

**A RESOLUTION  
OF THE CITY COUNCIL  
OF THE CITY OF CHERRY HILLS VILLAGE  
AMENDING AND RESTATING THE CITY'S PURCHASING POLICY**

**WHEREAS**, the City Council of the City of Cherry Hills Village is authorized under its home rule charter and pursuant to its general municipal powers to adopt policies and procedures in furtherance of its municipal functions and authority; and

**WHEREAS**, the City Council is authorized to control the finances and property of the City in accordance with C.R.S. § 31-15-302 and its home rule charter; and

**WHEREAS**, the City Council previously adopted a purchasing policy to provide guidance with respect to city expenditures and purchasing matters of the City; and

**WHEREAS**, the City staff has recommended changes to the purchasing policy and the City Council therefore desires to amend and restate the purchasing policy as presented in this Resolution.

**NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF CHERRY HILLS VILLAGE:**

**Section 1.** The City Council hereby amends and restates the City Purchasing Policy as more fully set forth in Exhibit A, attached hereto and incorporated herein.

**Section 2.** This Resolution shall be effective immediately upon adoption, and City Staff is directed to take steps necessary to document the foregoing policy's adoption in a policy log maintained in the office of the City Clerk.

Introduced, passed and adopted at the  
regular meeting of City Council this 21<sup>st</sup> day  
of April, 2015, by a vote of 6 yes and 0 no.

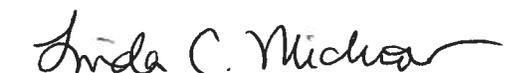
(SEAL)

  
\_\_\_\_\_  
Laura Christman, Mayor

ATTEST:

Approved as to form:

  
\_\_\_\_\_  
Laura Smith, City Clerk

  
\_\_\_\_\_  
Linda C. Michow, City Attorney

**EXHIBIT A  
PURCHASING POLICY**

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**PURCHASING POLICY**

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**Introduction**

**Purpose**

The purpose of this policy is to provide guidance to Cherry Hills Village City staff and City Council in an effort to set forth a prudent system and standard of integrity when purchasing supplies, services, materials and equipment on behalf of the City; which would maximize the purchasing value of public funds, provide for timely purchases and follow common sense and good business practices.

**Objectives**

It shall be the objective of the department making the purchase to procure from reliable vendor's supplies, services, materials and equipment of the best quality, for use at the required time and at the best possible price. When price, cost of procurement, quality and availability are comparable, priority shall be given to local vendors. This objective shall be achieved by following General Procedures, which are applicable to all purchases in either the Specific Procedures for General Fund or the Specific Procedures for Other Fund Expenditures.

**General Procedures**

**Conflict of interest**

Section 3.4 of the Cherry Hills Village City Charter states "No member of the Council shall have any direct financial interest in any contract with the City".

**Spending authority**

Cherry Hills Village assigns responsibility of the purchasing function to the Finance Director's office and utilizes a system of purchasing in which purchasing authority and responsibility is designated to Department Directors. The Finance Director is charged with monitoring purchases, establishing a purchasing system and providing assistance to departments making purchases. Unless otherwise noted in this policy, no employee may purchase any good or service unless such person is designated by the Department Director, Finance Director or City Manager.

**Code of ethics**

All employees engaged in purchasing products or services on behalf of Cherry Hills Village shall ensure that all organizations are afforded equal opportunity to compete and are bound by the code of ethics as outlined in Chapter 2, Article 9 of the Cherry Hills Village Municipal Code.

**Unauthorized purchasing actions**

The following purchase actions are unauthorized and violate the Cherry Hills Village Purchasing Policy:

- The use of public funds to purchase goods and services for personal use or gain either with or without later reimbursement.
- Splitting larger purchases into smaller amounts to circumvent the Purchasing Policy guidelines.
- Directing a contractor to proceed without a fully executed or authorized contract.
- The acquisition of traveler's checks, cashier's checks or the utilization of ATM machines.

#### **Tax exempt status**

The City of Cherry Hills Village qualifies as a tax-exempt organization under the State of Colorado. Employees are encouraged to avoid paying sales tax when purchasing on behalf of the City, whether it is by cash, purchase card or check. The City's tax-exempt number, which is available from the Finance Department, should be given to the vendor before the sale is completed.

#### **Tax reporting**

All vendors must complete a Request for Taxpayer Identification Number and Certification W-9 form prior to conducting business with the City of Cherry Hills Village. A completed W-9 is only required once from each vendor unless its business information changes. It is the responsibility of the employee making the purchase to request a completed W-9 form from the vendor in order for the Finance Department to issue payment.

#### **Financial Director notification for cash flow**

The Finance Director shall review all Accounts Payable Payment Approval Reports and the Check Register after every check run is processed. This will assist the city in cash flow management and investment programs.

#### **Emergency purchases**

The City of Cherry Hills Village is subject to unforeseen emergencies which could require a substantial outlay of City funds immediately. Such emergencies could include floods, explosions, civil disturbances, falling aircraft, fire, major drainage disorders and other civil disasters affecting the lives and safety of the residents and/or employees of the City.

In such cases of emergencies which require the immediate purchase of non-appropriated supplies or services to avoid the loss of life, property or detriment to the community, the City Manager or designated Department Director has the authority to authorize immediate expenditure of City funds without a competitive bidding process, regardless of the amount. The City Manager or designated Department Director shall obtain verbal approval from the Mayor, or in his/her absence, the Mayor Pro-Tem prior to initiating non-appropriated emergency purchases or services in excess of \$100,000. Immediately following the purchase, a written report shall be made by the authorizing individual to the City Manager's office stating the nature of the emergency, the amount and type of expenditure(s). This report shall be distributed to the Mayor and City Council within seven (7) days of the emergency.

#### **Exceptions**

Exceptions to these policies will be allowed only when requested in writing by the City Manager and approved by the City Council with a motion.

#### **Contracts and records maintenance**

All original contracts and agreements shall be provided to the City Clerk for maintenance with the City records.

### Specific Procedures for General Fund Expenditures

#### **Purchases under \$2,000**

The responsibility and authority for purchasing transactions and negotiations of purchases under \$2,000 rests with the Department Director functioning under the general direction of the City Manager. Employees are encouraged to obtain the lowest and/or best price for items or services and, when applicable, utilize comparative pricing via verbal or informal methods. Periodic checks should be made on these purchases to be certain they are secured according to the Purchasing Objectives.

#### **Purchases over \$2,000 but under \$10,000**

The Department Director or other designated party responsible for a budgetary account shall obtain quotations prior to the purchase from more than one source for all purchases over \$2,000 but under \$10,000. Material purchases which are on a volume basis (i.e. gallons, tons) and utilized throughout the year (i.e. asphalt, road base and gasoline) shall be subject to an annual quotation only. Single source purchases (i.e. gas and electricity) are acceptable if approved by the City Manager. The Department Director shall recommend to the City Manager the vendor believed to be the most qualified on the basis of the purchasing objectives listed above. The City Manager, along with the Department Director, shall make the final purchasing decision.

#### **Purchases over \$10,000 but under \$25,000**

All purchases over \$10,000 but under \$25,000 should be awarded on the basis of competitive bids. The Department Director or other designated party responsible for a budgetary account shall solicit quotations prior to the purchase from more than one source. The Department Director shall recommend to the City Manager the vendor believed to be the most qualified on the basis of the purchasing objectives listed above. The City Manager, along with the Department Director, shall make the final purchasing decision.

#### **Purchases over \$25,000**

All purchases over \$25,000 should be awarded on the basis of formal bids or proposals. The following policy shall govern obtaining bids or proposals:

1. Prior approval from City Council to initiate competitive purchasing procedures or purchases for any item approved in the adopted annual City budget is not required.
2. Three (3) or more formal bids or proposals shall be obtained. If three (3) bids or proposals cannot be secured, a lesser number may be obtained; however, a written explanation must accompany the bid documents and be approved by the City Manager.
3. Colorado State bid prices and purchases may be used in lieu of competitive or other purchasing procedures when in the best interest of the City.
4. A Notice of Invitation for Bid shall be prepared by the Department Director and inserted by the City Clerk or other designated employee in the newspaper utilized by the City of Cherry Hills Village for its legal advertising. Such notice shall include the following information:
  - a. The Department Director that is responsible for the bid.
  - b. The location where bids will be received.

- c. The location where bids will be opened.
  - d. A statement that the Cherry Hills Village reserves the right to reject any or all bids.
  - e. A statement that written specifications are available from the Department Director upon request.
5. The City of Cherry Hills Village reserves the right to reject any or all bids, parts of bids or bids for any one or more supplies or contractual services included in the proposed contract when in the best interest of the City. Bids shall be evaluated and awarded to the bid that best meets the City's needs and requirements. Each bid, with the name of the bidder, shall be entered on the record and preserved for a period of seven (7) years for accepted bids and three (3) years for unaccepted bids for all inspection and maintained by the City Clerk with the City records.
  6. The Department Director shall itemize all bids or proposals and, along with the appropriate City consultant(s), prepare a report for the City Manager summarizing the bids or proposals received and make a recommendation for award in accordance with the Purchasing Objectives.
  7. The City Manager shall approve all General Fund bids in excess of \$25,000.
  8. The City Council may approve a purchase in the open market under any one of the following circumstances:
    - a. Inadequate or absence of bids through the normal process.
    - b. Single source suppliers for specialized or unique equipment, products or services.
    - c. Acceleration of delivery date when time is a major factor and it is in the City's best interest to shorten the delivery date.

**Exceptions requiring City Council approval**

Exceptions that require City Council approval shall include the following:

1. Non-budgeted transactions over \$10,000.
2. Budgeted purchases over \$25,000 and/or 10% over the budgeted amount.

**Specific Procedures for Other Fund Expenditures**

**Purchases under \$10,000**

Other Fund expenditures under \$10,000 shall follow the same purchasing policy that is outlined for purchases under \$2,000 in the Specific Procedures for the General Fund.

**Purchases over \$10,000 but under \$25,000**

Other Fund expenditures over \$10,000 but under \$25,000 should be awarded on the basis of competitive bids. The Department Director or other designated party responsible for a budgetary account shall solicit quotations prior to the purchase from more than one source. The Department Director shall recommend to the City Manager the vendor believed to be the most qualified on the basis of the purchasing objectives listed above. The City Manager, along with the Department Director, shall make the final purchasing decision.

**Purchases over \$25,000**

Other Fund expenditures in excess of \$25,000, with the exception of work performed directly by City employees, shall be contracted utilizing the procedure outlined below:

1. All City/Contractor relationships will be centralized into one responsible party for each entity. The responsible Department Director shall serve this function on behalf of the City of Cherry Hills Village.
2. When plans and specifications approach completion, the Department Director or designated employee must be supplied with the following information so that he may advertise the project in the newspaper utilized by the City of Cherry Hills Village for its legal advertising within at least twenty (20) days prior to the proposed bid opening date:
  - a. Name, description and location of the project.
  - b. Source of funds (i.e. City, State, Federal and/or Special District).
  - c. Desired bid opening date and time.
3. Colorado State bid prices and purchases may be used in lieu of competitive purchasing procedures when in the best interest of the City.
4. The Department Director will receive all sealed bid proposals prior to the established bid opening time. All bids received after the specified time and date will be rejected by the City.
5. The Department Director shall itemize all bids and, along with the appropriate City consultant(s), prepare a report for the City Manager summarizing the bids received and make a recommendation for award in accordance with the Purchasing Objectives.

#### **Exceptions requiring City Council approval**

Exceptions that require City Council approval shall include the following:

1. Non-budgeted transactions over \$10,000.
2. Budgeted purchases over \$25,000 and/or 10% over the budgeted amount.

#### **Acquisition Methods**

##### **Petty cash**

Petty cash procedures shall be established by the Finance Director or other designated employee. Petty cash must be kept in a locked safe, locked cash box or secure location at all times and only the assigned Administrative staff shall be allowed access to the petty cash funds. Petty cash transactions shall not exceed \$50 and must be approved by the appropriate Department Director. The Administrative staff is responsible for ensuring that the cash given to the requesting employee exactly matches the Petty Cash Authorization form signed by the Department Director. To obtain an advance from petty cash, employees must complete the Petty Cash Authorization form, and have it signed by the appropriate Department Director. The form will be kept inside the locked cash register until the employee returns with the original vendor receipt and any excess cash received from the advance. The Administrative staff shall ensure that the excess cash received exactly matches the vendor receipt provided by the employee.

In cases of reimbursement requests that are more than \$50, the employee shall submit a completed Expense Reimbursement form, signed by the appropriate Department Director, along with original itemized receipts. Upon receiving the Expense Reimbursement form and itemized receipts, the Accounting Clerk shall provide reimbursement on the next scheduled check-run.

##### **Purchasing card**

Please refer to the Wells Fargo Commercial Card Program Policy for more information regarding purchasing card rights and responsibilities.

**Check request**

A check request shall be used for purchases which are not applicable to the use of petty cash or purchasing cards. All check request transactions shall be supported via a vendor-issued invoice or original itemized receipt. The Finance Director and/or City Manager shall perform a final review of all processed check request transactions to ensure compliance with the policies.