

CITY OF GRANTS



PROCUREMENT REGULATIONS

SECTION I: GENERAL PROVISIONS

1.1 User Applicability.

The procedures and provisions outlined in this policy apply to all offices, departments, agencies, personnel, individuals or other users authorized to make purchases from public funds budgeted, controlled by or otherwise under the supervision of the City of Grants.

1.2 User Authority and Responsibility.

Only individuals authorized by the directors or top-level supervisors of the applicable users shall be permitted to make City of Grants purchases. Such authorization shall be submitted to the Purchasing Agent to include name and written signature of all authorized users. All authorized users shall receive and sign for a copy of this policy, and such users shall thereby be responsible for the knowledge and appropriate compliance and use of the provisions of this policy.

1.3 Definition of a Purchase.

For the purpose of this policy a purchase includes the execution of any expense to be paid out of City supervised funds.

1.4 Unauthorized Purchases.

Any purchase which is not legally and appropriately approved within the City budget or by other City Council action, or which does not substantially comply with the provisions of the State Statutes, particularly the State Procurement Code, or voted on and accepted City of Grants Policy and Regulations and the provisions this policy shall be considered an unauthorized City purchase, and thereby not subject to payment by the City. The City hereby declares and establishes that it will assume no responsibility for payment of unauthorized purchases. Furthermore, any individual initiating or otherwise executing any unauthorized purchase is solely responsible for payment. All authorized purchases shall be legally budgeted or approved within an appropriate fund or agency account, or within an appropriate line item as approved by the Grants City Council. Purchases which have not received City Council approval are unauthorized purchases. All questionable purchases shall be submitted to the City Manager for review, and determination shall be made by the City Manager regarding its being an authorized or unauthorized purchase under the provisions of this policy.

1.5 Civil Penalties.

Persons knowingly violating the State Procurement Code, or this policy based on State

Law, may be subjected to a civil penalty up to \$1,000 for each violation in accordance with New Mexico State Statutes. In addition, the New Mexico criminal statutes impose felony/penalties for illegal bribes, gratuities and kickbacks

1.6 Council Approval of Unauthorized Purchases.

All purchases determined to be an unauthorized purchase shall be considered by the City Council, which may at its discretion approve an unauthorized purchase for payment only after it has been reviewed at a public meeting of the Council. Unauthorized purchases shall not be approved or processed for payment prior to Council approval.

1.7 Amendment. Amendment of this policy shall be executed by resolution approved by the Grants City Council.

SECTION II: STANDARD PURCHASING PROCEDURE

2.1 Standard Purchasing Procedure Applicability.

The provisions of this section apply to all standard or non-emergency purchases, and are hereafter referred to as "standard purchasing procedure" in this policy. "Standard Purchases" are described as systematic, planned and necessary purchases for administration and operation of a project, division, and/or department. There shall be no exception to these standard procedures except as provided in Non-Standard, Urgent and Emergency Purchases Procedures" in Section of this policy.

2.2 Initiating a Purchase Requisition:

All standard purchases as authorized by this section require that a written City of Grants Purchase Requisition be completed and submitted to the office of the Purchasing Agent prior to making a purchase. Purchase Requisitions shall be signed by an authorized user as recorded in the Purchasing Office, and shall contain all information as required by the Purchasing Agent to include but not to be limited to:

- A. Date - Date the requisition is prepared.**
- B. Department Requisitions - enter name of department or division initiating the requisition.**
- C. Department Head or Authorized Agent - Signature.**
- D. Required Date of Delivery - Estimated date of delivery may be procured from vendor.**

E. To: - Vendor to whom the purchase order will be issued.

F. Quantity - specify a unit and the approximate amount per unit being requested. Units may be "each", "box", "gals.", "reams", "pounds", etc.

G. Descriptions - the description of the items or service or services should be sufficiently complete to identify the item being purchased and to allow processing of the requisition without requesting additional information. Common use items may be identified by brand names.

H. Amount of cost, or estimated cost if exact cost cannot be determined.

I. Account - the account number and classification are necessary so that costs of the items purchased can be appropriately charged or distributed according to a budgeted and approved fund account. It is the authorized user's (as described in 1.4 of this policy) responsibility to assign the correct account classification to be requisitions. Requisitions may include multiple account classifications with appropriate amount to be charged to each account.

Requisitions which do not include the above information will be refused by the Purchasing Agent or representative. After a sufficient requisition is accepted by the Purchasing Office, a purchase order will be processed.

2.3 Purchase Orders.

A purchase order shall be obtained by a purchaser and must be presented to the vendor prior to executing the purchase or receiving the purchase items. Purchases executed prior to obtaining a purchase order and submitting it to a vendor are prohibited, except as otherwise provided in "Non-Standard and Emergency Purchasing Procedures", Section III of this policy. The purchaser shall inform the vendor that the purchase order number must be included on the invoice submitted to the City for payment.

2.4 Invoices.

An invoice is an itemized statement submitted by the vendor to the City for payment of material or services delivered to the City. It is the responsibility of the vendor to ensure that a purchase order is provided prior to issuing materials or services and the vendor shall include the purchase order number on the invoice submitted to the City for payment. Exceptions to this policy must meet all criteria as outlined in Section 3.2-B of this policy. In cases that purchase order numbers are not included on the invoice when required, the vendor shall be informed. A copy of the policy shall be sent to the vendor

with a notice that if improper invoicing procedures continue to occur, the Purchasing Agent may exclude the vendor from the City Vendor List. Also, the City may refuse payment in any case that there is an unauthorized purchase.

A. Processing for Payment.

B. It shall be the responsibility of the Finance Department to ensure that all invoices received are appropriately authorized prior to payment, and that the purchase order numbers are on the invoices when required. The City Finance Department shall be responsible for insuring that appropriate procedures are established and used for payment after invoices are received to include that payment is made timely, and to ensure that discounts are received and late charges avoided.

C. Verification of Invoices.

D. All invoices shall be signed by authorized personnel prior to payment to insure materials or services have been received and to verify it is authorized for payment.

2.5 Over Expenditures.

Requisitions shall not be initiated and purchase orders shall not be issued, approved or processed in cases that line items will be over expended, except as approved by the City Manager in accordance with State and City regulations and provisions and provided there legally sufficient budget balances available otherwise. It shall be the primary responsibility of the purchase user to insure sufficient funds are available prior to initiating a purchase. The City Finance Department shall provide sufficient information, data or reports, upon request to keep purchasers properly updated on budget balances, and shall notify any office, department or agency head, after analysis of the monthly budget report, of any indications, of an existing or impending budget balance problem.

2.6 Competitive Purchase.

Purchase users shall attempt to ensure that all purchases are made at the best possible prices, and purchases shall be made in accordance with the New Mexico State Purchasing guidelines. NMSA 1978 Section 13-1-125 and the City of Grants Purchasing Policy.

C. Telephone and Written Quote Exceptions.

In the event there are not three (3) known vendors which have materials/services available, less than three (3) quotes are permissible provided the user verifies on the

requisition that every reasonable attempt has been made to obtain three (3) quotes, and the quotes obtained will be included with the requisition. Sole source documentation must be included with requisitions when the above procedure has been followed but there is only one vendor available. When a vendor has a State or Federal Purchasing Contract or if a vendor has an agreement or contract with the City to provide materials or services, multiple quotes are not required.

E. State or Federal Purchasing Contracts and cooperative Bid Exceptions.

F. Direct purchases may be made in cases that a vendor has as State or Federal Purchasing Contract. Also, the City may purchase items cooperatively through another public body's bid process consistent with State regulations.

E. Bid Specifications.

Specifications should be written primarily to address the need of the City for a specific item to perform a specific function. Specifications written for purchases shall not be "closed or exclusive", or otherwise written in such a way as to intentionally favor or exclude a vendor. Reference to specific types or quality shall be followed by wording "or equal". It shall be the purchase user's responsibility to ensure that all specialized technical aspects of specifications are correct and appropriate. It shall be the Purchasing Agent's responsibility to review and insure that all other provisions, procedures and considerations are correct and appropriate, and to point out any questionable, unusual or inappropriate specifications to the City Treasurer or Accounting Supervisor prior to processing. The bidding process may be waived after approval of the Chief Procurement Officer in cases that a vendor has a State or Federal Purchasing Contract.

All bids submitted to the Council for award shall indicate whether a State or Federal Purchasing Contract is available and those contracts shown for comparison. These contract prices may be considered as an option for award.

2.7 Sole Source Purchase.

A sole source purchase is permissible when there is only one vendor in the overall geographical region that can provide an item or service. The department head shall certify that a good faith effort has been made to contact other vendors in the general overall geographical region that the sole source has been located, and that the item or service is the only source found to be available in the region WITH APPROPRIATE DOCUMENTATION OR ON A SOLE SOURCE FORM (FD-7). The Purchasing Agent shall certify that every effort has been made to determine if there is a Federal Purchasing or State Contract for the item or service requested and that negotiations have been conducted with the sole source vendor to determine that it is the best obtainable price.

2.8. Fixed Asset Purchase.

All capital outlay purchases are considered fixed assets and shall be noted as such on the purchase requisition. It shall be the responsibility of the Purchasing Office to screen all purchases and identify and process fixed assets in accordance with all current State or City provisions and laws regarding fixed assets.

(a) **Disposal of fixed assets.**

(b) A letter requesting permission to dispose of fixed assets must be sent to state auditor for approval.

2.9 Personal Use Prohibited.

There shall be no purchases made for the purpose of personal or private use.

SECTION III: NON-STANDARD, URGENT AND EMERGENCY PURCHASING PROCEDURES

3.1 Non-Standard, Urgent and Emergency Procedures:

General Provisions. The provisions of this section apply to all purchases other than purchases subject to the standard purchasing procedures as specified in Section II of this policy. Generally, this section includes all purchases which are justifiably urgent for emergencies, and cannot, therefore, reasonably follow the standard purchasing procedures which are not applicable to the standard purchasing procedures of this policy. It is the responsibility of the User Authority to ensure that all purchases made under provisions of this section are immediate and unforeseen. Questionable purchases shall be reported to and reviewed by the City Manager.

3.2 Emergency or Urgent Purchases.

Emergency or urgent purchases are authorized purchases only in cases which are justifiably necessary and cannot be delayed until the standard purchasing procedures can be utilized. Purchases which could have been reasonably pre-planned or anticipate shall not be considered as an emergency or urgent purchase. Emergency or urgent purchases are permissible provide they are in accordance with the following:

A. **Urgent Purchases.**

B. An urgent purchase is a local or non-local purchase during or after normal working hours of the Purchasing Office, which justifiably requires immediate purchase, and which cannot reasonably or practically be phoned in to the

Purchasing Office to obtain a purchase order number prior to the purchase being made. A written requisition shall be submitted three (3) normal working days after an urgent purchase is made and not to exceed three (3) normal working days after purchaser returns from a trip in which a non-local purchase was made. In cases that an invoice is received by the Purchasing Office prior to a requisition being submitted, processing shall not proceed until a written requisition is submitted indicating it was "Urgent Purchase".

All urgent purchase requisitions shall be approved by the top-level office or department head, or designee.

C. Emergency Purchases.

D. An emergency purchase is permissible when there is an existing condition which creates a threat to public health, welfare or safety such as may arise by reason of floods, epidemics, riots, equipment failures or similar events. The existence of the emergency condition creates an immediate and serious need for procurement of items or services or construction that cannot be met through normal procurement methods and the lack of which would seriously threaten:

- 1. the functioning of government;**
- 2. the preservation or protection of property; or**
- 3. the health or safety of any person.**

An emergency condition must be determined by the City Council and approved by resolution. The central purchasing office shall maintain, for a minimum of three years, records of all emergency procurements. The record of such procurement shall be public record and shall contain:

- 1. the contractor's name and address;**
- 2. the amount and term of the contract;**
- 3. a listing of the services, construction or items of tangible personal property procured under the contract; and**
- 4. conditions necessitating the purchase.**

A written determination of the basis for the emergency and for the selection of the particular contractor shall be included in the procurement file.

C. Urgent or Emergency Requisitions.

All urgent or emergency requisitions shall have the words "Urgent" or "Emergency" written on the top as is applicable, and shall be accompanied by a receipt or invoice for the purchase.

E. Justification.

F. In all cases that urgent purchases are phoned in to the Purchasing Office, the Purchasing Office shall verify authorization and request verbal justification for the purchase prior to assigning a purchase order number. All emergency and urgent purchases shall be justifiable and the department head or office head shall be responsible for attaching a written justification to the requisition.

3.3 Remote or Off-Site Purchases.

Those users who are located within a remote or off-site area which physically hinders submitting requisitions prior to the purchase will be allowed to follow the urgent purchase procedures as outlined on 3.2-A above.

3.4 Open Purchase Orders.

For the purpose of this policy, open purchase orders are purchase orders which are utilized for numerous and repeated purchases which are anticipated over an extended period of time. Authorization to use open purchase orders in all cases shall require prior approval by the City Treasurer after written justification for using open purchase is submitted. A written requisition shall be submitted each time to request an open purchase order which shall include and estimated total cost of all purchases anticipated during a specific period. The period for each open purchase order shall not exceed four (4) continuous weeks. Actual invoices for all purchases made against an open purchase order shall be submitted together to the Purchasing Office within three (3) working days after the end of the specific period of the open purchase order. The Purchasing Agent shall review any cases of improper use of open purchase orders with the City Treasurer.

3.5 Per Diem, Mileage and Other Travel Regulations.

A. **Per Diem Rates - Peroration.** All City of Grants Public Officials and employees shall receive per diem reimbursement as provided in this section.

1. Travel when overnight lodging is not required: There shall be no per diem

reimbursement for travel when overnight lodging is not required except as otherwise specified in provisions of this Policy.

2. Travel when overnight lodging is required: Lodging and meals in state \$115.00 per 24 hours, 80% advanced prior to leaving and 20% reimbursement upon return

3. Per Diem reimbursement shall be paid for all travel as required in this section except as otherwise provided in the following sections of this policy.

B. Reimbursement for Expenses. Public Officials and employees may be reimbursed for the following actual bona fide expenses for travel in addition to per diem provisions:

1. Actual expenses for travel provided such expenses are the most economically practical, not to include lodging and meals covered by per diem provisions of this policy. Reimbursement for such expenses include taxi, air line or other transportation fares, parking fees, car rental, registration fees (not including lodging or meals), or the like, provided such expense is directly incurred in the discharge of authorized official City business. Reimbursement for meals is not permitted when overnight travel is not required, except as provided in Paragraph 3 of this section.

2. Supplemental payment for travel expenses as provided above for expenses which may in part also include lodging or meals, may be reimbursed for expenses paid by the public official or employee that are greater overall than the per diem rate reimbursement payment for overnight travel. Such supplemental payment requires documentation of paid receipts for all expenses incurred and shall only be paid after the City Manager or City Treasurer, approves such payment based on such expenses being the most economically practical, and incurred in the discharge of authorized City business. Payment shall be limited to \$30.00 per day maximum for meals as per 10-8-4, Paragraph L (2), NMSA amended.

3. Elected Officials not receiving regular City employment wages may also be reimbursed for actual travel expenses when overnight travel is not required at a per diem rate prorated at \$1.85 per hour, or for actual expenses incurred, provided paid receipts are submitted for expenses consistent with the provisions of this section. Such reimbursement is for the purpose of helping to offset the elected official's own expenses for time, whereas other City Officials and employees are receiving employment wages for their travel time. This provision is set forth for a distinct class of public official, attempting to achieve a standard rate for this purpose consistent with 10-8-5, Paragraph C., NMSA.

C. Mileage - Private Conveyance - Reimbursement.

Public officials and employees of the City of Grants shall be reimbursed for travel by private conveyance in the discharge of official duties as follows:

1. Privately-owned vehicle at a rate of .54 cents per mile.
2. Privately-owned aircraft at a rate not to exceed the current lowest coach class commercial airfare, after City verifies the current rates of at least two commercial airlines prior to reimbursement, for routes traveled by commercial. Otherwise, a rate of .54 cents per mile shall be reimbursed for use of privately-owned aircraft.
3. Mileage shall be reimbursed based on distances shown on official Rand McNally road maps, and as otherwise required by DFA regulation.

D. Travel Vouchers and Procedures for Administration.

Every claim for reimbursement or travel advances of per diem, mileage or other expenses authorized by provisions of this policy shall be submitted on a travel voucher, and all procedures for administration of this policy shall be in the form and contain such information as established by the Finance Director and approved by the City Manager, consistent with this policy and as otherwise required by State Law and rules and regulations of the State Department of Finance and Administration.

It shall be the responsibility of the City Treasurer to properly administer this policy consistent with its provisions and consistent with State laws and regulations.

3.6 City Credit Cards. Requests for use of City credit cards, such as gasoline or name branded credit cards must have prior approval of the City Manager. All authorized users shall be approved by the office or department head. All credit card receipts or invoices received by the Purchasing Office for payment having signatures shall be compared to authorized signature cards. Other accounting provisions and procedures for use of City credit cards shall be implemented through written supplements to this policy as determined appropriate by the City Manager.

3.7 Used Equipment and Item Purchases.

Funds for used equipment and items shall be specifically appropriated by the City of Grants for such purchases. Such purchases shall be in accordance with purchasing procedures of this policy to include the following provisions:

The City Manager is authorized to approve purchases of used equipment or items not to exceed the amount of funds appropriated for such purchases, after at least two City Councilors are informed that it is his intent to purchase such equipment. In the event

that a Councilor does not agree with the City Manager's decision to purchase such used equipment, the purchase shall be formally approved by action of the City Council prior to purchase. Used equipment or items with a price or estimated value of \$5,000 or more shall require a written appraisal by an individual qualified to make a reasonable determination of the value of the item, and no more than the amount of the value stated by the appraiser may be expended for such purchase.

3.8 Routine Monthly Purchases and Other Non-Standard Purchases.

Routine monthly City purchases such as utility bills or other service charges and other non-standard purchases such as professional services, lease purchases, formal bids, purchases of real property, funds appropriated for support to other agencies, emergency purchases requiring a resolution or other purchases requiring special approval, purchases shall be processed in accordance with State Statutes and written procedures established by the City Council. Certified copies of updated procedures shall be attached to and made a supplement to this policy.

3.9 End of Fiscal Year.

Special purchasing procedures shall be followed to ensure that State law and regulations and proper accounting procedures are followed to appropriately close out at the end close out at the end of the fiscal year. Provisions are as follows:

- A. **60 Days Prior to Year Ending:**
- B. **60 days prior to the end of the fiscal year, purchase orders will be issued only for purchases in which invoices will be received within an estimated thirty (30) days, except as otherwise specifically approved by the Purchasing Agent.**
- C. **15 Days Prior to Year Ending:**
- D. **There shall be no purchases of any kind made, or purchase orders issued or processed within 15 days prior to the end of the fiscal year, except in extreme emergencies or as specifically approved otherwise by the Purchasing Agent.**

3.10 Approval and Revision of Supplements. All supplements or revisions to supplements of this policy shall be approved by the City Manager and attached to and made a part of this policy.

PURCHASING POLICY CITY OF GRANTS

Updated 05/26/2021

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|-------------------------------------|--|
| • Under \$500.00 | Best Price |
| • \$500.00 to \$2,000.00 | 3 Telephone Quotes |
| • \$2,000.00 to \$60,000.00 | 3 Written Quotes/State Contract |
| • \$5,000.00 to \$ 20,000.00 | City Manager Approval |
| • \$ 20,001.00 and up | Governing Body |
| • \$60,000.00 | Sealed Bids |

PROFESSIONAL SERVICES

- **\$60,000.00 AND UNDER (INCLUDING Architects, Engineers, Landscape Architects and Surveyors) will be considered as small purchases, in the best interest of the City and Approved by the City Manager.**
- **\$60,000.01 and up Require Competitive Sealed Bids or Proposals.**