

FINANCE MEMORANDUM
#15-2022

DATE: Oct. 24, 2022

TO: Honorable Mayor Meredith Leighty and City Council Members

THROUGH: Heather Geyer, City Manager *hmg*

FROM: Jason Loveland, Director of Finance *JL 2*

SUBJECT: CR-162 – Purchasing Policy

PURPOSE

To consider CR-162, a resolution approving revisions to the Purchasing Policy.

BACKGROUND

The policy provides guidelines to employees when purchasing goods and services for City use.

UPDATE

In even-numbered years, City staff and the Finance Committee review the policy document and consider changes to improve the policy. On July 26 and Sept. 27, the Committee reviewed and discussed the policy. Only minor language changes are being recommended to the policy by the Finance Committee.

Staff and the Committee discussed the spending authority section of the policy document and are recommending a future change to Municipal Code Section 6-2-4 to increase the City Manager's spending authority from \$50,000 to \$75,000. The recommendation considered inflationary factors and spending authority limitations in other municipalities.

BUDGET/TIME IMPLICATIONS

There are no financial or time impacts to the City.

RECOMMENDATION

The Finance Committee and Staff recommends approval of CR-162.

STAFF REFERENCE

If Council members have any questions, please contact Jason Loveland, Director of Finance, at jloveland@northglenn.org or 303.450.8817.

ATTACHMENT

1. Purchasing Policy redline

CR-162 – Purchasing Policy



Approved 01/12/2012

Reviewed 3/21/2014

Approved 6/13/2016

Reviewed 8/2/2018

Approved X/XX/XXXX

Purchasing Policy Document

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Introduction

Purpose

The purpose of this policy is to give employees guidelines that set a standard when purchasing goods or services on behalf of the City, provide for the most efficient use of taxpayer's dollars, provide for timely purchases by being easy to interpret, and with the best overall cost, quality, and quantity.

Policy

All City of Northglenn Departments shall follow set procedures established for the procurement and purchase of goods or services. All City employees are required to exercise prudence when using public funds for procurement of any goods or services regardless of the amount. At no time should a Department exceed the overall appropriation for the Department in the adopted budget without approval from City Council.

De-Centralized Purchasing

This is a system of purchasing in which purchasing authority, responsibility and control is given to the Department Directors. Department Directors are responsible for ensuring personnel in their department are knowledgeable of and trained in the purchasing procedures as adopted by the City. By following the requirements established within this policy, Department Directors shall be able to properly plan purchases, ~~so as~~ to allow 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 vendors but~~ shall also increase efficiency.

Objectives

In selecting products and service providers, the City considers and weighs all the following criteria:

- Pricing - Procure for the City the highest quality in supplies and contractual services at the least expense to the City.
- Competition - Discourage uniform bidding and endeavor to obtain as full and open competition as possible on all purchases, and to allow preference for vendors that have a place of business in Northglenn, so long as the vendor provides a high quality good or service at a competitive price.
- Quality - Using the purchasing and bidding parameters, it will be the intent to acquire the highest quality product and service for the City.
- Customer Service - Vendor is consistent, reliable, and timely throughout the procurement process.

Summary of Purchasing Authority

	\$0 - \$4,999	\$5,000 - \$24,999	\$25,000 >
Bid/Proposals	None Required	3 Formal Quotes	Sealed Bid Process (publication)
Approval Authority	Supervisor/Manager	Department Director	See Municipal Code Section 6-2-4 for City Manager spending authority or by City Council

All contracts must be signed by either the City Manager or City Council based upon spending authority limits of the City Manager set forth by Council in Municipal Code Section 6-2-4.

Discretionary Purchases

(Purchases under \$5,000) - All purchases under \$5,000 will be made on the basis of prices obtained from vendor hardcopy or online catalogs. Buyers are to obtain the lowest and/or best price for items purchased and whenever feasible employees are recommended to utilize comparative pricing via verbal or informal methods.

Formal Quotations

(Purchases from \$5,000 to \$24,999) - Formal quotations are to be requested from at least three vendors (whenever possible) for any purchase within this range. [If it is not possible to obtain three quotes, the inability to or the non-responsiveness of a vendor must be documented.](#) Formal quotations are to be received in writing on vendor letterhead and shall be signed by an official of the vendor, one having the authority to contractually bind the vendor. Formal quotations shall be delivered to the requesting department, ~~and. These quotations~~ shall be retained for one year plus current year by the requesting department. [A Comparison of Quotes](#) and [the quotation](#) copies ~~shall be provided sent~~ to the Finance Department upon [issuance of a contract or purchase orderpayment](#).

Competitive Bids

(Purchases in excess of \$25,000) – All purchases of materials, supplies, equipment and services with a value in excess of \$25,000 shall be subject to competitive bid. The formal bid document, including specifications, shall be prepared by the ordering Department. Any City staff with expertise or specific knowledge or experience relevant to the bid may be asked for assistance.

Change Orders: 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 shall be approved by the Department Director and Project Manager. Change orders that result in additional costs shall have the approval of the Department Director and the City Manager, [up to the amount authorized by Council \(base bid + contingency\)](#). If the ~~original contract exceeds \$25,000 and the~~ change order will result in costs exceeding the authorized amount (base bid + contingency), City Council's approval is required.

General Restrictions & Guidelines

General

All purchases shall be made in accordance with the policies prescribed in the Northglenn Charter and Municipal Code documents. Except as otherwise provided in the Policy, it shall be prohibited for any City employee to order ~~the purchase of~~ any material, supply, equipment, construction, or service ~~other than through~~ [unless directly authorized by](#) the Department Director or such person ~~he/she/they~~ shall designate. The City may seek disciplinary action for employees who engage in agreements made contrary to these policies as outlined further in Misuse of Privileges.

Compliance

Compliance with the provisions of this Policy is imperative for the maintenance of adequate internal controls. Violations/circumventions of this policy will be documented and communicated to the City Manager. Violations and circumventions may result in the loss of procurement privileges including signature authority.

General Provisions/Restrictions

- No personal purchases shall be made using the City's funds.
- Alcohol shall not be purchased with City funds, unless approved by the City Manager. [The only exception will be for the Theatre alcohol purchases acquired for resale.](#)
- As a matter of policy, when a product not subject to competitive bidding is available within the City with comparable price, specification, quantity, and quality, the purchase shall be made from local sources.
- Sales tax is not to be charged on any purchase made in the State of Colorado. The City's tax-exempt number should be given to the vendor before the sale is completed. Information on the City's tax-exempt status can be acquired from the Finance Department.

Unauthorized Purchasing Actions

A few examples of unauthorized purchasing acts are as follows:

- Any purchase not made by City employees, or Council members ~~or approved volunteers~~, with valid City identification and supervisor's authorization.
- Any purchase that is made without the current availability of sufficient funds.
- Ordering, receiving, and acceptance of goods in excess of \$25,000 without competitive bidding, or splitting purchases to circumvent the City's ~~competition~~ Purchasing Authority requirement.
- Directing a contractor to proceed without a fully executed contract.

Purchase of Flowers

Departments may authorize the purchase of flowers or condolence gift baskets for individuals that are hospitalized or in the event of their death or death of an immediate family member. A maximum dollar amount of \$100 plus delivery is authorized. Donations to charities, not to exceed \$100, may be made in lieu of flowers in the event of a death or serious illness.

Misuse of Privileges

Unauthorized purchasing actions, including personal use, may be considered a misuse of City funds, and may result in any or all of the following:

- Immediate forfeiture of the purchasing rights for a specified amount of time
- Disciplinary action, up to and including termination from employment

Code of Ethics

Any person employed by the City of Northglenn who purchases goods and services, or is involved in the purchasing process, for the city, shall be bound by this code and shall:

- Avoid the intent and appearance of unethical or compromising practice in relationships, actions, and communications with existing or potential suppliers.
- Demonstrate loyalty to the City of Northglenn by diligently following the lawful purchasing instructions of the city while using professional judgment, reasonable care, and exercising only the authority granted.
- Conduct all purchasing activities in accordance with the laws, while remaining alert to, and advising the City regarding the legal ramifications of the purchasing decisions.

- Refrain from any private or professional activity that would create a conflict between personal interests and the interests of the City of Northglenn.
- Identify and strive to eliminate participation of any individual in operational situations where a conflict of interest may be involved.
- Never solicit or accept money, loans, credits, or prejudicial discounts, and avoid the acceptance of gifts, entertainment, favors, or services from present or potential suppliers which might influence, or appear to influence purchasing decisions.
- Promote positive supplier relationships through impartiality in all phases of the purchasing cycle.
- Display the highest ideals of honor and integrity in all public and personal relationships in order to merit the respect and inspire the confidence of the City of Northglenn and the public being served.
- Provide an environment where all business concerns, large or small, majority or minority owned, are afforded an equal opportunity to compete for business.

Source Selection

Shipping Method

The City's preferred shipping and handling term is FOB Destination:

- FOB Destination (Free on board destination) means the [Vendor-supplier](#) maintains title for the goods until received by the appropriate department. The [Vendor-supplier](#) pays the shipping costs and is responsible for claims against the Carrier.
- 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.

Insurance/Bonding Requirement

The City Attorney's office sets forth minimum requirements for insurance and bonds related to all professional service and construction related contracts. Current requirements can be found in the most recently updated Professional Service [or Trade Contractor Agreements under the Insurance section and General Conditions.](#)

Local Preference

If two or more bids received are competitive in amount or unit price, and the quality and service is determined to be equal, the contract shall be awarded to a bidder having a place of business in the City of Northglenn. [Source: Municipal Code 6-5-7(c)]

Environmentally Sustainable Preference

The City of Northglenn shall strive to seek innovative and ~~cost-effective~~cost-effective solutions that focus purchasing considerations on reduction, reuse and recycling; and by

- Purchasing products that have a lesser or reduced adverse effect on human health and environment
- Purchasing products that when compared with competing products serving the same purpose have reduced environmental impact and are economically feasible.
- Purchasing products wherever practicable and economically feasible that use recycled content, are durable and long-lasting, are produced locally in Colorado or regionally – whenever possible - and, that conserve energy and water, use agricultural fibers and residues, can be reused, reduce greenhouse gas emissions, use unbleached or chlorine-free manufacturing processes, are low volatile organic compound (VOC) or toxin free, use materials from renewable or sustainably managed points of origin.

Cooperative Purchasing

The City Manager or designee shall have authority to join with other governmental bodies to the extent authorized by the Municipal Code, including but not limited to, the State of Colorado, other local governments, and quasi-municipal corporations, in cooperative purchasing in the best interest of the City, providing the bids are obtained as the result of a competitive bid process. [Source: Municipal Code 6-2-3(a)]

Cooperative Purchasing and Local Preference

The City Manager shall have the authority to solicit bids from vendors having a place of business in Northglenn to compare to those bids received ~~as a result of~~from a cooperative purchasing arrangement with other governmental entities, and the City Manager is authorized to award a contract to a Northglenn business that can provide an equal or better price on the same product or equipment than that received as a result of a cooperative purchasing arrangement. [Source: Municipal Code 6-2-3(b)]

Emergency Procurement

In case of an apparent emergency which requires immediate purchase of supplies or contractual services, the City Manager may obtain by the open market procedure provided in the Municipal Code, at the lowest and best obtainable bid, any supplies or contractual services regardless of the amount of the expenditure. The City Manager shall make a full written report of the circumstances of any emergency purchase to the City Council, of which ~~report~~ shall be entered ~~on~~into the minutes of the Council meeting following the emergency and shall be open to public inspection. [Source: Municipal Code 6-7-2]

Sole Supplier Procurement

Service and/or maintenance agreements offered by the manufacturer, or supplier, who is the only factory-authorized supplier in the DRCOG region, shall be deemed to be sole source without further justification. An affidavit of sole supplier must be submitted with request for payment or purchase order. If an item is required to standardize equipment or to replace parts of an existing system a sole supplier affidavit must be submitted with appropriate support.

Noncompetitive Negotiation

When sole source or emergency procurement situations arise or when standard competitive processes are deemed non-practical, the City Manager or designee may enter into noncompetitive negotiations in the best interest of the City. A written determination of the basis for the noncompetitive negotiation and supplier selection shall be included in the contract file.

Professional Service Agreements

The Professional Services/Consultant Contracts Policy applies to all professional and consulting services contracts. These services include, but are not limited to attorneys, engineers, architects, programmers, plan review firms, etc. Any consultant which does not fit the independent contractor definition (see Terms and Definitions) must be contracted with in accordance with this policy. Each department and its personnel are responsible for the effective planning for its service contract requirements.

- Solicitation and Acceptance
 - Department Directors may use a Request for Proposal (RFP) or Request for Qualifications (RFQ) to solicit for services. The following are exempt from the solicitation process:
 - Contracts for the services of consultants, lawyers, engineers, architects, accountants, City planners, economists, or public information specialists.

- ~~___~~—Contracts for the services of contractors providing recreation services, except that the Recreation Department will advertise for all recreation service contracts in at least one local newspaper.
- ~~___~~ ~~and n~~ Natural gas, electricity, local telephone service, and other utilities where such utility is available from only one source.
- ~~Also c~~ Contract for policies of insurance.
- The Department Director shall determine, based on an evaluation of all ~~of the~~ proposals received, which bidder best meets the needs of the City, considering whether each bidder:
 - Possesses adequate technical and financial resources to perform the project or services or the ability to obtain the resources required for performance.
 - Possesses necessary experience, organization and technical skill in the relevant fields or the ability to obtain them, including without limitation arrangements with subcontractors.
 - Proposes a reasonable approach to achieve the project or service objectives.
 - Has a satisfactory record of performance in developing and implementing similar projects or providing similar services in other jurisdictions.
 - Will perform the project or services at a reasonable cost compared with the level of effort expended.

Independent Contractor

The same procedures as outlined for contracting with Professional Services/Consultant should be used when contracting with an Independent Contractor (see Terms and Definitions ~~for definition of Independent Contractor~~). The City's ~~Management Services~~ Director of Human Resources and Chief Diversity Officer must be consulted before making a determination. The contractor shall name the City as an additional insured for purposes of the work being performed, and a requirement to obtain a certificate of insurance must be noted on the purchase order.

Competitive Sealed Bids

All supplies, materials or equipment exceeding \$25,000 and Capital Improvement ~~Contracts~~ contracts exceeding twenty five thousand dollars (\$25,000-~~00~~) may be awarded by means of competitive sealed bidding, in accordance with ~~{Source: Municipal Code Section 6-5-1}~~.

Bidder's List

The City shall not be required to maintain a bidder's list of prequalified vendors. Whenever possible, the Colorado State Price Agreement Listing and State of Colorado debarred list should be consulted. As a matter of policy, assuming equality of products, ~~or~~ service and comparable price, the purchase may be made from Northglenn merchants.

Notice Inviting Bids

An ~~invitation-Invitation~~ for ~~Bids (IFB)~~ shall be issued and shall include a purchase description, and all contractual terms and conditions applicable to the procurement. The ~~Invitation for Bid-IFB~~ must be signed by the appropriate Department Director to verify funds availability before an IFB can be advertised. The notice shall contain the following:

- A description of the project or work to be performed or the product or service to be purchased.
- The location where copies of plans specifications, and other documents may be examined.
- The time and place where bids will be received and time and place where bids will be opened.
- A statement that the City reserves the right to reject any or all bids and to waive any minor informalities or irregularities therein.
- Time ~~and budget~~ limitations, if applicable.
- A statement that the proposal is prepared at the submitter's expense and becomes a City record and therefore a public record.

Competitive Sealed Proposals

Procurement for the following are for award by competitive sealed Request for ~~proposals-Proposal~~ (RFP):

- Materials and services when the City Manager, or the City Manager's designee, determines in writing that the use of competitive sealed bidding (ie, Invitation For Bid) is either not practicable or not advantageous to the City based on the specialized nature of the materials and/or services to be provided.
- Professional services.
- City improvements when the City Manager or the City Manager's designee determines in writing that the use of alternative delivery methods will provide substantial benefit to the City while retaining sufficient competitive pricing and/or performance.

Competitive Selection using Request for Qualifications

Procurement for specialized goods and services can be eligible for award following a Request for Qualifications (RFQ) when the following criteria are met:

- Materials and services when the City Manager, or the City Manager's designee, determines in writing that the Request for Qualification process is necessary and advantageous to the City to determine the best and most appropriate contractors or vendors, taking into account the specialized nature for the goods or services to be provided.
- The City Manager or ~~City Manager~~[their](#) designee identifies and applies criteria to determine acceptability as a contractor or vendor for the specialized goods or services to be provided, which may then be utilized to create a list of qualified bidders invited to bid in lieu of public notice for soliciting competitive bids or proposals.
- There is a minimum of two contractors or vendors qualified to engage in the competitive process.
- The city engages in a competitive selection process as provided by the Northglenn Municipal Code.

Competitive Selection Process -- "Design-Build Contracts".

Contracts for the construction, reconstruction or remodeling of general public improvements may be let through a "Design-Build" process, where the City Council determines by Resolution, upon the City Manager's recommendation, that the City's best interests are served by the use of such an alternative competitive selection process. Subject to any requirements and limitations provided for in this section, the City Manager shall be responsible for determining and administering the competitive "Design-Build" selection process and project delivery method appropriate for construction of each such improvement. [Source: Municipal Code section 6-5-10]

Public Notice

Adequate public notice ~~of the invitation for bids~~, no less than five business days, shall be given prior to the date set for the opening [of any competitive sealed bid, proposal or selection](#). Notice will include notification of current methods of advertisement on the City's website and designated bidding system.

Cancellation of Invitation for Bids

An invitation for bids or any other solicitation may be canceled, or any or all bids or proposals may be rejected in whole or in part as may be specified in the solicitation, when it is in the best interests of the City. The reasons therefore shall be put in writing and made part of the contract file. [Source: Municipal Code Section 6-5-6]

Bid Opening

Bids [or proposals](#) not submitted by the required deadline are ineligible for consideration and will not be opened. Submitted bids shall remain sealed either in an electronic lockbox or in the office of the City Clerk, depending on whether the bids are submitted electronically or in printed form physically to the City Clerk. An electronic lockbox shall not allow city staff to view any electronic bids until the time and date set for opening. Bids physically submitted to the office of the City Clerk shall be identified as sealed bids on the face of the envelope. [Source: Municipal Code section 6-5-5]

Glossary

Addenda/Addendum

An addition or supplement to a Formal Bid or Request for Proposal, made after publication and distribution of the bid documents.

Acceptable Bid

An offer submitted by any person in response to an Invitation for Bid issued by either the city or another government entity that is in compliance with the solicitation terms and conditions and within the requirements of the plans and specifications described and required therein.

Adequate Competition

Exists if a competitive sealed bid or competitive sealed proposal has been conducted and at least two responsible and responsive offerors have independently competed to provide the City's needed product or services. If the foregoing conditions are met, price competition shall be presumed to be "adequate" unless the procurement officer determines, in writing that such competition is not adequate.

Alternate Bid

An offer submitted by any person in response to an Invitation for Bid issued by the City that is in essential compliance with the solicitation terms and conditions but which may offer an alternate that does not significantly deviate from the required specifications contained in the solicitation. The soliciting department would be responsible for determining whether an alternate bid is acceptable.

Amendment

A revision or change to a purchase order document

<u>Capital Improvement Project (CIP)</u>	Public improvements authorized by Council during the budget process.
<u>City Charter</u>	Grants the authority under the Constitution of the State of Colorado for Northglenn to be a political body with a council-manager type of government.
<u>Commodity Code</u>	The class code used to describe goods or services provided by a vendor. The commodity codes are utilized to designate vendors on the bid list who may provide a specific good or service needed.
<u>Department Director</u>	Defined to include appointees of the City Manager in accordance with the Charter.
<u>Documentation</u>	Generally quotations, single-source confirmation and memos supporting a purchase; also can include cash register receipts, invoices, charge slips, etc.
<u>Fixed Assets</u>	Items costing \$5,000 or more, with a useful life of 1 year or more.
<u>Formal Bid</u>	A bid for goods or services for \$25,000 and over, which must be posted on the Internet and submitted in a sealed envelope or to the designated web site to be opened in a public bid opening.
<u>Invitation For Bids (IFB)</u>	A formal pricing document that is submitted by the vendor. Input either may or may not be required on the product or project. Pricing is included.
<u>Intergovernmental Agreement (IGA)</u>	An agreement between two or more governmental

entities with regard to purchasing of goods or services.

Municipal Code

The codification of ordinances of a general and permanent nature.

Notice Inviting Bids (see Invitation for Bids)

Petty Cash

Cash utilized by employees for purchases of \$75 or less.

Purchase Order

A written document issued in the financial system to formalize a request for goods, specifying terms and conditions, description of goods and pricing, and delivery.

Purchasing

The act of obtaining and acquiring goods and services in exchange for municipal funds.

Purchasing card

A credit card issued by the City exclusively for City purchases.

Request for Proposal (RFP)

A process used to acquire supplies and services that involve the review of written proposals and the use of negotiations with the most qualified bidder(s).

Request for Qualifications

(RFQ) a process used to determine the best and most appropriate contractors or vendors for a specialized good or service.

Resolution

A written motion by Council.

Responsible Vendor

A person who has the capability in all respects to perform fully the contract requirements and the integrity and reliability which will assure good faith performance.

Single Source Vendor

Manufacturer's sole distributor.

Telephone Quotation

A request via telephone for pricing on a single or multiple items, generally requested of three or more vendors.

Travel Advance

Per Diem based on IRS per day rates and requested with regular Accounts payable cycle.

Written Quotation

A written response by a vendor to a written request for quotation.

SPONSORED BY: MAYOR LEIGHTY

COUNCIL MEMBER'S RESOLUTION

RESOLUTION NO.

No. CR-162
Series of 2022

Series of 2022

A RESOLUTION ADOPTING A PURCHASING POLICY FOR THE CITY OF NORTHGLENN,
COLORADO

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF NORTHGLENN,
COLORADO, THAT:

Section 1. The revised Purchasing Policy, attached hereto as Exhibit A, is hereby approved by the City Council of the City of Northglenn, Colorado. All previous purchasing policies approved by resolution or otherwise are hereby repealed.

DATED, at Northglenn, Colorado, this _____ day of _____ 2022.

JENNY WILLFORD
Mayor Pro Tem

ATTEST:

JOHANNA SMALL, CMC
City Clerk

APPROVED AS TO FORM:

COREY Y. HOFFMANN
City Attorney



Approved 01/12/2012

Reviewed 3/21/2014

Approved 6/13/2016

Reviewed 8/2/2018

Approved 10/24/2022

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Competitive Bids

(Purchases in excess of \$25,000) – All purchases of materials, supplies, equipment and services with a value in excess of \$25,000 shall be subject to competitive bid. The formal bid document, including specifications, shall be prepared by the ordering Department. Any City staff with expertise or specific knowledge or experience relevant to the bid may be asked for assistance.

Change Orders: 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 shall be approved by the Department Director and Project Manager. Change orders that result in additional costs shall have the approval of the Department Director and the City Manager, up to the amount authorized by Council (base bid + contingency). If the change order will result in costs exceeding the authorized amount (base bid + contingency), City Council's approval is required.

General Restrictions & Guidelines

General

All purchases shall be made in accordance with the policies prescribed in the Northglenn Charter and Municipal Code documents. Except as otherwise provided in the Policy, it shall be prohibited for any City employee to order any material, supply, equipment, construction, or service unless directly authorized by the Department Director or such person they shall designate. The City may seek disciplinary action for employees who engage in agreements made contrary to these policies as outlined further in Misuse of Privileges.

Compliance

Compliance with the provisions of this Policy is imperative for the maintenance of adequate internal controls. Violations/circumventions of this policy will be documented and communicated to the City Manager. Violations and circumventions may result in the loss of procurement privileges including signature authority.

General Provisions/Restrictions

- No personal purchases shall be made using the City's funds.
- Alcohol shall not be purchased with City funds, unless approved by the City Manager. The only exception will be for the Theatre alcohol purchases acquired for resale.
- As a matter of policy, when a product not subject to competitive bidding is available within the City with comparable price, specification, quantity, and quality, the purchase shall be made from local sources.
- Sales tax is not to be charged on any purchase made in the State of Colorado. The City's tax-exempt number should be given to the vendor before the sale is completed. Information on the City's tax-exempt status can be acquired from the Finance Department.

Unauthorized Purchasing Actions

A few examples of unauthorized purchasing acts are as follows:

- Any purchase not made by City employees or Council members, with valid City identification and supervisor's authorization.
- Any purchase that is made without the current availability of sufficient funds.
- Ordering, receiving, and acceptance of goods in excess of \$25,000 without competitive bidding, or splitting purchases to circumvent the City's Purchasing Authority requirement.
- Directing a contractor to proceed without a fully executed contract.

Purchase of Flowers

Departments may authorize the purchase of flowers or condolence gift baskets for individuals that are hospitalized or in the event of their death or death of an immediate family member. A maximum dollar amount of \$100 plus delivery is authorized. Donations to charities, not to exceed \$100, may be made in lieu of flowers in the event of a death or serious illness.

Misuse of Privileges

Unauthorized purchasing actions, including personal use, may be considered a misuse of City funds, and may result in any or all of the following:

- Immediate forfeiture of the purchasing rights for a specified amount of time
- Disciplinary action, up to and including termination from employment

Code of Ethics

Any person employed by the City of Northglenn who purchases goods and services, or is involved in the purchasing process, for the city, shall be bound by this code and shall:

- Avoid the intent and appearance of unethical or compromising practice in relationships, actions, and communications with existing or potential suppliers.
- Demonstrate loyalty to the City of Northglenn by diligently following the lawful purchasing instructions of the city while using professional judgment, reasonable care, and exercising only the authority granted.
- Conduct all purchasing activities in accordance with the laws, while remaining alert to, and advising the City regarding the legal ramifications of the purchasing decisions.

- Refrain from any private or professional activity that would create a conflict between personal interests and the interests of the City of Northglenn.
- Identify and strive to eliminate participation of any individual in operational situations where a conflict of interest may be involved.
- Never solicit or accept money, loans, credits, or prejudicial discounts, and avoid the acceptance of gifts, entertainment, favors, or services from present or potential suppliers which might influence, or appear to influence purchasing decisions.
- Promote positive supplier relationships through impartiality in all phases of the purchasing cycle.
- Display the highest ideals of honor and integrity in all public and personal relationships in order to merit the respect and inspire the confidence of the City of Northglenn and the public being served.
- Provide an environment where all business concerns, large or small, majority or minority owned, are afforded an equal opportunity to compete for business.

Source Selection

Shipping Method

The City's preferred shipping and handling term is FOB Destination:

- FOB Destination (Free on board destination) means the supplier maintains title for the goods until received by the appropriate department. The supplier pays the shipping costs and is responsible for claims against the Carrier.
- 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.

Insurance/Bonding Requirement

The City Attorney's office sets forth minimum requirements for insurance and bonds related to all professional service and construction related contracts. Current requirements can be found in the most recently updated Professional Service or Trade Contractor Agreements under the Insurance section.

Local Preference

If two or more bids received are competitive in amount or unit price, and the quality and service is determined to be equal, the contract shall be awarded to a bidder having a place of business in the City of Northglenn. [Source: Municipal Code 6-5-7(c)]

Environmentally Sustainable Preference

The City of Northglenn shall strive to seek innovative and cost-effective solutions that focus purchasing considerations on reduction, reuse and recycling; and by

- Purchasing products that have a lesser or reduced adverse effect on human health and environment
- Purchasing products that when compared with competing products serving the same purpose have reduced environmental impact and are economically feasible.
- Purchasing products wherever practicable and economically feasible that use recycled content, are durable and long-lasting, are produced locally in Colorado or regionally – whenever possible - and, that conserve energy and water, use agricultural fibers and residues, can be reused, reduce greenhouse gas emissions, use unbleached or chlorine-free manufacturing processes, are low volatile organic compound (VOC) or toxin free, use materials from renewable or sustainably managed points of origin.

Cooperative Purchasing

The City Manager or designee shall have authority to join with other governmental bodies to the extent authorized by the Municipal Code, including but not limited to, the State of Colorado, other local governments, and quasi-municipal corporations, in cooperative purchasing in the best interest of the City, providing the bids are obtained as the result of a competitive bid process. [Source: Municipal Code 6-2-3(a)]

Cooperative Purchasing and Local Preference

The City Manager shall have the authority to solicit bids from vendors having a place of business in Northglenn to compare to those bids received from a cooperative purchasing arrangement with other governmental entities, and the City Manager is authorized to award a contract to a Northglenn business that can provide an equal or better price on the same product or equipment than that received as a result of a cooperative purchasing arrangement. [Source: Municipal Code 6-2-3(b)]

Emergency Procurement

In case of an apparent emergency which requires immediate purchase of supplies or contractual services, the City Manager may obtain by the open market procedure provided in the Municipal Code, at the lowest and best obtainable bid, any supplies or contractual services regardless of the amount of the expenditure. The City Manager shall make a full written report of the circumstances of any emergency purchase to the

City Council, of which shall be entered into the minutes of the Council meeting following the emergency and shall be open to public inspection. [Source: Municipal Code 6-7-2]

Sole Supplier Procurement

Service and/or maintenance agreements offered by the manufacturer, or supplier, who is the only factory-authorized supplier in the DRCOG region, shall be deemed to be sole source without further justification. An affidavit of sole supplier must be submitted with request for payment or purchase order. If an item is required to standardize equipment or to replace parts of an existing system a sole supplier affidavit must be submitted with appropriate support.

Noncompetitive Negotiation

When sole source or emergency procurement situations arise or when standard competitive processes are deemed non-practical, the City Manager or designee may enter into noncompetitive negotiations in the best interest of the City. A written determination of the basis for the noncompetitive negotiation and supplier selection shall be included in the contract file.

Professional Service Agreements

The Professional Services/Consultant Contracts Policy applies to all professional and consulting services contracts. These services include, but are not limited to attorneys, engineers, architects, programmers, plan review firms, etc. Any consultant which does not fit the independent contractor definition (see Terms and Definitions) must be contracted with in accordance with this policy. Each department and its personnel are responsible for the effective planning for its service contract requirements.

- Solicitation and Acceptance
 - Department Directors may use a Request for Proposal (RFP) or Request for Qualifications (RFQ) to solicit for services. The following are exempt from the solicitation process:
 - Contracts for the services of consultants, lawyers, engineers, architects, accountants, City planners, economists, or public information specialists.
 - Contracts for the services of contractors providing recreation services, except that the Recreation Department will advertise for all recreation service contracts in at least one local newspaper.
 - Natural gas, electricity, local telephone service, and other utilities where such utility is available from only one source.

- Contract for policies of insurance.
- The Department Director shall determine, based on an evaluation of all proposals received, which bidder best meets the needs of the City, considering whether each bidder:
 - Possesses adequate technical and financial resources to perform the project or services or the ability to obtain the resources required for performance.
 - Possesses necessary experience, organization and technical skill in the relevant fields or the ability to obtain them, including without limitation arrangements with subcontractors.
 - Proposes a reasonable approach to achieve the project or service objectives.
 - Has a satisfactory record of performance in developing and implementing similar projects or providing similar services in other jurisdictions.
 - Will perform the project or services at a reasonable cost compared with the level of effort expended.

Independent Contractor

The same procedures as outlined for contracting with Professional Services/Consultant should be used when contracting with an Independent Contractor (see Terms and Definitions). The City's Director of Human Resources and Chief Diversity Officer must be consulted before making a determination. The contractor shall name the City as an additional insured for purposes of the work being performed, and a requirement to obtain a certificate of insurance must be noted on the purchase order.

Competitive Sealed Bids

All supplies, materials or equipment exceeding \$25,000 and Capital Improvement contracts exceeding twenty-five thousand dollars (\$25,000) may be awarded by means of competitive sealed bidding, in accordance with Municipal Code Section 6-5-1.

Bidder's List

The City shall not be required to maintain a bidder's list of prequalified vendors. Whenever possible, the Colorado State Price Agreement Listing and State of Colorado debarred list should be consulted. As a matter of policy, assuming equality of products, service and comparable price, the purchase may be made from Northglenn merchants.

Notice Inviting Bids

An Invitation for Bid (IFB) shall be issued and shall include a purchase description, and all contractual terms and conditions applicable to the procurement. The IFB must be signed by the appropriate Department Director to verify funds availability before an IFB can be advertised. The notice shall contain the following:

- A description of the project or work to be performed or the product or service to be purchased.
- The location where copies of plans specifications, and other documents may be examined.
- The time and place where bids will be received and time and place where bids will be opened.
- A statement that the City reserves the right to reject any or all bids and to waive any minor informalities or irregularities therein.
- Time limitations, if applicable.
- A statement that the proposal is prepared at the submitter's expense and becomes a City record and therefore a public record.

Competitive Sealed Proposals

Procurement for the following are for award by competitive sealed Request for Proposal (RFP):

- Materials and services when the City Manager, or the City Manager's designee, determines in writing that the use of competitive sealed bidding (i.e., Invitation For Bid) is either not practicable or not advantageous to the City based on the specialized nature of the materials and/or services to be provided.
- Professional services.
- City improvements when the City Manager or the City Manager's designee determines in writing that the use of alternative delivery methods will provide substantial benefit to the City while retaining sufficient competitive pricing and/or performance.

Competitive Selection using Request for Qualifications

Procurement for specialized goods and services can be eligible for award following a Request for Qualifications (RFQ) when the following criteria are met:

- Materials and services when the City Manager, or the City Manager's designee, determines in writing that the Request for Qualification process is necessary and advantageous to the City to determine the best and most appropriate contractors or vendors, taking into account the specialized nature for the goods or services to be provided.
- The City Manager or their designee identifies and applies criteria to determine acceptability as a

contractor or vendor for the specialized goods or services to be provided, which may then be utilized to create a list of qualified bidders invited to bid in lieu of public notice for soliciting competitive bids or proposals.

- There is a minimum of two contractors or vendors qualified to engage in the competitive process.
- The city engages in a competitive selection process as provided by the Northglenn Municipal Code.

Competitive Selection Process -- "Design-Build Contracts".

Contracts for the construction, reconstruction or remodeling of general public improvements may be let through a "Design-Build" process, where the City Council determines by Resolution, upon the City Manager's recommendation, that the City's best interests are served by the use of such an alternative competitive selection process. Subject to any requirements and limitations provided for in this section, the City Manager shall be responsible for determining and administering the competitive "Design-Build" selection process and project delivery method appropriate for construction of each such improvement. [Source: Municipal Code section 6-5-10]

Public Notice

Adequate public notice, no less than five business days, shall be given prior to the date set for the opening of any competitive sealed bid, proposal or selection. Notice will include notification of current methods of advertisement on the City's website and designated bidding system.

Cancellation of Invitation for Bids

An invitation for bids or any other solicitation may be canceled, or any or all bids or proposals may be rejected in whole or in part as may be specified in the solicitation, when it is in the best interests of the City. The reasons therefore shall be put in writing and made part of the contract file. [Source: Municipal Code Section 6-5-6]

Bid Opening

Bids or proposals not submitted by the required deadline are ineligible for consideration and will not be opened. Submitted bids shall remain sealed either in an electronic lockbox or in the office of the City Clerk, depending on whether the bids are submitted electronically or in printed form physically to the City Clerk. An electronic lockbox shall not allow city staff to view any electronic bids until the time and date set for opening. Bids physically submitted to the office of the City Clerk shall be identified as sealed bids on the face of the envelope. [Source: Municipal Code section 6-5-5]

Glossary

Addenda/Addendum

An addition or supplement to a Formal Bid or Request for Proposal, made after publication and distribution of the bid documents.

Acceptable Bid

An offer submitted by any person in response to an Invitation for Bid issued by either the city or another government entity that is in compliance with the solicitation terms and conditions and within the requirements of the plans and specifications described and required therein.

Adequate Competition

Exists if a competitive sealed bid or competitive sealed proposal has been conducted and at least two responsible and responsive offerors have independently competed to provide the City's needed product or services. If the foregoing conditions are met, price competition shall be presumed to be "adequate" unless the procurement officer determines, in writing that such competition is not adequate.

Alternate Bid

An offer submitted by any person in response to an Invitation for Bid issued by the City that is in essential compliance with the solicitation terms and conditions but which may offer an alternate that does not significantly deviate from the required specifications contained in the solicitation. The soliciting department would be responsible for determining whether an alternate bid is acceptable.

Amendment

A revision or change to a purchase order document

<u>Capital Improvement Project (CIP)</u>	Public improvements authorized by Council during the budget process.
<u>City Charter</u>	Grants the authority under the Constitution of the State of Colorado for Northglenn to be a political body with a council-manager type of government.
<u>Commodity Code</u>	The class code used to describe goods or services provided by a vendor. The commodity codes are utilized to designate vendors on the bid list who may provide a specific good or service needed.
<u>Department Director</u>	Defined to include appointees of the City Manager in accordance with the Charter.
<u>Documentation</u>	Generally quotations, single-source confirmation and memos supporting a purchase; also can include cash register receipts, invoices, charge slips, etc.
<u>Fixed Assets</u>	Items costing \$5,000 or more, with a useful life of 1 year or more.
<u>Formal Bid</u>	A bid for goods or services for \$25,000 and over, which must be posted on the Internet and submitted in a sealed envelope or to the designated web site to be opened in a public bid opening.
<u>Invitation For Bids (IFB)</u>	A formal pricing document that is submitted by the vendor. Input either may or may not be required on the product or project. Pricing is included.
<u>Intergovernmental Agreement (IGA)</u>	An agreement between two or more governmental

entities with regard to purchasing of goods or services.

Municipal Code

The codification of ordinances of a general and permanent nature.

Notice Inviting Bids (see Invitation for Bids)

Petty Cash

Cash utilized by employees for purchases of \$75 or less.

Purchase Order

A written document issued in the financial system to formalize a request for goods, specifying terms and conditions, description of goods and pricing, and delivery.

Purchasing

The act of obtaining and acquiring goods and services in exchange for municipal funds.

Purchasing Card

A credit card issued by the City exclusively for City purchases.

Request for Proposal (RFP)

A process used to acquire supplies and services that involve the review of written proposals and the use of negotiations with the most qualified bidder(s).

Request for Qualifications

(RFQ) a process used to determine the best and most appropriate contractors or vendors for a specialized good or service.

Resolution

A written motion by Council.

Responsible Vendor

A person who has the capability in all respects to perform fully the contract requirements and the integrity and reliability which will assure good faith performance.

Single Source Vendor

Manufacturer's sole distributor.

Telephone Quotation

A request via telephone for pricing on a single or multiple items, generally requested of three or more vendors.

Travel Advance

Per Diem based on IRS per day rates and requested with regular Accounts payable cycle.

Written Quotation

A written response by a vendor to a written request for quotation.