles and equipment for replacement as established by the replacement fund.

16.5 Bid Evaluation.

The FSD and the Purchasing Division with the cooperation of the using department will evaluate bids for those fleet units for which they have asset management responsibility. Bid evaluations will consider the extent to which bids meet or exceed the minimum requirements. Bid evaluations may be based on one or

more established grading scales. When deemed necessary, equipment demonstrations may be conducted to assist in the evaluation process (equipment pre-qualification process).

16.6 Vehicle and Equipment Standards.

It is the policy of FSD to apply vehicle standards to all vehicle and equipment acquisition. The standards will enable the FSD to standardize specifications, repairs, parts acquisition and training to both technicians and operators. This minimizes costs and enhances efficiency. Standards will clearly define the need for specific features to perform job duties of a specific type and definition.

Replacement units shall be equivalent to the unit being replaced, unless a more economical downgrade is appropriate. Example: downgrade a full size pick up for a compact sedan or hybrid.

The goal is to meet the using department needs while providing the lowest practical ownership costs with the least environmental impact.

To standardize fleet units, options and equipment packages whenever possible and practical, downsizing is encouraged. The following criteria will be used for the selection of appropriate vehicles:

- (a) Administrative sedans will be mid-size or smaller.
- (b) Public safety units subject to pursuit or emergency calls may be full-size sedans or SUVs.
- (c) All unmarked public safety units will be mid-size.
- (d) All units will be of the smallest practical size.
- (e) All units will be two or front wheel drive unless off-road or all-wheel drive is can be justified.
- (f) K-9 units shall be full size wagon or SUV.

Alternative fuel will be considered on all units where an alternative fuel is available. Types of alternative fuels include, but are not limited to, E85, electric, electric/gas (hybrid) and compressed natural gas (CNG).

16.7 Vehicle Identification.

Fleet units operated by the City of Grand Junction shall comply with all local and State laws, regulations, and ordinances, which prescribe the identification of City fleet units. Those fleet units for which the FSD has asset management responsibility shall be marked by the FSD.

16.8 Equipment Transfer and Turn-in.

The FSD shall manage the departmental assignment of all units for which it has asset management responsibility.

Transfer requests and/or new equipment requests shall be made to the FSD by the agency to receive the fleet unit. Fleet units, which are no longer needed by an agency, may be returned to the FSD at any time with written notice to the FSD requesting termination of the unit assignment.

16.9 Disposal of Fleet Vehicles and Equipment.

Disposal of all surplus or excess Fleet vehicles and equipment shall follow procedures found in Section 19 of this Manual.

SECTION 17: COOPERATIVE/OTHER GOVERNMENT ENTITIES PROCUREMENT

17.1 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.

17.2 Authority.

- (a) The Purchasing Division is authorized 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 chapter is exempted from competitive bidding and advertising requirements.
- (b) The Purchasing Division 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 Division determines that another jurisdiction or co-op has entered into a competitive contract that allows participation by the City (“piggy-backing”), the City may make purchases from such contract(s).

17.3 Purchasing for Other Governmental Entities.

At times, the City of Grand Junction Purchasing Division is requested to solicit competitively on behalf of other governmental agencies. The City Purchasing Division may help whenever approved by the Purchasing Manager; however once responses are received, they will be turned over to the requesting agency who is then responsible for the evaluation and award criteria established by that agency. In the event there is a protest or legal claim or action, the City of Grand Junction bears no responsibility in settling the dispute(s) and/or defending a legal claim or action.

SECTION 18: CITY PRIVATIZATION AND COMPETITIVE POLICY

18.1 Purpose.

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

18.2 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.

18.3 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.

18.4 Guidelines.

When directed by the City Manager, the Department Director and/or Purchasing Manager 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 a competitive solicitation.

18.5 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.

18.6 Public/Private Competitive Process.

The steps and responsibilities during the public/private competitive process are 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 (a) certification of the City proposal, and (b) a post-implementation audit of the service provider.

Steps in competitive process are:

(a) Identify privatization target areas, such as:

- (1) New services that have never been provided before that shall require an increase in capital investment and/or full-time employee increases;
- (2) Services or operations that are commonly provided in the private sector marketplace;
- (3) Areas experiencing high personnel attrition/turnover;
- (4) Areas of documented poor service or a high volume of customer complaints;
- (5) Areas that have the greatest potential for cost benefits;
- (6) Pilot program(s) to measure comparative cost benefits of internal to external (privatized) performance; and

- (7) Extraneous/fringe tasks not directly related to primary mission.
- (b) Identifying Service and Associated Costs.
- (1) 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, including the City Council, City Manager, Financial Operations Manager, City Auditor and City Attorney. All of these City officials shall need to prepare for their roles in the process.
 - (2) Operating department personnel shall identify costs by determining the resources required and the method to be used for delivery of the service. The Financial Operations Manager then assists the operating department in identifying the costs of resources that shall be needed to deliver the service.
- (c) Preparing Solicitation Specifications for Privatization of City Provided Service. The Purchasing Division prepares the solicitation specifications utilizing the final scope of work (services) for service delivery prepared by the Department Director and his staff.
- (d) Certify City Cost Proposal. The City's Financial Operations Division receives and tests the City proposal for reasonableness of proposed costs prior to competitive submission.
- (e) Solicitation Opening. At the opening date and time, the Purchasing Division 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 responses and the City proposal and prepares a written recommendation that is forwarded to the City Manager and Purchasing Manager. A final recommendation is prepared by the Using Division for presentation to City Council.
- (f) Award Contract. The City Manager and City Council make the final selection after reviewing the responses 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.
- (g) Monitoring or Supervision. The operating department is responsible for monitoring the contract if a private entity is selected or for supervising the service delivery if City staff is 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.

18.7 Computing the Cost of In-House Service Delivery.

The following four cost categories together compose the total cost of in-house service delivery (see following model, subsection (e) of this section):

- (a) 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.
- (b) 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.
- (c) 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 classes of overhead costs: (1) operations overhead, and (2) general and administrative overhead.
 - (1) Operations overhead refers to those indirect costs incurred by the first supervisory level above and in support of the target service or activity.
 - (2) 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 overhead costs and general and administrative overhead costs that will be avoided if the target service or activity is contracted out are considered.

- (d) 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.
- (e) Total In-House Costs. The total avoidable personnel, non-personnel, indirect and depreciation costs; this sum constitutes the “total in-house performance costs” and is compared to “contract performance costs”.

18.8 Computing the Cost of Contract Service Delivery.

- (a) The City shall use the following six cost categories that together shall constitute the total cost of contract service delivery:
 - (1) Contract Price. This is the price or cost that a prospective contractor proposes to charge to provide the target service or activity.
 - (2) 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.
 - (3) One-time Conversion Costs. These costs are incurred when City service or activity is converted to contract service delivery. One-time conversion costs include:
 - (i) Personnel-related costs, such as unemployment compensation, accrued PTO benefits owed City employees and any other severance-type costs;
 - (ii) Material-related costs associated with the preparation and transfer to the contractor of any City-furnished facilities and equipment; and
 - (iii) 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.
 - (4) 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.
 - (5) 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.
 - (6) 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.
- (b) Total Contract Performance Costs. The total costs are the contract price, plus contract administration and a one-time conversion cost minus revenue and City income taxes, plus or minus disposal of assets costs. These cost data are transferred to the cost comparison form.

18.9 Cost Comparison.

The major cost categories, for both in-house and contract service deliveries, employed by the City in its cost comparison methodology should include at a minimum: performance periods and cost comparison ratio.

- (a) Performance Periods. Carry out the cost analysis for up to three 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.

- (b) Cost Comparison Ratio. The cost comparison ratio 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 10 percent: contracting out must generate at least a 10 percent cost savings for the City to deem the change worthwhile.

SECTION 19: DISPOSAL OF SURPLUS PROPERTY

19.1 General.

The final step in the procurement cycle is disposition of an item or items when they are no longer useful to the City. The timely identification of surplus and obsolete material(s) is essential to an effective disposition program. Delayed identification ties up capital resulting in higher maintenance and salvage costs and further deterioration of items. Because building space is a valuable resource, the storage of surplus items (furniture, computers, equipment, documents) must be kept to an absolute minimum. Surplus furniture, computers, and equipment are only to be stored in the City Warehouse on an interim basis (not more than 6 months) or until they can be repurposed, recycled or disposal can be arranged.

19.2 Policy.

The purpose of this policy is to set forth standards and guidelines designed to control storage of City's surplus items while best supporting the City's Mission. Primary responsibility for surplus storage rests with the General Services Director/Purchasing Manager. The maintenance and security for this area are within the Facilities and Purchasing Division purview.

The Stores City Warehouse will be utilized as a temporary holding facility only, pending the final disposition of designated items. Departments may request items be moved to this storage area for reuse, disposal, or recycling through the Warehouse Specialist. The procedures and forms for such requests are detailed below. Moving services are not considered a Facilities or Stores function, such services may need to be arranged by the user department.

The General Services Department 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 Manager 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 Manager shall have authority to transfer stock or other surplus inventory items or surplus equipment that has become unsuitable for public use.
- (c) All sales shall be made to be in the best interest of the City.
- (d) The Purchasing Manager has authority to forgo an auction or sealed bid process when the surplus material(s), supply(ies) and equipment can be donated or sold to other governmental entities or nonprofit organizations as is in the best interest of the City.

19.3 Methods of Disposal.

When items become excess, obsolete or surplus, the using department must report them to the Purchasing Division or designee. Using departments are required to use the Surplus Items Form found on the intranet under Forms-Purchasing. In cases of disposal of items with an original purchase cost of \$5,000 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. 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. The Surplus Transfer Form can be found on the intranet under Forms-Purchasing. Mark in the comments section where the item is being transferred.
- (b) Sale. There are several methods of selling excess and surplus items.
 - (1) Auctions. The City contracts with auction services to sell items to the highest bidder at

advertised public auction or via online auctions.

- (2) Sealed Bids. The General Services Department may determine that items shall be sold at sealed bid sale. Public notice of the sale is made and solicitations are sent to prospective bidders, if any are known. 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 General Services Department may determine that items may be offered for sale 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 General Services Department 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 General Services Department 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 \$50,000. Items valued at less than \$50,000 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 that 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. No hazardous substances, wastes, liquids, or materials are to be stored in the Stores warehouse.

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 avoid any appearances of impropriety in the disposition program, employees of the City may not purchase items unless the sale is to the highest bidder at a public auction or by sealed bid after appropriate public notification of the sale.

19.6 Documentation.

The Surplus Items Form is used to report a surplus or excess item to the General Services Department. This form is required to report the transfer or disposition of an excess item. The form can be found on the intranet under Forms-Purchasing.

19.7 Disposal of Grant-Funded Equipment.

When equipment is 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 that must be followed. If required by the grant provisions, proceeds from disposal may be returned to the grant-funding agency.

SECTION 20: CITY STORES (INVENTORY WAREHOUSE)

20.1 Purpose.

This policy sets forth standards and guidelines designed to provide information for stocked items and retention of documents while best supporting the City's mission. Surplus policies are found in Section 19 above.

City "Stores" Inventory Warehouse (333 West Avenue Building C) 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 backup supplies and provide for the storage and retrieval of historical City records. Stores also serves as a central delivery point to receive goods and to assure appropriate inspection and delivery when required. Lastly, Stores serves as an interim storage location for surplus property.

Emergency backup supplies are those supplies critical to the continued operation of the City and have long delivery lead times. Archived documents required to be stored by policy, law or regulation for set periods of time may be stored in the City Warehouse Facility until disposal can be done in compliance with the retention schedule.

20.2 Stores Catalog.

A Stores stock catalog containing the descriptive listing of items and item numbers shall be available on the City Intranet published and maintained by the Purchasing Division.

20.3 Stores Requisition Form.

Departments and agencies requesting delivery from Stores inventory shall use the requisition form through New World Systems. Once this form is completed and approved, the system automatically reserves from Stores inventory the requested items.

20.4 Stores Window Pickup.

Items may be picked up at Stores during the hours of 7:30 A.M. to 3:30 P.M. Monday, Tuesday, Thursday and Friday. Wednesday hours will be 7:30 A.M. to 11:00 A.M.; closed after 11:00 for deliveries. Stores hours will 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.

20.5 Delivery Times.

Departments requesting supplies from Stores shall receive their deliveries in the most expeditious timeframe possible, usually the following Tuesday or Thursday, provided Stores requisition forms are received in a timely manner.

20.6 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.

The General Services Division shall be responsible for conducting periodic inventories to:

- (a) Ensure accurate record accountability;
- (b) Support the value of inventory shown in the fund balance sheet; and
- (c) Disclose the possibility of fraud, theft or loss.

20.7 Storage of Documents.

Departments may store documents in the Stores warehouse. All documents must be in boxes and neatly labeled with the department's name, storage date and destruction date in compliance with the published retention schedule. Because space is limited, documents will only be kept for mandated time periods. The City Clerk will review all stored items and coordinate with the applicable department for disposal of the out of date documents.

20.8 Security Access to Stores Warehouse Storage Facility.

In order to maintain the security of this storage area, keys for this facility will be issued on an as needed basis through the Facilities Division. It will be the responsibility of the all key holders to lock the facility and to return the keys to the Facilities Manager after use. Access to the facility will only be approved to facilitate the retrieval or authorized storage of equipment and/or documents.

20.9 Departmental Storage.

Departments may have their own storage facilities for equipment or other items of value. Their storage areas are not affected by this policy. However, all departments are urged to minimize the utilization of any space for storage purposes. Administrators are urged to periodically review items being stored and to remove items no longer needed. All storage must comply with all fire life safety codes.

20.10 Storage Off Site

Departments may store items off site at commercial sites at their expense. The Purchasing Division must review and sign all contracts for the lease of space in order to ensure that the contract language meets City requirements and guidelines.

SECTION 21: GREEN PROCUREMENT POLICY

21.1 Purpose

The City of Grand Junction recognizes our employees, contractors and vendors can make a positive influence in our environment. Environmental factors should be a subject of competition among vendors seeking City contracts. By including environmental considerations in our procurement decisions, along with our traditional concerns of price, performance and availability, we will remain fiscally responsible while promoting practices that improve public health and safety, conserve natural resources, support recycling ethics and minimize harmful impacts on our environment. It is understood that employees shall use their professional judgment and common sense in applying this policy.

21.2 Fundamentals.

- (a) Environmentally preferable products have a lesser impact on human health and the environment.
- (b) Recycling will reduce landfill waste and provide a process to reuse materials.
- (c) Waste prevention eliminates or reduces the amount or toxicity of materials before they enter the solid waste stream.
- (d) Energy Conservation includes fuel use and electrical use, such as lighting, heating and cooling.

21.3 Environmentally Preferable Products.

The objective is to purchase products that have reduced environmental impact because of the way they are made, used, transported, stored, packaged and disposed of. These products do not harm human health, are less polluting and minimize waste, maximize use of biobased or recycled materials, conserve energy and water, and reduce the consumption or disposal of hazardous materials. When determining whether a product is environmentally preferable, the following standards should be considered:

Biobased – made from renewable materials

Biodegradable – compostable

Carcinogen-free – low toxicity

Bio accumulative toxic (PBT)-free – free of organic compounds resistant to environmental degradation
Chlorofluorocarbon (CFC)-free – non-ozone depleting substances

Heavy metal free – no lead, mercury, cadmium

Low volatile organic compound (VOC) content – energy, resource and water efficient

Energy Star and Energy-efficient Products

21.4 Recycle.

Recycled items are or can be made with recovered materials. The intent of this policy is to purchase items containing the highest percentage of recovered materials practicable.

- (a) Printing and writing papers including all copy paper shall contain a minimum of 30 percent post-consumer recycled content. Imprinted letterhead paper, envelopes, and business cards will also be printed on recycled paper as long as the look and image of professionalism is maintained.
- (b) Paper products including janitorial supplies, shop towels, hand towels, facial tissue, toilet paper, seat covers, corrugated boxes, file boxes, hanging file folders and other products composed largely of paper shall be made from recycled materials whenever practical.
- (c) Toner cartridges will be purchased from manufacturers that include a program for used cartridges.
- (d) Re-refined antifreeze including on-site antifreeze recycling shall be utilized.

- (e) Used lubricating and hydraulic oils shall be sent to a recycle center.
- (f) Recycled plastic outdoor wood substitutes, including plastic lumber, benches, fencing, signs and posts will be used whenever practical.
- (g) Recycled content construction, building and maintenance products including plastic, lumber, carpet, tiles and insulation shall be used whenever practical.
- (h) Re-crushed cement, concrete aggregates and asphalt will be used whenever practical. All used concrete and asphalt will be recycled.
- (i) Cement and asphalt containing tire rubber, glass cullet, recycled fiber, plastics, fly-ash or other alternative products will be used whenever practical.
- (j) Retreaded tires shall be used on trash trucks and dump trucks on drive axles only. Steer axles will not utilize retreaded tires nor will light pickups, cars or emergency vehicles.
- (k) Products made from recycled tire rubber including rubberized asphalt playground surfaces and fatigue mats will be utilized whenever practical.
- (l) Compost, mulch and other organics including recycled bio-solid products will be used whenever practical.
- (m) Electronic items shall be recycled as needed.

21.5 Conservation and Waste Reduction.

Wherever practicable and cost-effective, departments are responsible to institute practices that reduce waste and result in the purchase of fewer products without reducing safety or workplace quality.

- (a) Consider durability and repair ability of products prior to purchase.
- (b) Conduct routine maintenance on products/equipment to increase the useful life.
- (c) Use duplex features on laser printers and copiers. Specify duplex on all print jobs. The City will also engage in the practice of two-sided copies whenever practical.
- (d) Create electronic letterhead for use by all agencies, departments or divisions.
- (e) Send and store information electronically when possible. This includes email, web site and electronic fax.
- (f) Review record retention policies and implement document imaging systems.
- (g) Use recycle containers for all discarded paper in office areas.
- (h) Use recycle bins for aluminum cans, glass and plastic in all areas.
- (i) Purchase compact fluorescent lights (CFL).
- (j) Purchase rechargeable electronics, such as radios, PDA's, cameras, etc.
- (k) Properly dispose of batteries and compact fluorescent lights (CFL).
- (l) Employ other waste prevention practices that further the goals of this policy.

21.6 Responsibilities of the CORE (Conserving Our Resources Efficiently) Committee.

- (a) Develop and maintain information about environmentally preferable products and recycled content products containing the maximum practicable amount of recycled materials to be purchased by agencies, departments and division.
- (b) Develop and implement a monitoring and tracking system as a tool to confirm compliance with this policy.
- (c) Inform other agencies, departments and divisions of their responsibilities under this policy and provide them with information about recycled products and environmental procurement opportunities.
- (d) Develop and implement an ongoing promotional program to educate and inspire City employees to implement this policy.

21.7 Responsibilities of the Purchasing Division.

- (a) Inform vendors of our Green Procurement Policy.
- (b) Establish contracts for recycled-content, environmentally preferable, biobased, energy- and water-efficient products (office supplies, lubricating oils, and janitorial supplies) whenever possible and practical. This also includes fuel efficient and alternate fuel vehicles and products using renewable energy and alternatives to hazardous or toxic chemicals.
- (c) Inventory fleet to match vehicle type to department needs.

22.8 Division Responsibilities.

- (a) Practice waste prevention.
- (b) Continue to utilize recycling programs and expand where possible.
- (c) Procure products in compliance with the Green Procurement Policy.
- (d) Evaluate each designated product to determine the extent to which agencies, departments and divisions may practicably use it.
- (e) Ensure the procurement documents issued require environmental preferred purchasing.
- (f) Reduce miles traveled whenever possible (sharing vehicles) and follow the no idling policy.
- (g) Investigate where policies and practices could be modified to encourage or require waste reduction, recycling and environmental preferable purchasing.

21.9 Exemption.

Nothing in this policy shall be construed as requiring the purchase of products that do not perform adequately, products that are not available within a reasonable period of time, or are not available at a reasonable price.

21.10 Other Areas.

- (a) The City will pursue the development of a Green Building Policy for use in all new construction, remodeling and repair projects.
- (b) The City will investigate the feasibility of modifying the Building Code to require new construction projects to accommodate recycling activities in building design.
- (c) The City will consider other products and practices that conserve energy, water and other resources.

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.

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 a specific awarded 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 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/deliveries are made against the purchase order.

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 set 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 \$25,000 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 formal handing over of property; the transfer of possession, as by carrier to purchaser.

Department Director: Shall include the following positions: City Attorney, Deputy City Manager, Public Works and Planning Director, Financial Operations Director, Human Resources Director, Parks and Recreation Director, Police Chief, Fire Chief, Utilities & Streets Systems Director and Economic, Convention and Visitor Services (ECVS) Director, or their designated representatives.

Division Managers: May include exempt City employees with position titles, including but not limited to, Deputy Director, Information Technology Director, Manager, Superintendent 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 and proposals: The process of examining a bid or proposal after opening to determine the respondent's responsibility, responsiveness to requirements and other characteristics of the solicitation relating to the selection of the award.

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 solicitation: A solicitation response 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, place and date.

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 solicitation: A request for price quotation for a commodity or service that does not require advertising, a sealed response, public opening or reading of responses. Appropriate method for purchases costing between \$5,000 and \$15,000. Competitive informal quotes are strongly recommended for all purchases.

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

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

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.

Nonresponsive 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 there from.

Open market purchase: A purchase in an amount less than \$5,000 which is made by buying from any available source, as opposed to buying from a vendor who has responded to an invitation to bid.

Payment Bond: A bond which assures payments, as required by law, to all persons supplying labor or material for the completion of work under the contract.

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.

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 bidder's 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 General Services Department.

Purchasing Manager: The General Services Director serves as the Purchasing Manager.

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.

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

Recycled paper: Paper made from wastepaper 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 (RFQ): A type of formal solicitation including written quotes from vendors. Used for purchases from \$15,000 to \$25,000. Formal RFQ responses are due at a specified date and time.

Requirements contracts: An indefinite-quantity agreement 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.

Sole source purchase: A non-competitive method of procurement used when only one supplier possesses the unique ability or capability to meet the requirements of the entity or because only one supplier is practicably available. The entity may require a written justification from the end user explaining why only this supplier can fulfill the requirement.

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

State: State of Colorado.

Statement of Qualifications (SOQ): Letters or statements of qualification from prospective providers.

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 recordkeeping.

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 provides the City with goods or services; a supplier.