

**DOUGLAS COUNTY GOVERNMENT
FINANCE DEPARTMENT
PURCHASING OF GOODS AND SERVICES POLICY**

**APPENDIX 1
PURCHASING TERMS**

- a) **ADDENDUM:** A written change, addition, alteration, correction or revision to a bid, proposal or contract document. An addendum is not to be confused with a change order.
- b) **AUTHORIZED SIGNATURE:** Each Department Head/Elected Official shall designate individuals in their department/office who are authorized to sign purchasing documents. The Finance Department maintains an authorized signature log that is used to monitor signing authority. All documents received in the Purchasing Division without the proper authorized signature(s) will be returned for correction.
- c) **AWARD:** The acceptance of a bid or proposal; the presentation of a purchase order and a fully-executed contract, as applicable.
- d) **BEST INTEREST OF THE COUNTY:** A term used to take action that is felt to be the most advantageous to the County, including the award of a contract to the lowest best price bid or proposal.
- e) **BEST PRACTICE:** A business process, activity or operation that is considered outstanding, innovative or exceptionally creative by a recognized peer group. It may be considered as a leading-edge activity that has been successfully adopted or implemented and has brought efficiency and effectiveness to an organization. It may result in improved productivity, quality, reduced costs and increased customer service.
- f) **BEST PRICE:** Pricing, in the form of a bid, proposal, or quote, which is not necessarily the lowest, but rather what best fits the needs and interests of the County. Best Price is based on price, quality of goods or services to be provided, on-going maintenance, warranty, support, prior experience with the vendor, the ability to meet all of the County's specifications and requirements, and any other factors reasonably related to the overall cost to the County.
- g) **BID BOND:** An insurance agreement in which a third-party surety agrees to be liable to pay a certain amount of money in the event that the respondents bid/proposal is accepted by the County and the respondent fails to accept the contract as awarded and approved as to form by the County Attorney.
- h) **BUSINESS:** Any corporation, limited liability company, partnership, individual, sole proprietorship, joint-stock company, joint venture, or other private legal entity.
- i) **CHANGE ORDER:** A written order, signed by the Department Director/Elected Official, or their designee, directing the vendor to make changes to the original purchase order and/or contract. A Change Order shall be prepared before the requested change(s) are made and are not to be performed by the vendor until the Change Order is properly approved and the Purchase Order amended to reflect the requested change.
- j) **COMPETITIVE SEALED BID:** A process used to acquire supplies and/or services that involves the review of written sealed bids presented by vendors. Such bids are awarded on the basis of criteria contained in the bid documents.

- k) **CONFLICT OF INTEREST:** A clash between the public interest and the private interest of the individual concerned. The term identifies those situations where contractors may obtain a benefit from a public contract. Conflicts of interest may result in a breach of ethics.
- l) **CONSTRUCTION:** The process of building, altering, repairing, improving, or demolishing any County structure or building or any other County improvements of any kind to any County property.
- m) **CONTRACT:** Any type of agreement, regardless of what it may be called, for the procurement or disposal of supplies, services or construction.
- n) **CONTRACT AMENDMENT:** Any written alteration of specifications, delivery point, rate of delivery, period of performance, price, quantity, or other provision of a contract accomplished by mutual action of the parties of the contract.
- o) **COOPERATIVE PROCUREMENT:** The combining of requirements of two or more public procurement entities to leverage the benefits of volume purchases, delivery and supply chain advantages, best practices and the reduction of administrative time and expenses. Cooperative procurement solutions offer resource challenged agencies the opportunity to gain needed operating efficiencies as well as hard dollar savings. The demonstrated effectiveness of cooperative procurement to save taxpayer dollars makes it a viable alternative to conventional, independent procurement processes.
- p) **DESIGNEE:** A duly-authorized representative of a person holding a position of authority within the County.
- q) **EMERGENCY CONDITION/EMERGENCY PURCHASE:** An emergency condition is a situation that creates a threat to public health, welfare, or safety such as a situation that may arise by reason of fire, flood, epidemic, riot, equipment failure, or other such reasons as may be proclaimed by a using department/office. The existence of such conditions creates an immediate and serious need for supplies, equipment, materials, and services that cannot be met through normal procurement methods and the lack of which would threaten the function of County government, or the health, safety or welfare of County residents.
- r) **FOB (FREE ON BOARD):** A term used in conjunction with an identified physical location to determine the responsibility and basis for payment of freight charges, and the point at which title for the shipment passes from seller to buyer. **FOB Destination:** A shipment to be delivered to a destination designated by the buyer and the point at which the buyer accepts title. **FOB Shipping Point (Origin):** A shipment to be delivered to a destination designated by the buyer; the buyer accepts title at the shipping point.
- s) **INVITATION FOR BID (IFB):** All documents, whether attached or incorporated by reference, utilized for soliciting bids.
- t) **LEGAL NOTICE:** A public notice/announcement of a forthcoming solicitation generally placed in a newspaper of general circulation.
- u) **LIQUIDATED DAMAGES:** A specific sum stated in the contract to be paid by the party who is in default, or who breached the contract, to the other party in settlement for damages.
- v) **PAYMENT BOND:** A contract of guaranty executed subsequent to award by a successful bidder to protect the County from loss due to the contractor's inability to pay their suppliers and/or subcontractors who assisted in the performance of the work.

- w) **PERFORMANCE BOND:** A contract of guaranty executed subsequent to award by a successful bidder to protect the County from loss due to the contractor's inability to complete the project (contract) as agreed.
- x) **POLICY:** A governing set of principles which establish the parameters for an organization to follow in carrying out its responsibilities.
- y) **PREFERRED VENDOR:** Is a vendor that the County prefers to work with for a variety of different reasons ... they may have a long-standing historical knowledge of the project and/or work that is being done or the deciding department may feel that they are the most qualified to perform the work. The selection of a preferred vendor usually doesn't follow the formal bid/proposal process but does include a lengthy justification memo detailing all of the reasons why that vendor should be selected over another vendor that could provide the same type of services for a similar (and sometimes lower) price. The use of a preferred vendor must be well documented and approved by the County Manager.
- z) **PROCUREMENT:** Buying, purchasing, renting, leasing, or otherwise acquiring any supplies, services or construction. Procurement includes all functions that pertain to the obtaining of any supply, service or construction, including description of requirements, selection and solicitation of sources, preparation and award of contracts and all phases of contract administration. Procurement and Purchasing are used interchangeably.
- aa) **PROFESSIONAL SERVICES:** Services which are essentially intellectual in character and which include analysis, evaluation, prediction, planning, or recommendation. Professional services involve extended analysis, the exercise of discretion and independent judgment in their performance, and an advanced, specialized type of knowledge, expertise, or training customarily acquired either by a prolonged course of study or equivalent experience in the field. Professional services include, but are not limited to, services performed by accountants, architects, auditors, analysts, consultants, engineers, lawyers, physicians, and planners.
- bb) **PROPRIETARY INFORMATION:** Subject to the Colorado Revised Statutes Open Records Act, information or data describing technical processes, mechanisms, or operational factors that a business wishes to keep confidential and restricted from public access.
- cc) **PURCHASING:** Buying, purchasing, renting, leasing, or otherwise acquiring any supplies, services or construction. Purchasing includes all functions that pertain to the obtaining of any supply, service or construction, including description of requirements, selection and solicitation of sources, preparation and award of contracts and all phases of contract administration. Purchasing and Procurement are used interchangeably.
- dd) **PURCHASE ORDER:** Legal authorization to purchase goods/services from a vendor.
- ee) **PURCHASE REQUISITION:** Request from a department/office for a purchase order.
- ff) **REQUEST FOR PROPOSAL (RFP):** All documents, whether attached or incorporated by reference, utilized for soliciting proposals.
- gg) **REQUEST FOR QUOTE (RFQ):** All documents, whether attached or incorporated by reference, utilized for soliciting quotes.
- hh) **RESPONSIBLE BIDDER:** A vendor who has the capability in all respects to perform fully the contract requirements, and the experience, integrity, perseverance, reliability, capacity, facilities, equipment, and credit which will assure a good faith performance.
- ii) **RESPONSIVE BIDDER:** A vendor who has submitted a bid which conforms in all material respects to the requirements stated in the IFB.

- jj) **SERVICES:** The furnishing of labor, time, or effort by a contractor not involving the delivery of a specific end product other than reports that are merely incidental to the required performance.
- kk) **SINGLE SOURCE PROCUREMENT:** A contract for the purchase of goods and services entered into after soliciting and negotiating with only one source, usually because of the technology required or uniqueness of the service provided.
- ll) **SOLE SOURCE PROCUREMENT:** A situation created due to the inability to obtain competition. May result because only one vendor or supplier possesses the unique ability or capability to meet the particular requirements of the solicitation.
- mm) **SOLE SOURCE VENDOR:** Is a vendor that is selected (with the formal bid/proposal requirements waived) because, they are the **ONLY** provider of a specialty product or specific service. The use of a sole source vendor must be well documented and approved by the County Manager.
- nn) **SPECIFICATIONS:** A description of the physical characteristics, functional characteristics or the nature of supplies or services to be purchased. Specifications are created to fulfill the requirements of a department/office, to assure maximum productivity.
- oo) **SUPPLIES:** All property including, but not limited to, equipment, materials and insurance. The term does not include land, water or mineral rights, workers' compensation insurance or benefit insurance for County employees.