



Northern Water Procurement Policy

Statement of Purpose.

This policy establishes standards and guidelines for the purchasing of goods and procurement of services to ensure that they are obtained as economically as possible through an open and competitive process, and that contracts are managed with good administrative practices and sound business judgment and in the best interests of Northern Water, the Municipal Subdistrict and the Enterprises.

I. Scope.

1. Application

- a. Except as otherwise provided, this policy applies to the procurement of supplies, equipment, construction, and services by Northern Water and its Enterprises and the Subdistrict and its Enterprise. Where only Northern Water is mentioned in this policy it shall also apply to the Municipal Subdistrict and the Enterprises. The policy shall apply to every expenditure of funds by Northern Water irrespective of the source of the funds. When the procurement involves federal, state or grant funding the procurement shall comply with applicable federal or state laws, regulations, or grant requirements. Nothing in this document shall prevent compliance with the terms and conditions of any grant, gift, or agreement that is otherwise lawful.

2. Exceptions

- a. This policy does not apply to procurement approved directly by the Board.
- b. This policy does not apply to acquisition or disposal of real property, including land and/or buildings.
- c. Where appropriated funds are available, such restrictions set forth in this policy shall be subject to waiver by the General Manager when delay or project closure would create an emergency and may be detrimental. The Board shall be notified of the action taken at the next Board meetings.

II. Delegation of contracting authority.

1. Except as otherwise provided, the General Manager is a purchasing agent for Northern Water. The General Manager may authorize a Procurement Officer to serve as the principal procurement and contracting official.
 - a. The Procurement Officer is authorized to procure or supervise procurement of all supplies, equipment, construction, and services needed.
 - b. The Procurement Officer is authorized to sell, trade, donate, or otherwise dispose of any surplus stock owned by Northern Water.
 - c. The Procurement Officer may, with the approval of the General Manager, delegate procurement authority to other personnel at Northern Water when the Procurement Officer deems such delegation necessary for effective procurement.
2. On an annual basis, the Board will review and approve purchasing thresholds defined within this policy. The following purchasing thresholds have been approved by the Board as of the date of this document:
 - a. Discretionary Threshold - \$0 to \$4,999.99

- b. Department Threshold - \$5,000 to \$24,999.99
- c. Divisional Threshold - \$25,000 to \$99,999.99
- d. General Manager/Board Approval Threshold - \$100,000+

III. Delegated contract signature authority. The Board may delegate contract authority to Northern Water personnel.

1. The Board shall provide an annual list of such delegations and any terms or limitations, to the Procurement Officer.
2. The Procurement Officer shall maintain each list and distribute it as necessary or convenient.
3. Contracts at or in excess of the General Manager/Board Approval Threshold shall be signed by the General Manager and shall not be further delegated except as to the Acting Secretary.
4. Contracts below the General Manager/Board Approval Threshold may be signed by the General Manager and may be delegated to a Division Director.
5. Contracts below the Divisional Threshold may be signed by the General Manager and may be delegated to a Department Manager.
6. Purchases below the Department Threshold may be signed by the General Manager and may be delegated to the employee making the purchase.

IV. Approval.

1. Board approval is a condition prior to the execution of procurement contracts or approval of change orders or contract modifications under the following circumstances:
 - a. Any contract, change order, or contract modification for which sufficient funding is not available and appropriated in the applicable fund.
 - b. Upon request by the General Manager or Procurement Officer the Board may be asked to approve a contract if necessary to protect the integrity of the purchasing system or to serve the public interest.
 - c. Any procurement contract that requires specific Board action.
 - d. Any contract award in excess of the General Manager/Board Approval Threshold except items and /or services that are specifically budgeted and otherwise purchased in accordance with this policy, i.e. vehicles and equipment.
 - e. Contract amendments in which the aggregate contract amount exceeds a 5-percent contingency of the contract award, or alternatively, a specific contingency amount approved by the Board for a specific contract.
2. When funds are being committed out of a Water Activity Enterprise with an active Participant committee, the proposed procurement shall be presented to the Participant committee in advance of Board consideration.

V. Methods of source selections. It is the policy of Northern Water to act in a manner that affords vendors a fair opportunity to compete consistent with state and federal law. The Procurement Officer shall determine which of the following methods of source selection shall be used to procure goods and services.

1. **Small purchases.** Purchases of an amount less than the Department Threshold are small purchases under this policy. For purchases above the Discretionary Threshold, if available, a minimum of three qualified businesses will be solicited. For purchases less than or equal to the Discretionary Threshold, the solicitation of three quotations is encouraged but not required. The Procurement Officer will administer guidelines to prevent multiple non-competitive small purchases from a single vendor that exceed in aggregate the Discretionary Threshold.

2. **Competitive sealed bidding.** The Procurement Officer will develop and administer guidelines for administering competitive sealed bidding and will make such guidelines public.
3. **Competitive sealed proposals.** The Procurement Officer will develop and administer guidelines for competitive sealed proposals and will make such guidelines public.
4. **Professional services.** The Procurement Officer will develop and administer guidelines for procuring the services of licensed professionals or consultants and will make such guidelines public. Professional services may be directly procured if the services do not exceed \$5,000 according to the small purchases directives.
5. **Stand-by procurement.** The Procurement Officer may develop and administer guidelines for designating pre-qualified consultants, contractors, and service providers through one of the competitive selection processes and may select pre-qualified consultants, contractors and service providers using these guidelines for a period not to exceed five consecutive years.
6. **Negotiated or sole source purchases.** Negotiated purchases are not competitive and may only be employed in the circumstances described in this section. Except for purchases on the Exempt List, the project manager shall prepare a justification form to be submitted to the Procurement Officer and approved by the General Manager for every negotiated or sole source purchase. Allowable negotiated or sole source purchases include:
 - a. Extension of an existing contract under the same conditions; or
 - b. Professional services required for expert witness, confidential matters, or permitting, litigation and/or negotiation; or
 - c. Competitive solicitation procedures fail to provide sufficient qualified bidders.
 - d. If after a good-faith review of available sources, only one specific and qualified source is known to exist for the required supplies or services and the Procurement Officer concurs. The Procurement Officer shall maintain a list of sole source exceptions for where bidding is impractical. Sole Source exceptions shall be reviewed by the General Manager or designee every five fiscal years.
 - e. Purchases on the Exempt List are included as Appendix A. Appendix A may be amended from time to time by the General Manager and the Board shall be notified of such amendments.
7. **Emergency procurement.** Notwithstanding any provisions of this policy, the General Manager, Designee or Procurement Officer may make or authorize others to make emergency procurement of supplies, equipment, construction, and services where a threat to public health, welfare or safety exists; provided, that such emergency procurements shall be made with such competition as is practicable under the circumstances. A written determination of the basis for the emergency and for the selection of the particular consultant, contractor, or service provider shall be included in the contract file.
8. **Cooperative purchasing agreements.** Northern Water and specifically the Procurement Officer shall have the authority to join with other units of government in cooperative purchasing plans when the best interests of the Northern Water would be served thereby. Cooperative purchasing is sometimes called piggy-backing or collaborative purchasing. There are many cooperative purchasing groups that establish contracts at the national or regional level for use by public agencies. A cooperative contract must be competitively solicited or negotiated by the host agency or cooperative purchasing group. The requirements or specifications of the product or service must be substantially similar to the Northern Water's requirements in order to use another agencies' award. Please check with Procurement prior to proceeding with any cooperative purchase over \$5,000. The Procurement Officer shall have the authority to include

cooperative language within solicitations to allow other governmental agencies to be able to utilize Northern Water's solicitations as appropriate justification of competitive solicitation.

9. **Requirements of Outside Agency.** Goods and services may be procured according to the requirements of federal, state, or other grant assistance.

- VI. **Legal review.** Northern Water's general legal counsel will review contracting templates and standard terms and conditions annually. Also, legal counsel shall review all contracts prior to Board or General Manager approval in accordance with Section II.2.d, above.
- VII. **Procurement records.** The Procurement Officer and the Contracts Manager shall maintain records pertaining to the solicitation, award, or performance of a contract and shall retain such records in accordance with applicable provisions of Northern Water's retention schedule.
- VIII. **Reporting.** On a monthly basis, Northern Water staff shall present summary reports to the Board describing matters subject to this Procurement Policy, including pending financial obligations in a form acceptable to the Board. The form of report may change from time to time as directed by the Board.
- IX. **Requisition system.** Northern Water shall make use of its Enterprise Resource Planning (ERP) financial software system to administer all purchases if then feasible. The financial module within the ERP system provides an environment to correlate purchase orders, invoices and packing slips, and to also assign purchases to the appropriate budget and accounting codes. The inability to use the ERP system shall not curtail procurement or purchases under this Policy document.
- X. **Appeals and remedies Protesting of a solicitation or award.**
 1. **Right to Protest.** Any actual or prospective bidder or proposer aggrieved in connection with the solicitation or award of a contract may submit a written protest to the Procurement Officer. Actual or prospective bidders shall submit protests within three (3) calendar days of the date they learned of or reasonably should have learned of facts giving rise to the protest. A protest based upon restrictive specifications or alleged improprieties in any type of solicitation must be filed no later than three (3) calendar days prior to bid opening or closing date for proposals, unless the aggrieved party did not know and should not have known of the facts giving rise to such protest prior to three (3) days before bid opening or three (3) days before the closing date for proposals.
 2. **Form of protest.** Protest must be in writing and include the following:
 - a. The name and address of the protestor,
 - b. Bid number of the procurement,
 - c. Reason(s) for the protest,
 - d. Any available exhibits, evidence or documents supporting the protest.
 3. **Appeal to General Manager.** If in the event that written response by the Procurement Officer sustains the prior position of Northern Water, the protestor may resubmit to the General Manager or designee, within three (3) days after date noted on ruling by the Procurement Officer, a statement for the General Manager or designee for a written response.
 4. **Stay of procurements during protest.** In the event of a timely protest or appeal under this section, the Procurement Officer shall not proceed further with the solicitation or award of the contract until the protest is resolved, unless the General Manager or designee determines that:
 - a. The items to be procured are urgently required,
 - b. Delivery or performance will be unduly delayed by failure to make the award promptly, or
 - c. Failure to make the award promptly will otherwise cause undue harm to the General Manager or designee.

XI. Bonds.

1. Bid Security

- a. Requirement for bid security.** Northern Water shall require bid security for all competitive solicitations for construction contracts when the Procurement Officer manager estimates the price will exceed \$50,000.00. Bid security shall be a bond provided by a surety company authorized to do business in Colorado, to Northern Water. Nothing herein shall prevent the requirement of such bonds on construction contracts under \$50,000.00. When the circumstances warrant, Northern Water may waive this bonding for all parties bidding.
- b. Rejection of bids for noncompliance with bid security requirements.** When the solicitation requires security, noncompliance requires Northern Water to reject the bid unless Northern Water determines that the bid fails to comply only in a non-substantial manner with the security requirements.
- c. Withdrawal of bids.** After bids are opened, they shall be irrevocable for the period specified in the solicitation. If Northern Water permits a bidder to withdraw its bid before award or excludes the bidder from the competition before award, Northern Water shall take no action against the bidder or the bid security.

2. Contract Performance and Payment Bonds

- a. When amount so requires.** Construction contracts in excess of \$50,000.00 require that the following bonds or security be delivered to Northern Water and be binding on the parties upon the execution of the contract:
 - 1.** A performance bond satisfactory to Northern Water, executed by a surety company authorized to do business in Colorado to Northern Water in an amount equal to 100 percent of the price specified in the contract.
 - 2.** A payment bond satisfactory to Northern Water, executed by a surety company authorized to do business in Colorado to Northern Water, for the protection of all persons supplying labor and material to the contractor or its subcontractors for the performance of the work provided for in the contract. The bond shall be in the amount equal to 100 percent of the price specified in the contract.
 - 3.** The Procurement Officer may require a performance bond for any contract less than \$50,000.00.
 - 4.** When circumstances warrant, the Procurement Officer with the approval of legal counsel, may approve other forms of acceptable securities.

Appendix A – Exempt Purchases

1. Utilities
2. Casualty and Property Insurance
3. Life, Health and Dental Insurance
4. Employee Benefits/Contracts with Third Parties for Payroll Deduction
5. Services that are a pass-through (Grants, Participant Deposits, etc.)
6. Debt Service Payments
7. Pension Payments
8. Unemployment Compensation
9. Tax Withholding Payments
10. Section 457 (Deferred Compensation) Contributions
11. Memberships, Dues, Subscriptions, Publications
12. Seminars and Travel Expenses
13. Retirement Plan Contributions
14. Investments
15. Postage
16. Recording, Inspection or Licensing Fees
17. Automobile License Plates
18. Gasoline and Fuel
19. Advertisements
20. Refunds, Credits, or Reimbursements
21. Legal Services
22. Leases or Rights of Way
23. Training (where a provider is contracted by Northern Water to provide the training)
24. Art and Talent/Artistic Services
25. Medical Services
26. Intergovernmental Agreements and Payments to Governmental Entities
27. Travel Services
28. Films or Videotapes, Books, Electronic Collections, Exhibits, and/or Slides
29. Placement Services
30. Facilities Rental