

ELDORADO COMMUNITY IMPROVEMENT ASSOCIATION, INC.

POLICY TITLE: Procurement Policy

BOARD POLICY NUMBER: 2020-10-26

DATE OF POLICY: October 26, 2020

Definition: A Policy to guide procurement of goods and services for the ECIA.

Purpose: To assure that the Association receives the most appropriate products and services for its needs at the most advantageous price, and to control the expenditures of Association funds. The policy shall be reviewed annually by the Finance committee and General Manager beginning in January and recommendations will be submitted to the Board for approval.

Definitions:

Construction or Acquisition Project: A defined budget line item project involving substantial new construction or equipment, or major repair or replacement of an existing asset or amenity.

Maintenance Project: Routine or ongoing maintenance, or minor replacement, of an existing asset or amenity.

Preferred Vendor: A contractor or supplier of goods and services with whom the Association has an established relationship and a history of satisfactory and competitively-priced purchases.

Requirements Definition: A description of the desired outcome and needed goods and/or services to achieve that outcome for a particular project.

Policy: The following steps shall be followed in purchasing construction and maintenance projects equipment, materials and services for the Association:

Regular Review of Preferred Vendors: The General Manager shall maintain a list of Preferred Vendors for various goods and services. This list shall be submitted to

the Finance Committee every January, for review and recommendation of any changes, to the Board of Directors.

FOR CONSTRUCTION PROJECTS:

1. Assure that the Procurement is authorized by an existing budget or specific Board direction

The General Manager shall determine whether a proposed procurement is authorized by an existing approved budget. If a new authorization, or reallocation from an existing budget, is required, the Finance and other Committee(s) will assist the General Manager in preparing a definition and cost estimate, and list of potential funding sources, to provide the Board with enough information to determine whether the Board wishes the Procurement to proceed.

2. Initiate “Procurement File”

Sufficient documentation shall be maintained to demonstrate how requirements for any particular procurement were generated and bids were solicited, reviewed and contracts or purchase orders issued. The file may be in paper form, or electronic.

3. Determine Requirements and Probable Cost

The General Manager or other requester shall provide a Requirements Definition and the probable cost. If there are brand, quality, previous or ongoing supplier or other considerations, they shall be documented to the Procurement File before additional work is done on the procurement. For purchases under \$2,500, the Requirements Definition may consist of an e-mail or other informal note, from a committee or other source. For purchases over \$2,500, a formal Requirements Definition shall be required, and a copy included in the Procurement File.

4. Research Potential Vendors

Vendors may include sources used before, preferred or customary vendors (depending on amount), or recommended by the initiator of the Requirements Definition. If these are not sufficient or applicable, recommendations may be sought from other Associations, local governments, personal contacts or recommendations, or through the Internet.

5. Contact Potential Vendors

Potential vendors should be contacted to obtain an indication of their interest, ability to provide the goods or services needed, any suggestions regarding methods and materials, and any insight into costs or possible cost savings.

6. Request Quotes

Procurements shall not be broken into smaller parts to evade these requirements. Quotes shall be obtained as follows:

| AMOUNT OF PROCUREMENT | MINIMUM # OF BIDS REQUESTED |
|-----------------------|---|
| \$1 - 2,500 | Optional (as determined by GM) |
| \$2,501 -10,000 | 2 Bids (May be informal) |
| \$10,001 – 25,000 | 3 Bids (Written Bids to Specifications) |
| Over \$25,000 | 3 Bids + Formal RFP/RFQ |

Written quotes are preferred, but for procurements under \$10,000 e-mail or phone quotes are acceptable, as long as any verbal quotes are documented in writing, in sufficient detail to avoid ambiguity or confusion. For procurements over \$10,000, bids by prospective vendors responding to the specifications provided are required in writing. For procurements over \$25,000, a formal Request for Proposal or Quotation including a detailed Specification shall be issued, and a formal written proposal from vendors required.

7. Review Quotes or Bids and Select Vendor

A selection of Vendor shall include consideration of price, capability, quality, and terms; occasionally other items such as materials, methods, technology or location may also be included. All foreseeable costs such as shipping and taxes shall be included in evaluating prices. A Selection Memo shall be provided to the Procurement File to explain how all factors were weighed in choosing a Vendor. In some procurements, additional advice from committees or individuals for evaluation and selection may be sought.

8. Sole Source Justification

Occasionally, only a single qualified vendor may be available, or other circumstances may make it advantageous or necessary to utilize a single source. For Procurements over the \$2,500 threshold, a written Sole Source Justification memo shall be provided to the Board and included in the Procurement File before the Procurement is made, except in case of an emergency. This memo shall be provided to the Board, which may require additional bids if it disagrees.

9. Issue Contract

The Contract shall reference the bid submitted by the selected Vendor and incorporate contents of the Specification, Request for Quotation, and Bid as appropriate and agreed, either explicitly or by reference. A contract shall be prepared in accordance with the template attached (Contract).

FOR MAINTENANCE SERVICES AND PRODUCTS

For the purpose of this policy, maintenance services are defined as those services which are essentially “commodities” in the existing marketplace. This would include services such as landscaping, painting, mowing, pavement sealing, etc. Products are defined as items readily available without modification from retail vendors including online vendors. This would include items such as hardware, small mechanical equipment, computers, cameras, office supplies, etc.

1. Assure that there is either existing budget for the request or specific Board direction

2. Select the appropriate Vendor in line with the following requirements:

| AMOUNT OF purchase | MINIMUM # OF BIDS OR PRICES |
|--------------------|---|
| \$1 - 2,500 | Optional (as determined by GM |
| Over \$2,500 | 3 Bids or Price Checks at Retail Stores or online Sites |

3. After the Vendor is selected, the GM will prepare a purchase order in accordance with the attached template (PO).

4. Sole Source Justification

A Preferred Vendor may be used on a Sole Source basis at the discretion of the General Manager. When a Preferred Vendor is not available, it may still happen that only a single qualified vendor may be available, or other circumstances may make it advantageous or necessary to utilize a single source. For Procurements over the \$2,500 threshold for non-Preferred Vendors, a written Sole Source Justification memo shall be provided to the Board and included in the Procurement File.

Procure Goods or Services In the case of a purchase from a retail store or online site, the GM shall assure that the purchase price and terms, including warranty and return provisions, are competitive and acceptable. In the case of goods or services purchased as a result of a vendor quote, the GM shall issue a Purchase Order with Terms and Conditions acceptable to the ECIA, and incorporating any vendor quotation or correspondence by reference.

Emergency Procurements

In emergencies (life, health, safety, preservation of Association Property, limitation of Association liability), the GM may contract up to \$15,000 to prevent damage and maintain a safe environment. This will be reported to the Board President as soon as possible or within no more than twenty four hours and a report will be made for the next Board Meeting. All subsequent repairs will require a formal procurement.

Additional Expenses

Once a project or procurement has begun, additional expenses incurred due to unforeseen circumstances cannot exceed 10% of the original bid price or \$5,000, whichever is smaller, unless approved by the Board of Directors. Mailing, freight, or taxes not included in the original bid may be added up to \$500.

This policy was adopted by the Board on October 26th, 2020 and shall become effective on the date indicated below.

DocuSigned by:

Nancy Sulzberg

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PRESIDENT

10/27/2020

DATE

DocuSigned by:

Carol Sanguinetti

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SECRETARY

10/27/2020

DATE

(Must have both signatures and signed in ink)