

Lamar Utilities Board
Bidding and Purchasing Policies

PURCHASING POLICY

POLICY

The Lamar Utilities Board (the Board) expects that monies will be spent to purchase services and supplies in compliance with this policy.

Purchases under \$2,500: Stock items typically carried in inventory or used on a day-to-day basis, may be purchased by the Department Head without the approval of the Board and without a competitive bid process. Periodically a Department Head or their designee should conduct a telephone, or similar survey, to insure that these purchases are secured at the lowest cost.

Purchases under \$2,500: Purchases or contracts for items not considered inventory stock items or used on a day-to-day basis do not require a competitive bid process, but must be approved by the Superintendent.

Purchases under \$5,000 but greater than \$2,500: Purchases or contracts for services for the sum of \$2,501 - \$5,000 shall be secured on an informal competitive bid basis. These may be approved by the Superintendent if the purchase is a budgeted item or is an existing line item. If the purchases are not a budgeted item or an existing line item they require Board approval.

Purchases under \$15,000 but greater than \$5,000: Purchases or contracts for services for the sum of \$5,001-\$15,000 shall be secured on an informal competitive bid basis. The bid award shall be made by the Board based on Superintendent and/or Department Head recommendation(s). Notification and contracts for the bid award may be signed by the Superintendent.

Purchases over \$15,000: Purchases or contracts for services in excess of \$15,000 shall be secured on a formal competitive bid process. The Department Head shall be responsible for preparing and the Superintendent responsible for approving bid specifications. Award of bids shall be made by the Board based on Superintendent and/or Department Head recommendation(s). Award shall typically go to the lowest, qualified bidder, unless otherwise specified by state statute and/or unless the Board has previously established local preference purchasing parameters.

INFORMAL BID PROCESS

Procedures for all informal bid purchases or contracts for services shall be as follows:

- A. Notice and solicitation of bids shall include notification to respective bidders via telephone, fax, mail or e-mail.

- B. Notice and solicitation of bids shall include all the information required for bidders to provide an accurate, informed bid response.
- C. Notice and solicitation of bids may be provided to the bidder verbally for purchases under \$2,500, but bid responses shall be recorded in written form.
- D. Notice and solicitation of bids for purchases under \$15,000 but greater than \$2,500 must be in written form and provided to the bidders via e-mail, fax, or mail.
- E. Responses to bids and solicitations for purchases under \$15,000 but greater than \$2,500 must be provided in written form via e-mail, fax, or mail.
- F. Notice and solicitation for bids under \$15,000 but greater than \$2,500 shall require, at a minimum, three responses. If three responses are not provided, a written explanation is required as to why three responses were not provided.

FORMAL BID PROCESS

Procedures for all formal bid purchases or contracts for services shall be as follows:

- A. All notices and solicitation of bids shall state the time and place of bid opening.
- B. Notices and solicitation of bids shall include information that these are sealed bids and that they should be so identified (as bids) on the envelope.
- C. Notices and solicitation of bids shall plainly state to whom the sealed bid(s) should be addressed.
- D. All bids shall be forwarded, along with recommendation for award to the Board.
- E. Performance bond(s), in cash or otherwise, shall be requested if in the best interests of the Board in such an amount as may be deemed sufficient to secure the execution of the contract or furnish supplies.
- F. The Superintendent/Lamar Utilities Board shall always retain the authority to reject any and all bids; to waive any irregularity; to negotiate with the lowest bidder; or to re-bid.

AWARD OF BID(S)

Unless the Board exercises its right to reject bids, purchases or contracts shall be made from/with the lowest, responsible bidder, unless otherwise specified by state statute or previously established local preference parameters. In determining the lowest, responsible bidder, the Board shall consider the following factors and at its sole discretion, determine which bid response and bidder best satisfies the following criteria and has the ability to best perform the Work. Best Efforts shall be made to make the purchase(s) or contracts locally subject to the purchasing policies and purchasing preferences contained herein.

- A. The ability, capacity and skill of the bidder to perform the contract or provide the item/service required.
- B. Whether the bidder can perform the contract and provide the item/service promptly, or within the time specified, without delay or interference.
- C. The character, integrity, reputation, judgment, experience and efficiency of the bidder.

- D. The quality of performance of previous contracts, services or items.
- E. The previous and existing compliance by the bidder with laws and ordinances relating to the contract, service or item.
- F. The sufficiency of the financial resources and ability of the bidder to perform the contract or provide the service.
- G. The quality, availability and adaptability of supplies or contractual services to the particular use required.
- H. The ability of the bidder to provide future maintenance and service for the use of the subject of the contract/bid.
- I. The number and scope of conditions attached to the bid.

EMERGENCY PURCHASES

In case of an emergency which requires immediate purchase of supplies or services and time is of the essence, the Superintendent shall have the authority to authorize such purchase or secure such services needed without complying with procedures as set out above. When possible in such an emergency, a poll of the Board should be made prior to a purchase in excess of \$15,000. If a poll of the Board is not possible, a full report of such an emergency purchase shall be made by the Superintendent to the Board no later than the next Board meeting after execution of the emergency purchase, together with an explanation of why a poll was not possible.

EXCLUSIVE SERVICE

In the event that there is only one firm or company or individual capable of providing a particular service or commodity and such services or commodities cannot be secured from any other person(s) or company(ies), then the Board may authorize securing such items without the above bidding process(es). To receive such authorization, the Department Head or Superintendent must submit a detailed explanation as to why this is the only feasible person/company from which to purchase/contract.

PROFESSIONAL SERVICES

This Purchasing Policy shall not apply, nor shall competitive bids be required, for professional services. Professional services include, but are not limited to, attorneys, bond counsel, financial advisors, certified public accountants, consultants, engineers, surveyors, physicians, lecturers, real estate brokers, or for the purchase of artistic services.

EXCEPTIONS

(a) The Superintendent or his/her designee is authorized to obtain services, as needed under a continuing services agreement approved by the Board.

(b) The Board may participate in joint bidding with other public agencies, if deemed in the best interest of the Board.

(c) The Board may also, as an alternative to seeking bids, purchase from a competitive bid procured by the State of Colorado or any Colorado City or County when, in the opinion of the Superintendent, the procedure used by the State, City or County was free, fair and open and/or that it is unlikely that the Board would obtain a price, term or condition more favorable to the Board than provided under the bid under consideration.

(d) Nothing in this policy is intended to preclude the Board from entering into a Design-Build Contract.

(e) The Superintendent must have specific approval from the Board before signing any of the following types of contracts, regardless of the dollar amount:

- i. Multi-year Contracts of any nature;
- ii. Grant Agreements (although the Superintendent may sign Grant Applications);
- iii. Business Support or Business Incentive Contracts;
- iv. Construction Contracts;
- v. Contracts relating to the sale of bulk utilities other than normal retail transactions.

WAIVER OF PROCEDURE

The Board shall have the power to waive all or any of the above requirements of this Purchasing Policy, if in the opinion of a majority of its members; it is beneficial or expeditious to the Board to do so.

STANDARDS

The following minimum standards apply to every purchase of goods and services for the Lamar Utilities Board:

1. Board employees are expected to procure the highest quality goods and services necessary to accomplish the needed functions of the Board at the most economical price available.
2. Commonality of spare parts and availability of repair parts should be considered at the time of purchase.
3. Whenever it is possible, purchases should be consolidated to obtain the most economical price.
4. Board employees are encouraged to purchase goods and services from local vendors, when their goods and services are of a similar quality and competitive price.
5. Board employees are expected to require vendors/suppliers to fulfill all of the terms and conditions of contracts and purchase orders with the Board.
6. The Board will attempt to secure all federal and state tax exemptions on purchases.

DETERMINATION OF BEST PRICE

It is the Policy of the Board to consider the life-cycle cost of commodities in determining the lowest competitive bid, when applicable and feasible as determined by the Superintendent.

PREFERENCES

Unless modified for a specific purchase, the following preferences will be granted:

- A. A local business preference for businesses who maintain their principle place of business in the Board's Service Territory of 5% for any purchase of \$100,000 or less, and a preference of 2.5% for any purchase in excess of \$100,000.

CONTRACT PROCEDURES FOR CAPITAL PROJECTS

Whenever the Board undertakes a capital project and it is necessary for the Superintendent to appoint a Project Manager for the project, the Project Manager is the Board's Representative for the project and shall have the following duties:

1. To thoroughly review and approve or reject all requests for payment from the contractor;
2. To inspect all work to ensure it complies with the plans and specifications of the project;
3. To negotiate change orders;
4. To maintain a good working relationship with the contractor; and
5. To keep the project on schedule and within budget.

Change orders up to 5% of the contract price, or \$50,000, whichever is less, may be approved by the Superintendent. Change orders which would exceed 5% of the contract price and/or \$50,000, either individually or cumulatively, considering all other change orders which have been previously approved for the project, shall be forwarded to the Board for approval prior to going forward with the work contemplated.

PURCHASE ORDER PROCEDURES

A four-part purchase order will be prepared by the Superintendent's office:

Original – to be filed in numerical order in the accountant's office. A copy of the original will be forwarded to the supplier if requested.

#1 Copy – to be filed in alphabetical order in the Superintendent's office.

#2 Copy – to be forwarded to the storekeeper and will remain as his permanent record, filed by company name with cross-referenced numerical record. This copy will also list all pertinent receiving information needed by the storekeeper for his records.

#3 Copy – to be forwarded to the storekeeper to serve as a receiving report with as many duplicate copies as necessary per invoice received on items that are shipped individually or back-ordered. Upon receipt of an item, a duplicate of #3 copy will be forwarded to the utility accountant's office with the proper notations as to the items received. The original #3 copy will be forwarded to that office only when all items have been satisfactorily received by the storekeeper

ISSUANCE OF VOUCHERS AND CHECKS OF PAYMENT

Prior to bi-monthly payment of bills by the Board, the utility accountant will compile invoices and completed #3 purchase order copies, grouped by supplier, for the purpose of issuance of vouchers and checks of payment.

The City Treasurer, upon receipt of the items listed above, shall write vouchers and checks to said suppliers.

After formal approval by the Board, the checks will be signed and forwarded to the suppliers.

PETTY CASH PURCHASES

Small Local Expenditures Local purchases under \$100.00 will be considered a petty cash account item, which will help minimize the number of purchase orders issued for small local expenditures. Furthermore, open-ended purchase orders with local merchants will be allowed.

Whenever a receipt is submitted to the Superintendent's office to be paid by petty cash, it must be ascertained that the invoice lists the firm name from where purchased, description of item or items, amount of each item with the total amount due, account number to which purchase is to be charged and signature of the employee making the purchase. Petty cash funds will be released only when all required information has been furnished.

The Office Manager or Accountant shall be responsible for auditing the Petty Cash Fund on at least a quarterly basis.

Amount of Fund The Superintendent's office shall keep no more than \$1,000 in petty cash, however, requests may be made to the City Clerk's office to reimburse this fund when it reaches \$350.00 or less.