

Town of Erie Urban Renewal Authority Purchasing Policy

Section 1 – Policy Objectives

The purpose of this Policy is to serve as a guideline for all purchasing activity for TOEURA and to standardize procurement procedures.

Section 2 – General Procedures – Roles & Responsibilities

The Town's Finance Department is responsible for administering this Policy, including the following:

- Maintaining TOEURA's accounting system to ensure spending authorization limits pursuant to the approved budget and approval paths are current.
- Coordinating TOEURA's annual budget process so all departments request funding for purchases they anticipate making each year.
- Implementing procedures and training to help ensure TOEURA staff complies with this Policy.
- Issuing checks to vendors in a timely manner and maintain accounts payable records.
- Prescribing and maintaining such forms as are reasonable and necessary to implement and support the purchasing procedures in this Policy.

Section 3 – Approval Authority Levels

Approval authority is granted on an individual basis to the Town's employees as follows:

Initial Invoice/Registration Amount	Division Manager (1)	Department Director	Finance Director	Town Administrator/ Deputy Town Administrator	Board
\$5,000 or less	✓	n/a	n/a	n/a	n/a
\$5,000.01-\$25,000	n/a	✓	n/a	n/a	n/a
\$25, 000.01-\$50,000	n/a	✓	✓	n/a	n/a
\$50,000.01-\$100,000-	n/a	✓	✓	✓	n/a
Greater than \$100,000	n/a	✓	✓	✓	✓
✓ - approval level required					
(1) Includes, deputy directors, division managers and staff in equivalent positions. Subject to approval by the Town Administrator or Finance Directors, other staff may also be designated by a Director with authority to approve invoices up to \$5,000.					

Expenditure requests for unbudgeted funds and any requests in excess of \$100,000 must be approved by TOEURA's Board of Commissioners (the "Board").

No purchase shall be divided to circumvent the above approval levels. A contract for or planned series of purchases for the same product or service within a calendar year shall be treated as a single purchase.

Section 4 – Check Requests

Requirements for disbursement requests not related to a Purchase Order are as follows:

- Disbursement requests not requiring or related to a purchase order (requests not exceeding \$5,000) may be submitted directly to the Town's Finance Department for payment. Disbursements of this type may be submitted either using a properly completed and approved Check Request Form or by submitting the invoice using the Town's Finance Department-approved invoice stamp and providing the required information and approval. If all required information (vendor #, G/L coding, approval, etc.) is not included, the invoice/check request will be returned to the requestor.
- Employee expense reimbursements should generally be submitted on an Employee Expense Reimbursement Form, although a Check Request Form may be used if a single item is being reimbursed. Requests for reimbursement are to be approved by the employee's supervisor, and at least one individual with approval authority (which may be the supervisor). Requests for reimbursement by members of the Board do not require formal approval and should be submitted to the Town's Finance Director. Copies of reimbursement requests will be provided to all members of the Board.
- If documentation needs to be included with the check to be sent to the payee, make a copy and paperclip the documents to the check request for the Town's Finance Department to send to the vendor after the check is issued.
- Payments will not be made from beginning or past due balances or statements. If a vendor only provides statements, other appropriate documentation is to be provided supporting the charges to be paid.

Invoices Associated with Purchase Orders

General requirements for disbursement requests for invoices related to purchase orders include all the requirements as described above. Additional requirements for invoices associated with purchase orders are as follows:

- Appropriate approvals should be made on the invoice or check request form, with the purchase order number noted on the request. If there are multiple line items on the PO, the invoice should indicate the related line item. Additional approvals are not required for payments pursuant to a Purchase Order.
- If the request is a progress payment for a capital project, a Capital Progress Payment Form shall also be completed when appropriate and approved and included with other supporting documentation.
- If the payment request represents the final payment under a purchase order, it should be noted on the invoice that this is the final payment and that the purchase

order needs to be closed so that any remaining funds encumbered by the purchase order may be released.

Section 5 – Purchase Orders

A Purchase Order is required to purchase goods or services that total more than \$5,000. The term Purchase Order is used generically throughout this policy to include all service/maintenance agreements, construction agreements and any other type of agreements/expenditures for the purchase of goods/services in excess of \$5,000.

There are two types of purchase orders. A Blanket Purchase Order is a purchase order issued for repetitive purchases to be made from the same vendor over an extended period of time (not to exceed one year). Blanket Purchase Orders should be used (and identified in the accounting system) when there is a contract for good/services where the total amount is greater than \$5,000 within one year, even if it will be invoiced in increments less than \$5,000. A Standard Purchase Order is any purchase order that is not a Blanket Purchase Order.

Procedures for issuance of a purchase order are as follows:

- 1.) A Requisition is entered into the Town's accounting system, ensuring use of the appropriate budget line item and attaching supporting documentation.
- 2.) When entering the general ledger account number, the accounting system will indicate if adequate budgetary funds are available. If adequate funds are not available, a budget transfer request must be submitted to the Town's Finance Department before the Requisition will be approved. If the Requisition is pursuant to a previously approved Board resolution, a copy of the resolution should be attached to the Requisition.
- 3.) Authorized personnel shall review the Requisition. If all requirements are met, the Requisition will be approved in the accounting system.
- 4.) The accounting system will automatically route the department-approved Requisition to the Finance Director or designee for review and approval as appropriate and then to the Executive Director if required.
- 5.) Once all appropriate approvals have been obtained, the Finance Department will issue a Purchase Order through the accounting system. The amount of the purchase order will be Encumbered for the budget line item(s) to which the Requisition was posted.
- 6.) Purchases requiring approval by the Board should first be submitted to the Board via a board resolution. After receiving Board approval, the process described above can be initiated. Documentation showing Board approval should be attached to the Requisition in the accounting system. Documentation should include, at a minimum, the signed resolution and applicable contract.

Should a vendor require a purchase order for transactions of \$5,000 or less, a requisition may be entered to the accounting system and a purchase order will be issued.

Section 6 – Solicitation Thresholds and Competitive Bidding

The following thresholds will be used to determine whether informal quotes or formal competitive bidding is required:

- \$10,000 or less – informal quotes from at least two vendors are recommended, but not required. This can be accomplished via verbal or electronic requests.
- \$10,000.01 - \$100,000 – written quotes from at least two vendors are required. Requests can be made via mail, fax, or email. After evaluation of the quote responses, the reason for selecting a particular quote must be documented. If less than two quotes are obtained, valid justification must be documented for the sole-source purchase. For repetitive purchases within a calendar year, it is not necessary to obtain quotes with each purchase.
- Greater than \$100,000 – Formal competitive bidding is required.

For all purchases, the department acquiring the goods/services is responsible for maintaining the documentation associated with the solicitation or bids in its files in accordance with the records retention policy. The competitive bidding steps taken (based on the solicitation levels above) should be documented in the "Detailed Description" box on the requisition in the accounting system.

Section 7 – Cooperative Purchasing

TOEURA may use State of Colorado bids (solicited through the Bid Information and Distribution System), bids from the Multiple Assembly of Procurement Officials (MAPO) or the General Services Administration (GSA) to obtain the benefit of the pricing available through those procurement systems.

These bids are permitted for any supplies, equipment, or vehicle purchase on items under \$500,000. These purchases, while exempt from the formal bid process, are subject to the normal approval process.

Section 8 – Sole Source Purchases

Sole source purchases may be made if it has been determined that there is only one good or service that can reasonably meet the need and there is only one vendor who can provide the good or service and is in the best interest of TOEURA. Other reasons where it may be appropriate to make a sole source purchase could include previous related work performed for or products provided to TOEURA or where time constraints exist (e.g., emergency situations).

If the Requesting Department believes use of a sole source provider is appropriate, documentation supporting this decision shall be included with the requisition and approved by the Town department Director. This documentation is to be submitted to the Town Finance Director for review as an attachment in the accounting system or included in the detailed description of the requisition. If the Town Finance Director does

not approve a sole source purchase, the department will be required to go through the normal bidding process as described above.

Section 9 – Local Vendors

To encourage purchasing from within the Town, it is the policy of TOEURA to recognize and solicit quotes/bids from local vendors. Whenever such local sources exist and are competitive, purchases shall be made from local vendors; however, all purchasing ordinances and policies as well as any other award factors still apply. To be considered local, vendors must be appropriately licensed to conduct business within the Town. Past performance of vendors shall also be a consideration.

Section 10 – New Vendors & Changes

Departments wishing to do business with a new vendor shall provide the vendor with a New Vendor Packet, which includes information regarding TOEURA's purchasing process, a New Vendor Form, and a W-9 Form. Vendors must complete and return both the New Vendor Form and the W-9 Form. If the W-9 is not provided to the Town's Finance department, the request will be returned to the person making the request. The Town's Finance department staff will attach the New Vendor Form and the W9 to the vendor record in the accounting system.

Any changes to remittance address, contact information, or similar changes to vendor information should be made using the Vendor Maintenance Form. The vendor should indicate on the form the information changing (both the old and new information). Town Finance department staff will be responsible for verifying the changes using an original contact person and phone number from the Town's records, documenting the action and attaching it to the vendor record in the accounting system at the time the change is made.

Section 11 – Purchase Order Change Orders

A Purchase Order Change Order is any increase or decrease in the approved amount of a previously issued Purchase Order. For change orders that increase the amount of a Purchase Order, the same required approval levels are applicable.

Additionally, if the change order increases the dollar amount of the Purchase Order as amended above the approval level of the original purchase order, additional approval may be required based on Section 3 and as determined by the Town's Finance Director.

Section 12 – Contract Terms/Town Attorney Review

All contracts and services agreements must be reviewed by TOEURA's general counsel. Generally, all contracts and service agreements should use the Town or TOEURA's standard form. Exceptions can only be approved by TOEURA's general counsel.

Extensions or renewals of a services agreement previously approved by the Board do not require approvals of the extensions or renewals, as long as the original agreement

included provisions outlining the terms of the extension or renewal, and necessary amounts have been appropriated by the Board.

Directors may execute contracts with contractual commitments up to their approval authority. All other contracts are to be signed by the Town Administrator or designee, unless specifically approved by the Board. When associated with a PO, contracts should be attached to the requisition in the accounting system.

Section 13 – Professional Services

Professional services include architectural, engineering, financial, legal, consulting or other similar services. Requests for Proposal, Requests for Qualifications or a similar process are typically used to solicit professional services. Evaluation of responses to such requests should consider whether the respondent:

- 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 skills 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 in an acceptable timeframe;
- Has a satisfactory record of performance in developing and implementing similar projects or providing similar services in other jurisdictions; and
- Will perform the project or services at a reasonable cost compared with the level of effort expended.

Written justification for the service provider selected shall be attached to the purchase requisition. Approval of professional services are subject to the same approval thresholds and processes as any other expenditure.

Section 14 – Real Estate Acquisitions

All purchases of real estate or similar interests are to be approved by the Town Administrator and the Board. Purchases of real estate fall into two categories – open space purchases and all other real estate purchases.

Real Estate Purchases – General procedures for the purchase of real estate include the following:

- Potential purchases of other real estate will generally be initiated upon the recommendation of the Executive Director.
- Under the direction of the Executive Director, TOEURA/Town staff will conduct a review of the parcel to determine its suitability for the intended purpose and estimates of its fair market value. Consultants may be utilized to assist in this review.
- TOEURA/Town staff will obtain an appraisal of the property.

- A written report will be prepared and presented to the Board, documenting the results of the review described above, including the appraisal, and staff's recommendation. If the Board agrees with the recommendation, staff will be directed to conduct negotiations for purchase of the property.

Section 15 – Sales Tax

Sales tax is not to be charged on any purchase by TOEURA. TOEURA's Colorado tax-exempt number is 98-04943-0000 and should be given to the vendor before the sale is completed. A copy of the Town's tax-exempt certificate is available on Sharepoint.

Section 16 – Emergency Procurement

Notwithstanding any other provision of this policy, the Executive Director may make or authorize others to make emergency procurement when there exists a threat to public health, welfare, or safety under emergency conditions. The required purchasing procedures stipulated in other areas of this policy may be waived for emergency purchases where necessary. A written determination of the basis for emergency and for the purchase or selection of the particular vendor or contractor shall be included with the purchase documentation. A summary of all emergency purchases shall be submitted for review by the Board at the earliest meeting possible if in excess of \$100,000.

Section 17 – Audit Procedures

Periodically, Town Finance staff will review samples of requisitions/purchase orders, check requests, new vendor requests and remittance address changes to ensure that TOEURA is complying with policy. Errors/violations of policy will be communicated to the Town's Finance Director and department directors, as appropriate, in addition to communicating with the responsible staff. Additional training will be provided or other appropriate actions taken as required.

Section 18 – Ethical Responsibilities

TOEURA officers must comply with the Town's Code of Ethics (Erie Municipal Code, Title 1 Chapter 7), and applicable federal and state law in the purchasing process. In addition, the Town's Administrative Policies and Procedures handbook includes ethics requirements in Section I.E. Among other requirements, these rules govern conflicts of interest, acceptance of gifts, and treatment of confidential information. All individuals involved in the purchasing process shall ensure they are in compliance with these requirements.

Section 19 – Amendments to Policy

Amendments to this policy shall be approved by the Board.

Section 20 – Definitions

Capital Expenditure – An expenditure that results in the acquisition of or addition to fixed assets. Examples of fixed assets include streets, sidewalks, water or wastewater

facilities, flood control facilities, traffic control devices, street lighting, parks, public structures, vehicles, certain equipment and real estate purchases. Capital assets have a useful life greater than one year.

Cooperative Purchasing – Cooperative purchasing involves sharing procurement contracts between governments. Cooperative procurement contracts are usually based on the common requirements of multiple governments. There are several types of cooperative purchasing arrangements, but the type TOEURA will use the majority of the time will be so-called "piggyback options". These occur when one or more organizations represent their requirements and include an option for other organizations to "ride" or "bridge" the contract as awarded.

Emergency Conditions – Situations in which the health, welfare, or safety of employees or the public are endangered. This includes those instances when immediate repair to TOEURA property, equipment, or vehicles is necessary under the circumstances mentioned above, as well as federal, state or locally declared disasters.

Encumbered – Budgeted funds that are committed and reserved but not yet expended for the purchase of a specific good or service.

Non-capital Expenditure – Any expenditure that is not a Capital Expenditure.

Petty Cash Fund Administrator – Employee responsible for administering a petty cash fund.

Request for Proposals (RFP) – A process used to acquire supplies and services that involves the review of written proposals and the use of negotiations with the most qualified bidder(s). This process may also include the use of a Request for Qualifications (RFQ) as a preliminary step to the RFP process in an attempt to gather information and pre-qualify prospective bidders.

Request for Qualifications (RFQ) – A process used to identify qualified providers of specified services to be used in the RFP process.

Requesting Department – The department asking to purchase goods or services to be used for TOEURA business.

Requisition – Process within the Town's accounting system to initiate the issuance of a Purchase Order.

Sole Source Purchase – A procurement of goods or services that can only be obtained from a single supplier capable of meeting all specifications and purchase requirements or when it is in TOEURA's best interests.