

**TOWN OF MEAD, COLORADO
ORDINANCE NO. 1033**

**AN ORDINANCE OF THE TOWN OF MEAD, COLORADO, REVISING THE
TOWN OF MEAD PURCHASING POLICIES AND AMENDING SECTION 4-2-
20(a) OF THE MEAD MUNICIPAL CODE CONCERNING THE SPENDING
AUTHORITY OF THE TOWN MANAGER**

WHEREAS, the Board of Trustees adopted the *Town of Mead Purchasing Policies* (collectively, the “Policy”) by Ordinance No. 875; and

WHEREAS, the Board of Trustees desires to revise the Policy in the form attached to this Ordinance as **EXHIBIT A** (the “Updated Policy”); and

WHEREAS, by adopting the Updated Policy, the Board intends to continue to ensure adequate and uniform control of the Town of Mead’s purchasing and payment activities; and

WHEREAS, the Board has determined that the Updated Policy is consistent with applicable State of Colorado law and Generally Accepted Accounting Principles (GAAP); and

WHEREAS, the Town previously adopted certain purchasing authority limits for the Town Manager in Section 4-2-20(a) of the *Mead Municipal Code* (“MMC”); and

WHEREAS, the Town desires to amend Section 4-2-20(a) of the MMC to increase the spending limit of the Town Manager from twenty-five thousand dollars (\$25,000.00) to fifty thousand dollars (\$50,000.00), consistent with the Updated Policy; and

WHEREAS, the Board finds that it is in the best interest of the residents and taxpayers of the Town to adopt the Updated Policy in the form attached hereto and amend the MMC to increase the purchasing authority limits of the Town Manager consistent with the Updated Policy in order to promote efficiencies in the delivery of governmental services.

NOW THEREFORE, BE IT ORDAINED by the Board of Trustees of the Town of Mead, Weld County, Colorado, that:

Section 1. The *Town of Mead Purchasing Policies* attached hereto as **EXHIBIT A** are hereby adopted as the Purchasing Policy for the Town of Mead.

Section 2. The Board of Trustees shall be authorized to amend the Updated Policy by resolution.

Section 3. The Town Clerk shall maintain a full and complete copy of the Updated Policy in the Town Clerk’s Office and the same shall be available for public inspection.

Section 4. Paragraph (a) of Section 4-2-20 of the *Mead Municipal Code*, entitled “Spending authority”, is hereby amended to read as follows with deletions shown in ~~striketrough~~ and additions shown in **bold and underline**:

Sec. 4-2-20. - Spending authority.

(a)The Town Manager shall have the authority to approve all purchases and expenditures necessary for the functioning of the Town that are consistent with the approved budget up to a limit of ~~twenty five thousand dollars (\$25,000.00)~~ **fifty thousand dollars (\$50,000.00)**. In case of accident, disaster or other circumstances creating a public emergency, the Town Manager or his or her designee shall have the authority to approve purchases or incur other obligations on behalf of the Town necessary to address the emergency. 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. All purchases and expenditures made by the Town Manager shall be made in accordance with the applicable provisions of the Town of Mead Purchasing Policies a copy of which is on file with the Town Clerk.

Section 5. Effective Date. This ordinance shall be published and become effective as provided by law.


Section 6. Severability. If any part, section, subsection, sentence, clause or phrase of this ordinance is for any reason held to be invalid, such invalidity shall not affect the validity of the remaining sections of the Ordinance. The Board of Trustees hereby declares that it would have passed the ordinance including each part, section, subsection, sentence, clause or phrase thereof, irrespective of the fact that one or more part, section, subsection, sentence, clause or phrase is declared invalid.

Section 7. Repealer. All ordinances or resolutions, or parts thereof, in conflict with this ordinance are hereby repealed, provided that such repealer shall not repeal the repealer clauses of such ordinance nor revive any ordinance thereby.

Section 8. Certification. The Town Clerk shall certify to the passage of this ordinance and make not less than one copy of the adopted Code available for inspection by the public during regular business hours.

INTRODUCED, READ, PASSED, AND ADOPTED THIS 24TH DAY OF APRIL, 2023.

ATTEST:

By: 
Mary E. Strutt, CMC, Town Clerk



TOWN OF MEAD:

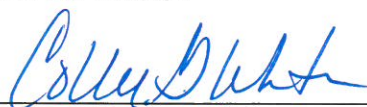
By: 
Colleen G. Whitlow, Mayor

EXHIBIT A

**Town of Mead Purchasing Policies
(revised April 24, 2023)**



Town of Mead Purchasing Policies

Revised April 24, 2023

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INTRODUCTION

I. General

These Purchasing Policies (collectively, the "Policy") are intended to ensure adequate and uniform control of the Town of Mead's purchasing and payment activities. Principles and policies incorporated into this Policy are in accordance with Generally Accepted Accounting Principles (GAAP) and applicable State of Colorado Law.

All parties involved in the negotiation, performance, or administration of procurement and/or contracts for the Town shall act in good faith. All procurements should be made for the purpose of meeting the Town's current budget goals.

Information in this Policy will be reviewed and updated by the Finance Department as necessary so that the maximum use and benefit may be derived in accordance with its intended purpose.

Questions on purchasing or payments should be directed to the Town Treasurer.

II. Decentralized Purchasing

This is a system of purchasing in which purchasing authority, responsibility and control is given to the Department Heads. Department Heads are responsible for ensuring personnel in their department are knowledgeable of and trained in the purchasing procedures established by the Finance Department. By following the requirements established within this Policy, Department Heads 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 shall also increase efficiency. Departments may establish procedures specific to their Department with approval by the Finance Department.

III. Goals and Objectives

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

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

1. **Pricing:** Ensure the Town receives the required product or services at the lowest possible cost and highest value.
2. **Competition:** Provides vendors with equal opportunity to sell to the Town.
3. **Quality:** Using the purchasing and bidding parameters, it will be the intent to acquire the highest quality product and service for the Town.
4. **Customer Service:** Vendor is consistent, reliable, and timely throughout the procurement process.

GENERAL RESTRICTIONS AND GUIDELINES

I. General

All purchases shall be made in accordance with the policies prescribed in this Policy. Any agreement made contrary to these policies shall not be binding to the Town.

II. General Provisions/Restrictions

- A. No personal purchases may be made using Town funds. Purchasing venues provided within this Policy may be utilized only in the interest of the Town.
- B. Only Town employees and approved volunteers, with valid Town identification and supervisor's authorization, may purchase utilizing Town funds.
- C. Purchases must be charged to the proper account, regardless of budget availability in that particular line item.
- D. Alcohol may not be purchased with Town funds, except for Town sponsored events.
- E. Sales tax is not to be charged on purchases. The Town's tax-exempt number should be given to the vendor before the sale is completed. The Town's tax-exempt certificate is available from the Finance Department.
- F. All Town personnel, including employees, elected officials, and volunteers, are obligated to establish and maintain ethical relationships with all vendors or suppliers of Town goods and services. Acceptance or solicitation of entertainment, loans, gifts, or special consideration from vendors or suppliers for personal benefit by Town personnel is limited per current state statute. No employee or official of the Town shall participate in a transaction, contract, activity, or service of the Town which has a direct or predictable effect on the employee's/official's financial interest or the financial interests of an employee's/official's immediate family member or is otherwise prohibited by law.
- G. No multi-year financing obligations (i.e. space rentals, copier leases, etc.) may be entered into without the review and concurrence of the Town Treasurer, the Town Manager, and the Board of Trustees.

III. Emergency Procurement

Notwithstanding any other provision of this Policy, the Town Manager or designee may make or authorize others to make emergency procurement when there exists a threat to public health, welfare, or safety under emergency conditions. 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 (invoice, Office Check request, etc.).

IV. Sole Source

Occasionally it is necessary to purchase supplies, services, or construction items without going to bid, or that only one firm is in a better position to provide. Examples of potential sole source purchases/services include: state bid, engineering or other professional or consulting services, items for resale, matching existing equipment, custom items, paint, prime lumber (except for large quantities), new technology services or equipment, on site repairs (such as heating, air, plumbing, phone, etc.) and utilities.

When authorization above the Department Head level is required, written justification for the sole source request shall be attached to the documentation requiring approval.

V. Cooperative Purchasing

The Town Manager or designee shall have authority to join with other governmental bodies to the extent authorized by the Town Code, including but not limited to, the State of Colorado and the Multiple Assembly of Procurement Officials (MAPO), in cooperative purchasing in the best interest of the Town, notwithstanding any provisions of this Policy.

VI. Negotiating Price

Unless specifically stated otherwise within a bid or RFP document, the Town Manager, Department Head, or designee may negotiate the price for any given product or service.

PURCHASING THRESHOLDS

Dollar Limit	Type of Purchase	Bids/Proposals	Approvals
< \$20,000	Informal Purchase	No price quotations or bidding required.	Department Head
\$20,001 - \$50,000	Informal Purchase	Three (3) Required Quotes.	Department Head Town Manager
> \$50,000	Formal Purchase	Formal Bid or Proposal.	Department Head Town Manager Board of Trustees

Additional Considerations:

- Electronically transmitted bids are acceptable for informal written bids, provided the bid is a firm written price or quote for specific goods or services valid for no less than 30 days.
- Contracts for service shall include a Town Professional Services Agreement.
- If the recommended bid is not the lowest, a detailed explanation must accompany the bid's submission to the Department Head, Town Manager, or Board of Trustees.
- Resolutions are required for all service contracts and bids presented to the Board of Trustees for approval.
- Change Orders to contract amounts may be made by the Town Manager provided that funds are available within the Budget and the sum of Change Orders does not exceed 10% of the original contract amount. Otherwise, Change Orders shall be approved by the Board of Trustees.
- If less than the required number of informal or formal bids are received, the Town may consider seeking additional bids if time allows. If less than the number of required bids is received, the Town may award to a bidder if the Town finds that the price is fair and reasonable, and that other prospective bidders had a reasonable opportunity to respond.

AUTHORIZATION REQUIREMENTS

I. General

Signature authority is granted on an individual basis. All departments shall keep current a list of designated staff authorized to approve Town expenditures. The list shall include the full signatures and initials of each authorized individual and the amount of signature authorization granted to the individual.

II. Procedures

- A. A Signature Authorization Summary must be submitted to the Finance Department on an annual basis (January 1).
- B. The Finance Department shall be responsible for deleting signature authority for terminated employees. Should authority need to be revoked prior to termination, the applicable department shall be responsible for notifying the Finance Department.
- C. All changes and additions to the Signature Authorization Summary must be submitted in writing and must include the following information:
 - Name of employee
 - Title
 - Authorization amount
 - Effective date
 - Employee signature and initials
 - Signature of employee delegating authorization
- D. Unless signature authorization has been formally delegated, no employee shall sign on behalf of another otherwise authorized employee. Written notification of delegation must be sent to the Finance Department.

COMPETITIVE BIDDING

I. General

Competitive bids (formal or informal) are required per the dollar limits identified in the Summary of Purchasing Thresholds found on page 6 of this Policy. All bid specifications shall seek to promote overall economy for the purposes intended and encourage competition in satisfying the Town's needs and shall not be unduly restrictive so as to limit competition.

Depending on the nature of the product or service, bids are not necessarily awarded based on price alone. In situations where the low bid is not accepted, a written description of the other factors considered and the basis for the award shall be included with the bid information.

For purchases within the Department Head's authorization, bid information shall be maintained by the department. For purchases requiring additional authorization, a summary of the bid information shall be attached to the documentation requiring approval.

II. Bidder's List

Departments are encouraged, but not required, to maintain bidder's lists. Whenever possible, the Colorado State Price Agreement Listing (State Bid) or other cooperative purchasing venues should be consulted. All formal bids shall be advertised on the Town's website and other sites as determined by the Town. Public notice may also include publication in a newspaper of general circulation.

III. Types of Bids

- A. **REQUESTS FOR QUOTE (RFQ):** An RFQ is an informal quote obtained from a supplier or contractor in an informal manner (verbally, electronically, etc.). For repetitive purchases, it is not necessary to obtain bids with each purchase. However, a bid process must be conducted at least once every 12 months.
- B. **INVITATION FOR BID (IFB):** An IFB is a solicitation of formal bids. A "formal" bid is a solicitation that may require advertising, bonds, and sealed bids. The Department Head or designee is responsible for the bid package and vendor eligibility. The specifications, delivery requirements, plans, drawings, and other items must be determined and finalized prior to the bid package being provided. Eligibility may be determined from a pre-qualification process, general advertising of project, or any other method deemed appropriate.
- C. **REQUESTS FOR PROPOSAL (RFP):** An RFP is a solicitation for goods or services designed for an award based upon criteria other than price alone. It is most often used for items or services that are hard to quantify or describe because it allows the proposer to suggest the item or service that might best suit the Town's needs. Examples where an RFP may be appropriate include design services, professional services, janitorial services, specialized equipment purchases, etc. The RFP should contain the following as a minimum:
 - 1) A scope of services and/or detailed specifications;
 - 2) The required time schedule;
 - 3)

General requirements; 4) Conditions and provisions; 5) Location, date and time for submittal of the proposal; 6) Evaluation criteria to be used for selection and award.

- D. **PRE-QUALIFICATION:** The Department Head or designee may determine if a pre-qualification process is appropriate and determine the criteria. Criteria may include, but is not limited to, the following: construction experience, experience specific to the work specified, construction track record, government experience, and financial stability. The Department Head and/or project manager will review the qualifications and information to determine the acceptability of responding bidders.

IV. Bid Evaluation

Bids shall be evaluated based on the requirements set forth in the bid package, which may include criteria to determine acceptability such as inspection, testing, quality, workmanship, delivery, and suitability for a particular purpose. Those criteria that will affect the bid price and be considered in evaluation for award shall be objectively measurable, such as discounts, transportation costs, and total for life cycle costs. The bid package sets forth the evaluation criteria to be used. No criteria may be used in bid evaluation that is not set forth in the bid package.

V. Award

The contract shall be awarded with reasonable promptness to the lowest responsible and responsive bidder whose bid meets the requirements and criteria set forth in the bid package, unless the Town Manager or designee shall determine that the public interest will be better served by accepting a different bid. When the award is not given to the lowest bidder, a complete statement of the reasons for placing the order with another bidder shall be made available to all bidders upon request.

VI. 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 Town. The reasons therefore shall be put in writing and made part of the contract file.

BID GUIDELINES

I. General

The purpose of this Policy is to provide guidance on the process necessary when required to follow the bidding process.

II. Correspondence with Vendors

All correspondence with vendors should be communicated through the Department Head responsible for overseeing the specific bid unless the bid specifications make it advisable to delegate the authority to others.

III. Formal Bid Notice

All Formal bid purchases or formal contracts for services shall be advertised as follows:

- A. All notices and solicitation of bids shall state the time and place of the bid opening.
- B. Notices and solicitations 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. Performance bond(s), in cash or otherwise, or other acceptable financial assurance such as letter of credit shall be requested if in the best interest of the Town in such an amount as may be deemed sufficient to secure the execution of the contract or furnish supplies.
- E. The Town reserves the right to reject any and all bids and waive any informality. The Town also reserves the right to select the lowest and/or best bidder as determined by the Town in its sole discretion.

IV. Competitive Buying

Town policy requires quotes or bids to be obtained from as many providers as reasonably possible to insure a competitive marketing atmosphere and advantageous pricing. Bids will be solicited when required by policy and also when it is found to be advantageous to do so. Any qualified provider may respond to a Town request for quote or bid.

Periodically, the Finance Department may check items purchased by other authorized personnel to verify that the Town is obtaining the best prices for the quality of goods purchased. Recommendations will be made as necessary to benefit the Town.

V. Maintenance Agreements

If the need for a maintenance agreement is anticipated at the time of purchase, the terms of the agreement must be included in the bid specifications.

VI. Steps in Bid Process

The following steps are involved in the bid process:

- A. Department Head prepares the bid package, sets the bid opening date, prepares the advertisement for call for bids, the bid invitation letter, specifications and list of prospective bidders.
- B. Department Head holds public bid opening.
- C. The requesting department prepares a tabulation of bids received, analyzes bids, and returns bid documents with recommendations for bid award to Department Head, Town Treasurer, and Town Manager.
- D. The Department Head prepares final recommendation for submission to the Town Manager or Board of Trustees, whenever appropriate as indicated through this Bid Policy.
- E. Bid award is made pursuant to the purchasing thresholds set forth above.
- F. Requesting department obtains purchase order prior to issuing a Notice to Proceed or otherwise obligating the Town financially, administers the contract, and notifies the Finance Department when payment is to be made through standard invoice procedures.

VII. Price Agreements and Other Centralized Purchasing

Price Agreements are contracts negotiated by the Town for goods or services, which are needed frequently throughout the year (e.g., fax machines, computers, uniforms, sand and gravel, etc.). It is to the Town's advantage for departments to use these agreements to save money and time by not having to go through a bid process for each purchase.

VIII. Contractor Performance Problems

It is very important that Departments document any performance problems with a particular vendor. Documentation should include written notification to the vendor of a problem, evidence of attempts to resolve the problem, and a summary of the final outcome of the situation.

The Town Manager may determine if a vendor is classed as irresponsible and may not be able to bid for a period of three (3) years or until the vendor can prove the problems have been corrected.

IX. Exclusive Service

In the event that there is only one firm or company or individual capable of providing a particular service or commodity, referred to as a sole source vendor, and such services or commodities cannot be secured from any other person(s) or company(ies), then the Town Manager may authorize securing such items without the above bidding process(es) by declaring a sole source vendor. Approval of the Town Manager must be received **prior** to making the purchase. To receive such authorization, the Department Head must submit a detailed report explaining why this is the only feasible person/company from which to purchase/contract and confirmed research must be included in the explanation.

X. Exemptions from the Public Bidding Process

The Town recognizes certain exemptions from the Public Bid Process, as described herein.

- A. Professional Services. This Policy shall not apply to professional services and the requirements shall not be mandatory in the employment of professional services. Professional services include, but are not limited to, the following: Attorneys, Bond Counsel, Certified Public Accountants/Auditors, Consultants, Engineers, Financial Advisors, Physicians, and Real Estate Brokers.
- B. Design-Build Services. This Policy shall not apply to design-build specialty services so long as the Town Board approves such an exemption through formal action.
- C. Use of State Bid Awards. This Policy shall not apply if the purchase is able to piggy-back on a State bid award, GSA bid award, or another bid award where a Public Bid Process has taken place.

CONTRACT AUTHORITY

I. General

The Town Manager shall have the power and duty to approve and execute, by signature, all contracts or agreements of, or on behalf of, the Town or its enterprises, subject to the following limitations:

- A. The Town Attorney must review and approve contracts as to form.
- B. No contract or agreement shall exceed \$50,000. Contracts or agreements exceeding \$50,000 shall be taken to Town Board for approval.
- C. No contract or agreement shall involve conveyances of interest in land, bonds, indentures, evidence of indebtedness, or proclamations, unless the authority to approve and execute such documents shall be granted by the Town Board.
- D. Such contract or agreement does not constitute an "intergovernmental agreement" under Colorado law.
- E. It shall be the Town Manager's duty to ensure that all Town contracts and agreements are procured in compliance with the requirements of the Mead Municipal Code and any applicable rules and regulations.
- F. The Town Manager may delegate the Town Manager's signatory authority for the approval and execution of contracts and agreements to Department Heads where the contractual matters fall within their area of responsibility. With the Town Manager's prior approval, Department Heads may further delegate signatory authority for limited purposes.
- G. No Town contract shall be approved or executed unless funds for the payment of obligations under the contract or agreement are in the Budget approved by the Town Board and the funds have been appropriated by the Town Board. This section shall not prohibit approval and execution of multi-year contracts or agreements where such agreements are legally permissible.

CAPITAL IMPROVEMENT CONTRACTS

I. General

The Capital Improvement Contracts Policy applies to any capital improvement contract that the Town enters into. Only the Town Manager or the Mayor has the authority to sign a contract for the Town (contractual authority). A Town Project Manager (or Town contact person) MUST be designated for each capital improvement project and specified within the contract. This individual will be accountable for all aspects of proper contract administration surrounding the construction in progress.

Refer also to the Competitive Bidding Policy for information on the bidding process.

Each department and its personnel are responsible for the effective planning for its capital improvement projects.

II. Contract Performance and Payment Bonds

A. When a capital improvement contract is awarded, unless the Town Manager or designee deems otherwise, the following bonds or security shall be delivered to the Town and shall become binding on the parties upon the execution of the contract:

1. Bid security in an amount equal to five (5) percent of the total amount of bid shall be required for all competitive sealed bidding for capital improvement contracts. Bid security shall be a bond provided by a surety company authorized to do business in this state, or the equivalent in certified funds, or otherwise supplied in a form satisfactory to the Town.

When the invitation for bid requires security, noncompliance requires that the bid be rejected.

2. A performance bond, satisfactory to the Town, executed by a surety company authorized to do business in this state, or otherwise secured in a manner satisfactory to the Town, in an amount equal to one hundred (100) percent of the price specified in the contract; and
3. A payment bond, satisfactory to the Town, executed by a surety company authorized to do business in this state, or otherwise secured in a manner satisfactory to the Town for the protection of all persons supplying labor and material to the contractor or its subcontractors for the performance of the work provided for in the contract, in an amount equal to one hundred (100) percent of the price specified in the contract.

B. Nothing in this section shall be construed to limit the authority of the Town to require a bond or other security in addition to the bonding requirements as stated above.

III. Retainage

The contract shall include provisions for retainage of contract sums as prescribed by state law and may include provisions for retainage in contracts not covered by state law.

IV. Damage or Delay

The Town may, by contract, require the contractor to waive, release, or extinguish its rights to recover costs or damages, or obtain an equitable adjustment, for delays in performing such contract if such delay is caused, in whole or in part, by the acts or omissions of the Town or its agents, if the contract provides that an extension of time for completion of the work is the contractor's remedy for such delay. Such clause is valid and enforceable, any provision of state law to the contrary notwithstanding.

V. Final Payment

The last payment on a capital improvement contract, for which retainage is required in accordance with this Capital Improvement Contracts Policy, will not be made until at least ten (10) days after notice of intention to pay is published at least twice in a newspaper of general circulation in the Town. The Town will withhold from payment any funds it may be required by law to withhold or that it may in the determination of the Town Project Manager or Town Attorney be entitled to withhold, and final payment will not be made until, in the sole determination of the Town Project Manager, all conditions of the contract and of law have been met. Proof of publication of notice of final payment should be submitted to the Finance Department. Claims against the contract shall be filed as prescribed by state law.

DEBARMENT OR SUSPENSION

I. General

The Town Manager is authorized to debar or suspend a vendor or contractor for just cause.

II. Guidelines

- A. No vendor or contractor shall be debarred or suspended until an opinion regarding the same has been obtained from the Town Attorney and until procedures recommended by the Town Attorney have been followed.
- B. The period for debarment shall be determined by the Town Manager on a case by case basis.
- C. Reasons for debarment or suspension include the following:
 - 1. Commission of fraud or a criminal offense as an incident to obtaining or attempting to obtain a public or private contract or subcontract or in the performance of such a contract or subcontract.
 - 2. Conviction or indictment under a state or federal statute of embezzlement, theft, forgery, bribery, falsification, or destruction of records, or receiving stolen property.
 - 3. Conviction or indictment under a state or federal antitrust statute.
 - 4. Failure or default without good cause to perform in accordance with the terms of any contract or unsatisfactory performance of any contract.
 - 5. Debarment, disqualification or suspension by another government entity for any reason.

TOWN ISSUED CREDIT CARDS

I. General

The purpose of this Policy is to maintain the financial integrity of the Town and its staff. This Policy applies to all items procured by the use of a credit card. The use of a Town issued credit card is a privilege and should be treated as such.

II. Issuance

Town credit cards may be issued to Department Heads or other personnel as authorized by the Town Manager and Town Treasurer.

III. Legitimate Business Expenses

No cardholder may procure goods or services for personal purposes. A personal use of a credit card consists of an item that is not a legitimate business expense and must be reimbursed to the Town. Misuse of the card could subject an employee to discipline pursuant to Town personnel policies and forfeiture of the card.

Department Heads may make available credit cards for purchases where time is of the essence to save the Town money; where a credit card is the only or easiest form of payment accepted for a product or service; or when required for travel purposes. It is the responsibility of the Department Head to notify the Town Treasurer if an employee is no longer authorized to use the Town's credit card.

IV. Prior Authorization of Expenditures

Proper approvals must be obtained for the purchase of goods and services prior to ordering as with any other Town purchase. Exceptions to this rule include business related meals or emergencies where there is no time to get proper approval. Proper approvals should be obtained as soon as practical for these exceptions.

V. Travel related expenses

If a spouse or family member is accompanying the employee on a business trip, only the employee's travel expenses may be charged to the card. Airline tickets or other travel expenses related to the family member must be paid by the individual at the time of purchase. It is not acceptable to reimburse the Town for those expenses. Personal expenses may not be charged to the hotel room and must be paid for separately. Hotel, car rental, parking, taxi, etc. receipts must be submitted to the Finance Department in accordance with other Town policies.

VI. Monthly Statements

It will be the responsibility of the Department Head to reconcile the monthly credit card statement to receipts. Reconciled statements must be forwarded to the Finance Department within one (1) week of statement receipt.

PURCHASING CARDS

I. General

Purchasing Cards are a streamlined purchasing approach for small to medium dollar purchases and paying for business-related travel expenses in the most cost-effective manner possible. Purchasing cards reduce paperwork, deploy resources to other activities, facilitate management authorization and internal controls, and increase the timeliness and quality of management and financial reporting. The use of purchasing cards is a privilege and should be treated as such.

II. Authorization for Purchasing Card

Employees must be authorized by the Department Head based upon both the need for a purchasing card and the signature limits.

III. Card Use

Purchasing card purchases are limited to those transactions completed upon purchase. Verify the availability of the item being charged when placing a telephone or fax order. Back orders should not be charged until time of shipment. Verify that the combined price and freight charge being charged is under the purchaser's signature authority dollar limit. Also verify that sales tax is not being charged. The Town's tax-exempt number should be imprinted on the purchasing card. A copy of the tax-exempt certificate is also available from the Finance Department.

When placing an order by FAX, phone, or mail, request that the **receiver's name** and "**credit card purchase**" be put on the shipping label or packing list to expedite delivery and request that a receipt be sent with the purchase. All charges will require a receipt be attached.

The Internet may be used to place orders only when the receiving website is secure. To determine whether a website is secure, look for a closed padlock on the lower right-hand corner of the screen. If the padlock is open or non-existent, the website is not secure and should not be used for placing orders.

If merchandise is to be returned, verify that the vendor will credit the purchasing card account, request a copy of the credit issued, and submit it with the monthly statement.

If an attempt to make a purchasing card transaction is denied, contact the Finance Department as soon as possible to resolve the problem. If there is concern that a transaction may be denied, contact the Finance Department in advance to authorize the vendor, or ask the vendor to run a pre-authorization on the purchasing card to make sure the transaction will go through.

IV. Unacceptable Uses

- Purchases over the holder's signature authority limit. Dividing an order to satisfy this limit is not allowed.
- Cash advances, traveler's checks, or the use of ATM machines.

- Fuel for personal vehicles. Reimbursement for mileage shall be made on the Expense Reimbursement Form at the current IRS reimbursement rate.

V. Transaction Allocation

Transactions should be allocated by the cardholder using the VISA Information Management (VIS) website (weekly allocations are recommended). Upon receipt of the monthly statement, cardholders shall confirm all transactions have been allocated through VIS, attach all receipts to the statement, and return the statement to Finance. Please note – the actual itemized receipt is also required (not just the summary amount on the signature slip typically provided at restaurants).

If a receipt is lost, or was never provided by the vendor, a “Missing Purchasing Card Receipt Form” (available on the Town server) shall be completed and attached to the monthly statement.

Under certain circumstances, and with the approval of the Town Treasurer and the head of the impacted department, the Finance Department may perform the allocation of cardholder transactions through VIS based on notes provided on the monthly statement by the cardholder.

VI. Personal / Non-Business Charges

In the event that personal or non-business related items are accidentally charged on the card, reimbursement to the Town shall be made via cash, credit, or a personal check payable to the Town of Mead, with a note attached showing the account to be credited. This reimbursement must be completed at the time of statement reconciliation. Repeated occurrences of personal or non-business related items being charged to the card and/or intentional misuse of the purchasing card may result in charging privileges being revoked and disciplinary action taken.

VII. Disputing Transactions

If there is a dispute about a transaction, the cardholder should first try to resolve it with the merchant. If an item has been charged but has not been received, contact the merchant to verify shipment date. If the item has been or will be shipped soon, it is recommended that the charge be paid at the time of the statement. If charges are paid but not received by the next statement, contact the Finance Department for assistance in resolving the problem.

VIII. Change in Employment Status

The cardholder will surrender possession of his/her card upon termination of employment. The cardholder may be asked to surrender the card at any time deemed necessary by the Department Head, the Town Treasurer, or the Town Manager.

IX. If Card is Lost or Stolen

Keep the card in a safe place at all times. Contact the Finance Department immediately if the card is lost or stolen. If this contact cannot be made, call the card issuer immediately and then notify Finance as soon as possible.

PETTY CASH

I. General

Petty cash is available to cover small purchases (not to exceed \$25), may be disbursed as an advance or reimbursement, and must be approved by the employee's Department Head or designee.

II. Internal Controls

- A. Petty cash funds may only be established, or the amount of the bank increased or decreased, by the Town Treasurer or designee.
- B. Petty cash must be kept in a locked box in a secured location.
- C. The Finance Department is responsible for ensuring that the cash in the box plus the total of all petty cash slips exactly equals the total amount assigned to petty cash funds.

III. Procedures

Cash Advance/Reimbursement

- A. To obtain a cash advance for a petty cash purchase, a petty cash slip must be filled out by the employee indicating the following:
 - 1. Amount of advance
 - 2. Vendor
 - 3. Account number
 - 4. Description of purchase
 - 5. Date
 - 6. Employee's signature
 - 7. Approval signature

The slip is kept in the petty cash box until the employee returns with the cash receipt. The actual amount of the purchase should be recorded and circled on the petty cash slip, the cash receipt stapled to the petty cash slip, and the change from the advance returned to the petty cash box. Cash advances may not be held by the employees for more than two (2) business days.

- B. To obtain reimbursement for a purchase made, a petty cash slip must be filled out by the employee indicating the same as in III. A. above.

Attach the cash receipt to the petty cash slip. The slip is then exchanged for a cash reimbursement.

- C. The \$25 limit shall not be circumvented by making two separate purchases of related items and submitting two receipts, when the total exceeds the \$25 limit.

Replenishment

- A. To obtain a funding/reimbursement check to reimburse the fund, all petty cash slips and remaining cash should be turned into the Finance Department to ensure that the balance is properly accounted for, and create a funding check. Petty cash slips must be accompanied by the appropriate receipt or acceptable notation of why a receipt was not available in order to be funded.

- B. Petty cash funds are subject to internal audits by the Town Treasurer or designee and are also subject to audit any time the fund is reimbursed. Such audits shall be conducted in accordance with Generally Accepted Auditing Standards (GAAS) and will evaluate the effectiveness of risk management, control and governance processes.

ACCOUNTS PAYABLE

I. General

The Finance Department is responsible for the timely payment of all invoices and tracking revenues and expenditures.

II. Procedures

- A. Invoices must be submitted to the Finance Department in a timely manner.
- B. Departments must approve invoices by initialing and indicating the accounting code to charge.
- C. Approval must be indicated according to the purchasing thresholds.
- D. Invoices will be input to check registers which will be submitted to the Board of Trustees for review in the consent agenda and published according to state statute.
- E. Payments will generally be made via check after the check register has been reviewed.
- F. The Finance Department has the discretion to make payments online or by manual check to ensure the timeliness of payments.

PURCHASE ORDERS

I. General

A purchase order authorizes a vendor to release goods or services to the Town and informs them that funds have been encumbered to pay for the goods and services. It serves as a binding agreement that describes the quantity and quality of the required goods and includes other information such as shipping terms, delivery dates and location, and prices quoted in the bid. A purchase order may be used to purchase goods or services that total \$10,000 or more. The term purchase order is used generically throughout this Policy to include all service / maintenance agreements, construction agreements and any other types of agreements in excess of \$10,000.

II. Objectives

The primary reasons for issuing a purchase order are as follows:

- to facilitate prior approval for large dollar purchases above \$10,000;
- to ensure adequate funds and to encumber funds on the accounting system;
- to ensure adequate product specification for vendors; and/or
- to facilitate vendor requirements.

III. Procedures

- A. A purchase order is initiated at the Department level. Prior to the purchase of goods or services that total \$10,000 or more, a purchase order may be completed, authorized and submitted to the Finance Department.
 - Purchase orders must include the following:
 - Requisition date
 - Item to be purchased (including item #, quantity, description)
 - Account number to be charged
 - Amount - projected cost of purchase
 - Authorized signature
 - Informal or formal bid documentation should be attached to request over \$10,000.
- B. A purchase order number will be issued by the Finance Department and the funds are encumbered appropriately decreasing funds available.
- C. The original purchase order containing adequate authorization shall be retained by the Finance Department for audit and internal control purposes.
- D. If the department needs to modify the original purchase order, a change order should be sent to the Finance Department. All change orders should reference the purchase order number which they are modifying. Once received by the Finance Department, the purchase order will be modified.

- If the change order does not modify the dollar amount of the purchase and does not significantly change the purpose of the original order, no additional authorization is required.
- If the change order increases the dollar amount above the signature authority threshold of the original requisitioner, additional authorization will be required.
- If the change order modifies the account number, no additional authorization is required as long as the original signer had signature authority for the account to be charged.
- If the Town Board approved the original contract or purchase order and the change order is greater than 10% of the original amount, Town Board shall approve the change order.

E. All invoices should be directed to:

Town of Mead
 Attn: Finance Department
 PO Box 626
 Mead, CO 80542
 Email: finance@townofmead.org

- F. If, upon receipt of goods or services, the vendor provides an invoice for the item purchased, the requisitioner or other responsible employee should sign the invoice, indicating receipt of goods or services, and return the invoice to the Finance Department. No additional approvals are required at the time, only verification of receipt of goods.
- G. If the invoice forwarded to the Finance Department represents the final payment on a purchase order, the signer should indicate final payment so any remaining balance on the purchase order may be unencumbered.
- H. If the goods or services received are in different quantities or types from your order, and additional goods or services are forthcoming, the balances of the purchase order will remain encumbered until indication of final payment is received by the Finance Department.

INDEPENDENT CONTRACTORS

I. General

The Town Attorney shall make the determination that an individual or firm is an independent contractor and shall prepare any contract arrangements.

An individual is generally considered to be an independent contractor if the employer has the right to control or direct only the result of the work and not the means and methods of accomplishing it. Examples may include a software programmer, recreation instructor, electrician, etc.

The rules for determining whether an individual is or isn't an independent contractor are complex. The determination needs to be made on a case-by-case basis.

II. Procedures

The procedures outlined herein are set forth to assure conformity of the independent contractor policy. It is the responsibility of the department and its personnel to comply with all provisions set forth with this independent contractor policy.

- A. Steps in contracting with independent contractors include:
 - 1. Identification of need.
 - 2. Determination of status with Town Attorney.
 - 3. Negotiation / execution of contract.
 - 4. Personal Services Agreement filed with Town Clerk.
 - 5. IRS Form W-9 filed with the Finance Department.
- B. Once the Town Attorney's approval to contract with an independent contractor is received, terms need to be negotiated with that contractor. Each independent contractor must provide a W-9. Additionally, each contractor must be made aware of the deadlines for payment processing through the Finance Department.
- C. A Personal Services Agreement must be completed, signed, and forwarded to the Town Clerk. IRS Form W-9 must be completed, signed, and forwarded to the Finance Department.
- D. The Personal Services Agreement is available on the Town server, and should not be modified, unless approved by the Town Attorney or designee.

REFUNDS

I. General

Refunds of money paid to the Town are to be initiated by the department responsible for the revenue collection. Refunds must be run through the Finance Department for reimbursement by check. Exceptions are made for Town recreation facilities, programs or events paid by credit card. Other credit card refunds may be approved by a department head on a case-by-case basis.

II. Procedures

- A. A Check Request, or other department specific refund form, must be completed, approved and submitted to the Finance Department.
- B. Refunds for overpayment of on-going receipts (i.e., Sales Tax, Utilities) may be given in the form of a credit on a future billing.

MISCELLANEOUS PURCHASING

I. General

Miscellaneous purchasing refers to purchasing outside of the aforementioned items.

A. Professional Dues and Licenses: Professional dues, licenses, and memberships to associations and organizations that benefit the Town will be paid from Town funds but shall be the responsibility of the employee to obtain and maintain. Examples include, but are not limited to: CDL and regular driver's licenses, professional engineering license, water/wastewater treatment operator's licenses, etc.

B. Magazine and Newspaper Subscriptions: Any necessary subscriptions, approved by the Department Head or Town Manager, shall be delivered to the Town address.

C. Purchase of Food/Meals: Food/meals for employees shall be paid for via a Town issued credit card, purchasing card, or check or reimbursed at a reasonable level, for justified expenses. Examples include, but are not limited to, the items listed below. Exceptions require written approval of the Department Head or other appropriate Town official. Consult the Travel Policy for meals relating to employee travel and training per diem.

- Board/Commission/Committee business meetings;
- Town Manager staff and/or business meetings;
- Department Head meetings when required outside normal working hours;
- Development related activities/meetings;
- Meetings or events hosted and/or sponsored by the Town;
- Meals purchased for employees required to work beyond normal meal breaks;
- Special events approved in advance by the Town Manager.

D. Purchase of Flowers/Plants: Department Heads/Town Manager can authorize the purchase of flowers/plants for employees/elected officials that are hospitalized or in the event of the death of an employee/elected official or immediate family member. A maximum amount of \$100 including delivery is authorized. Donations, not to exceed \$100, may be made in lieu of flowers/plants in the event of a death or serious illness.

SURPLUS PROPERTY

I. General

Surplus supplies, equipment and/or property may be identified as no longer valuable for Town use. The Town Manager, or their designee, may designate items as surplus. It is the intent of this policy to receive revenues from the sale of surplus property as a first priority. Donation to appropriate non-profits as a second priority, and destruction as the last priority.

II. Procedures

- A. De Minimis Valued Items. Non-capital material and supply items that are normally used up during the normal course of business and have individual value less than \$250 are exempted from the surplus disposal process. These items can be thrown away, destroyed, donated or sold with the approval of the Town Manager or their designee.
- B. Surplus Disposal: Unusable, obsolete, or other surplus property may be disposed of by public auction, trade-in or competitive bid.
- C. All equipment is sold on an “as is, where is” basis with no warranty expressed or implied.
- D. The Town reserves the right to accept or reject any bids.

DEFINITIONS

Bid Package

Documentation prepared and distributed by the Town in the solicitation of bids.

Business

Any corporation, partnership, individual, sole proprietorship, joint stock company, joint venture or any other private legal entity.

Capital Improvement

A fixed public improvement, including, but not limited to: streets, alleys, sidewalks, water or wastewater facilities, flood control facilities, traffic control devices, street lighting, parks, public structures, and landscaping.

Change Order

A written order signed by the Town Manager or designee, directing the contractor to make changes, or changing non-contractual information on the Town's purchasing system (i.e., account number, budgeted amount, etc.)

Town

The Town of Mead, Colorado, a municipal corporation with a primary business location of 441 3rd Street, Mead, CO 80542.

Town Board

The legislative and governing body of the Town.

Town Manager

The chief administrative officer of the Town.

Confidential Information

Any information which is available to an employee only because of the employee's status as an employee of the Town and is not a matter of public knowledge or available to the public on request.

Construction

The process of building, altering, repairing, improving, or demolishing any public structure or building, or other public improvements of any kind to any public real property.

Consulting Services

Services provided by individuals possessing specialized educational qualifications, practical expertise or professional certification, including without limitation to architects, engineers, legal counsel, planners, accountants, and actuaries, where the final product is predominantly oral or written advice or information.

Contract

All types of Town agreements, regardless of what they may be called, for the procurement or disposal of supplies, services, or construction. The term shall not include intergovernmental agreements or any interest in real property by the Town or another governmental body.

Contract Modification

Any written alteration in specifications, delivery point, rate of delivery, period of performance, price, quantity, or other provisions of any contract accomplished by mutual action of the parties to the contract.

Cooperative Purchasing

Procurement conducted by, or on behalf of, more than one (1) governmental body.

Department Head

Department Heads include Town Engineer/Public Works Director, Planning Director, Town Treasurer/Finance Director, Town Clerk, Police Chief and any other head of a department as designated by the Town Manager.

Designee

A duly authorized representative of a person holding a superior position.

Governmental Body

Any department, division, commission, Board, board, bureau, committee, institution, legislative body, agency, government, corporation, or other establishment of this Town.

Invitation for Bids

All documents, whether attached or incorporated by reference, utilized for soliciting bids.

Managerial Contingency

The difference between total project budget and award of bid as approved by Town Board. Managerial Contingency must be approved by Board at the time the bid is awarded. Adequate funds must be available and are to be encumbered as managerial contingency on the Purchase Order.

Non-Capital Purchases

Services, supplies and non-tangible property.

Person

Any business, individual, union, committee, club, other organization, or group of individuals.

Procurement

The process through which the Town acquires goods and services for its own use.

Professional Services

Services of a specialized nature, including, but not limited to: architecture, engineering, legal, accounting, hiring screening process (drug testing, psych testing, etc.), equipment repair and maintenance, etc.

Purchase Description

The words used in a solicitation to describe the supplies, services, or construction to be purchased, and includes specification attached to, or made part of the solicitation.

Purchase Order

A request to purchase goods or services, typically provided to the vendor as a confirmation of the Town's commitment to purchase.

Purchasing Agent

Any person duly authorized to enter into and administer contracts and make written determinations with respect thereto. The term also includes an authorized representative acting within the limits of authority.

Purchasing

The process through which solicitations are issued, advertisements run, vendors selected, and goods or services received.

Regulation

A governmental body's statement, having general or particular applicability and future effect, designed to implement, interpret, or prescribe law or policy, or describing organization, procedure, or practice requirements.

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 Information (RFI) as a preliminary step to the RFP process in an attempt to gather information and pre-qualify prospective bidders.

Services

The furnishing of labor, time, or effort by a contractor not involving the delivery of specific end product other than reports which are merely incidental to the required performance, or repairs to an existing product.

Specification

Any description of the physical or functional characteristics, or the nature of a supply, service, or construction item. It may include a description of any requirement for inspection, testing, or preparing a supply, service, or construction item for delivery.

Supplier

Any person having or soliciting a contract, professional service agreement, purchase order arrangement or any other agreement to provide goods or services with a governmental body. Interchangeable with "contractor."

Supplies

Tangible property that is typically used or consumed within a year. Examples include: pens, paper, staples, fertilizer, chemicals, repair parts, etc.

Tangible Property

Personal property and materials, including without limitation supplies, equipment, parts, printing and consumable supplies, but not including insurance, real property leases, securities, or water rights.

ACKNOWLEDGEMENT OF RECEIPT

I have received a copy of the Town of Mead's purchasing policy and I understand that I am required to review and comply with its requirements. This policy supersedes all prior practices as well as any oral or written representations or statements. The need may arise to change the requirements described in this Purchasing Policy and the Town of Mead therefore reserves the right to interpret the policy or to change any requirements without prior notice.

By signing this acknowledgment, I confirm that I understand and will comply with the requirements of the Town of Mead's Purchasing Policy, including not exceeding my approved authorization amount.

Employee Signature

Date

Employee Printed Name

Employee Title

Authorization Amount