



**TOWN OF MILLIKEN  
TOWN BOARD  
AGENDA MEMORANDUM**

To: Mayor Tokunaga and Board of Trustees	Meeting Date:
From: Jennifer Nash, Finance Director	Wednesday, September 9, 2015
Via: Kent Brown, Town Administrator	

Agenda Item #	Action:	Discussion:	Information:
	X		
Agenda Title: Adoption of Amendments to the Town of Milliken Financial Policies			

**PURPOSE**

To amend the Financial Policies of the Town to add and modify purchasing threshold tiers and to change required approvals for purchases, items, services, projects and equipment.

**BACKGROUND**

The Board adopted the existing version of the “Town of Milliken Financial Policies” (Policies) on September 10, 2014.

The following Policies are addressed in the order they appear in the Town of Milliken Financial Policies Document:

**Section 2.2.5 – Purchasing Thresholds.** This policy lists purchasing tiers, indicates the required approvals necessary for each tier and provides the parameters that must be met in order to make a purchase within a specific tier. Trustee Jemiola is recommending that changes be made to the tier thresholds and is adding additional tier thresholds. He is also recommending changes to the required approvals needed to make a purchase within specific tiers. Trustee Jemiola’s proposed additions, changes, modifications and deletions are in italics below:

- a. **Under \$5000.** Items in this category, used on a day-to-day basis, may be purchased with the approval of the *Department Head or Finance Director* without competitive bidding on each item. However, even on these items, periodic telephone checks should be made to confirm that the purchases are secured for a local source at the lowest possible cost for the quality needed. Items used on a day-to-day basis consist of office supplies and other items that are routinely purchased. For items under \$5000.00 that are not routinely purchased, it is required to obtain three telephone bids to ensure that the lowest bid is received. Whenever possible, these items should be purchased within the Town of Milliken.

b. ***\$5,000.01 - \$15,000 Purchases or contracts for services for the sum of \$5,000.01 to \$15,000 may be authorized by the Town Administrator or his/her designee without competitive bidding as long as the total sum of all purchases and service agreements do not exceed \$15,000.00 per fiscal year per vendor or company.***

c. ***\$15,000.01 - \$50,000 Purchases or contracts for services for the sum of \$15,000.01 to \$50,000 shall be secured on a competitive bid basis. This must be accomplished by securing at least three written informal bids or through the formal bid process utilizing advertisement and specifications; whichever is most advantageous to the Town.***

- When seeking written informal bids, all bids must be tabulated in detail and forwarded to the ***Town Administrator or his/her designee***. If the recommended bid is not the lowest, a detailed explanation must accompany the bid's submission to an ***Executive Committee comprising of the Mayor, Mayor Pro Tem and Town Administrator or his/her designee who will determine the merits of the explanation accompanying the recommended bid, and may opt for an alternative selection. If the Executive Committee does not unanimously agree on a bid selection and award, the bids will be forwarded to the Town Board for selection and award at a regularly scheduled Board meeting.***

- Whenever possible, these items should be purchased within the Town limits of Milliken provided the goods or services comply with the bid specifications and are determined to be in the best interest of the Town. Preference may be given to vendors located within the Town of Milliken when quality of product is equal or better and the difference in the delivered price is negligible (***less than 10% difference, up to a maximum of \$5,000***).

- Change orders to contract amounts may be made by the Town Administrator ***or his/her designee***, provided funds are available within the Budget and the sum of the change orders does not exceed 10% of the original contract amount. Otherwise, change orders shall be approved by the Town Board.

d. ***\$50,000.01 - \$250,000 Any item for services, projects, or equipment in this category shall be purchased through the formal bid process. Formal bids shall be secured by advertisement. Additionally, a random sample of vendors who qualify, or who have indicated an interest in bidding, shall be forwarded a copy of the specifications, when possible, to insure the best competitive bids for the Town.***

- The responsibility for the advertising of formal bids will be that of the ***Town Administrator or his/her designee*** overseeing the purchase. It is required that an advertisement for formal bid is placed in the newspaper 10 days prior to the bid opening.

- Award of items in this category will be made by the ***Executive Committee comprising of the Mayor, Mayor Pro Tem and Town Administrator or his/her designee who will determine the merits of the bid(s). If the Executive Committee does not unanimously agree on a bid selection and award, the bids will be***

*forwarded to the Town Board for selection at a regularly scheduled Board meeting.*

If funds are not appropriated for the item, bid award shall be made by the Town Board at a regularly scheduled Board meeting along with the expenditure authorization by motion or resolution. This item will be included in the final budget amendment, which is adopted by resolution before the end of the year. Award shall typically go to the lowest and best bidder, but preference may be given to vendors located within the Town of Milliken when quality of product is equal to or better and the difference in the delivered price is negligible (*less than 10% difference, up to a maximum of \$25,000*).

- Change orders shall be taken to the Town Board for approval if the sum of the change orders exceed 10% of the original contract amount or if funds are not available within the Budget.

*e. \$250,000.00 and Above Any item for services, projects, or equipment in this category shall be purchased through the formal bid process. Formal bids shall be secured by advertisement. Additionally, a random sample of vendors who qualify, or who have indicated an interest in bidding, shall be forwarded a copy of the specifications, when possible, to insure the best competitive bids for the Town.*

*- The responsibility for the advertising of formal bids will be that of the Town Administrator or his/her designee overseeing the purchase. It is required that an advertisement for formal bid is placed in the newspaper 10 days prior to the bid opening.*

*- Award of items in this category will be made by the Town Board. Bids will be forwarded to the Town Board for selection at a regularly scheduled Board meeting along with an expenditure authorization by motion or resolution. This item will be included in the final budget amendment, which is adopted by resolution before the end of the year. Award shall typically go to the lowest and best bidder, but preference may be given to vendors at the Town Boards discretion.*

*- Change orders shall be taken to the Town Board for approval.*

*f. Emergency Purchasing Authority In the event of a natural disaster or heightened emergency, consistent with the Town of Milliken Emergency Protocols, purchasing authority can be conferred to the Executive Committee comprising of the Mayor, Mayor Pro Tem and Town Administrator or his/her designee by majority vote. Quorum will require two-thirds of this body. An emergency declaration will need to be sent to Weld County and the State of Colorado before Emergency Purchasing Authority can be enacted. Once enacted, the Executive Committee, at their discretion and by majority vote may award and approve contracts, services and purchase of goods without following purchasing thresholds set forth in the Town of Milliken Financial Policies contained in Section 2.2.5 for the duration of the emergency.*

- g. Department Emergency Purchasing Authority From time to time, equipment malfunctions and emergency events may require immediate attention and remediation. Sections 2.2.5 Purchasing Thresholds (a-c) may be waived in the event of an emergency. A Department Head, the Town Administrator or his/her designee will need to notify the Milliken Town Board of Trustees within 3 business days of this waiver being exercised.*

**Section 2.2.8 – Emergency Purchases.** This entire section has been deleted from the Town of Milliken Financial Policies and has been incorporated into proposed Section 2.2.5 (f & g) above. The deleted information from the current version of the Town of Milliken Financial Policies Section 2.2.8 is below:

~~*To meet a public emergency, which jeopardizes public health, peace, safety or property, the Town Board may make emergency appropriations. Such appropriations may be made by emergency resolution in accordance with the provisions of the Municipal Code.*~~

~~*Furthermore, in case of an emergency which requires immediate purchase of supplies or services and time is of the essence, the Town Administrator in consultation with the Board Finance Committee shall have the authority to authorize such purchase up to \$75,000 or secure such services needed without complying with procedures as outlined in section 2.2. Examples of emergencies requiring emergency purchase include sewer line collapse, water system pump failures, and weather-related damage requiring immediate repair.*~~

~~*For purchases over \$75,000, a full report of such an emergency purchase shall be made by the Town Administrator to the Town Board no later than the next Town Board meeting.*~~

~~*An emergency purchase is an immediate need of a good or service, which was unable to be anticipated, which time is a crucial factor and would be a disservice to the citizens of the Town of Milliken.*~~

## BUDGET IMPLICATIONS

There are no immediate or foreseen budget implications to adopting these changes.

## STAFF RECOMMENDATION

Staff recommends that the Board approve these amendments to the Town of Milliken Financial Policies.

## POSSIBLE MOTION

“I move to adopt the recommended revisions to Sections 2.2.5 and the elimination of Section 2.2.8 of the Town of Milliken Financial Policies.”