



ADMINISTRATIVE REGULATION (AR)

Procurement Regulation (City AR-00001) FESSEM 4B.1

Effective: 07/01/16

I. SCOPE:

This Administrative Regulation applies to all (LFRA) divisions and all LFRA employees including full-time, part-time, temporary, and seasonal hires.

II. PURPOSE:

This Administrative Regulation ensures that all LFRA employees are complying with LFRA Resolution #054 Section 6.a. This Administrative Regulation supersedes and replaces any previous version of this Administrative Regulation.

III. DEFINITIONS:

- **BPC** refers to Blanket Purchase Contract (now referred to as Indefinite Delivery Contract)
- **City Code** refers to City of Loveland Municipal Code
- **CRT** refers to Concept Review Team (Planning Division)
- **DRT** refers to Design Review Team (Planning Division)
- **ECA** refers to Environmental Compliance Administrator (Risk Management Division)
- **EOC** refers to Emergency Operations Center
- **FTA** refers to Federal Transit Authority
- **IDC** refers to Indefinite Delivery Contract
- **ITB** refers to Invitation to Bid
- **L.M.C.** refers to Loveland Municipal Code
- **LUC** refers to Loveland Utilities Commission
- **SDS** refers to Safety Data Sheets
- **NIGP** refers to National Institute of Governmental Purchasing
- **PO** refers to Purchase Order
- **RFP** refers to Request for Proposal
- **RFQ** refers to Request for Quotation
- **SOQ** refers to Statement of Qualifications

Other acronyms and terms are defined within the regulation.

IV. POLICY:

This Procurement Administrative Regulation is hereby adopted as the procurement procedure for LFRA in accordance with LFRA Resolution #054 Section 6.a. See section VII for the Policy and Procedure in more detail.

Basis For Mandate:

- LFRA Resolution # 054

V. OTHER RELATED REGULATIONS & PROCEDURES:

LFRA Resolution
#054 Section 6.a

Petty Cash Handling

Effective:
01/01/2016



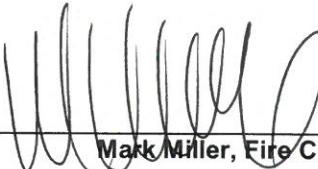
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LFRA Resolution #054 Section 6.a	Conduct, Performance and Discipline	Effective: 01/01/2016
LFRA Resolution #054 Section 6.a	Meals, Food and Entertainment	Effective: 01/01/2016
LFRA Resolution #054 Section 6.a	Employee Incentives, Rewards and Recognition	Effective: 01/01/2016
LFRA Resolution #054 Section 6.a	Procurement	
LFRA Resolution #054 Section 6.a	Prohibited Gifts	
-	Travel, Conference & Training Expense Policy	
-	Purchasing Card Usage Policy	
-	Procedure Manuals for Finance Software System	

VI. FIRE CHIEF SIGNATURE:



Mark Miller, Fire Chief



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A. INTRODUCTION

LFRA Procurement Regulations are promulgated in accordance with LFRA Resolution #054 Section 6.a. These Regulations establish LFRA's procurement procedures consistent with the purposes of LFRA Resolution #054 Section 6.a, which are to maximize the purchasing value of public funds, foster effective competition within the free enterprise system, and provide safeguards for maintaining a procurement system of quality and integrity. These Regulations apply to all procurements of services and supplies necessary for LFRA operations except: legal services; litigation services; fine art; artistic, musical, and dramatic performances; employment contracts; intergovernmental agreements; and purchases or leases of any interest in real property.

LFRA uses both a centralized and decentralized procurement system. The centralized system is used by program managers to procure common inventory items stored in the city warehouse, items such as copy paper, shop towels, gloves, etc. LFRA warehouse is used by program managers for common fire related items such as foam, small tools and other commodities used by multiple programs. The decentralized system is used by individual LFRA programs to procure services and supplies not available in the warehouse that are necessary for that program's operations.

B. PROCUREMENT RESPONSIBILITY AND ETHICS

Procurement Responsibility

Individual LFRA program managers are responsible for procuring most services and supplies necessary for their particular operations. Each individual assigned this task must read and follow these Regulations. Questions regarding these Regulations, applicable provisions of LFRA Resolution #054 Section 6.a, or the procurement process for services and supplies should be directed to the divisions or offices listed below based on the issue:

LFRA Purchasing Administrator

- Determine which procurement method applies to the purchase.
- Determine what procedure must be followed for the particular procurement method.
- Obtain procurement and payment forms.
- Post an ITB, RFP, RFQ, and SOQ on Rocky Mountain E-Purchasing.
- Schedule and attend bid/proposal opening.
- Assure compliance with procurement laws, ordinances, and regulations.
- Comply with public record requests for procurement records.
- Maintain a signature authority list and ensure that the person signing a contract has authority to do so.

Accounting

- Processing payment requests.
- Administering purchasing cards.
- Track capital project finances for project managers.



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City Warehouse

- Employees requisition stock, and City Warehouse fills request
- Schedule delivery.
- Return inventory.
- Sell or buy surplus or obsolete supplies.

LFRA Warehouse

- Employees requisition stock, and LFRA Warehouse fills request.
- Schedule delivery.
- Return inventory.
- Sell or buy surplus or obsolete supplies.

LFRA Attorney

- Interpret procurement laws, ordinances, and regulations.
- Assure compliance with procurement laws, ordinances, and regulations.
- Advise on public record requests.
- Assist in the negotiation of contract terms
- Interpret contract terms when a dispute arises.
- Work with LFRA to resolve disputes with contractors and suppliers.

Risk Management

- Interpret and negotiate insurance requirements.
- Assure that vendors comply with insurance requirements for contracts with LFRA.
- When potential environmental issues are identified, advise to ensure that issues are adequately addressed
- Advise on compliance with environmental laws and regulations.
- Advise on compliance with safety laws and regulations.

Procurement Ethics

All employees purchasing on behalf of LFRA must behave in an ethical manner and should follow the standards for ethical procurement established by the National Institute of Governmental Purchasing ("NIGP"). <http://www.nigp.org/eweb/docs/Practices/Ethical.pdf>. Generally speaking, this means:

- Do not engage in the "meet or beat" game with contractors and suppliers.
- Offer equal assistance to all contractors and suppliers.
- When requested, make purchasing records available to the public to the extent required by the Colorado Open Records Act, C.R.S. § 24-72-201 et seq. Any request for procurement records should be directed to the Purchasing Administrator.
- The criteria for contract award must be stated in the ITB, RFP, or RFQ document. Once set, the criteria cannot be modified without informing all bidders.
- The applicable method must be used to procure services and supplies; services and supplies cannot be sole sourced absent a documented determination that the sole source procurement is in compliance with LFRA Resolution #054 Section 6.a.



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- LFRA does not favor certain contractors or suppliers over others; LFRA cannot use a contractor or supplier simply because the contractor or supplier is locally-owned or LFRA has used that contractor or supplier in the past. LFRA must use a competitive procurement process, not one based on favoritism or personal likes or dislikes.
- Employees cannot use LFRA discount schedules when purchasing services or supplies for individual (non-LFRA) use, unless the discount is permitted under LFRA Resolution #054 Section 6.a regarding prohibited gifts to LFRA officials which includes employees.

Conflicts of Interest

An employee may not take any official action concerning any matter as to which that employee has a conflict of interest. An employee has a conflict of interest if that employee (or his or her parent, spouse, or child) would receive any pecuniary (financial), property, or commercial benefit relating to the matter. Any employee with a conflict of interest must disclose the conflict to his or her supervisor as soon as possible and may not be involved in the procurement concerning the matter. In addition, an employee (or his or her parent, spouse, or child) may not have an interest in any LFRA contract, unless the contract is awarded to the lowest responsible bidder after competitive bidding (via RFQ, RFP, or ITB). An employee who is unsure as to whether there may be a conflict of interest for the purposes of taking official action in any matter, or who is unsure as to whether a parent, spouse, or child may bid on a particular LFRA contract, should contact his or her supervisor and the LFRA Attorney.

C. PURCHASING AUTHORITY

Contracts (City Code 3.12.060A)

All contracts of \$499,999 or less may be approved by the Fire Chief or his designee. All contracts of \$500,000 or more must be submitted to the LFRA Board for approval.

Change Orders

Any change order that causes a contract to equal or exceed \$500,000 and which, when combined with all previous change orders, equals or exceed 20% of the original contract amount must be submitted to the LFRA Board for approval. All other change orders may be approved by the Fire Chief or his designee.

Please note: the designee signing the change order must have authority to sign for the TOTAL amount of the contract (i.e., the total of the original contract amount PLUS change order), not just the amount of the change order, except when additional authority is designated by the Fire Chief (see "CONSTRUCTION PROJECTS \$30,000+" below for details).

D. PROCUREMENT METHODS

There are several methods of procuring services and supplies. Which method to use largely depends on the cost of the services and supplies sought. The following chart is a general overview of LFRA's procurement methods:



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Cost of Services/Supplies:	Procurement Method to Use:
\$1 – \$4,999	No bidding required, but cost-conscious practices must be applied. See "Payment Methods–Ordering & Paying for Services & Supplies"
\$5,000 – \$9,999	At least 3 Verbal quotes
\$10,000 – \$29,999	At least 3 Written quotes
\$30,000+	Competitive sealed bid or competitive sealed proposal

Verbal Quotes (\$5,000 – \$9,999)

When soliciting verbal quotes, you must do the following:

- Solicit (over the phone or in writing) informal quotes from **at least** three qualified contractors or suppliers.
- Document all responses, including the offeror's name, price, and any other information you feel would be helpful to you in making your decision. If you do not receive an offer after solicitation, include that information in the documentation. If the remaining two quotes do not seem competitive, solicit from at least one more vendor.
- Award the contract to the lowest responsible offeror, unless the Fire Chief or his or her designee, determines in writing that LFRA's interests will be better served by accepting a higher quote.
- Document the quotes and attach to the Finance Software System requisition (if creating a purchase order).
- If not creating a purchase order keep all documentation in accordance with LFRA's records retention policy (six years plus current after the last purchase is made under the award).
- Begin the routing process for execution of a contract before services are provided or supplies sent.

Written Quotes (\$10,000 - \$29,999)

When soliciting written quotes, you must do the following:

- Draft a request for quotes ("RFQ"). The RFQ must include a description of the subject of the quote (*i.e.*, services or supplies sought), specifications if applicable, and contractual terms and conditions applicable to the procurement, including the date and time by which quotes must be received how the quotes can be transmitted to LFRA (fax, email, mail, etc.), and sample contract if applicable.
- Issue the written RFQ to at least three qualified contractors or suppliers.
- Receive written quotes on or before the date by which quotes must be received. Instruct offerors to direct quotes to LFRA, do not accept quotes after date and time set forth in the RFQ.
- Privately open and evaluate the quotes based on the criteria set forth in the RFQ.
- Award the contract to the lowest responsive, responsible offeror whose quote meets the requirements and criteria set forth in the RFQ, unless the Fire Chief, or his or her



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designee, determines in writing that the Loveland Fire Rescue Authority's interests will be better served by accepting a higher quote.

- If creating a purchase order, attach all quotes to the requisition in the Finance Software System.
- If not creating a purchase order, you must keep a copy of all documentation in accordance with LFRA's records retention policy (six years plus current after the last purchase is made under the award).
- Execute a contract with the vendor prior to services being provided or supplies sent.

Competitive Sealed Bids and Competitive Sealed Proposals (\$30,000+)

When procuring services or supplies estimated to cost \$30,000 or more, the competitive sealed bid or competitive sealed proposal process should be used. Which process to use depends on the nature of the procurement. Generally speaking, if the exact nature of the services or supplies is known, the competitive sealed bid process should be used. For example, when procuring construction services and the scope of those services and roughly what is required is known, then the competitive sealed bid process should be used. However, if there are unknowns, the competitive sealed proposal process should be used. For example, when procuring technical equipment necessary for an LFRA process, but it is unknown the exact nature or configuration of what that equipment might be (or there is more than one design or configuration available to do the job), then the competitive sealed proposal process should be used. The following chart illustrates the general differences between bids and proposals:

Competitive Sealed Bids:	Competitive Sealed Proposals:
Type of services/supplies and quantities (rough) are known.	Nature of services/supplies known, but exact type and/or quantities are unknown.
Bids due at set time/date; bidder's name, price, and other information are read and are available to the public at public bid opening – other information is available to the public after contract award.	Proposals due at set time/date; offeror's name (only) is read at public proposal opening – other information is not available to the public until after contract award.
Contract awarded to lowest responsible bidder.	Contract awarded to the responsible offeror whose proposal is determined to be the most advantageous to LFRA.
Negotiations are prohibited.	Negotiations are permitted to allow for further tailoring of the chosen proposal to the LFRA needs.

If you are unsure about which process to use, please contact the Purchasing Administrator for assistance.

Competitive Sealed Bids

When using the competitive sealed bid process, the following must be done:

- Draft an invitation to bid ("ITB"). The ITB must include all specifications and contractual



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terms and conditions applicable to the procurement (*i.e.*, Instructions to Bidders, General Conditions, Special Conditions, Technical Conditions, bid form, and form contract and bonds, if required). Use the applicable LFRA standard forms located on the LFRA forms drive or intranet.

- Use the appropriate bid checklist (general bid or capital construction) to ensure that all steps in the process are being followed.
- Send to LFRA Attorney and Purchasing Administrator for approval.
- Coordinate with the Purchasing Administrator to schedule a date for the bid opening. Bid openings are generally held on Thursdays at 2:00 p.m.
- No less than fourteen calendar days prior to the date set for bid opening or pre-bid meeting, if applicable, publish a notice of the ITB in the Loveland Reporter-Herald (and any other publications designed to provide adequate notice, if desired). In order to provide notice as required herein, fill out a notice form and send it to the City Clerk's Office no later than seven days before the date of advertisement. The notice must include the subject of the bid, the place, date, and time of the pre-bid meeting (if any) and whether or not the meeting is mandatory, and the place, date, and time of bid opening. The notice may also include other information that may be important to secure qualified bids.
- Send the ITB to the Purchasing Division for posting on Rocky Mountain E-Purchasing. A list of potential bidders to receive the ITB may be included. Those bidders will be mailed an invitation to check the Rocky Mountain E-Purchasing website and to register with Rocky Mountain E-Purchasing if they haven't already done so. Once distributed, the ITB can be clarified, modified, or changed by written addenda only. Addenda must be distributed to all potential bidders via Rocky Mountain E-Purchasing. LFRA cannot issue verbal clarifications, modifications, or changes to the ITB. Communication with potential offerors should be limited to the pre-proposal meeting. Any prebid information provided outside of the pre-proposal meeting shall be shared with all other potential offerors to avoid any potential unfair advantage to one over another. This information shall be shared with the potential offerors by email or by posting on Rocky Mountain E-Purchasing.
- If applicable, hold the pre-bid meeting. The meeting must be held no less than seven calendar days prior to the date set for bid opening. If the meeting is mandatory, bidders who fail to appear cannot be considered responsive bidders, and their bids must be rejected.
- Receive bids through the City Clerk's Office on or before the date and time set for bid opening.
- On the date and time set for bid opening, the Purchasing Administrator will publicly open the bids and record each bidder's name and the amount of each bid.
- Evaluate the bids for responsiveness of the bid and responsibility of the bidder based on the requirements set forth in the ITB.
- If the contract award is \$499,999 or lower LFRA may award the contract to the lowest responsive, responsible bidder whose bid meets the requirements and criteria set forth in the ITB. If the Fire Chief believes that LFRA's interests will be better served by



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accepting a higher bid, he/she may decide to accept the higher bid, provided that decision, and the justification for the decision, is set forth in writing and forwarded to the Purchasing Administrator for retention according to LFRA's retention policy.

- If the contract award is greater than \$500,000 it must be submitted for approval to the LFRA Board.
- Contract and award amount shall be bid amount only, no contingency or force account added to the contract amount. All change orders above the base amount will be routed through LFRA's change order process.
- The Purchasing Administrator must keep a copy of all bids received and any other associated writings in accordance with LFRA's records retention policy. Once the contract has been executed, all bids and other writings must be returned to the Purchasing Administrator.

The Purchasing Division will keep a copy of all bids received in accordance with LFRA's records retention policy.

Competitive Sealed Bids for Indefinite Delivery Contracts for Construction

- Construction services of a similar nature may be bid as an Indefinite Delivery Contract (IDC). Samples for construction IDC used in the past are such as boring, low voltage electrical work, installation of emergency flasher signs. IDC Invitation to Bid must contain specific line item prices with estimated quantities for construction services to be provided. IDC Invitation to Bid must indicate that the resulting contract and bonds will be set at a "not to exceed" amount based on the average expenditure for such services during the past three years (if available).
- Because LFRA establishes the "not to exceed" number prior to issuing a IDC Invitation to Bid, bids received in response to a IDC Invitation to Bid must be evaluated under a sample project, which may or may not be set forth in the IDC Invitation to Bid, or by using actual invoices from projects completed in the past 12-24 months. The sample project should use as many different services as possible and based on a project (or projects) completed in the past 24 months or to be completed in the next 12 months in order to give the most accurate information to determine the lowest responsible bidder.
- The Invitation to Bid must also state that there is no minimum quantity guaranteed by LFRA and that LFRA reserves the right to bid large single projects if in their best interest.

Competitive Sealed Bids for Indefinite Delivery Supply or Services (trades) Contracts

Contracts for supplies and services (trades like plumbing, painting, etc.) used repetitively throughout the year may be bid with an Indefinite Delivery Contract (IDC) Invitation to Bid (ITB) or Request for Proposal (RFP).

- ITB or RFP must define and request pricing on as many unit prices as can be identified to be billed under the contract
- Indefinite Delivery Contracts resulting from RFPs or ITBs may not be used for projects over \$30,000 unless specified in the RFP or ITB. Projects may not be broken into smaller work orders to work around this requirement.



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- IDC ITB or RFP must indicate that the resulting contract will be set at a "not to exceed" amount based on the average expenditure for such supplies or services used during the past three years (if available). The ITB or RFP must also state that there is no minimum quantity guaranteed by LFRA.
- Because LFRA establishes the "not to exceed" number prior to issuing an IDC ITB or RFP, bids received in response to an IDC ITB or RFP must be evaluated under a comprehensive sampling of items used or projects completed in the past 24 months.

Competitive Sealed Proposals (also known as Request for Proposals)

When using the competitive sealed proposal process, the following is the appropriate process *:

- Draft a request for proposals ("RFP"). The RFP must include all specifications and contractual terms and conditions applicable to the procurement.
- Use the appropriate bid checklist (general bid or capital construction) to ensure that all steps in the process are being followed.
- Include the evaluation criteria or requirements upon which the proposals will be evaluated.
- Send RFP to LFRA Attorney and Purchasing Administrator for approval.
- Determine if offerers will be pre-qualified. Draft a letter outlining the RFP and requesting that interested parties submit a written statement of qualifications ("SOQ") by a set date and time.
- Coordinate with the Purchasing Administrator to schedule a date for the proposal opening. If you've decided to pre-qualify offerors, schedule a date and time for SOQ opening.
- No less than 14 calendar days prior to the date set for proposal opening or pre-proposal meeting, if applicable, publish a notice of the RFP (or requests for SOQs) in the Loveland Reporter-Herald (and any other publications designed to provide adequate notice, if desired). In order to provide notice as required herein, fill out a notice form and send it to the City Clerk's Office no later than three days before the date of advertisement.
 - If advertising for an RFP, the notice must include the subject of the proposal, the place, date, and time of the pre-proposal meeting (if any) and whether or not the meeting is mandatory, and the place, date, and time of proposal opening. The notice may also include other information you feel is important to secure qualified proposals.
 - If advertising a request for SOQs, the notice must include the subject of the proposal and the place, date, and time of SOQ opening. The notice may also include other information you feel is important to secure SOQs from qualified offerors.
- If pre-qualifying offerors, publicly open the SOQs on the date and time set for SOQ opening and record the name of each potential offeror. Select those potential offerors who are most qualified to perform the necessary services or provide the needed supplies. The RFP may only be distributed to those potential offerors whom have been



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pre-qualified.

- Distribute the RFP. Send the RFP in electronic form to the Purchasing Administrator for publication on Rocky Mountain E-Purchasing. A list of potential offerors who should receive the RFP may be included. Those offerors will be mailed an invitation to check the Rocky Mountain E-Purchasing website and to register with Rocky Mountain E-Purchasing if they haven't already done so. Once distributed, the RFP may be clarified, modified, or changed by written addenda only. All addenda must be posted on Rocky Mountain E-Purchasing. Addenda must be distributed to all potential bidders via Rocky Mountain E-Purchasing. LFRA cannot issue verbal clarifications, modifications, or changes to the RFP. Other than during the pre-proposal meeting, limit conversations with potential bidders to avoid improper disclosures that could provide an offeror with an unfair advantage and to avoid the perception of preferential treatment of an offeror. .
- If applicable, hold the pre-proposal meeting. The meeting must be held no less than 7 calendar days prior to the date set for proposal opening. If the meeting is mandatory, offerors who fail to appear cannot be considered responsive offerors, and their proposals must be rejected.
- Receive proposals through the City Clerk's Office on or before the date and time set for proposal opening.
- On the date and time set for proposal opening, the Purchasing Administrator will publicly open the proposals and record each offeror's name.
- Evaluate the proposals based on the requirements set forth in the RFP. Rank the proposals from the most to least qualified. Document the ranking or evaluation criteria. If the contract will be for over \$500,000, have at least two or three persons evaluate the proposals together as a committee.
- If it would assist in the decision, interview the offerors to clarify and ensure the offerors' full understanding of RFP requirements and LFRA's full understanding of the offerors' proposals. Offerors must be treated equally with respect to opportunities for discussion and revision of proposals. Offerors may be permitted to revise their proposals after proposal opening and prior to contract award in order to reflect clarifications in the proposal's scope of work or contract amount. When conducting interviews, do not disclose any information received in proposals submitted by competing offerors or where a particular offeror ranks in terms of most to least qualified.
- If the contract award is \$499,999 or lower LFRA may award the contract to the lowest responsive, responsible offeror whose proposal best meets the requirements and criteria set forth in the RFP. Price may be only one factor in the evaluation of the proposals.
- If the contract award is greater than \$500,000 it must be submitted for approval to the LFRA Board.
- Contract and award amount shall be bid amount only, no contingency or force account added to the contract amount.
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The Purchasing Division will keep a copy of all proposals received and any other project related writings in accordance with LFRA's records retention policy.

*Please note that SOQ's and RFPs for professional or technical services do not need to be posted on Rocky Mountain E-Purchasing or made available to all potential offerors. See the section on "Professional, Technical, and Incidental Services," below.

Design-Build Contracts

For certain types of projects, it may be more efficient in terms of time and/or cost to pursue a design-build contract. These are most effective where requirements are not prescriptive. The following must be completed **in addition** to the regular competitive sealed proposals process:

- Determine whether this will be a one or two-step RFP. A two-step process includes identifying the most qualified bidders, soliciting general designs options in the first phase, and having specific technical specifications;
- Include design requirements in the RFP;
- Solicit proposal development documents (drawings and other design-related documents that are sufficient to fix and describe the size and character of a design-build project as to architectural, structural, mechanical, and electrical systems and materials and such other elements as may be appropriate) through the RFP. If two steps, identify the percentage of design that should be completed for first submission;
- Include in the RFP a statement regarding the relative importance of the following evaluation criteria: (1) demonstrated compliance with design requirements; (2) offeror qualifications; (3) financial capability; (4) project schedule; (5) price; and (6) other factors, if any.
- If two-step, after receiving proposals, use the evaluation criteria to select the top three offerors. The top three would be solicited to submit final design and construction bid proposals. The second RFP should include the sample contract.
- Proposals should be reviewed and evaluated with a team that includes individuals knowledgeable in the project and with necessary technical expertise. The technical review and scoring should occur before sharing with financial/price proposals.

Sole Source Procurements

A sole source purchase is justified if one of the following criteria applies:

- There is only one source of the services or supplies;
- There is only one manufacturer of the supplies;
- There is only one factory-authorized supplier in Colorado;
- A particular service or supply is required to maintain interchangeability or compatibility as part of an existing integrated system;
- A particular service or supply is required in order to standardize or maintain standardization for the purpose of reducing financial investment or simplifying administration; or
- A particular service or supply is required to match materials in use so as to produce visual harmony.



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If it is determined that a sole source procurement is justified, a Sole Source Procurement Form must be completed and signed by the appropriate person prior to making the sole source procurement. The form should be placed in the contract file, and a copy should be attached to the requisition entered into the Finance Software System. A Sole source form must be created for each purchase; it cannot be assumed the sole source still exists for like purchase at a later date. If there is only one factory authorized distributor in this region for the sole source item(s), proof of that in the form of a letter, email, or clip from the manufacturer's website must be attached to the sole source justification form. This proof of sole distributorship must be updated no less frequently than one time every 12 months for ongoing purchases. For Original Equipment Manufacturers, a sole source form should be completed once every 12 months. Sole source procurements of \$30,000 or more must be approved by the Fire Chief or his designee. Sole source procurements up to \$29,999 may be approved by the Division Chief or his designee. If funds have not been appropriated, the sole source procurement must be approved by the LFRA Board.

Emergency Procurements (City Code 3.12.070D)

An emergency procurement is justified when a threat to public health, welfare, or safety exists. Circumstances justifying an emergency procurement include natural disasters (e.g., landslides, earthquakes, fires, floods, and epidemics) and man-made ones (e.g., wars, riots, and terrorist acts), and critical equipment or infrastructure failure as designated by the Incident Commander. Under such circumstances, the required procurement processes discussed above need not be followed. If it is determined that an emergency procurement is justified, the appropriate individual of circumstances must be notified (above \$30,000-Fire Chief, \$29,999 and less Division Chief) as soon as is practical, complete an Emergency Procurement Form within a reasonable time after making the procurement, attach the form to the contract and requisition entered into the Finance Software System and place it in the contract file. Emergency procurements must be approved by the Fire Chief or his designee. If the funds have not been appropriated, LFRA Board must be advised of the emergency procurement at the next regular LFRA Board meeting and request that the necessary funds be appropriated, if required.

Please note: If the Emergency Operations Center ("EOC") is open as the command center during an emergency, the Fire Chief may suspend application of this chapter.

If time allows, a modified bidding/quoting process shall be followed. At least three (3) viable suppliers or contractors are contacted and given materials lists or construction specifications (although these may be somewhat primitive). It may be helpful to meet the contractors at the job site to help fill in specifications visually where none exist as drawings. The time between supplying the requirements to suppliers or contractors and the time due back to LFRA may be modified to 2-5 days instead of 14 as described above. There would be no need for an ad to appear in the newspaper or the document to be published on Rocky Mountain E-Purchasing.



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Appropriate Federal, State and local requirements must be followed when making purchases within the following categories to ensure reimbursement. All federal purchasing requirements must be followed, i.e.; \$3,000 threshold for receiving quotes as outlined in 44CFR.

Public Assistance Project Categories	
A	Debris Removal
B	Emergency Protective Measures
C	Roads and bridges
D	Water control facilities
E	Public buildings and contents
F	Public utilities
G	Parks, recreational, and other facilities

Construction Manager at Risk (CMAR) Construction

An alternative method for procuring capital construction projects could be CMAR. In this process, the construction manager (CM) acts as an advisor during pre-construction, offering schedule, budget, and constructability advice. CM develops cost estimates at the various stages of design. CM assumes the risk to deliver the project on time and within a fixed budget. This method would be best where the technical specifications are not fixed or where there is some flexibility in the design or approach to the project. The LFRA project manager manages the overall process. If using CMAR, LFRA will issue a Request for Proposals to select the CM, which will clearly indicate that any work to be performed by subcontractors will be competitively procured. Any work that the CM plans to perform will be identified in its proposal. The project manager may utilize a third party estimator to validate the pricing of any work that is not competitively procured.

Professional, Technical, and Incidental Services

When procuring professional, technical, or incidental services, contracts may be negotiated on the basis of demonstrated competence and qualifications; the procurement methods set forth above need not be used. However, it is a good practice to solicit proposals from professional and technical consultants using the competitive sealed proposal process to determine what consultants are available, their qualifications, and relative cost, when such proposals would be in the Loveland Fire Rescue Authority's best interests. Please note that RFPs for professional or technical services are not subject to the notice and Rocky Mountain E-Purchasing requirements applicable to other types of RFPs. In other words, RFPs for professional or technical services may be sent to select consultants on the consultant's experience, qualifications, etc.

Definitions for "professional or technical services" and "incidental services" are set forth in LFRA Resolution #054.

E. PROCUREMENT CONTRACTS



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Once a contractor has been selected, a contract must be drafted for signature by the contractor and the LFRA. The following is a checklist for creating and processing procurement contracts:

- Select the appropriate contract template from the LFRA intranet site or use the contract document included in the ITB or RFP and enter the requested information after each prompt. Save the contract to the computer. Proofread the contract carefully to be sure that there aren't any substantive, spelling, or formatting errors. Don't forget to add special conditions, construction drawings, or exhibits as called for in the contract.
- Print and deliver two originals of the contract (including all attachments and exhibits) or email to the contractor for signature and notary. Ask the contractor to return both originals along with a certificate of insurance and two original bonds (if required). If the contractor is not listed as a vendor in the finance software system, ask the contractor to return a W-9 form along with the required documents. Please note: the Loveland Fire Rescue Authorities standard insurance requirements may be reduced or waived by LFRA following consultation with the Risk Manager. If insurance requirements are reduced or waived, please indicate the change in the Special Provisions section of the contract and make a note of that on the Procurement Contract Routing Form. Failure to do so may delay the contract.
- Receive two originals of the contract back from the contractor. Check to see that the contractor has signed and notarized both originals and that the certificate of insurance evidences all policies required by the contract. A sample certificate of insurance is attached to the end of these Regulations. If any signatures are missing from the contract, if the certificate of insurance is incomplete, or if the necessary exhibits have not been completed and attached, return the contract originals or the certificate of insurance, as applicable, to the contractor for completion.
- Staple a copy of the certificate of insurance to the end of both originals of the contract and print and fill out the Procurement Contract Routing Form. If the contract is equal to or over \$30,000, or federal or state money is being expended for the procurement, send the Procurement Contract Routing Form and both originals of the contract to the Purchasing Division. If the contract is for less than \$30,000, send both originals of the contract and the Contract Routing Form directly to the Risk Management Division.
- Attach a copy of the certificate of insurance to the end of both originals of the contract and print and fill out the Procurement Contract Routing Form. Additionally, if the contract is greater than \$5,000 and funded by any federal or state grant money the contract administrator must check to ensure the Contractor is not excluded from conducting business with the federal government. Complete instructions for this are on the LFRA intranet site, purchasing procedures. (<https://www.sam.gov/portal/public/SAM/>)
- Do not sign the contract yet. Forward completed contract, signed only by the contractor, and routing form to the Purchasing Administrator. Complete the project manager portion of the routing form before sending it.
- The Purchasing Administrator will review the contract to ensure that funds have been appropriated to cover the full contract amount and that bids or quotes were received,



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if required. The Purchasing Division will then forward the contract package to the Risk Management Division.

- The Risk Management Division will verify that the appropriate certificates of insurance are attached to the contract, then forward the contract package to the LFRA Attorney.
- The LFRA Attorney will review and approve the contract as to legal form, then forward the contract package to the Fire Chief or his designee.
- The Fire Chief or his designee will sign the contract and forward the contract package to the City Clerk for attestation.
- The City Clerk will retain and file one fully-executed original contract in the vault and return one original and the Contract Routing Form to the project manager.

The project manager will scan the contract to attach to a requisition in Finance Software System for execution of a purchase order, and return the original to the Contractor.

For most projects, the form contracts should meet most needs. However, if changes need to be made to a form contract for a particular project, contact the LFRA Attorney for approval of those changes.

Contract Changes, Amendments, or Renewals

- Use forms approved by the LFRA Attorney and available on the LFRA intranet page associated with the proper contract type to make changes to the contract. Amendments and Renewals must be routed as contracts are above.
- Construction contract change orders must be routed to the Purchasing Administrator, the Fire Chief or his designee, and City Clerk for attestation.
- When adding more money to be paid on a contract, the additional work for which the additional payment is being made should be clarified or explained in an amended Exhibit A.

Renewals should only be completed if the bid or quote stated the contract could be renewed and only for the period of time stated in the bid or quote.

F. DEALING WITH CONTRACTORS AND SUPPLIERS

Sales Calls

Contractor and supplier sales calls are by appointment only. Do not assume that coworkers have time to spend on unexpected sales visits. If a contractor or supplier representative has an appointment, during that meeting, asks to speak with employees in other LFRA divisions, ask the representative to make an appointment to speak with those employees.

Suspension

Under certain circumstances, LFRA may suspend a contractor or supplier from doing business with LFRA. Suspensions may be for a period as short as six months or as long as three years. Reasons for suspension include the following:

- Documented breach or default of any LFRA contract (including failing to meet construction or delivery schedules; supplying inferior, incorrect, or defective services



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or supplies; attempting to change prices, performance times, or other provisions without LFRA approval; offering gifts or other compensation in exchange for LFRA business; and failing to provide adequate assurances of financial ability to meet the terms of a contract – *i.e.*, unable to secure bonding or insurance).

- Any other cause the Fire Chief determines to be so serious and compelling as to affect the ability of the contractor or supplier to perform under a contract and/or to work effectively with LFRA.

If there is reason to suspend a particular contractor or supplier, inform a supervisor. The supervisor will work with the department director and the Fire Chief to make a final determination of suspension. If, after speaking with the contractor or supplier and consulting with the LFRA Attorney, the Fire Chief decides that suspension is warranted, the Fire Chief will provide the contractor or supplier written notice of the suspension. A copy of the notice will be delivered to the Purchasing Administrator, who will remove the contractor or supplier from LFRA vendor lists and notify all applicable LFRA divisions of the suspension.

Debarment

For more serious violations, LFRA may suspend a contractor or supplier from doing business with LFRA for an extended period of time. Such extended suspensions are known as "debarment." LFRA may debar a contractor for any number of years between three and ten. Reasons for debarment include the following:

- Criminal conviction relating to the contractor or supplier obtaining or attempting to obtain a public or private contract or subcontract.
- Criminal conviction relating to the performance of a public or private contract or subcontract.
- Criminal conviction under state or federal law of embezzlement, theft, forgery, bribery, falsification, or destruction of records, receiving stolen property, or any other offense indicating a lack of business integrity or business honesty which currently, seriously, and directly affects responsibility as a contractor or supplier.
- Criminal conviction under state or federal antitrust statutes arising out of the submission of bids or proposals.
- One or more suspensions by LFRA.
- Any other cause the Fire Chief determines to be so serious and compelling as to affect the person's or entity's responsibility as a potential LFRA contractor or supplier, including suspension or debarment by another governmental entity for cause.

If there is reason to debar a particular contractor or supplier, inform a supervisor. The supervisor will work with Fire Chief to make a final determination of debarment. If, after speaking with the contractor or supplier and consulting with the LFRA Attorney, the Fire Chief decides that debarment is warranted, the Fire Chief will provide the contractor or supplier written notice of the debarment, the reasons for the debarment, and the length of the debarment. A copy of the notice will be delivered to the Purchasing Administrator, who will remove the contractor or supplier from LFRA vendor lists and notify all applicable LFRA divisions of the debarment.



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G. OBTAINING WAREHOUSE STOCK

City Warehouse: The City Warehouse inventories various general supplies such as copy paper, shop towels, absorb-all, safety glasses, gloves, etc... City Warehouse inventory is for the use of LFRA employees engaged in LFRA-approved operations only. Occasionally, the warehouse receives requests from LFRA employees to buy or rent warehouse inventory. The warehouse cannot sell or give away inventory items; the City is not in the retail business. Likewise, the warehouse cannot loan inventory items; City departments and LFRA employees expect to receive new items through the city warehouse, not used items that have been borrowed and returned. Please note, however, that departments may loan their traffic cones, safety vests, etc. to individuals or entities conducting local events. This is an acceptable practice that is not prohibited by these regulations. The city warehouse is open from 7:00 a.m. to 3:30 p.m., Monday through Friday, excluding designated holidays. Scheduled delivery days are Tuesdays and Thursdays.

Electronic Requisition: To generate an electronic requisition, you must have access to Innoprise Financials. The process is detailed on the City's intranet under the Finance Department section. Select Innoprise, then go to Innoprise Manual/Stock Requisition. There you will find the step by step procedure to correctly complete and submit an electronic requisition. Once the requisition has been submitted, the City Warehouse staff will withdraw the items from inventory, issue to the designated account number, and deliver to the specified location on a scheduled delivery day. A copy of the issue ticket will accompany the order.

Returns/Exchanges: The City Warehouse staff makes every effort to ensure the accuracy of your order. However, occasionally errors do occur. In the event of an error, please contact the City Warehouse staff at 962-3362 for instructions on rectifying the problem. All returned/exchanged items must be in the original packaging and in the same condition as when issued. **LFRA Warehouse:** LFRA Warehouse inventories various common supplies such as foam, small tools and other items used by various program managers. LFRA Warehouse inventory is for the use of LFRA employees engaged in LFRA-approved operations only. To request inventory, the program manager will send an email to the Warehouse program manager detailing the requested items. The program manager is responsible for picking up the inventory from the warehouse.



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H. ORDERING AND PAYING FOR SERVICES AND SUPPLIES

Purchasing Cards

Loveland Fire Rescue Authority has instituted a purchasing card program. There are two types of Purchasing Cards: (a) Purchase Visa Cards; and (b) Sam's Club Discover Cards. The main purpose of purchasing cards is to simplify the requisitioning, purchasing, and payment process for small dollar transactions. The program is designed to enable employees to acquire items with relative ease while maintaining an appropriate approval and documentation process. Please remember that purchasing cards are simply a payment method; all applicable procurement methods must be followed.

Cardholder's Responsibilities

- Use your purchasing card in a responsible manner for business purposes only, in compliance with the City's policies as described in City Code Chapter 3.12 and these Regulations.
- For both types of purchasing cards, immediately report a lost or stolen purchasing card to the Purchasing Card Administrator (962-2308 or 962-2696) and your supervisor. If the Purchase Visa Card is lost after hours or on the weekend, call JP Morgan Chase at 1-800-270-7760. As a last resort, call the Visa national line: 1-800-VISA-911 (1-800-847-2911).
- Keep your purchasing card in a secure location accessible only to you and/or your supervisor.
- Do not loan your purchasing card to anyone or give the number to another employee.
- Adhere to any pre-approval procedures your department/division may have in place prior to proceeding with the purchase.
- Adhere to cardholder limits-single, monthly, and frequency. Purchases must not be split to circumvent purchasing limits.
- Perform the following:
 - Purchasing Visa Card – Reconcile the monthly statement and attach every receipt, sign the statement, obtain your division supervisor's signature verifying the approval of expenditures and file according to department procedures. In some departments, the purchasing card department liaison may be assigned these responsibilities, yet the cardholder will need to sign each receipt and submit to the liaison. Retain statements for three years.
 - Sam's Club Discover Card – Send the receipts to Accounts Payable. Sign the receipt (front, back, or attach a separate form) and obtain your division supervisor's signature verifying the approval of expenditures. Include the account number and a brief description of the purpose for the purchase. If food was purchased, a description including attendees is required.
- Handle any billing discrepancies and merchandise returns. This includes incorrect charges for merchandise and proper credit on your purchasing card when merchandise is returned.
- Inform vendors that Loveland Fire Rescue Authority is exempt from sales tax. The sales tax exempt number is printed on the card. The Purchasing Card Administrator



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can fax a copy the tax exempt certificate to the vendor, or a copy of the tax exempt certificate is available online for print out. Double check the receipt prior to signing to verify sales tax is not included in the total sales price. If sales tax is charged, resolve the issue at the point of sale.

- Refunds and exchanges must be credited directly back to your purchasing card account. Do not accept cash unless that is the only option offered by the vendor.
- For the Purchasing Visa Card only, review the website PaymentNet, add notes to purchases, and enter account codes, unless these duties are assigned to administrative staff.
- Do not establish an online account or a line of credit with a vendor by using your purchasing card without prior written approval from the Finance Director or his/her designee.
- Understand that statements may be audited and fully cooperate with the auditors.

Supervisor's Responsibilities

In addition to the responsibilities listed in the prior section as a cardholder, the following responsibilities apply to a supervisor.

- Ensure that subordinates comply with their responsibilities as cardholders.
- Review and approve cardholders' monthly statements and ensure that the statement is reviewed/signed by the cardholder and documentation for EVERY transaction is attached. (The City Manager's Executive Assistant will be responsible for reviewing the City Manager's and City Council's activity, and the City Manager will be responsible for reviewing Department Directors' activity.)
- Enforce purchasing card policies. Take appropriate action for any violations, up to and including card cancellation, and notify the department director and the Finance Director or his/her designee of the infraction for further action.
- Ensure that cardholders do not share cards or authorize others to use their cards.
- Notify the Purchasing Card Administrator when access to the Purchasing Visa Card website PaymentNet is unavailable, if there are operating problems, or if you have other concerns.
- Monitor the purchasing cards for unauthorized purchases by employees who are on administrative or medical leave.

Department Director's Responsibilities

In addition to the above responsibilities of cardholders and supervisors, a department director has the following additional responsibilities.

- Maintain a list of all cardholders, their limits on the card, and their supervisors' names. Periodically compare that information with the Purchasing Card Administrator.
- Ensure that all department employees are adequately trained and informed regarding purchasing card procedures.
- Monitor noncompliance within the department and discuss violations with the Finance Director or his/her designee. Coordinate with Human Resources for appropriate disciplinary action.



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Purchasing Card Administrator's Responsibilities

- Maintain a list of all cardholders, their limits on the card, and their supervisors' names.
- Train cardholders and supervisors.
- Ensure that any increase in spending limits is approved by the supervisor and department director. Changes in transaction limits – single, monthly, and frequency – require both supervisor and department director approval.
- Research and report possible purchasing card violations to the Internal Auditor.
- Communicate important information and messages to cardholders.
- Review this purchasing card policy and suggest changes as needed to the Internal Auditor.
- Periodically perform random audits to ensure that statements are reconciled against receipts. If any receipts are unavailable, ensure a Missing Receipt Form is attached to the statement. The audit ensures that all statements are signed by the cardholder and division supervisor. If the responsible supervisor is unavailable, a person at the next higher level may sign.

Audit Plan

The following is the audit plan regarding purchasing card compliance:

- The Purchasing Card Administrator and Internal Auditor will randomly select employees' statements and receipts to be sent by inter-office mail to Accounting for review. Any recommendations will be relayed to the employee. Any non-compliance issues identified during the audit will be reported to the employee's immediate supervisor and department director.
- Site visits may be performed by the Purchasing Card Administrator, Internal Auditor, or other designated Accounting personnel to discuss employee/division purchasing card procedures, review statements and receipts for compliance, and visit with the employee regarding any problems or concerns the employee may have.
- The Purchasing Card Administrator and Internal Auditor may request that supervisors pull statements/receipts, audit for compliance, and submit a statement of findings to the requestor.
- The Purchasing Card Administrator and Internal Auditor will review website transactions to spot sales tax, split transactions, and other infractions. The employee and/or supervisor will be contacted to correct or explain the item. These issues may be placed in an internal audit non-compliance report. Individuals showing a pattern of noncompliance are subject to retraining, revocation of the purchasing card, and/or disciplinary action.
- Audits are performed on a minimum 15% of cardholders annually.

Card Issuance

Purchasing cards are issued to Loveland Fire Rescue Authority employees and City Council members by the Purchasing Card Administrator at the request of the department director (or City Manager for City Council members), and usage may be audited, restricted, and/or



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rescinded at any time. All issued purchasing cards are logged on the Authorized Signature Listing with the employee's name, credit limits, and supervisor. To obtain a purchasing card, the cardholder must complete a Purchasing Card Application Form, which must be signed by the supervisor and department director. Before the purchasing card is issued, the applicant must attend a training session and sign a Cardholder Agreement Form. Purchasing cards will only be issued to those employees who have sufficient need in terms of frequency of making purchases to perform their job.

Card Limits

Each cardholder will be assigned a monthly credit limit, single transaction limit, and daily transaction limit. The purchasing card will be declined at the point of sale if any of these limits have been exceeded. Do not split a purchase to avoid the single transaction limit. If the purchase will exceed the single transaction limit, please discuss this with the supervisor and Purchasing Card Administrator before the purchase. The Purchasing Card Administrator can increase card limits indefinitely or for a specific period of time upon receipt of an email from the department director or an Account Maintenance Form approved by the supervisor and department director.

Cancellation

Cardholders who are leaving employment with the Loveland Fire Rescue Authority, either by resignation or termination, must turn in their purchasing cards prior to exiting the department. The supervisor must take appropriate action to ensure the cancellation of the card account. If an employee is transferring to another department, notify the Purchasing Card Administrator (962-2308). The new department director must authorize continued use of the card.

Unauthorized Purchases

The following is a listing of goods and services for which purchasing card use is prohibited:

- Cash advances through bank tellers, automated teller machines, or as an addition to a merchant purchase.
- Bank-issued prepaid cards for the purchases of goods and services.
- Items from adult-natured retail stores.
- Alcohol purchase except as approved by the City Manager.
- Gambling activities.
- Personal purchases and purchases not appropriate for Loveland Fire Rescue Authority use. An inadvertent personal purchase must be immediately reported to the Purchasing Card Administrator and cardholder supervisor. If possible the employee should request that the vendor move the transaction to the employee's personal account.
- Medical and health care services, such as physicals, hearing tests, massage therapists and chiropractors (these transactions have an impact on the City's IRS reporting).
- Rental or lease of land or buildings.
- Attorney services (these transactions have an impact on the City's IRS reporting).



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- Vehicle fuel for personal vehicles (see the Travel Policy regarding mileage rates and rental cars).
- Meals for travel.

If an employee purchases unauthorized items, reimbursement for said purchases is due once the error is realized or within five days of receiving the statement.

Usage

The purchasing card can be used at any merchant that accepts Visa, except as the City otherwise directs (please see "Unauthorized Purchases" above). It may be used for in-store purchases as well as phone, fax, mail, or Internet orders. Procedures are established to ensure consistent practices throughout the Loveland Fire Rescue Authority. Any deviations from these procedures must be reviewed by the Finance Director or his/her designee before implementation. Upon issuance of the purchasing card, the purchasing card needs to be activated by calling the toll-free number printed on the label on the front of the purchasing card and signed on the reverse side.

Tax Exemption

Purchases of tangible goods should not include sales tax. Exceptions may include lodging taxes and federal excise tax. The Loveland Fire Rescue Authority tax exempt number is imprinted on the front of the purchasing card. It is the cardholder's responsibility to ensure sales tax is not charged at the time of purchase.

Over the Counter Purchases

- The purchasing card may be used only by the assigned cardholder. No other person is authorized to use the card.
- When a purchase is made over the counter, the cardholder shall:
 - Give the purchasing card to the merchant and inform the merchant that the transaction is tax-exempt.
 - Ensure that the merchant immediately processes the purchasing card authorization with the bank.
 - Obtain a customer copy of the charge slip, sales receipt, or any other information related to the cardholder's purchase. The documentation should include a detailed, itemized receipt that includes quantity, price per item, etc. Restaurant receipts must include an itemization of the food and beverages purchased.
- The cardholder must keep a record of the transaction. The cardholder shall obtain all approvals required for inter-department purchases.

Telephone, Fax, and Internet Orders

- Telephone, fax, and Internet transactions to acquire goods must be described in sufficient detail so that the parties to the agreement have a clear understanding of



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what is being acquired. The cardholder must assure that a purchase order or contract is not required by either the supplier or the Loveland Fire Rescue Authority.

- The cardholder should clarify merchandise return policies and procedures prior to order placement.
- The cardholder should determine freight terms and freight payment.
- The cardholder must confirm that the merchant agrees to charge the purchasing card when shipment is made so that receipt of the merchandise may be certified on the billing statement. The order should not be placed without this assurance.
- The cardholder must provide the merchant with shipping and invoice/receipt information such as cardholder's name, cardholder's department, and Loveland Fire Rescue Authority and/or department number, street address, city, and state.
- A printed email/online confirmation can suffice for documentation of a purchase such as airfare and registrations.

Emergency Purchases

An emergency purchase or situation is defined as an immediate need necessary for the preservation of the public peace, health, and safety (see *City Code Chapter 3.12*). During an emergency, the established limits may be altered by the Purchasing Card Administrator without department or supervisor approval.

Documentation

- A record providing a description of the goods or services acquired with the purchasing card must be maintained for each transaction.
- The corresponding charge slips, sales receipts, packing lists, email/online confirmations or any other information related to the purchase must be attached to the billing statements. This documentation should detail each item purchased with individual prices, total price of purchase, vendor name, date, etc.
- Documentation must be retained and used to verify the cardholder's billing statement.

If a receipt is misplaced, lost, or not received, please follow these steps:

- Contact the vendor and request a copy of the detailed receipt.
- If you cannot obtain a copy of the receipt from the vendor, you may call JPMorgan Chase at 1-800-270-7760 and request a copy of the receipt. Additional fees for this service will be charged to your department. Please note: if your purchase total is under \$25.00, it may not be cost-effective to call.
- As a last resort, complete the Missing Receipt Form, obtain signatures from supervisors and department heads, and attach it to your purchasing card statement.

Invoice and Payment Procedures – Cardholder Procedures

The billing statement will be mailed to the individual cardholder, designated department liaison, or cardholder supervisor. The billing statement will itemize each transaction that was charged to the cardholder's account in the billing cycle. If a cardholder has no activity for a



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particular billing cycle, no statement will be generated for that cardholder. The cardholder or department liaison must perform the following:

- Review the billing statement for accuracy.
- Attach copies of sales receipts received at the time of purchase or credit documentation to the billing statement.
- Sign the billing statement certifying items were purchased or returned. In some departments, cardholders may be requested to sign each receipt and submit them to their supervisors. Cardholders signing individual receipts are not required to sign the actual statement.
- Provide a description and purpose of transaction on the PaymentNet website. Note: Restaurant charges must have a list of attendees on the receipt and the purpose of the meal purchase detailed on the PaymentNet notes.
- Assign accurate account codes/project numbers to each item on the PaymentNet website.
- Forward the billing statement to the approving supervisor with sales documentation.
- The cardholder should try to resolve returns, credits, or disputed items, in some cases with the assistance of the card service provider. The cardholder should try to reach a resolution with the merchant that provided the item. The cardholder has the ability to dispute items on PaymentNet, where JP Morgan Chase maintains a log of disputes and resolves issues with the merchant. At no time does JP Morgan Chase assist in disputing sales tax charges. Sales tax charges should be resolved between the cardholder and merchant at the time of purchase.
- If a cardholder does not receive a statement for the month and transactions were charged to the purchasing card, contact the Purchasing Card Administrator (962-2308).

Invoice and Payment Procedures – Supervisor Procedures

Supervisors, because of their knowledge of the job responsibilities of cardholders, are required to:

- Contact the cardholder in the event a billing statement is not received within the specified timeframe and require the billing statement to be furnished immediately.
- Review each cardholder's purchases and statements.
- Determine if items purchased were authorized items. It is the supervisor's responsibility to resolve any outstanding issues or questions regarding cardholder purchases. If the supervisor is not satisfied that the purchase was necessary, and for official city business use, then the cardholder must provide a credit voucher proving items(s) have been returned for credit, a personal reimbursement for the full amount of that purchase has been deposited at the City Clerk's office, or, if a Payroll Deduction Authorization Form was signed during initial training, the amount will be withheld from the employee's paycheck.



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- Verify the cardholder's signature approval of purchases on the statement or, for some departments, on the individual receipts.
- Sign the statement. Again, in some departments, the cardholder and supervisor will be signing every receipt instead of signing the statement. The department liaison will have the statements.
- Maintain the statements with all attachments in accordance with the Loveland Fire Rescue Authority records retention schedule. Statements and attachments that may be discarded according to the schedule must be shredded; they may not be recycled or thrown away. The Accounting Division will assist in this process.
- The department normally has ten working days from the end of the billing cycle to approve charges for its cardholders and to edit the accounting codes assigned to each purchase before the charges are transferred from the PaymentNet website to the iSeries. After ten working days, accounting entries are made to allocate the charges for the purchases made during the cycle. Any changes to account codes after accounting entries are made will have to be generated with a separate journal entry request signed by the department director or supervisor.
- Review month-end reports/activity to make sure charges from other departments were approved to be charged to your department.

Purchase Orders

If you are not using your purchasing card to order and pay for items and the total cost of the order will be over \$5,000, you must obtain a purchase order in advance of ordering the item(s). To obtain a purchase order ("PO"), submit a requisition to purchase through the Finance Software System. If you need assistance using the Finance Software System, please refer to procedure manuals on the LFRA intranet site, Purchasing Procedures, or schedule a training session with LFRA Administrative staff.

Once the requisition is complete it will automatically be forwarded to the appropriate person(s) for approval.

Once the requisition is approved it will be automatically forwarded to the Purchasing Administrator to create a PO.

The Purchasing Administrator will email the PO to the originator who will forward to the appropriate vendor contact to order the supplies/services.

A Purchase Order should only be requested when funds have been appropriated.

Indefinite Delivery Contracts for Supplies or Services (such as CSU Fitness testing, Legal services, equipment testing, etc.):

LFRA uses Indefinite Delivery Contracts (IDCs) to expedite the procurement of multiple items from one contractor or supplier. IDCs may be put in place for anticipated purchases of a large number of miscellaneous items to avoid interruptions in operations; when the vendor does not accept purchasing cards; or to avoid multiple small, individual purchasing documents. Purchases on IDCs must follow all purchasing guidelines and may not be used to circumvent bidding or other procurement requirements. Services and supplies costing more than \$30,000 each (i.e., per work order or per equipment order) cannot be purchased on IDCs unless



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specifically stated otherwise in the bid document.

LFRA may need to purchase a specific commodity or type of commodity on a recurring basis. In that situation, an IDC may be issued to allow frequent purchases of known items for an extended period of time. Total dollar amount and expiration date limits must be set at the time the IDC is issued. Individual releases may be made against the order until the first of the limits (either the dollar amount or the expiration date) has been reached. Change orders of total price or expiration date may be done. Unless specifically stated otherwise in the bid document, no single work order or purchase order under an IDC may exceed \$30,000 (i.e., if a project is estimated to exceed \$30,000, a separate bid must be done for that project).

If a bid or quote was done to set prices for goods or services that will be received throughout the year, the prices should be noted on the requisition in order to be noted on the PO. If no bid or quote was done, all single orders of \$5,000 or more must follow bid/quote rules before purchase. The existence of an IDC does not override the need to follow bid/quote procedures.

Indefinite Delivery Contracts for Construction (such as boring, low voltage electrical work, installation of emergency flasher signs):

When a list of similar tasks can be defined, but the exact amount of work and exact scope of each work order cannot be defined or varies from year to year, LFRA may choose to bid the similar work elements out on a unit price basis. Then as each project's scope becomes more defined, the contractor uses previously agreed upon unit prices to determine the specific cost for each assigned project. An example of this project approach is the use of a boring contractor. The diameter of the bore and length of the bore vary from job to job, but the common work element of boring by the foot for different diameters need only be bid once. The boring contractor would then use the bid unit prices to determine the project specific costs for any type of assigned job.

Comparing the results of unit price bids by themselves does not yield a meaningful result. Therefore, it is recommended that you use a "typical project approach" in bidding and then evaluating the various contractor bids. A "typical project approach" uses previous historic records to develop a project that utilizes some but not necessarily all of the desired unit price items. The contractor is supplied specific quantities so that the proposed unit prices can be totaled for an overall "typical project cost." The various project costs from each bid can be compared and an apparent low bidder selected based upon price while using other listed evaluation criteria.

The contract amount must be determined for execution of the construction contract. The contract amount should be based upon the amount of work anticipated to be completed during the period of the contract as specified in the bid. The contract amount is usually determined by averaging previous years' information to yield an anticipated total dollar amount. The available budget may also help to fix the contract amount. The bid documents should clearly state that LFRA does not guarantee the amount of work or payment of the not to exceed contract amount. However, because the successful bidder must bond for the contract amount it is important to predict this amount as accurately as possible.

It should be specifically stated in the bid document that "LFRA shall have the option to bid out single large projects if it is determined to be in the best interest of LFRA."



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Pre-Payment Purchase Orders

Contractors and suppliers may request that LFRA pay for services or supplies before receiving them. As a general rule, LFRA does not issue prepayments, and the contractor or supplier should be informed of this policy. If the contractor or supplier insists and makes its services or supplies contingent upon prepayment, note that in the comments box of the requisition entered into the Finance Software System and process an invoice to the purchase order as soon as the purchase order is created.

Monthly/Quarterly Purchase Orders

If monthly/quarterly payments are issued to a contractor or supplier and those payments are for the same amount from month-to-month or quarter-to-quarter, a monthly/quarterly PO may be used. Generally speaking, monthly/quarterly POs are used to make monthly/quarterly cleaning, rent or lease payments. Under a monthly/quarterly PO, the *entire* amount will be encumbered, not just the amount of the monthly payment. Accounts Payable will automatically issue equal monthly payments (as indicated in the contract and on the PO) to the contractor or supplier on the last check writing day of every month.

Purchases made with LFRA issued credit cards must also follow all purchasing regulations, see Procurement Card Regulation for detail.

Purchase Order Change

In most cases, changes to a PO (e.g., price, quantity, freight charges, account number(s), or cancellation) must be submitted to the Purchasing Administrator on a Change Order Form. All change orders must be approved and signed by the authorized employee (please see "PURCHASING AUTHORITY – Change Orders," above). Change orders must be sent to the Purchasing Administrator via email for processing. The Purchasing Administrator will update the documentation and encumber the additional amounts, if applicable.

If the specifications allow for overruns or over-shipments, they will most likely occur. Generally speaking, quantities should not be accepted above what was specifically ordered. Advise the supplier that it must retrieve overruns and over-shipments by a certain date or LFRA will dispose of them without compensation to the supplier. However, in those few cases where keeping extra quantities is more efficient than returning them (e.g., supplies used on a regular basis, and low-cost supplies that are worth less than return shipping), the decision may be made to retain them. However, this should not be a routine practice.

Expediting Open Purchase Orders

Although some suppliers acknowledge receipt of POs, most do not. To confirm receipt, follow-up on late-arriving supplies, or expedite delivery, the following should be done:

- Call the supplier and state that you are inquiring about the status of PO# _____.
- Ask for the date and method of shipment. If the shipment is en route, request a carrier tracking number (i.e., air way bill or pro number). If the supplier states that the supplies were shipped on a particular date and from a particular location, ask the supplier to follow-up with the shipper to ensure that the supplies were shipped on time.
- Document the name, date of shipment, method of shipment, quantity shipped, and



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any other relevant information on the green copy of the PO for future reference.

- If the supplies are late and are necessary to maintain your department's operations and you believe the delay is detrimental to LFRA efficiency, productivity, or safety, request that the supplier ship them via a faster method (e.g., air freight) at the supplier's expense. Do not make such requests unless it is absolutely necessary under the circumstances.

Receiving Process

See the Procedure manual for the Finance Software System for receiving processes.

Petty Cash

Petty cash may be used to pay for items and other incidentals (e.g., mileage reimbursements, parking reimbursements) that cost up to \$100. The Finance Director or his/her designee must authorize any exception to the \$100 limit. Review the Petty Cash Administrative Regulation [LFRA Resolution #054, Section 6.a] for further guidance.

I. PAYMENT PROCEDURES

How and When Payment Requests Are Processed

The City pays bills each Friday, four times a month. In any month with five Fridays, checks will only be processed four times. As a general rule, checks are mailed to suppliers on Friday afternoons. In order to have a check mailed on a Friday, Invoices must be processed through the Finance Software System before 5:00 p.m. on Tuesday. Exceptions to this schedule are holiday schedules and year-end activities. The Accounting Division will notify departments when the check-writing schedule will be affected. All checks are mailed to the vendor address in the Finance Software System. No checks will be held for vendor pick-up. Checks may be returned to the receiving department only for performances (the Rialto Theater and the Museum), progress payments on contracts, legal matters, or C.O.D. deliveries. The Accounting Division strives to pay contractors and suppliers on or before the due date. Attention to change orders, and disputes with contractors and suppliers will help ensure prompt payment and continued good relations.

Invoice Processing When a Purchase Order Has Been Issued

Once a requisition has been approved thru the Finance Software System and a purchase order issued, the person receiving the goods should sign on the invoice as ok to pay, note the date, (this can be done electronically on a pdf), and enter the invoice into the Finance Software System using the instructions in the Finance Software Procedure Manual on the intranet or forward the invoice to the person designated in that department to process invoices.

Invoice Processing Without a Purchase Order

You may process an invoice without a purchase order in the Finance Software System:

- To make payments of up to \$4,999 that cannot be paid with the LFRA VISA card;
- To issue refunds to customers, performers, or instructors;



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- To pay subscriptions fees, dues to professional organizations, and registration fees for conferences and meetings that do not require a travel request form (see LFRA's Travel Policy for specific details); and
- To reimburse employees for eligible expenses (e.g., mileage, clothing allowance, tuition) over the \$100 petty cash amount.

To process an invoice, follow the instructions in the Finance Software Procedure Manual.

Please note: If you need a check outside the normal check writing schedule you must contact Accounts Payable. All payment procedures must be followed for interim check requests.

Progress Payments and Final Settlement

For a detailed discussion of these procedures from a project management perspective, please see Section K Construction Projects \$30,000+ ("Capital Projects") below.

Sales and Use Taxes

LFRA is exempt from sales and use tax on purchases of supplies and equipment. When procuring services and supplies, inform contractors and suppliers of LFRA tax-exempt status and provide them with LFRA tax-exempt number (found on the front of the purchasing card – if you do not have a purchasing card, contact LFRA Administration to obtain the number). If sales tax is charged in error, contact the contractor or supplier to arrange for reimbursement. For the contractor to use LFRA's tax exempt status on construction projects the contractor must apply for an exemption through the State of Colorado at <http://www.colorado.gov/cs/Satellite/Revenue/REVX/1211274804099>.

J. RECEIVING, INSPECTING, AND ACCEPTING/REJECTING SUPPLIES

Receiving Supplies

In most cases, you will be asked to sign receiving documentation upon receipt of the supplies. When signing such documentation, write the following on the face of the document "Subject to inspection" or "Except for concealed damages, if any." These phrases permit a reasonable time in which to inspect the supplies and allow some recourse in the event the shipment is incorrect. Please note that Material Safety Data Sheets must accompany all items requiring MSDS documentation.

Inspecting and Accepting or Rejecting Supplies

Inspect the supplies as soon as possible after receiving them. Supplies that do not comply with specifications stated on the PO may be accepted "as is" or rejected and returned to the supplier. If it is discovered that the supplies are nonconforming (i.e., not correct, defective, damaged, or otherwise not to specification), document the nonconformance along with the date discovered. Many suppliers' shipping documents state that discrepancies or damages must be reported within a specific number of days. Some suppliers may refuse to accept returned goods or assess additional charges if not reported them in a timely manner.

Occasionally, a supplier may ship substitute items rather than those specifically ordered



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(e.g., those made by a different manufacturer or which vary in shape, color, or size from those ordered). If substitute items are approved, notify a supervisor and the Purchasing Administrator. If the supervisor approves the substitution, they will note the substitute information on the face of the PO (in the "comments" box) indicating that the substitution is approved.

If supplies are returned, the following must be done:

- Contact the Accounting Division to inform them of the return to ensure that the invoice is not paid.
- Contact the supplier to advise them of the return and the reason for the return.
- Obtain a return shipment address; ask the supplier if they will allow freight collect return or reimburse LFRA for return shipping charges.
- Ask the supplier if a return authorization ("RA") or return material authorization ("RMA") number is required. If it is, write the number on all return documentation. If the supplier requires a verbal authorization only, ask for the full name of the person granting the return authorization and write it on the return documentation.
- Reach an agreement with the supplier as to disposition of the order (e.g., the supplier will credit LFRA account; the supplier will issue a check if invoice has been paid; the supplier will replace the item(s) and provide a shipment date). Document the name and title of the person who makes this agreement.
- Notify the Purchasing Administrator of the disposition and forward a copy of the packing list.
- If the supplier has agreed to ship replacement items, the original PO will remain open and the receiving and payment process continues. If the original PO is to be canceled or changed, issue a change order that notes the disposition of items returned.

Equipment Returns and Repairs

Follow the same process outlined above for returning equipment or sending it out for repair. If sending the equipment out for repair, obtain a PO number *before* doing so, leaving the amount blank. Once the repair company provides an acceptable quote, fill out the PO amount and send the PO to the Purchasing Administrator for processing.

K. CONSTRUCTION PROJECTS \$30,000+ ("CAPITAL PROJECTS")

This section is designed to standardize the contracting, documentation, and reporting procedures used for construction projects of \$30,000 or more ("capital projects").* Each capital project is assigned a project manager responsible for overseeing the project from preliminary planning to project close-out. If you are a project manager, you must be familiar with the following information.

**Note: capital projects do not include power aid-to-construction projects.*

Preliminary Planning

Define the project scope and identify needed resources

Define the project scope and identify needed resources. In doing so, you should consider all project components (e.g., property acquisition, environmental and community impacts, utility



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relocations, traffic control, construction of earthworks, pipelines, roads, bridge structures, buildings, etc.). If you need to hire a consultant to assist you, see "PROCUREMENT METHODS – Professional, Technical, and Incidental Services," above.

Compliance with environmental laws and regulations is mandatory – they cannot be ignored due to lack of time or money. Therefore, it is important to take time to consider environmental impacts before starting work on the project. If not, failure to do so costs LFRA time and/or money above and beyond what might otherwise have been required (e.g., if it is discovered that a permit is needed two weeks before construction is planned to begin, the project may be delayed for an extended period of time until the permit can be obtained, causing project costs to skyrocket as contractors and engineers stand idle). Consult the Environmental Compliance Administrator ("ECA") in the Risk Management Division for assistance with environmental issues. Be prepared to discuss how the project meets the requirements and guidance given in the Environmental Planning Guide (See Risk Management on Intranet).

Community impacts can also be significant. It is the project manager's responsibility to verify compliance with appropriate zoning and building codes, master plans, local ordinances, and federal and state regulations regarding public health and the environment. Establish contacts with the appropriate planning board, commission, or regulatory agencies in order to be informed of community needs and desires and to strategize about meeting project requirements in terms of environmental and community impacts. If the project is located outside City limits, initiate coordination with the governing county agency.

It is important to inform appropriate City departments of the capital project. Other departments may be scheduling projects with which they could coordinate to save time and money. Using the Planning Department's Concept Review Team ("CRT") or Design Review Team ("DRT") process is one way of accomplishing this. Consult with the City's Current Planning Manager to determine which process should be followed. Generally, in either process, a set number of plans are submitted to the Planning Department, which then circulates the plans to all City departments and specified outside review agencies. In the CRT process, the comments are shared at an informal, scheduled meeting. In the DRT process, written review comments are gathered back to the Planning Department and compiled into a written document that is shared at a scheduled DRT meeting. There are specific scheduling and submittal requirements for both the CRT and DRT processes; consult with the Planning Department early in the preliminary planning phase to ensure that they are met.

Estimate the project cost

Make or obtain a preliminary project cost estimate that takes all project components into consideration. Keep in mind that preliminary project cost estimates must factor in the 1% contribution to the arts required by City Code Chapter 12.60.

Identify and obtain project funding

Work with the Division Chief, project sponsor, and the Administrative Director to identify specific funding sources. Funds may be obtained in one of two ways:

- Through the annual budgeting process - funding may be obtained by including the project in the annual budget request, which is submitted to the LFRA Board for



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approval in October of each year. This is the procedure followed for most capital projects. To include the project in the annual budget request, complete preliminary planning by May 1st of the year prior to the year in which the project is anticipated to begin. For example, if construction should begin in March 2017, complete preliminary planning by May 1, 2016 for LFRA Board's approval in October 2016.

- Through a special request to the LFRA Board- If preliminary planning cannot be completed in time for the annual budget, submit a special request to the LFRA Board at any time requesting that the LFRA Board approve additional funds through a supplemental appropriation, or reallocate funds previously appropriated.

If state or federal funds will be utilized, make sure any required LFRA matching funds are budgeted and available to satisfy the conditions of the outside funding source and follow any additional procurement procedures applicable to those funds (e.g., insurance requirements, submit bid or contract documents to the funding source for review and approval, etc.).

Obtain a project number

Project numbers allow LFRA to track capital project costs in detail, from beginning to end. Obtain a Project Number from the Accounting Division.

Obtain site approvals and permits

The project may require a number of special permits from local, state, or federal agencies. It is the project manager's responsibility to find out what permits or approvals are required and initiate the necessary applications and reports. As mentioned above, many permits must be in place *before* a project can commence, and most require a fee to obtain them.*Consult the ECA for assistance with the permitting process. The ECA may be able to negotiate permit conditions on LFRA's behalf. If a consultant will obtain required environmental permits, the ECA will verify that the appropriate permits have been obtained. While it may be true that a consultant may be responsible should it fail to obtain the appropriate permits, ultimately it is LFRA responsibility to ensure that it complies with environmental laws and regulations.

*Note: unless otherwise agreed, LFRA is responsible for permit fees, not the Risk Management Division.

Prepare a project timeline

The project timeline should be based on a breakdown of the project into its various phases. These phases should include preliminary planning, technical design, bidding and contracting, construction, and project completion and evaluation ("project close-out"). The timeline should also indicate when critical decision points will be reached.

Prepare a feasibility report

Prepare a feasibility report listing recommendations and possible alternatives and identifying preliminary costs. Attend LFRA Board study sessions and commission meetings during which the project might be discussed as determined by a supervisor.



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Design Phase

Select and hire a consultant

If appropriate, select and hire a consultant to assist with the project design. If you need to hire a consultant, see the section on "Professional Service Agreements," above. You may decide to retain the same consultant used in the preliminary planning phase or hire a different one. If the same consultant is retained for multiple phases of the project (feasibility studies, preliminary planning, design, and construction management) one agreement (contract) shall be written with amendments written for each phase as needed. Note that all amendments which affect the contract price are subject to the change order rule set forth in LFRA Resolution #054 Section 6.a. Alternatively, you may decide to rely on LFRA and City personnel to perform this work. Whether you decide to hire a consultant or perform the work in-house, you are responsible for reviewing the design work done to ensure that it meets LFRA's project needs.

Further define community and environmental impacts

Finalize plans for any necessary environmental permitting or work. You are encouraged to involve the public in your project planning (through public hearings or otherwise); a project that has community support will generally be more successful than one that does not.

Prepare preliminary design and document plans

"Preliminary design and document plans" generally include the following:

- 30% complete construction drawings;
- Draft Invitation for Bid or Request for Proposal;
- Land acquisition plans;
- Utility relocation plans;
- Identification of long-term lead items that may affect the project schedule; and
- 30% project cost estimate.

If, based on the preliminary cost estimate, it appears that insufficient funds are available to complete the project; you should seek additional funds from the Fire chief or LFRA Board (if not available in the department's budget). If alternative funds cannot be found, you must suspend and reprogram the project for the next budget year.

Acquire rights to land, if necessary

Determine whether you will need access to land and by what means – fee title ownership, easement, etc. If you do, you must obtain the following: (1) legal description of the parcel; (2) survey of the parcel; and (3) appraisal of the parcel. For assistance with real property acquisitions, whether fee title ownership or easement, please contact the LFRA Attorney.

Notify appropriate City departments and outside utility companies

If you haven't already done so, you should notify appropriate City departments of the project. This is best accomplished through the Planning Department's DRT process.

Receive necessary approvals

Meet all City, utility company, state, and federal permitting and coordination requirements.



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Complete mitigation plans, if necessary, and make any needed final project design changes to incorporate comments received from the various departments, agencies, and utility companies. If you've asked a consultant to pull permits on behalf of LFRA, obtain a copy of each permit and review the permit requirements. As noted above, the ECA is available to assist with the review of environmental permits and requirements and recommend compliance strategies.

Prepare the final design and bid documents

Complete the final project design, technical specifications, and construction drawings. Be sure that the concerns of all reviewing departments, agencies, and utility companies are taken into account and addressed in the final design and bid documents. Finalize the Final Design Report.

Complete a final cost estimate and project schedule

Once the final design and bid documents are completed, a final project cost should be developed and checked against available funding. If available funding is sufficient, the project is ready for the bidding phase. If available funding is insufficient, the project must be held until funding can be identified and secured. State law and City Code prohibit bidding and awarding a project that is not fully funded. Prepare a final project schedule that identifies major project elements and milestones.

Verify available funding

Update cash flow projections with the assistance of the Administrative Director. Relate the final project schedule to anticipated capital expenditures to determine when costs will be incurred (this is known as a "cost timeline"). Match outside revenue sources or future appropriations to the cost timeline to confirm that funding will be available when needed.

Bid Phase

See section on "PROCUREMENT METHODS – Competitive Sealed Bids and Competitive Sealed Proposals (\$30,000+)," above.

Award Phase

If the contract award is \$499,999 or LFRA may award the contract to the lowest responsive, responsible bidder whose bid meets the requirements and criteria set forth in the ITB. If the Fire Chief believes that LFRA's interests will be better served by accepting a higher bid, he/she may decide to accept the higher bid, provided that decision, and the justification for the decision, is set forth in writing and forward to Purchasing for retention according to LFRA's retention policy.

If the contract award is greater than \$500,000 it must be submitted for approval to the LFRA Board.

Contract and award amount shall be bid amount only, no contingency or force account added to the contract amount.

Construction Phase



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Schedule and hold a pre-construction meeting

As project manager, you are responsible for scheduling and holding a pre-construction meeting. Attendees should include representatives of the contractor, subcontractors, suppliers, utility companies, and other LFRA divisions, as appropriate. At the pre-construction meeting, the representatives should provide you with the following: (1) a list of construction personnel and their project authority; (2) supplier information including mix designs; (3) material safety data sheets ("MSDS"); (4) copies of required construction permits; and (5) a construction schedule. You, in turn, should provide them with the following: (1) an agenda that includes a list of LFRA personnel and their project authority (including contract signature authority of each of these individuals); (2) a list of materials to be provided by LFRA; (3) information about the timing of progress payments; and (4) information about the change order process.

Issue the Notice to Proceed

Once the contracts have been executed by LFRA and you've held the pre-construction meeting, you may issue the Notice to Proceed authorizing the contractor to begin construction on the project.

Notify the community and utility companies that the project has begun

As project manager, you are responsible for ensuring that affected property owners and utility companies are notified that the project has begun. Be sure that notice is provided well enough in advance to allow those affected so they have adequate time to prepare. Notice can be given by one or more of the following methods: personal contact; door hangers; notices in the local paper; radio announcements; notices on message boards; and notices on LFRA web page.

Prepare the construction site

Before construction begins, the construction site should be photographed and videotaped to document the project. You may also need to place signs on or near the site notifying the public of the construction project as well as the estimated duration of the project. A City of Loveland Erosion Control Permit must be obtained, approved and in place prior to start of construction or issuance of Building Permit (might need a State of Colorado Stormwater Manage Plan, "SWMP"). All erosion control device, Best Management Practices (BMP's) must be in place prior to start of construction.

Track the project

Project tracking is extremely important. Tracking is used to pay the contractor, settle potential disputes, and identify warranty periods. How you track the project in terms of documentation depends on how the project is financed; there are specific rules for documentation if federal or state money is being expended. Regardless of how your project is funded, documentation should include the following:

- Daily logs and quantity tracking - Daily logs and quantity tracking may be contained in one document. This documentation should contain information about what activity transpired and personnel and equipment used. It may also include the number of hours utilized, material type, quantity installed, and a list of any changes or problems that



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were encountered.

- Daily field reports - This is an informal report that may be done in any format you feel is most useful (a format commonly used is the diary format). The form of the report is less important than the content, as the information in this report is the basis for most of the other reports generated. Typical information included in this report would be inspections conducted, receiving reports obtained, conversations (topic and with whom), weather conditions, number of workers present, and other information pertaining to measurement of project completion.
- Weekly, semi-monthly, or monthly reviews - These reviews are for the project manager and the Finance Department contact person. The time frame for these reviews depends on specific project requirements and the overall scope of the project. Projects that have a construction phase of more than three months must be reviewed on a monthly basis. Projects that have a construction phases of less than three months may be reviewed on a semi-monthly basis. If needed, the project may be reviewed on a weekly basis. The project manager, department director, Accounting Division, Purchasing Administrator, or the Fire Chief may decide that a weekly review is needed.
- Progress payments - Progress payments should be scheduled at the pre-construction meeting. Progress payments are usually made once a month from project start to project close-out. The form to be completed and submitted by the contractor, along with the name of the contractor and LFRA representatives responsible for this task, should also be determined at the pre-construction meeting. For more information, please see "issue progress payments," below.

Changes in Work

Defined Terms:

- Field Order: A written order issued by LFRA that which requires minor changes in the work but does not change the contract price or the contract times.
- Change Proposal: A written request from LFRA, its assigned designee, or the contractor seeking an adjustment in contract price or the contract time for modifications to the work. This is not a Change Order for authorization to proceed with the work as described. This is an instrument to document a proposed change to the work and negotiate the costs prior to authorization to commence work. This could be email communication or other writing.
- Critical Change Directive: A written directive to the Contractor from LFRA, or its assigned designee, ordering an addition, deletion, or revision in the work. The changed work is to commence promptly prior to agreeing to the changes on Contract Price and/or Contract Time. The Critical Change Directive will be incorporated into an official Change Order once price and time adjustments have been negotiated. A Critical Change Directive will be used due to differing or unforeseen conditions or a time sensitive situation, e.g. an emergency where work stoppage would occur if immediate direction is not given to the Contractor and work stoppage would harm the project or LFRA.
- Change Order: A document signed by LFRA and Contractor that authorizes an addition, deletion, or revision in the work or an adjustment in the Contract Price or the



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Contract Times, or other revision to the Contract, issued on or after the Effective Date of the Contract. This is the documentation of the negotiated change proposal or critical change directive. Changes to the work that are less than \$9,999 may be approved by the Division Chief.

- Monthly Change Order Report: A monthly document of all changes: field orders, change order, and any critical change directives if applicable.
-

Procedure for Changes in Work:

Signature Authority:

- The following rules regarding who may sign Change Orders and Critical Change Directives (collectively work changes) apply to all construction contracts
 - Individual work changes of \$9,999 and less may be signed by the Division Chief so long as the total of all cumulative work changes < 10% of original contract price. Individual work changes above \$10,000 must be signed by the Fire Chief.
 - Cumulative work changes = 10% or more of original contract price: Once the cumulative total of all work changes equals ten percent of the original contract price, all subsequent work changes, regardless of amount, must be approved by the Fire Chief unless the total contract amount (including all work changes) is within the Division Chief authorized signature authority.
 - Any work change > 20% bringing the total contract amount including all change orders equal to or greater than \$500,000 MUST be approved by the LFRA Board.
- Field Order (FO) - When a project requires a Field Order, as defined above, it should be documented on a Field Order form, included in the contract documents, or provided by the Purchasing Administrator. Field Orders are to be placed in the project management folder and included in the monthly reports. These reports are necessary to maintain communication between LFRA and the Contractor if changes are significant or worth noting.
- Change Proposal (CP) – LFRA may, in anticipation of ordering an addition, deletion, or revision to the Work, request Contractor to prepare a detailed proposal of cost and times to perform contemplated change. Contractor may anticipate an addition, deletion or revision to the Work and provide a detailed cost proposal and include any change to Work schedules or times to LFRA. Change Proposal shall include reference number for tracking purposes and detailed description of and reason for proposed change, and such additional information as appropriate and required for Contractor to accurately estimate cost and time impact on Project. No changes should proceed until the Change Proposal is accepted and incorporated into a Change Order and signed by LFRA and the Contractor. (Use



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Change Proposal and Change Order forms on the LFRA intranet site).

- Critical Change Directive (CCP) - A Critical Change Directive (CCD) is typically issued to direct the Contractor to proceed promptly with Work outside the original project scope related to differing or unforeseen conditions. The Project Manager may sign a CCD authorizing the work to be done with only estimated prices, not a firm fixed price for the work. LFRA and Contractor will negotiate the price and/or the contract times as soon as is possible after the CCD is initiated by the parties. Because there is no fixed firm price for the work, this mode of changing contract work shall be used only in emergencies when work stoppage would occur if immediate direction is not given to the Contractor. The Project Manager shall notify the Division Chief as soon as is practical in writing of any CCD issued to a Contractor and include an explanation of the emergency or critical situation justifying the CCD.

Contract Change Orders

- Regardless of the amount of the contract, work changes approved and signed by an authorized LFRA representative must be formulated into a contract change order not less frequently than once per month prior to submittal of progress payment request to Accounting. All change orders will be put together into the monthly change order report once per month.
- The contract change report shall be submitted through the contract routing process similar to the original contract, without going to Risk Management or LFRA Attorney.
- Contract change orders <10% of original contract price: Division Chief is authorized to sign individual contract change orders so long as the cumulative total of all contract change order is less than ten percent of the contract price.
- Cumulative contract change orders = 10% or more of original contract price: Once the cumulative total of all contract change orders equals ten percent of the original contract price, all subsequent contract change orders, regardless of amount, must be approved by the Fire Chief unless the total contract amount (including all work change orders) is within the Division Chief's authorized signature authority.
- Any contract change order > 20%, when the total contract amount including all change orders equals \$500,000 or more, MUST be approved by the LFRA Board.

Issue progress payments

Progress payments are made as the work progresses, but no more frequently than monthly, provided the contractor is performing satisfactorily under the contract. Date of payment must be designated within the specifications for the project or mutually agreed upon between LFRA and the contractor. Payments will be based upon progress estimates agreed on by LFRA



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and the contractor, the value of work performed, materials placed in accordance with the contract, and the value of the materials on hand. You should rely on the detailed construction schedule provided by the contractor during the pre-construction meeting to assist you in evaluating the contractor's progress. Drawings, specifications, and quantities installed may also be used as progress indicators. Verify quantities installed on a periodic basis to correlate the construction schedule with the work actually being performed. The estimated cost of repairing, replacing, or rebuilding any part of the work or replacing materials which do not conform to the drawings and specifications will be deducted from the estimated value.

Retainage must be held on construction projects of \$100,000 or more. Unless otherwise required by special funding sources (federal grants, state grants, etc.), retainage must be held at a rate of 5% of each progress payments. If the contract exceeds \$100,000 due to change orders, retainage will not be required. Retainage only applies if the original contract amount is over \$100,000. The Accounting Division will hold retainage until the contract is completed satisfactorily and finally accepted by LFRA and you submit a final payment form (available on the LFRA intranet site) to authorize the Accounting Division to release it to the contractor (this is known as "final settlement").

You may pay the contractor for material purchased by the Contractor, provided all of the following are true:

- The material has been fabricated or processed, conforms to the requirements of the contract, and is ready for installation into the project. The contractor must provide LFRA with a monthly accounting, invoices, and proof that stockpiled material conforms to the requirements of the contract. The monthly accounting must include the specific information regarding the location of materials and amounts stockpiled.
- The material is to be stored on the project site, property used in conduct of LFRA business, or other acceptable, secure location. If the material isn't going to be stored on property used in conduct of LFRA business, the contractor must provide a document signed by the owner and lessee of the property establishing that LFRA has a vested interest in, and the right of access to and possession of, the material. The material must be clearly identified for LFRA's project.
- The contractor provides LFRA with a written cost analysis confirming that the balance of funds in the corresponding items is sufficient to complete the installation. Progress payments cannot exceed the contract unit price for the item or the invoice cost of the stockpiled material, whichever is less.

You cannot authorize payment for living plant materials, perishable materials, or materials that will not become an integral part of the finished project. Payment for stockpiled material does not relieve the contractor of responsibility for loss of or damage to the material.

Coordinate with the Finance Department to obtain project cost accounting

Coordinate with the Finance Department to obtain historic and up-to-date project cost information. The Finance Department captures and tracks project costs using the Finance Software System Project Module. It is important to note that this system relies on your use of the assigned project number on all project documentation.



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Project Close Out

Project acceptance - Project acceptance contains two components: Substantial Completion and Final Acceptance. Substantial Completion implies that the project or particular facility is ready to go into service for its intended use. Final acceptance is when all work is done including any punch list items, and LFRA is ready to release retainage.

Once the project is substantially complete, you should begin the final stage of project administration. This is known as "project close-out." During project close-out, you must do the following:

Conduct a final inspection

Conduct a final inspection to verify that all aspects of the project have been completed by the contractor in accordance with the contract documents. During the final inspection, you must confirm that no outstanding claims exist between LFRA and the contractor. Disagreements between LFRA and the contractor regarding deviations from specifications, drawings, or other contract terms should be resolved at this time.

Prepare a cost schedule

Final project costs and breakdown schedules will be compared with original project estimates. Evaluate the reason(s) for any significant deviation from the original schedules. Make certain change orders have been completed for all changes made to original schedule of work to final schedule of work.

Document the construction site

You may wish to photograph and videotape the construction site and obtain as-built drawings and electronic project files.

Request delivery of documents required under the contract

Request that the contractor deliver all documents required under the contract (e.g., "as-built" construction drawings, operations and maintenance manuals, equipment manufacturer catalogs, and warranty documents).

Before final acceptance of the work by LFRA, the Contractor may be required to submit to LFRA a notarized and sworn affidavit stating that all subcontractors, vendors, persons, or firms who have furnished labor or materials for the work have been fully paid and that any applicable taxes have been paid.

Publish a Notice of Final Settlement

In compliance with LFRA Resolution #054, Section 6.a retainage shall be held until the contract is completed satisfactorily and finally accepted by LFRA. Once you are satisfied that no outstanding project issues exist, prepare a Notice of Final Settlement (retainage release) for publication in the Loveland Reporter-Herald using the Final Settlement Form available on the



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LFRA Intranet site.. As a public entity, LFRA is required to advertise that it intends to return retainage to the contractor. This gives subcontractors, suppliers, and others who supplied labor and/or materials an opportunity to notify LFRA that a payment issue exists. After you complete the Final Settlement Form, submit it electronically. The form is then automatically forwarded to the City Clerk's Office and Accounts Payable. The City Clerk's Office will arrange for publication. You must submit the Final Settlement Form to the City Clerk's Office at least three days prior to the first advertisement date. The notice must be published two times at least ten days prior to the date set for final settlement with at least one of the advertisements appearing on a Saturday, and the two advertisements must be at least three days apart. If the dates need to change, the City Clerk's Office will contact the project manager and Accounts Payable. If the City Clerk's Office receives notice of any claims, the City Clerk's office will send an email to the project manager, the Purchasing Administrator, Accounts Payable, and the LFRA Attorney. If the City Clerk's Office received no notices of claims within the statutory time period, the City Clerk's Office will notify Accounts Payable and retainage will be released on the next normal check writing. Note that State statute requires payment of retainage to contractor within sixty (60) days of final acceptance of project.

Make recommendations regarding future projects, if applicable

Make any recommendation(s) you feel are warranted regarding solutions to problems that arose during the project that might be prevented on future projects.

Evaluate the quality of the work performed by the contractor (and consultant)

Evaluate the responsiveness and quality of the work performed by the contractor and consultant, if applicable, using an Evaluation Form. The Evaluation Form captures information about final project costs, change order history, and job performance and rates the effectiveness of the contractor/consultant. As such, it can serve as an evaluation tool for future bid awards on other LFRA projects.

Check files for completeness

Gather all of the contractor documentation and LFRA-generated reports, notebooks, and files (including electronic files). This information must be organized, stored, and retained in accordance with LFRA record retention schedule.

Conduct the warranty inspection

Project Manager shall schedule warranty inspections with the Contractor 18 months after final acceptance of work. LFRA follows the warranty procedures set forth in Chapter 24 of the Larimer County Urban Area Street Standards and standards set forth in applicable LFRA approved standards.

Release Performance and Payment Bonds

Bonds must be released two years following final settlement, or as otherwise specified in the contract documents.