

**TOWN OF NEDERLAND  
Boulder County, Colorado**

**RESOLUTION 2016 - 23**

**A RESOLUTION ADOPTING AN AMENDED PURCHASING POLICY**

**WHEREAS**, the Town of Nederland, Colorado (“Town”) is a Colorado statutory town, duly organized and existing under the laws of the state of Colorado; and

**WHEREAS**, pursuant to C.R.S. § 31-15-302, the Town Board of Trustees (“Board”) is authorized to control the finances and property of the Town; and

**WHEREAS**, under this authority, the Board previously adopted a Purchasing Policy to establish certain policies and required procedures concerning the acquisition of goods and services for the Town, in certain amounts; and

**WHEREAS**, capitalized assets that are purchased and/or managed with federal grant funding must be maintained, disposed of and documented in compliance with certain federal mandates; and

**WHEREAS**, while the Town has not purchased capitalized assets with federal grant funding to date, it has current plans to install a generator with federal grant funds in the near future; and

**WHEREAS**, the Board therefore finds and determines that it is necessary to amend its existing purchasing policy to include language that addresses the management of equipment and assets acquired and/or managed with federal grant funding, as required by federal law.

**NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF TRUSTEES OF THE TOWN OF NEDERLAND, COLORADO:**

**Section 1.** The Purchasing Policy, attached hereto, is hereby adopted and approved and shall take effect immediately upon approval of this Resolution.

**RESOLVED, APPROVED and ADOPTED this 4<sup>th</sup> day of October, 2016.**

TOWN OF NEDERLAND

By:   
Kristopher Larsen, Mayor

ATTEST:

  
Laura Jane Baur, Town Clerk



# Purchasing Policy

## *Overview*

The purpose of this policy is to establish procedures to maximize the value of public funds spent for purchasing goods or services. This process allows the establishment of safeguards for maintaining a system of quality and integrity.

## *Policy*

All Town of Nederland Departments shall follow set procedures established for the procurement and purchase of all services or goods. All Town employees are required to exercise prudence when using public funds for procurement of any goods or services regardless of the amount. All ordinances and resolutions adopted authorizing an expenditure of money or the entering into a contract for an amount more than \$10,000 require the approval and signature of the Mayor before they can become valid unless otherwise indicated in the ordinance and/or resolution.

### *1. General*

All purchases of materials and supplies shall be done in accordance to the following guidelines:

- a. The Town Treasurer is responsible for monitoring purchases, for establishing purchasing systems, and for providing assistance to departments making purchases.
- b. All purchases must be made with funds that have been appropriated by the Town Board for the intended purpose.
- c. In considering prices from local vendors and where a special trip would be required to purchase outside of Town, the cost of time and travel may be included in the cost comparison.
- d. Purchase of quantities of materials and supplies shall not be broken down with the intent of applying a less restrictive purchasing procedure.
- e. The Town Board and/or Town Manager may, from time to time, restrict any or all budgeted purchases if there is a shortage of available cash.
- f. Written or verbal quotations for materials, equipment, and supplies may be rejected on the basis of inferior quality or unacceptable delivery time.
- h. Having received a low quotation or bid, department heads are enabled to negotiate the price further with the vendor, if necessary, to bring purchases into the range of the approved budget.
- i. In general, quotations or bids should be awarded to the lowest qualified, responsive vendor.
- j. The Town reserves the right to reject any and all quotations and bids. The Town Board may direct the Town Administrator or department head to negotiate with particular bidders if all bids are over budget, provided no negotiated price exceeds the lowest bid received.

### *2. Purchases under \$2,500*

Buyers of materials, equipment, supplies and services totaling less than \$2,500 may make purchasing decisions on the basis of experience without obtaining formal price comparisons. In all cases, buyers are expected to be prudent and to exercise good judgment in purchasing decisions that will result in quality and value to the Town without unnecessarily delaying or interfering with the Town's operations. Purchases shall be made on the basis of comparative information from vendor catalogs and/or from telephone or e-mail quotations. Buyers must make a reasonable effort to obtain the best possible price and value for items purchased.

### *3. Purchases between \$2,500 and \$10,000*

For regular and new purchases of materials, equipment, supplies and services between \$2,500 and \$10,000, the Town administrator may approve these purchases for goods or services via a purchase order.

- a. For regular purchases of supplies, equipment, repairs, and regular services, competitive quotes are not required; however, periodic price checking should always be done on purchases to verify the competitiveness of price.

- b. For new purchases of supplies or services (i.e. tires, minor construction projects, etc.), at least three QUOTATIONS should be received from vendors, if practical. Quotations may be received verbally, but must be followed by written confirmation. Documentation of all written quotations shall be forwarded to the Town Treasurer with a copy of the purchase order approved by the Town Administrator.

**4. *Purchases over \$10,000***

Purchases exceeding \$10,000 shall be made only when said goods or services have been approved through the budget process. Purchases under this category that have not been approved through the budget process shall require approval by the Town Board of Trustees at a scheduled Town Board meeting prior to the expenditure. Purchases under this category shall require (3) competitive bids/quotes and/or an RFP process, if applicable. These purchases require approval of the Town Administrator before being presented to the Town Board of Trustees. The following process shall include:

- a) A memorandum to the Town Administrator requesting release of approved funds to affect the purchase of goods or services
- b) Those purchases requested that are not within the approved budget require an action item addressed to the Town Board of Trustees

**5. *Credit Card Purchases***

The Town has issued credit cards to each department head to be used only on a limited basis. Examples include to: expedite purchases, pay for training, pay for meals and associated costs of travel, and make purchases from one-time vendors who require payment at the time of purchase (e.g., online vendors). Once a purchase is made, the receipt should be provided to the Treasurer to be matched up with the monthly statement.

**6. *Employee Reimbursements***

Employees may be reimbursed for out of pocket expenses under \$50.00 from the Town's Petty Cash Fund. Over \$50.00, the employee will be reimbursed via payroll with an approved "Request for Reimbursement." Generally, employees should not pay out of pocket for expenses but should utilize Town accounts established with vendors for supplies and services. All requests for reimbursement should be within 30 days of occurrence. See "Travel and Expense Reimbursement Policy" for mileage and other costs reimbursements.

**7. *Emergency Purchases***

Emergency purchases shall be authorized by the Town Administrator when a threat exists to public health and/or safety. An emergency situation is an event that creates an immediate threat to public health, welfare, or safety of the Town of Nederland or where preservation or protection of Town property, may arise by reason of natural disasters, epidemics, riots, equipment failure, or such other reasons. Such conditions create an immediate and serious need for supplies, services, or construction that cannot be met through normal procurement and approval methods. Competition should be obtained for emergency purchases when circumstances allow (for example, you may call three local suppliers to get competitive quotes on equipment or services). The proper number of quotes should be obtained once the emergency situation has been resolved to help prove cost-reasonableness. Only the quantity of goods or services necessary to alleviate the emergency may be purchased under emergency conditions. Poor planning does not constitute an emergency. The Town Administrator will present the circumstances of the event to the Town Board at the next regularly scheduled Town Board meeting.

**8. *Maintenance Agreements***

The Town of Nederland engages in annual maintenance contracts and agreements with various vendors as a matter of day-to-day business. The Town Administrator shall approve all maintenance contracts before acquisition of said services are allowed. Such maintenance agreements typically are contracts for services

and repair of equipment items and can be, but are not limited to, purchased equipment that is not leased i.e., office equipment, cleaning services, etc., in these situations the following practices shall be followed:

- a. When it is considered cost beneficial to do so rather than to pay for service on a per-call basis a maintenance contract will be used.
- b. Maintenance agreements costing more than \$5,000 must be obtained through a formal bid/quote process unless said services/goods can only be serviced by the original vendor then a sole source purchase would be authorized.

**9. Requests for Proposals (RFP)**

Generally, RFPs shall be issued for the acquisition of consulting services. The issuance of an RFP for a construction project is dependent on the magnitude and complexity of the project. Final determination to issue an RFP for such a construction project is the decision of the Town Administrator. RFPs shall be developed by the department's assigned project manager or Department Head. At a minimum all RFPs shall contain:

- I. Introduction describing the nature and term of the request
- II. Scope of Services
- III. Minimum Requirements, Qualifications and Experience
- IV. Rate Schedule for Services
- V. Illegal Aliens Language
- VI. ARTICLE X, SECTION 20/TABOR language
- VII. Submittal Process with deadline and contact information, proposals are public information and the town reserves right to reject any or all proposals.

**10. Sole Source Purchases**

A contract may be awarded for a supply, service, or construction item without competition when, the Department Head determines that there is *only* one source for the required supply, service, or construction item. A memorandum to the Town Administrator outlining the situation and request must be made prior to approval. Only the Town Administrator has the authority to grant this exception. Sole source purchasing procurement is not permissible unless the required good(s) or service(s) are *only* available from a single supplier. A requirement for a particular proprietary item or service does not justify sole source procurement if there is more than one potential bidder or offer or for that item or service. The following are examples of circumstances that could necessitate sole source procurement:

- a. Where the compatibility of equipment, accessories, or replacement parts is the determining factor.
- b. Where a sole supplier's item is needed for trial use or testing.
- c. Where sole supplier's item is to be procured for resale.
- d. Where public utility services are to be procured.
- e. For continuity between multi-phased projects.

**11. Professional Services**

Professional services, including legal, consulting and engineering services, are not procured on a price basis. Within the constraints of the approved budget, professional services may be obtained on the basis of proposals, detailing company credentials, proposed scope of work, method of performing work, coordination with the Town, delivery dates, and references. Contracts for professional services must be approved by the Town Board.

**12. State Bids**

The State of Colorado has expended considerable time and money to assure that the items on the State Bid list are made available at the best competitive price, equally throughout the State. Occasionally, local vendors may have selected items at a slightly lower price; however, the State Price Agreements with the

listed vendors insure that, based on projected quantities purchased throughout the State over a certain period of time, the best overall economy will be achieved. The list is alphabetical by commodity and indicates the vendor(s) who have received the State Price Agreement. The listing is on the Internet:

Enter: [www.gssa.state.co.us](http://www.gssa.state.co.us)

Click on link to State Purchasing Office

Click on link to Current Price Agreements

Click on link to List of Price Agreements (for Commodities/Services) in middle of page

### ***13. Local Preference***

Unless directly prohibited, the Town may provide a 10% local purchasing advantage for equipment, supplies and services and 5% for construction projects. The Town Administrator shall make final determination of whether the local advantage is applicable.

### ***14. Conflict of Interest***

Purchases involving family members, Board of Trustee members or any other person where an actual conflict of interest or a perceived conflict of interest exists must be preceded with either an informal or formal bid process and disclosed to the Treasurer Depending on the nature of the purchase, the Town Administrator or the Board of Trustees must approve the award and state the basis for the approval.

### ***15. Surplus Supplies and Equipment***

At such times as determined by a department head and justified by the Town Administrator, supplies and equipment shall be identified that are no longer used or become worn out. The Town Administrator from time to time may cause any surplus supplies or equipment to be destroyed or sold, and the proceeds of the sale deposited in the Town Fund related to the items in question.

### ***16. Management of federally funded assets***

Equipment and capital assets that are acquired or maintained, in whole or in part, with federal grant funds shall be managed as follows, as required by ***44 CFR §13.32(d): Property Records, Inventory, Control Systems, Maintenance, and Sales:***

- (1) Property records shall be maintained that include a description of the property, a serial number or other identification number, the source of property, who holds title, the acquisition date, and cost of the property, percentage of Federal participation in the cost of the property, the location, use and condition of the property, and any ultimate disposition data including the date of disposal and sale price of the property.
- (2) A physical inventory of the property must be taken and the results reconciled with the property records at least once every two years.
- (3) A control system shall be implemented to ensure adequate safeguards to prevent loss, damage, or theft of the property. Any loss, damage, or theft shall be investigated.
- (4) Adequate maintenance procedures shall be followed to keep the property in good condition.
- (5) If the property is sold, sales procedures designed to ensure the highest possible return shall be utilized.