



FINANCE ADVISORY BOARD

July 28, 2025

6:00 PM

Regular Meeting Agenda

Municipal Services Building, Centennial Conference Room
8225 3rd Street
Wellington, CO 80549

Please click the link below to join the webinar:

<https://us06web.zoom.us/j/87941402276?pwd=bGtxREJ4ME5KeENrOG1vdFh4bUdZdz09>

Webinar ID: 879 4140 2276; Passcode: 672702 One tap mobile: +17193594580,,87941402276# (US);
+17207072699,,87941402276# US (Denver)

A. CALL TO ORDER

1. Roll Call

B. PUBLIC INVITED TO BE HEARD

C. DISCUSSION ITEMS

1. May 19, 2025 Finance Advisory Board Minutes
2. Adoption of Wellington Finance Advisory Board Bylaws
3. Town of Wellington Financial Management Policies Draft

D. REPORTS

E. ADJOURN

The Town of Wellington will make reasonable accommodations for access to Town services, programs, and activities and special communication arrangements. Individuals needing special accommodation may request assistance by contacting at Town Hall or at 970-568-3380 ext. 110 at least 24 hours in advance.



FINANCE ADVISORY BOARD

May 19, 2025

6:00 PM

Municipal Services Building, Centennial Conference Room

8225 3rd Street

Wellington, CO 80549

A. CALL TO ORDER

Meeting was called to order at 6:03 PM.

1. Roll Call

Present:

Alex Goit

Ed Cannon, Trustee

Jason Mellon

Nick Nudell

Nic Redavid, Finance Director/Treasurer

B. PUBLIC INVITED TO BE HEARD

There was no public comment.

C. DISCUSSION ITEMS

1. May 20, 2024 Finance Committee Meeting Minutes

Mr. Redavid noted one change from original publication to the date in the header of the minutes. Minutes were approved unanimously.

2. Ordinance No. 03-2025 Amending Wellington Municipal Code Chapter 2 Article 16 Regarding Wellington Finance Advisory Board

Mr. Redavid shared Ordinance No. 03-2025 Amending Wellington Municipal Code Chapter 2 Article 16 Regarding Wellington Finance Advisory Board. The Board of Trustees adopted the ordinance March 25, 2025 with an effective date of April 24, 2025. The ordinance updated the name, purpose, member eligibility, membership, terms, and meeting requirements of the Finance Advisory Board.

Town staff sought guidance from the Board in January 2025 on the future of the Finance Committee after several months of meetings not meeting quorum and lack of applications to serve on the committee. It was evident that the operations of the Finance Committee needed to be updated and there is still a desire to be transparent with residents about the Town's financials. Town staff understands it is important to keep communication open with residents about the Town's financials, and these updates will allow the Wellington Finance Advisory Board, Board of Trustees, and staff to operate in a more efficient and effective manner.

Discussion around the State's structure regarding boards and commissions. Town Attorney, Dan

Sapienza, advised Mr. Redavid following the meeting that the State's structure does not apply to the Town.

3. Finance Advisory Board Bylaws

Mr. Redavid shared the current version of the Wellington Finance Committee Bylaws. These were originally adopted 07/18/2022 and amended 06/26/2023. Following the adoption of Ordinance No. 03-2025, updates to the bylaws to ensure compliance with municipal code were warranted. Trustee Cannon offered amendments to match language from the Ordinance. There was discussion regarding vice chair, rules of order, and attendance requirements. A question was posed regarding Colorado Open Meeting Law and Colorado Open Records Act. Town Attorney, Dan Sapienza, has provided confirmation that the Board is subject to the requirements. A schedule and process to call meetings was discussed. The Board requested advanced notice of meetings to ensure participation and the 24 hour public notice requirement was included in the bylaws. Mr. Redavid confirmed he would create a draft of the amended bylaws, have it reviewed by the Town Attorney, and send it to the Board by email for review prior to the next meeting.

D. REPORTS

Finance Director/Treasurer: Shared status of the audit of financial statements for fiscal year 2023. Provided the 2026 budget calendar. Discussed the upcoming launch of the Equal Payment Program for Water Volume Usage Charges, which has been in development and pilot testing for several months. Provided assistance to Board members for enrolling in the Town's newsletter emails.

E. ADJOURN

Meeting was adjourned at 7:03 PM.

Wellington Finance Advisory Board Bylaws

Adopted 07/18/2022; Amended 6/26/2023, 7/28/2025

1. Purpose - Ordinance No. 03-2025; Section 2-16-10

The Finance Advisory Board shall serve in an advisory capacity to the Board of Trustees and Town staff on matters concerning the Town's finances. The Advisory Board may be involved in the following items:

- a. To review the Town's annual draft budget to obtain understanding of the Town's financial position.
- b. To make recommendations to the Board of Trustees concerning Town finances, annual budget and long-range financial planning to address the needs of the Town.
- c. To review Town revenues and actual expenses.
- d. To review reports generated by outside consultants for matters having a financial impact such as utility rate studies, long term financial planning and potential contracts for banking or financial services.
- e. To review the Town's financial reporting processes and internal controls.

2. Rules of order

- a. The Advisory Board shall conduct and discuss business in a relaxed, respectful, and open manner.
- b. The Advisory Board shall employ the rules of order adopted by the Board of Trustees when making motions for decision making to best memorialize the Advisory Board's actions.

3. Duties and powers of officers

- a. Town Treasurer
 - i. The Town Treasurer shall be a member of the Advisory Board and shall serve as the Chair.
 - ii. The Town Treasurer shall establish the agenda for each meeting.
 - iii. The Town Treasurer shall maintain a record of business of the Advisory Board meetings, which shall be public record.
- b. Chair
 - i. The Chair, or their alternate, will preside over all meetings, call special meetings in accordance with the bylaws, and sign official documents.
 - ii. The Chair is to clarify and restate motions prior to vote.
 - iii. The Chair will render direction and decision on procedure unless direction or decision is opposed by majority of the Advisory Board.

4. Quorum

- a. A quorum of a majority of total appointed members of the Advisory Board is required for any items to be voted upon.

5. Schedule of meetings

- a. The Advisory Board shall meet as needed but shall strive to meet on at least a quarterly basis.
 - b. Notice of the meeting shall be posted at least 24 hours in advance of the meeting on the Town of Wellington website.
 - c. Advisory Board members requesting to participate remotely are required to notify the Town Treasurer at least two (2) hours in advance of a scheduled meeting.
- 6. Attendance policy
 - a. If absences of an Advisory Board member become excessive and detrimental to the function of the Advisory Board, the Advisory Board may recommend by majority vote to the Board of Trustees that the position be declared vacant.
- 7. Conflict of interest
 - a. Advisory Board members shall familiarize themselves with and abide by the Town Code of Ethics at Article 6 of Chapter 2 of the Wellington Municipal Code. Special attention should be given to conflicts of interest and requirements for disclosure of such a conflict or recusal from a vote.
- 8. Colorado Open Meetings Law (CRS 24-6-401) and Colorado Open Records Act
 - a. The Advisory Board complies with the provisions of the Colorado Open Meetings Law and all meetings shall be open to the public.
 - b. Electronic communication may be subject to the Colorado Open Meetings Law. All communications of Advisory Board business by the lesser of a majority of or three members of the Advisory Board shall be held within a properly noticed meeting.
 - c. Records associated with the Advisory Board are subject to the Colorado Open Records Act.

**Town of Wellington
Financial Management Policies
August 2025**

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Introduction

The Town of Wellington's Financial Management Policies serves as a comprehensive resource for Town staff, consolidating all financial management policies into a single, accessible document. These policies are essential to maintaining the Town's fiscal health, ensuring consistency in financial decision-making, and upholding accountability to the community. They provide a strategic framework to guide both day-to-day operations and long-term financial planning, helping staff manage public funds responsibly and efficiently.

Importance. As stewards of public resources, Town staff play a critical role in ensuring that municipal funds are used wisely to sustain essential services, public facilities, and infrastructure that meet both current and future community needs. These policies establish clear guidelines to:

- Define boundaries. Financial policies define limits on the actions staff may take. The policy framework provides the boundaries within which staff can operate.
- Promote transparency and accountability in financial management.
- Ensure compliance with regulatory requirements, including the annual audit and state and federal grant funding requirements.
- Support effective financial planning and internal controls that safeguard public funds.
- Align financial practices with best practices and industry standards, as recommended by the Government Finance Officers Association (GFOA).

Adopted by resolution of the Board of Trustees, these financial policies provide a foundation for sound fiscal management.

Updates. Revisions and updates will be made periodically as needed and require adoption by resolution of the Board of Trustees.

Distribution. These policies will be available on the Town's website at www.WellingtonColorado.gov

Auditing and Financial Reporting

Independent Audit. In accordance with State law (C.R.S. 29-1-603), an independent firm of certified public accountants will annually perform a financial and compliance audit of the Town's financial statements as required by state statute. The audit must be completed and submitted to the Office of the State Auditor on an annual basis. (C.R.S. 29-1-601).

The Government Finance Officers Association (GFOA) recommends that governmental entities should enter into multiyear agreements of at least five years in duration when obtaining the services of independent auditors. Such multiyear agreements can take a variety of different forms (e.g., a series of single-year contracts), consistent with applicable legal requirements. Such agreements allow for greater continuity and help to minimize the potential for disruption in connection with the independent audit. Multiyear agreements can also help to reduce audit costs by allowing auditors to recover certain "startup" costs over several years, rather than over a single year.

Accounting Information System. The Town's accounting system shall be maintained in conformance with Generally Accepted Accounting Principles (GAAP) established by the Governmental Accounting Standards Board (GASB).

Financial Statements. The Town will produce monthly financial statements for presentation and review by the Board of Trustees. The Town may produce additional interim financial statements as deemed appropriate by the Finance Director.

Financial Monitoring. Individual departments are responsible for monitoring and managing their resources to ensure that the legal and administrative appropriation to the department is not overspent and that all expenditures and uses of Town resources are in conformity with Town, state and federal ordinances, statutes, policies and regulations.

Basis of Budgeting. Basis of budgeting refers to the methodology used to include revenues and expenditures in the budget. The Town of Wellington primarily budgets on a cash basis. Using this assumption, the current year revenues are compared to expenditures to ensure that each fund has sufficient revenues to cover expenditures during the budget year, or that there are sufficient cash reserves in the fund to cover any anticipated revenue shortfall.

Basis of Accounting. Basis of accounting refers to the point at which revenues or expenditures are recognized in the accounts and reported in the financial statements. The governmentwide and enterprise fund financial statements are reported using the economic resource measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of when the cash is received. Governmental fund financial statements are reported using current financial resources

measurement focus and the modified accrual basis of accounting. Under modified accrual basis of accounting, revenues are recognized as soon as they become both measurable and available, and expenditures are recorded in the periods that the expenditure occurs and becomes a liability.

Fund Structure.

The Town of Wellington has (8) eight funds, each serving a unique purpose as described below.

Fund Type	Purpose of Fund	Services Provided
General Fund	The main operating fund for the Town. It accounts for discretionary resources used for activities, programs, and services deemed necessary by the community. Major revenue sources include sales tax, property tax, use tax, and various fees.	- Board of Trustees - Municipal Court - Administration - Finance - Town Clerk - Human Resources - Information Technology - Building & Planning - Public Work Administration - Larimer County Sheriff's Office - Cemetery - Administrative Facilities - Library - Economic Development
Enterprise Funds	These are self-supporting operations run similarly to private businesses. They finance services primarily through user charges.	- Water - Sewer - Storm Drainage
Special Revenue Funds	These funds support activities financed by taxes or revenues that must be spent on specific programs. Some fees may also support these funds, though they are not the primary source.	- Streets - Parks - Conservation Trust - Library Trust

Fund Balance

Purpose. The Town of Wellington hereby establishes and will maintain reservations of fund balance as defined herein in accordance with Governmental Accounting Standards Board Statement No. 54 Fund Balance Reporting.

The Board recognizes that the maintenance of a fund balance is essential to the preservation of the financial integrity of the Town and is fiscally advantageous for both the Town and the taxpayer. This policy establishes goals and provides guidance concerning the desired level of fund balance maintained by the Town to mitigate financial risk that can occur from unforeseen revenue fluctuations, unanticipated expenditures, and similar circumstances.

Minimum Level of Unassigned Fund Balance. Unassigned fund balance will be maintained at a level sufficient to provide for the required resources to meet operating cost needs, to allow for unforeseen needs of an emergency nature, and to permit orderly adjustment to changes resulting from fluctuations of revenue sources.

General Fund and Special Revenue Funds (Streets, Parks, and Conservation Trust funds). The Town of Wellington, at a minimum, will maintain unrestricted budgetary fund balance of no less than four month (33%) of regular operating expenditures or 110% of debt service whichever is greater.

Enterprise Funds (Water, Wastewater, and Stormwater). The Town of Wellington, at a minimum, will maintain unrestricted budgetary fund balance of no less than 90 days of regular operating expenditures. In addition, all enterprise funds will build up a capital reserve equal to 1-years' depreciation expense by the end of 2027.

Library Trust Fund. The Library Trust fund, a private purpose trust fund, will have no minimum fund balance requirement other than the 3% TABOR reserve.

Replenishment Strategy. If the unassigned fund balance at fiscal year-end falls below the goal, the Town shall develop a replenishment strategy to achieve and maintain the minimum fund balance within one to three years. Specifically, factors influencing the replenishment time horizon include: the budgetary reasons behind the fund balance targets; recovering from an extreme event; political continuity; financial planning time horizons; long-term forecasts and economic conditions; and external financing expectations. Revenue sources that would typically be looked to for replenishment of fund balance include nonrecurring revenues, budget surplus, excess resources in other funds (if legally permissible and there is a defensible rationale).

Order of Expenditure of Funds. When multiple categories of fund balance are available for expenditure (e.g., a project is being funded partly by a grant, funds set aside by the

Board, and unassigned fund balance), the Town will start with the most restricted category and spend those funds first before moving down to the next category with available funds. In accordance with governmental accounting standards the Town's total fund balance is comprised of five components:

1. Non-spendable Fund Balance represents resources that are physically or legally in a non-spendable form such as inventory,
2. Restricted Fund Balance represents resources limited by state law or the provider such as grants or resources reported as "Stabilization by State Statute",
3. Committed Fund Balance represents resources previously committed by the Trustees for a particular purpose such as a project partially funded by grants,
4. Assigned Fund Balance represents resources assigned less formally for a particular purpose such as insurance reserves or subsequent year spending, and
5. Unassigned Fund Balance represents all remaining resources. Annual Review and Determination of Fund Balance Reserve Amounts Compliance with the provisions of this policy shall be reviewed as a part of the annual budget adoption process and amounts of the minimum level of unassigned fund balance shall be determined during this process.

Investments

Purpose. The Town is committed to investing public funds in a manner that will provide preservation of capital, maintain sufficient liquidity to meet anticipated cash flows, diversify investments to avoid unreasonable market risks, generate market rates of return and conform to all local and state statutes.

Permitted Investments. In accordance with state law, (C.R.S. 24-75-601) the Town may invest in the following instruments, provided they meet all statutory rating and risk requirements:

- Obligations of the U.S. Treasury and U.S. Government Agencies
- Certain international agency securities (e.g., World Bank)
- General obligation and revenue bonds of U.S. local governments
- Commercial paper rated at least A-1/P-1 by a Nationally Recognized Statistical Rating Organization (NRSRO)
- Bankers' acceptances issued by certain qualifying banks
- Local Government Investment Pools (LGIPs) organized under C.R.S. 24-75-701
- Repurchase agreements collateralized by authorized securities
- Certain SEC-registered money market mutual funds
- Guaranteed investment contracts and funding agreements that meet state requirements

Authority to Invest. The Finance Department will be responsible for investment transactions. These transactions will be made in accordance with the goals and guidelines of this investment policy. The Finance Department may choose to use investment managers to manage a portion of the Town's investment portfolio.

Standard of Prudence. The standard of prudence to be used shall be the "prudent expert" rule and shall be applied in the context of managing the overall portfolio. Investments shall be made with the care, skill, prudence, and diligence, under circumstances then prevailing, which prudent person acting in like capacities and familiar with such matters would use in the conduct of an enterprise of like character and with the aims – not for speculation, but for investment considering the probable safety of their capital as well as possible income to be derived.

Conflict of Interest. Officers and employees involved in the investment process shall refrain from personal business activity that could conflict with the proper execution and management of the Town's investment program.

Diversification. It is the policy of the Town to diversify investments within the portfolio. Securities shall be diversified to eliminate the risk of loss resulting from over-concentration of investment in a specific maturity, a specific issue or a specific class of

securities. Diversification strategies shall be determined and revised periodically by the Finance Department.

Safekeeping and Custody. Investments of the Town shall be held by a third-party custodian (bank or broker/dealer) or any branch of the Federal Reserve. Investment officials shall be bonded to protect the public against possible embezzlement and fraud.

Collateral Requirements. To qualify as a depository, financial institutions and savings and loan associations must collateralize the Town's deposits in accordance with: Sections 11-10.5-101 through 11 10.5-121, C.R.S. as amended entitled "Public Deposit Protection Act"; Sections 11-47-101 through 11-47 120 C.R.S. as amended entitled "Savings and Loan Association Public Deposit Protection Act."

Internal Controls. The Finance Department shall establish a system of internal controls to ensure the integrity of the investment process. Investment transactions shall be supported by written evidence, such as a confirmation ticket issued by the broker/dealer. In addition, the Town's independent auditor shall perform a review of the controls on an annual basis. The controls shall be designed to prevent loss of public funds because of fraud, error, and misrepresentation by another party or imprudent actions by an employee or employees of the Town.

Budget

Fiscal Year. The Town's budgets on a calendar year, January 1 – December 31 for all funds.

Budget Process Timeline. By the first regular Board of Trustees meeting in October, staff shall submit to the Board the annual budget for review. Section 29-1-103 et seq., C.R.S. (Prior code 3.01.02; Ord. 11-2007 §1). Prior to December 15, Finance staff finalizes a budget pursuant to Board direction. The budget is adopted, funding is appropriated, and the mill levies are certified. Once the budget is adopted, a copy of the budget must be filed with the Division of Local Government by January 31.

Balanced Budget. The recommended budget presented annually to the Board of Trustees shall be balanced by fund. According to C.R.S. 29-1-103 no budget adopted shall provide for expenditures in excess of available revenues and beginning fund balances. Surplus fund and fund balance are considered a financing source.

Compliance with Colorado Revised Statutes. The Town's budget process complies with applicable sections of the Colorado Revised Statutes (C.R.S.), including but not limited to:

- 29-1-103(2), C.R.S. – No budget shall provide for expenditures in excess of available revenues and beginning fund balances.
- 29-1-103(1)(e), C.R.S. – Budgets must include a description of the services to be delivered during the budget year.
- 29-1-102(11), C.R.S. – Budgets must show the balance of total resources available for future budgets.
- 29-1-103(1)(d), C.R.S. – Budgets must present three years of comparable data.

Overhead Allocations. The budget will include overhead allocations to ensure the full cost of services for enterprise funds is reflected. This formula will be reviewed and updated **as needed** to maintain accuracy and equity across funds.

Fund Level. The annual budget is adopted and appropriated by the Board of Trustees on a fund level.

Budget Monitoring. The Finance Department will maintain a system for monitoring the Town's budget performance. This system will provide the Board with monthly reports that include resource collections, and expenditure on a fund level.

Link to Long-term Community Plans. The Town's annual budget will be developed in accordance with priorities set forth community plans such as the Comprehensive Plan, masterplans, Board of Trustees Strategic Plan, the needs of the community, and state and federal laws.

Distinguished Budget Presentation. The Town will **[seek or strive]** to obtain the Government Finance Officers Association Distinguished Budget Presentation Award for each annual budget. The budget will be presented in a way that clearly communicates the budget to the members of the public.

Budget Amendments. It can be anticipated that budget amendments may occur in the year ahead. A budget amendment which will increase a fund's adopted budget, such as to expend unanticipated revenues or to transfer appropriated monies to another fund, requires Board approval at a duly noticed public meeting.

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Debt

Purpose. The debt financing policy statement set forth comprehensive guidelines for financing capital expenditures. It is the objective of the policies that (1) the Town obtain financing only when necessary, (2) the process for identifying the timing and amount of the debt or tother financing be as efficient as possible, (3) the most favorable interest rate and other related cost be obtained, and (4) when appropriate, future financial flexibility be maintained. **[Some governments have a debt advisory committee or for Wellington the Finance Committee to provide a broader perspective on the debt financing issues for the town's financial future. Do we want this included?]**

Use of Debt. The Town will use long-term debt only for capital projects that cannot be financed out of current revenues. The Town will not use long-term debt for current operations.

Length of Issuance. Debt payments shall not extend beyond the estimated useful life of the project being financed. **The Town establishes a maximum maturity of thirty years for all bonds issued.** [Some governments put an absolute limit, should we?]
Are there any statuary debt limits for Colorado communities?

General Debt Limitation. The Town will follow the most widely used ratio to express the impact of debt on the budget, which is annual debt service as a percentage of general expenditure. The Town will strive to maintain a limit consistent with the **moderate range**, unless authorized by the Board of Trustees to exceed range.

Standards and Poor's Debt Service as a Percentage of Expenditure:

- Low: Below 8%
- Moderate: 8% - 15%
- Elevated: 15% – 20%
- High: Above 25%

Approval of Debt Issuance. Long-term financing shall comply with federal, state, and local legal requirements. Staff will analyze the long-term affordability of the debt and assess the issue's impact of the Town's self-imposed financial limitation of indebtedness. The Finance Committee **[should or shall]** provide and recommendation to the Board of Trustees on the issuance of debt. Final approval rests with the Board of Trustees.

Determining the Method of Sale. All bonds will be sold at public sale; however, the Town reserves the right to reject any and all bids and sell the bonds at private sale if it is in the best interest of the Town.

Selection and Use of Professional Service Providers. Since bond sales are not routine for most local governments, the Town will obtain outside professional assistance, through a request for proposals, to successfully authorize, structure, and market debt obligations.

[Note: Missing investment of bond proceeds section and compliance practices. Town doesn't have bonds, so it's not needed... perhaps just keep sale of bonds and hiring a professional for now... consider adding other two in future.]

Debt Refinancing. When advantageous to the Town, the Town Administrator and/or Finance Director shall present options to the Board of Trustees.

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Revenue

Revenue Diversification. The Town should strive to maintain a diversified mix of revenues in order to provide ongoing stability and predictability. The Town will review revenue raising proposals in light of its total revenue mix in order to encourage growth and keep the Town economically competitive.

Revenue Forecasting. All revenue projections will be estimated **conservatively**. Revenue estimates will be based on trend analysis, economic conditions, and other factors.

Fees and Charges. The Town will review its fees and other charges for services annually to ensure that revenues are meeting intended program goals and are keeping pace with inflation, other cost increases and any applicable competitive rate. All changes to the schedule of fees and charges must be approved by resolution by Board of Trustees.

Collections of Existing Revenues. The Town will collect as efficiently as possible the resources to which it is already entitled. The Town will follow an **[aggressive or vigilant]** policy of collecting and minimizing receivables.

Enterprise Funds. The Town of Wellington maintains enterprise funds for water, wastewater and drainage. Utilities function like a business/non-profit – expenditures must be paid by the revenues generated, per the amendment to the State Constitution (the "Amendment") as codified in Article X, Section 20. Revenue sources: Rates paid by current customers, impact fees (capital investment fees) paid by developers and homebuilders, loans and grants.

Enterprise Fund Limitations. Enterprise funds may only receive up to 10% of the revenue received in the fund from taxpayer transfers, through the General Fund, under the Taxpayer Bill of Rights (TABOR) and must be approved by the Board of Trustees. **As a best practice, enterprise funds should not be subsidized by the General Fund and should be supported wholly by the fees and charges generated by the enterprise.**

Internal Fund Loans. Interfund loans must be approved by the Board of Trustees and **may** be charged interest.

State of Colorado – Amendment 1. On November 3, 1992, the Citizens of the State of Colorado approved Amendment 1, also known as the Taxpayers Bill of Rights (TABOR). Amendment 1 specifically and significantly addresses the following issues: spending limitations, operating reserves and debt service.

In November 1994, voters permitted the Town, without increasing or adding any taxes of any kind, to collect, retain or expend revenues generated from all sources during 1994 and each subsequent year for trails, parks, and open space, storm water facilities and

drainage, street, curb and sidewalk construction, repair and maintenance, police services, and for other basic municipal services and lawful purposes, without limitation. The Town has established an emergency reserve, representing 3% of qualifying expenditures, as required by the Amendment.

Legal Requirements. The Town will maintain compliance with legal revenue restrictions as identified by voters, for special revenue funds, compliance with State Law, and other restricted revenues.

Grant Revenues. The Town will refrain from using grants to meet ongoing service delivery needs. In the Town's financial planning, grants will be treated in the same manner as all other temporary and uncertain resources and will not be used to fund ongoing, basic service needs. When pursuing or applying for grants, the Town will consider and plan for the long-term implications including increased maintenance, operational costs and replacement costs that may be necessary.

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Grants - General

Grant Funding. Funding through grants is encouraged as a means of financing a project or one-time expenditures. Costs associated with grant reimbursements shall be separated into general ledger accounts or groups of accounts as is appropriate according to the specific grantor requirements.

Conflict of Interest. No employee or official of the Town shall have any interest, financial or otherwise, direct or indirect, or have any arrangement concerning prospective employment that will, or may be reasonably expected to, bias the design, conduct, or reporting of a grant-funded project on which he or she is working.

It shall be the responsibility of the Finance Department for each particular grant-funded project to ensure that in the use of sponsored funds, officials or employees of the Town and nongovernmental recipients or sub-recipients shall avoid any action that might result in, or create the appearance of:

- Using their official position for private gain
- Giving preferential treatment to any person or organization
- Losing complete independence or impartiality
- Making an official decision outside official channels
- Affecting adversely public confidence in the grant-funded program and the Town in general

Grant Identification and Application. Departments intending to apply for grant funding from a federal, state, local, or private source—or anticipating receipt of such funds—must notify the Finance Department in a timely manner.

As part of the process, staff must complete the internal Grant Submission Form. This form will be reviewed by Town Leadership to determine approval based on the following criteria:

- **Timeline:** Sufficient lead time is available to prepare a high-quality application; the more time available, the better.
- **Budget Alignment:** The proposed project is included in the current year's approved budget.
- **Capital Plan Inclusion:** The project is identified in the Town's 5-Year Capital Improvement Plan (CIP).
- **Strategic Consistency:** The project aligns with the goals outlined in the Town's adopted master plan and related planning documents.
- **Project Ownership:** A designated staff member has been identified to lead the grant application and oversee grant management.
- **Community Support:** There is strong public or stakeholder support for the project.

- **Administrative Capacity:** The level of administrative effort required is reasonable given current staff capacity and workload.

Strategic Alignment. Applications for grants and financial assistance and their awards shall align with existing Town strategic plan, master plans, and processes. Awards typically support activities in two categories:

- **Capital:** Applications and awards for capital should align with the Town's 5-Year Capital Improvement Plan, Strategic Plan, or Masterplans.
- **Operating:** Applications and awards for operating and program support should align with other existing plans, or the Town's Strategic Plan.

Funding and Cost/Benefit Analysis. Prior to submitting or accepting any grant application, the requesting department must conduct a multi-year cost/benefit analysis that includes:

- Required matching funds and whether these are currently available
- Administrative and operating costs during and after the grant period
- In-kind contributions and overhead recovery
- Costs associated with grant reporting, monitoring, audit, and closeout
- Risk of Town funding being required beyond the grant period
- Cash flow implications, including potential needs for temporary funding via general revenues or short-term borrowing

Administrative and Operational Support. To ensure successful implementation and compliance, departments must provide the following:

- **Project Plan:** A clear plan for implementing the grant-funded project, identifying tasks, timelines, responsible staff, and key deliverables.
- **Staffing and Training:** Staff involved in grant management must receive appropriate training and understand the importance of accurate timekeeping, procurement compliance, and financial tracking.
- **Designation of a Grant Lead:** Each grant must have a designated individual responsible for oversight, compliance, and communication with Finance, auditors, and funding agencies.

Compliance and Monitoring. The Finance Department is responsible for ensuring that grant expenditures are recorded properly, financial reports are submitted on time, and grant audits are supported. Departments must cooperate fully in all grant-related reviews and must maintain documentation in accordance with federal, state, and Town requirements.

Grants – Federal

Purpose. This Policy for Federal grants applies to all expenditures of funds received through federal grants, whether those funds come directly from a Federal agency or through an intermediary, known as a “pass-through entity”.

Policy Statement. The federal government imposes a set of standards for the acquisition of supplies, equipment and real property purchased with federal funds. Federal grant funds received by the Town must conform to the procurement standards identified in CFR§200.317 through §200.327. Individual federal grants may contain further requirements that are unique to those grants and are in addition to this Policy. It is therefore important for the applicant to work closely with the Finance Department to ensure compliance of each grant.

Ethics and Conflicts of Interest. The Town, as a government entity, is required to comply with the regulations under Federal Uniform Grant Guidance (UGG) (2 CFR §200.318(c)(1)), which requires written standards of conduct covering conflicts of interest and governing the performance of its employees engaged in the selection, award and administration of contracts.

- **Conflict of Interest – Employee/Officer/Agent** No employee, officer, or agent may participate in the selection, award or administration of a contract supported by a Federal award if he or she has a real or apparent conflict of interest. Such a conflict of interest would arise when the employee, officer, or agent, any member of his or her immediate family, his or her partner, or an organization which employs or is about to employ any of the parties indicated herein, has a financial or other interest in or a tangible benefit from a firm considered for a contract. Officers, employees and agents of the Town of Johnstown may neither solicit nor accept gratuities, favors or anything of monetary value from contractors or parties to subcontracts. All business-related gratuities are specifically prohibited except nominally valued, widely distributed items (calendars, pencils, etc.)
- **Organizational Conflict of Interest** Organizational conflict of interest means that because of relationships with a parent company, affiliate, or subsidiary organization, the Town of Wellington is unable or appears to be unable to be impartial in conducting procurement action involving a related organization.
- **Disclosing Potential Conflicts of Interest** Employees, officers and agents are expected to comply with any applicable requirements pertaining to Conflicts of Interest with regards to grant awards. Employees, officers and agents must file a Conflict of Interest Disclosure Statement with the Finance Office before a grant application is filed. If the grant is awarded without an application process, then the disclosure must be completed as soon as possible after notification of the award is received. In the event that a conflict of interest arises after the award has been received, employees, officers and agents must disclose the potential conflicts of

interest in writing to the Finance Department as soon as they become aware of them. The written disclosure will include the name of the person, form or organization with whom the conflict exists, the nature of the conflict of interest and the date that the conflict status began. Any potential conflicts of interest affecting the awarded funds will be disclosed by the Finance Office to the U.S. Treasury or pass-through entity in accordance with 2 C.F.R. § 200.112.

General Requirements. The following requirements are applicable to all procurement transactions regardless of size.

- A. Procurement transactions shall be conducted in a lawful and ethical manner.
- B. Unnecessary/duplicative purchases are not permitted (and are not reimbursable expenses.)
- C. Where appropriate, consider leasing versus purchasing.
- D. Enter into agreements to share common goods or services with other governmental entities when possible.
- E. Use federal excess or surplus property in lieu of new purchases.
- F. Use value engineering clauses in contracts for construction projects of sufficient size to offer reasonable opportunities for cost reductions.
- G. Award contracts only to responsible contractors possessing the ability to perform successfully under the terms and conditions of the procurement.
- H. Maintain sufficient records to detail the history of procurement, including rationale for the method of procurement, selection of contract type, contractor selection or rejection, and the basis for contract price.
- I. Purchases must remain in aggregate and cannot be separated into multiple increments in order to bypass procurement threshold requirements.

Competition. See the Code of Federal Regulations, 2 CFR 200.319 for the most up to date requirements.

Methods of procurement. See the Code of Federal Regulations, 2 CFR 200.320

Contracting with small and minority businesses, women's business enterprises, and labor surplus area firms. See the Code of Federal Regulations, 2 CFR 200.321

Domestic preferences for procurement. See the Code of Federal Regulations, 2 CFR 200.322

Procurement of recovered materials. See the Code of Federal Regulations, 2 CFR 200.323

Contract cost and price. See the Code of Federal Regulations, 2 CFR 200.324

Federal awarding agency or pass-through entity review. See the Code of Federal Regulations, 2 CFR 200.325

Bonding requirements. See the Code of Federal Regulations, 2 CFR 200.326

Contract provisions. See the Code of Federal Regulations, 2 CFR 200.327

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Operating Expenditures

Current Revenues to Pay for Current Expenditures. Current operating revenues will meet or exceed current operating expenditures. Each Town fund budget must identify ongoing resources that at least match ongoing annual requirements. One-time cash transfers and ending balances in excess of reserves may be applied to reserves or to fund one-time expenditures. They will not be used to fund ongoing programs. **[Discussion about funding operating is important, however not essential according to GFOA. Should we make a statement?]**

Personnel Compensation. The Town strives to provide excellent service to the community at all times. The Town is **[committed or strives]** to offering competitive compensation packages that attract and retain highly qualified staff. The Town's compensation philosophy is based on internal and external considerations, salary ranges structures should be evaluated periodically to determine the relative competitiveness of the pay structure to job market. All proposed merit and cost-of-living (COLA) adjustments require the approval of the Board of Trustees during the annual budget process.

Maintenance and Replacement of Capital Assets. The Town inventories and assesses the condition of inventory of its buildings, equipment, and vehicles annually, The budget process includes a multi-year project of facilities and vehicles replacement. The Town will **[strive or provides]** sufficient funding for adequate maintenance and orderly replacement of capital assets and equipment.

Sale of Obsolete or Surplus Item. Items that have not been used or moved in five years—unless designated for departmental use—will be considered obsolete and may be sold, recycled, or auctioned. Supplies and equipment that are no longer needed or in use by a department will first be made available to other departments. If no department within the Town has a use for these items, they will be declared surplus and either sold at auction, donated, recycled, or otherwise properly disposed of. **[At no time will surplus property be offered to employees outside of a public offering process. - OR - Surplus property will not be given, sold, or otherwise transferred to Town employees under any circumstances. Should we make this policy more restrictive... example: When the current value is deemed to exceed \$2,500, it can be offered at public auction or written bid. The bid must be advertised at least 10 days prior to sale.]**

Purchasing. Goods and services shall be procured in accordance with the Purchasing Policy.

Outsourcing. The Town **may or will** undertake periodic reviews of Town programs for both efficiency and effectiveness. Privatization and contracting with other governmental agencies will be evaluated as alternatives to services delivery. Programs that are

determined to be inefficient and/or ineffective shall be reduced in scope and eliminated.

[Not required for policy, do we want this?]

Lease Purchase and Straight Lease of Capital Items. Lease purchase will be considered only when the useful life of the item is equal to or greater than the length of the lease. If the item may become technologically obsolete or is likely to require major repair during the lease purchase period, then the item should either be purchased or placed on a straight lease.

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Capital Improvement Projects (CIP)

Purpose. The five-year CIP budget is prepared and updated annually in the budget process and used to account for financial resources that are used to construct/acquire major, long-lived general capital assets. These projects are consistent with the Town's long-term goals. Capital items must cost more than **\$10,000 [This is what we have in the budget document is \$10k the right number?]** and have an expected life of greater than **one year. [should it be 2-3 years?]**

Ongoing Operation Impacts. Resources for both ongoing operations and capital projects are not without limits and the capital planning must work in conjunction with the annual budget process. After a capital project is completed, the ongoing operation and maintenance appears in the operating budget for years to come and must be considered in the context of overall community needs. The decision to embark on a capital project or purchase capital equipment must be balanced with the demands of existing services.

Funding Strategies. The Town will use a variety of different sources to fund capital projects, including the "pay- as-you-go" philosophy.

Budget Carryover. Appropriations for CIP projects lapse three years after budget adoption. Lapsed project may be resubmitted for inclusion in a subsequent CIP. **[Do we want it written like this?]**

Project Identification. The CIP shall include a standardized project ranking system to prioritize proposed projects. Each project submission must also include an operating budget impact statement to assess long-term costs and financial implications.

Process to Identify Project Funding.

Priority I: IMPERATIVE: Projects that cannot reasonably be postponed in order to avoid harmful or otherwise undesirable consequences.

- Corrects a condition dangerous to public health or safety
- Satisfies a legal obligation
- Alleviates an emergency service disruption or deficiency
- Prevents irreparable damage to a valuable public facility

Priority II: ESSENTIAL Projects that address clearly demonstrated needs or objectives.

- Rehabilitates or replaces an obsolete public facility or attachment thereto o Stimulates economic growth and private capital investment
- Reduces future operating and maintenance costs
- Leverages available state or federal funding

Priority III: IMPORTANT: Projects that benefit the community but may be delayed without detrimental effects to basic services.

- Provides a new or expanded level of service
- Promotes intergovernmental cooperation
- Reduces energy consumption o Enhances cultural or natural resources

Priority IV: DESIRABLE

- Desirable projects that are not included within five-year program because of funding limitations.

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Emergency Procurement

Notwithstanding any other provision of this policy, the Town Administrator or successor, **in consultation with the Mayor**, or successor, may make, or authorize others to make, emergency procurement when there exists a threat to public health, welfare, or safety under emergency conditions. A written determination of the basis for emergency and for the purchase or selection of the vendor or contractor shall be included with the purchase documentation (invoice, Purchase Order, check request).

When such an emergency condition arises, such as a natural disaster, that necessitates immediate action to minimize damage and inconvenience resulting from such condition, the **Town Administrator or successor**, is authorized to enter into emergency contracts not to exceed **\$500,000**, per contract, without bids or notice.

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Purchasing

Purpose. This policy is intended to ensure adequate and uniform control of the Town of Wellington's purchasing and payment activities. Principles and policies incorporated into this policy are in accordance with Government Financial Officers Association best practices and applicable State of Colorado Law.

All parties involved in the negotiation, performance or administration of procurement and/or contracts for the Town shall act in good faith. All procurements should be made for the purpose of meeting the Town's current budget goals.

This policy encompasses all purchasing activity conducted on behalf of the Town. Any questions on any purchasing or payments situation should be directed to the Finance Department for assistance.

All purchases shall be made in accordance with the policies prescribed in this policy. Any agreement made contrary to these policies shall not be binding to the Town.

Code of Conduct.

- A. Every person engaged in purchasing for the Town shall act to acquire materials and services at the lowest reasonable price, in the proper quality, to reliably accomplish the service intended.
- B. Officials, employees, or agents of the Town shall neither solicit nor accept gratuities, favors, or anything of monetary value from contractors, vendors, or potential contractors or vendors.
- C. No official, employee, or agent of the Town shall participate in any purchasing decision which affects the individual's personal financial interest or the interest of the individual's immediate family or of any corporation, partnership, or association of which the individual is a partner, member, creditor, or stockholder.
- D. No contractor, vendor, or potential contractor or vendor shall bribe, coerce, or attempt to bribe, coerce, or otherwise improperly influence an official, member, employee, or agent of the Town.
- E. Officials, employees, or agents of the Town shall not attempt to circumvent the intent of these purchasing policies by placing multiple orders with a single vendor, or orders on consecutive days, or by other practices that avoid triggering a specific purchasing procedure.
- F. Violations of these purchasing policies shall be examined first by the Town Administrator or the Finance Director, referred to Human Resources to determine appropriate action to be taken, and reported to the Board of Trustees.

General Provisions/Restrictions.

- A. No personal purchases may be made using the Town's funds. Purchasing venues provided within this policy may be utilized only in the interest of the Town.

- B. Only designated Town staff may purchase utilizing Town funds within Signature Authorization and Purchasing Card limits.
- C. Purchases must be charged to the proper account, regardless of budget availability in the appropriate budget line item.
- D. Alcohol may only be purchased with Town funds with prior approval from the Town Administrator or Finance Director.
- E. Sales tax is not to be charged on any purchase in Colorado. The Town's tax-exempt numbers should be given to the vendor before the sale is completed. The Town's tax-exempt certificate is available from the Finance Department.
 - a. For out-of-state travel, note that airlines, hotels, and other vendors may not honor the Town's tax-exempt status.
- F. All bid information shall be maintained by the purchasing department. Required bid information shall be attached to the documentation requesting payment by the Finance Department (i.e. Purchase Order, check request, invoice, etc.).
- G. No multi-year financing obligations (including rentals of equipment or space) may be committed without the review and concurrence of the Finance Director and the Town Administrator.
- H. Requests to open merchant charge accounts must be authorized by the Finance Director or the Town Administrator. The process to open the accounts, including completing the credit application and vendor setup, will be administered by the Finance Department.

Purchasing Thresholds. The following limits exist to ensure seamless operation of the Town while providing oversight and Board of Trustee approval for large expenditures.

- A. Thresholds:

a. P-Card Monthly Spending Limit	Up to \$50,000
b. P-Card Per Transaction Limit	Up to \$10,000
c. Signature Authorization	Up to \$250,000
d. Emergency Procurement	up to \$500,000
- B. Bidding Thresholds:

a. Buyer's best judgement	up to \$25,000
b. Two written quotes	\$25,000 to \$100,000
c. Three written quotes	\$100,000 to \$250,000
d. Sealed competitive bidding*	\$250,000.01 and above

**See Appendix B for guidelines*
- C. Board of Trustees Approval Thresholds:
 - a. Appropriated (budgeted) purchases above \$100,000
 - b. Non-appropriated (non-budgeted) purchases above \$25,000
 - c. Purchases within a Board approved contract amount are exempt

Cooperative Purchasing. On approval of the Town Administrator or designee, the Town may join other governmental bodies, including but not limited to, the State of Colorado and other local governments in making cooperative purchases in the best interest of this Town, notwithstanding other provisions of this Policy.

Negotiating Price. Unless specifically stated otherwise within a bid or RFP document, the Department Director or Deputy Director, Finance Director, or Town Administrator may negotiate the price for any given product or service.

Sole Source. Occasionally it is necessary to purchase supplies, services or construction items without going to bid, or that only one firm is in a better position to provide. A sole source purchase is a method of acquisition. It is not to be used to avoid competition. Price cannot be used as a factor in determining if a sole source exists because it indicates the existence of a competitive marketplace.

Examples of potential sole source purchases/services include: state bid, engineering or other professional or consulting services, items for resale, matching existing equipment, custom items, paint, prime lumber (except for large quantities), new technology services or equipment, on site repairs (such as heating, air, plumbing, phone) and utilities.

A sole source justification is required for every purchase of \$25,000 or more unless the purchase is being made from an existing contract, the supplier is specifically named in the grant, or the purchase is being competitively solicited.

Sole source purchases shall be subject to the Purchasing Thresholds and Signature Authorization Policies. Written justification of a sole source purchase must be approved by the Finance Director or Town Administrator prior to an order being placed. Written justification and approval shall be attached to the documentation submitted to the Finance Department (Purchase Order, check request, invoice, etc.).

Sole Source Justification Criteria. The following list of criteria may be used in determining if a single or sole source situation exists:

- A. Only one manufacturer makes the item meeting salient specifications; that manufacturer only sells direct/exclusively through one regional/national representative;
- B. Item required must be identical to equipment already in use by the end user, to ensure compatibility of equipment, and that item is only available from one source.
- C. Collaborative project- Supplier is named where the identical equipment is required for compatibility and interoperability.
- D. Maintenance or repair calls by the original equipment manufacturer (OEM) are required for a piece of equipment, and the manufacturer does not have multiple agents to perform these services.

- E. Replacement or spare parts are required from the OEM, and the OEM does not have distributors for those parts.
- F. Patented items or copyrighted materials, which are only available from the patent or copyright holder.
- G. Unique expertise, background in recognized field of endeavor, the result of which may depend primarily on the individual's invention, imagination, or talent.
Consultant has advanced or specialized knowledge, or expertise gained over an extensive period of time in a specialized field of experience.

Note: An item being a “sole brand” or a “sole manufacturer” does not automatically qualify to be a “sole source”. Many manufacturers sell their products through distributors. Therefore, even if a purchase is identified as a valid “sole brand” or “sole manufacturer”, the requester should verify whether the manufacturer has multiple distributors. If the manufacturer does have multiple distributors, competition should be sought among the distributors.

Signature Authorization

Signature authority is granted on an individual basis. A summary of designated staff with signature authority to approve Town expenditures shall be maintained by each department. The Finance Department shall keep a current master Signature Authorization Summary.

All signature authority is requested by Department Directors or Deputy Directors to the Finance Department. Upon review and approval by the Finance Department, the request is sent to the Town Administrator for final approval.

General Provisions/Restrictions. Unless signature authorization has been designated and approved, no employee shall sign on behalf of the Town. Signing on behalf of another employee within the same department is only allowed by individual with designated approval limits greater than the employee, the Finance Director, or the Town Administrator. Signing on behalf of another department is only allowed by the Finance Director or Town Administrator.

See Appendix A for Signature Authorization limits

Purchasing Card (P-Card)

The Purchasing Card (P-Card) program is intended to streamline and simplify the purchasing functions by eliminating waste and low value activities. The P-Card is a tool that reduces transaction costs, facilitates timely acquisition of materials and supplies, automates data flow for accounting purposes and offers flexible controls to help ensure proper usage. The P-Card program is not intended to avoid or bypass appropriate procurement or payment procedures. Intentional misuse or fraudulent abuse may result in disciplinary action up to and including dismissal and legal action.

The card is issued by First National Bank of Omaha (FNBO). The card has no impact on an individual's personal credit rating although the card lists an individual's name as the card is issued to the Town of Wellington.

A Cardholder Guide is provided to outline issuance requirements, the types of purchases that can and cannot be made, records including transaction receipts, that must be maintained, and reconciled for each cycle, and a variety of other program information. Some minimal record keeping is essential to ensure the successful use of the Purchasing Card. Public funds are committed each time a P-Card is used, a responsibility that should not be taken lightly.

Only employees of the Town of Wellington are eligible to be issued a P-Card. Contractors or temporary employees are not eligible. The cardholder is responsible for the security of their card(s) and the transactions made against the card(s). Each user will be required to sign the Commercial Card Cardholder Agreement. Employees must be authorized by the Department Director or Deputy Director based upon need.

The P-Card is not to be used for personal purchases, alcohol (without prior approval), tobacco, or cash transactions such as money orders or cash advances. Each card has a monthly total limit which will deny further transactions in that month, and each cardholder has a single purchase limit. Under no circumstances should a transaction be split into two separate receipts to bypass this dollar limit.

The following P-Card uses are not authorized:

- Purchases with vendors that have merchant charge accounts (i.e. Amazon).
- Fuel for personal vehicles. Reimbursement for mileage shall be made on the Travel Authorization Form at the current IRS reimbursement rate.
- Fuel for Town vehicles. Fuel Cards are provided for fueling Town owned vehicles.
- Using another employee's P-Card.

Purchase Documentation. A receipt is required for all purchases and must be uploaded when reconciling card activity. If the purchase is made via phone, ask the supplier to include the receipt when the product is shipped or to email the confirmation.

Shipping. The external shipping label must be to the Town of Wellington building – not a personal address. It is required that all receipts and packing slips are retained.

Tax. Sales tax is not to be charged on any purchase in Colorado. The Town's tax-exempt numbers should be given to the merchant before the sale is completed. The Town's tax-exempt certificate is available from the Finance Department. The tax-exempt number is embossed on the purchase card. The cardholder is responsible for ensuring that sales tax is not applied.

Gratuity. Tips or gratuity on purchases for services, such as meals, is permitted up to 20%.

Reconciliation. The cardholder is required to reconcile transactions monthly, including provide explanations of purchases, assigning account codes, and uploading receipts.

Resolving Errors and Disputes. In the case of an error, first contact the merchant and try to reach an agreement. If unable to reach an agreement or the purchase is fraudulent, dispute the charge with FNBO. All disputes must be submitted within 30 days of the transaction date.

Lost or Stolen Cards. The P-Card should be secured at all times. If a card is lost or stolen, immediately contact FNBO at 1-800-819-4249 and notify the Finance Department.

Termination of Employment. Upon separation of employment with the Town of Wellington, P-Cards must be surrendered to the Finance Department or Human Resources.

Purchasing Activity Audits. All card activity is subject to random audits. The random audits are to help ensure adherence to the Program's policies and procedures.

See Appendix A for P-Card Per Transaction and Monthly Spending limits

Travel

This travel policy applies to all officials, employees or agents of the Town travel for Town-related business and mileage reimbursements.

Approval. Travel and related expenses require approval prior to any purchases as follows:

- A. Travel within Colorado outside of the Fort Collins, Loveland, Greeley metro area
 - a. Without overnight stay – Obtain Department Director or Deputy Director approval; utilize P-Card for necessary purchases
 - b. With overnight stay – Complete a Travel Pre-Authorization Form in advance and obtain Department Director or Deputy Director approval; utilize P-Card for necessary purchases
- B. Outside of Colorado:
 - a. Complete a Travel Pre-Authorization Form in advance and obtain Department Director or Town Administrator approval; per diem should be utilized for meal and travel incidental expenses and can be requested in advance (minimum two weeks prior to travel) or after travel; utilize P-Card for all other necessary purchases

Purchasing Card. P-Cards should be used whenever possible and practical for lodging, airfare, ground transportation, and parking. For situations where use of the P-Card was not practical or possible, allowable expenses paid by the traveler will be reimbursed. Receipts for reimbursed expenses are required and should be submitted with the reimbursement form and check request. P-Card may only be used for fuel on a Town paid rental vehicle, if necessary.

Per Diem. Per diem is allowed for travel requiring an overnight stay at the rates determined by the U.S. General Services Administration. Current rates are available at <https://www.gsa.gov/travel>. The per diem amount should be pro-rated for meals provided by the seminar/conference (if applicable). If actual costs are more than the per diem amount, the employee is responsible for the additional amount. If actual costs are less than the per diem amount, the employee may keep the balance. No receipts are required when using per diem.

Airfare. In all cases, but within reason, the most cost effective and efficient manner of travel should be sought. Direct flights shall be considered the standard, even though flights with connections and/or layovers are often less expensive. Only economy or basic airfare shall be considered standard. Additional travel options such as early check-in and in-flight perks are not allowable expenses. In general, the Town will reimburse the cost of one checked bag, however, employees are encouraged to utilize carry-on luggage whenever possible. Situations requiring more than one checked bag, including presentation materials require Department Director or Deputy Director approval.

For out-of-state travel where the employee requests and approval are obtained to use alternative transportation (including train or automobile), the Town may elect to reimburse the employee for only the most cost-effective method of travel. Exceptions require Finance Director or Town Administrator approval.

Parking. In all cases, but within reason, costs for parking should be kept to a minimum.

- A. Airport Travel: Airport shuttle is encouraged when possible.
- B. Airport Parking: Employees should use their P-Card for economy parking fees.
- C. Hotel Parking: Self-parking shall be utilized, if available. Valet parking is allowed if it is the only option available. Unless otherwise approved in advance by the Department Director or Deputy Director, the employee shall pay the difference for additional costs of covered parking or valet service when other options are readily available.

Mileage Reimbursement. Amount per mile of mileage reimbursement is set at the current Internal Revenue Service's allowable rate per mile. Current rates are available at <https://www.irs.gov/tax-professionals/standard-mileage-rates>.

Internet Connection Charges. If internet connectivity is needed for work related purposes while traveling and the hotel and/or conference charges for internet service, contact IT to check out a cellular option, if available. If necessary, the Town will cover the cost of any internet connection charges incurred while traveling when the primary purpose of the connection is work related.

Compensation for Hours Worked. Contact Human Resources with any questions regarding compensation for hours worked during travel for non-exempt employees.

Forms. All forms are available from the Finance Department and may be updated at the discretion of the Finance Director.

- A. Travel Pre-Authorization Form: used to estimate and accumulate the total cost of the trip; required for travel with an overnight stay
- B. Travel Reimbursement Form: required for any payment of employee-paid expenses related to travel while on Town business that a P-Card could not be utilized, such as mileage or tolls; supporting documentation, including Travel-Pre Authorization Form, receipts, mileage maps, etc., is required
- C. Check Request Form: required for per diem with supporting documentation from U.S. General Services Administration website and all reimbursements of employee-paid expenses with Travel Reimbursement Form and supporting documentation

Contracts

This policy applies to any contract that the Town enters into. In general, the Town Administrator or the Mayor shall sign a contract for the Town (contractual authority) that obligates Town funds, although Directors or Deputy Directors may sign contracts within their authorization limits. A Town Project Manager (or Town contact person) **MUST** be designated for each project and specified within the contract. This individual will be accountable for all aspects of proper contract administration surrounding the construction in progress.

Each department and its personnel are responsible for the planning for its projects.

Contract Performance and Payment Bonds.

- A. When a contract is awarded, unless the Town Administrator or designee deems otherwise, the following bonds or security shall be delivered to the Town and shall become binding on the parties upon the execution of the contract:
 - a. Bid security in an amount equal to five (5) percent of the total amount of bid shall be required for all competitive sealed bidding for contracts. Bid security shall be a bond provided by a surety company authorized to do business in this state, or the equivalent in certified funds, or otherwise supplied in a form satisfactory to the Town.

When the invitation for bid requires security, noncompliance requires that the bid be rejected.

 - b. A performance bond, satisfactory to the Town, executed by a surety company authorized to do business in this state, or otherwise secured in a manner satisfactory to the Town, in an amount equal to one hundred (100) percent of the price specified in the contract; and
 - c. A payment bond, satisfactory to the Town, executed by a surety company authorized to do business in this state, or otherwise secured in a manner satisfactory to the Town 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, in an amount equal to one hundred (100) percent of the price specified in the contract.
- B. Nothing in this section shall be construed to limit the authority of the Town to require a bond or other security in addition to the bonding requirements as stated above.

Retainage. The contract shall include provisions for retainage of contract sums as prescribed by state law and may include provisions for retainage in contracts not covered by state law.

Damage or Delay. The Town may, by contract, require the contractor to waive, release, or extinguish its rights to recover costs or damages, or obtain an equitable adjustment for delays in performing such contract if such delay is caused, in whole or in part, by the acts or omissions of the Town or its agents. If the contract provides that, an extension of time for completion of the work is the contractor's remedy for such delay. Such clause is valid and enforceable, any provision of state law to the contrary notwithstanding.

Final Payment. The last payment on a contract, in an amount of ten thousand dollars (\$10,000) or more, will not be made until at least ten days after notice of intention to pay is published at least twice in a newspaper of general circulation in the Town and after the Town has received a release of statements of claim or liens. Proof of publication should be submitted to Accounts Payable. Claims against the contract shall be filed as prescribed by state law.

See Appendix B for Competitive Bidding Guidelines

See Appendix C for Independent Contractor Procedures

Definitions

Accounts Payable. The function in the Finance Department processing payments for the Town.

Allocation. Town of Wellington account number to be charged for the purchase.

Bid Package. Documentation prepared and distributed by the Town in the solicitation of bids.

Board of Trustees. The legislative and governing body of the Town.

Capital Improvement. A fixed public improvement, including, but not limited to: streets, alleys, sidewalks, water or wastewater facilities, flood control facilities, traffic control devices, street lighting, parks, public structures, and landscaping.

Capital Improvement Contract. A Town contract for Capital Improvements.

Change Order. A Change Purchase Order is a Purchase Order initiated directing a vendor or contractor to make a change to the original Purchase Order or Contract in either amount, delivery, scope or items purchased.

Construction. The process of building, altering, repairing, improving, or demolishing any public structure or building, or other public improvements of any kind to any public real property or within an appropriate easement.

Cooperative Purchasing. Procurement conducted by, or on behalf of, more than one governmental body.

Department. A designated administrative or operating department of the Town. Departments currently include: Administration, Town Clerk, Finance, Human Resources, Library, Building & Planning, Public Works, Streets & Maintenance, Water, Wastewater, Distribution & Collection, Storm Drainage, Parks and Recreation.

Depreciable Purchases. Supplies or tangible property of \$10,000 or more.

Director. A Town employee reporting to the Town Administrator or Deputy Town Administrator with multiple function accountability and staff. Departments with directors currently include: Town Clerk, Finance, Human Resources, Library, Planning, Public Works, and Parks and Recreation.

Emergency Conditions. A situation in which Town operations may be severely hampered or a situation in which the preservation of life, health, safety or property may be at risk as

determined by the the Town Administrator or successor, in consultation with the Mayor, or successor,.

Governmental Body. Any department, division, commission, council, board, bureau, committee, institution, legislative body, agency, government corporation, or other establishment of this Town.

Intangible Purchases. Non-physical items of value such as insurance, leases, securities or water rights.

Invitation for Bids. All documents, whether attached or incorporated by reference, utilized for soliciting bids.

Non-Depreciable Purchases.

Services, supplies, and intangible property. Also includes tangible property under \$10,000.

Professional Services. Services of a specialized nature, including, but not limited to: architecture, engineering, legal, accounting, surveying, land title services, environmental/scientific services, information technology, hiring screening process (drug testing, psych testing, etc.), equipment repair and maintenance, etc. Includes consulting services provided by individuals possessing specialized educational qualifications, practical expertise or professional certification where the final product is predominantly oral or written advice or information.

Purchase Order. A request to purchase goods or services typically provided to the vendor as a confirmation of the Town's commitment to purchase.

Request for Proposals (RFP). A process used to acquire supplies and services that involve the review of written proposals and the use of negotiations with the most qualified bidder(s). This process may also include the use of a Request for Information (RFI) as a preliminary step to the RFP process in an attempt to gather information and pre-qualify prospective bidders.

Services. The furnishing of labor, time, or effort not involving the delivery of specific end product other than management, reports, recommendations or repairs. No tangible product is provided.

Signature Authorization Summary. The list maintained by each department of designated staff authorized to approve Town expenditures. The Finance Department shall keep a current master list of each department's Signature Authorization Summary.

Sole Source. Only one supplier (source), to the best of the requester's knowledge and belief, based upon thorough research, (i.e. conducting a market survey), is capable of delivering the required product or service. Similar types of goods and services may exist,

but only one supplier, for reasons of expertise, and/or standardization, quality, compatibility with existing equipment, specifications, or availability, is the only source that is acceptable to meet a specific need.

Tangible Property. Personal property and materials, including without limitation supplies, equipment, vehicles, parts, printing and consumable supplies

Town. The Town of Wellington, Colorado, with a primary business location of 8225 Third Street, P.O. Box 127, Wellington, CO 80549.

Town Administrator. Appointed by the Board of Trustees to serve as the chief executive officer of the Town.

Town Treasurer. Finance Director appointed by the Board of Trustees to serve as the chief financial officer of the Town.

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Appendix A

SIGNATURE AUTHORITY, P-CARD PER TRANSACTION, AND P-CARD MONTHLY SPENDING LIMITS

Department	Role	Signature Authority	Purchasing Card	
			Per Transaction Limit	Monthly Spending Limit
Administration	Town Administrator	\$250,000*	\$10,000	\$50,000
Administration	Deputy Town Administrator	\$200,000*	\$10,000	\$50,000
Finance	Director			
Public Works	Director			
Administration	Town Clerk, Human Resources Director	\$100,000*	\$7,500	\$30,000
Public Works	Deputy Director			
Building & Planning	Director			
Parks & Recreation	Director/Manager			
Library	Director			
Administration	IT Manager	\$25,000*	\$5,000	\$20,000
Finance	Controller			
Public Works	Superintendent			
Building & Planning	Building Official			
* See Purchasing Policies – Purchasing Thresholds for Bidding and Board of Trustees Approval requirements for Signature Authority of \$25,000 or more*				
Administration	Community Business Liaison	\$10,000	\$2,500	\$10,000
Public Works	Supervisor, Lead, Fleet Mechanic, Administrator			
Parks & Recreation	Supervisor			
Administration	HR Generalist	N/A	\$1,000	\$5,000
Public Works	Operator III			
Parks & Recreation	Coordinator			
All departments	All roles unless specified	N/A	\$500	\$2,500

Appendix B

COMPETITIVE BIDDING GUIDELINES

Competitive bids (formal or informal) are required for dollar limit purchases identified in the Summary of Purchasing Criteria found on page 5 of this Purchasing Policy. All bid specifications shall seek to promote overall economy for the purposes intended and encourage competition in satisfying the Town's needs and shall not be unduly restrictive so as to limit competition.

Depending on the nature of the product or service, bids are not necessarily awarded based on price alone. In situations where the low bid is not accepted, a written description of the other factors considered and the basis for the award shall be included with the bid information.

For purchases within a Director's or Deputy Director's authorization, bid information shall be maintained by the department. For purchases requiring additional authorization, a summary of the bid information shall be attached to the approval documentation.

Bidder's List. Departments are encouraged, but not required, to maintain bidder's lists. Whenever possible, the Colorado State Price Agreement Listing (State Bid) should be consulted. All formal bids shall be advertised on the Town's web site, and vendors should be encouraged to subscribe to the notification service provided on the site. Public notice may also include publication in the Town's legal newspaper or a newspaper of general circulation.

Types of Bids.

- A. **SOLICITATION OF QUOTE:** A SOLICITATION is an informal quote obtained from a supplier or contractor in an informal manner (including verbally or electronically). For repetitive purchases, it is not necessary to obtain bids with each purchase. However, a bid process shall be conducted at least once every 2 years.
- B. **INVITATION FOR BID (IFB):** An IFB is a solicitation of formal bids. A "formal" bid is a solicitation that may require advertising, bonds, and sealed bids. The Director or Deputy Director is responsible for the Bid Package and vendor eligibility. The specifications, delivery requirements, plans, drawings, and other items must be determined and finalized prior to the Bid Package being provided. Eligibility may be determined from a pre-qualification process, general advertising of project, or any other method deemed appropriate.
- C. **REQUESTS FOR PROPOSAL (RFP):** An RFP is a solicitation for goods or services designed for an award based upon criteria other than price alone. It is most often used for items or services that are hard to quantify or describe because it allows the proposer to suggest the item or service that might best suit the Town's needs.

Examples where an RFP may be appropriate include design services, professional services, janitorial services and specialized equipment purchases.

The RFP should contain the following as a minimum:

1. the type of goods or scope of services and where appropriate detailed specifications;
 2. the required time schedule;
 3. general requirements;
 4. conditions and provisions;
 5. location, date and time for submittal of the proposal;
 6. evaluation criteria to be used for selection and award;
 7. reservation of the right to waive formalities or informalities, reject any or all bids, accept proposal deemed most advantageous to the best interest of the Town.
- D. **PRE-QUALIFICATION:** The Department Director, Deputy Director, or designee may determine if a pre-qualification (RFQ – REQUEST FOR QUALIFICATION) process is appropriate and determine the criteria. Criteria may include but are not limited to the following: construction experience, experience specific to the work specified, construction track record, government experience, and financial stability. The Department Director, Deputy Director, and/or project manager will review the qualifications and information to determine the acceptability of responding bidders.

Bid Evaluation. Bids shall be evaluated based on the requirements set forth in the Bid Package, which may include criteria to determine acceptability such as inspection, testing, quality, workmanship, delivery, and suitability for a particular purpose. The criteria that will affect the bid price and be considered in evaluation for award shall be objectively measurable, such as discounts, transportation costs, and total for life cycle costs. The Bid Package sets forth the evaluation criteria to be used. No criteria may be used in bid evaluation that is not set forth in the Bid Package.

Affirmative Contracting. The Town shall follow affirmative steps to assure that small, minority or women-owned business enterprises are used when possible, on grant-funded projects. These steps include the following. (2 CFR 200.321)

- A. Place qualified small, minority and women-owned business enterprises on solicitation lists where solicitation lists exist for the needed goods or services;
- B. Assure that small, minority and women-owned business enterprises are solicited whenever they are potential sources;
- C. Divide or modify work requirements, when reasonable, into smaller tasks or quantities to permit maximum participation by small, minority and women-owned business enterprises;
- D. Establish delivery or performance schedules as appropriate, that will encourage participation by small, minority and women-owned business enterprise;
- E. Use resources such as the Small Business Administration to conduct outreach; and

- F. Require the prime contractor, if subcontracts are used, to take similar affirmative steps to use small, minority or women-owned business enterprises (reference contracts).

Award. The contract shall be awarded with reasonable promptness to the lowest responsible and responsive bidder whose bid meets the requirements and criteria set forth in the Bid Package, unless the Town Administrator or his designee shall determine that the public interest will be better served by accepting a different bid. When the award is not given to the lowest bidder, a complete statement of the reasons for placing the order with another bidder shall be made available to all bidders upon request.

Cancellation of Invitation for Bids. An invitation for bids or any other solicitation may be canceled, or any or all bids or proposals may be rejected in whole or in part as may be specified in the solicitation, when it is in the best interests of the Town. The reasons therefore shall be put in writing and made part of the contract file.

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Appendix C

INDEPENDENT CONTRACTOR PROCEDURES

The Town's Director of Human Resources or designee shall make the determination whether an individual is an independent contractor, as compared to an employee, and shall approve any contract arrangements.

An individual is generally considered to be an independent contractor if the employer has the right to control or direct only the result of the work and not the means and methods of accomplishing it. Examples may include a software programmer, recreation instructor and electrician. Compare with the Internal Revenue Code Test (www.irs.gov/newsroom/understanding-employee-vs-contractor-designation).

The determination needs to be made on a case-by-case basis.

Procedures. The procedures outlined herein are set forth to assure conformity of the independent contractor policy. It is the responsibility of the department and its personnel to comply with all provisions set forth with this independent contractor policy.

- A. Steps in contracting with independent contractors include:
 - a. Identification of need.
 - b. Determination of status with Director of Human Resources.
 - c. Negotiation of contract.
 - d. Professional Service Agreement filed with Human Resources.
 - e. IRS Form W-9 filed with Accounts Payable.
- B. Once the Director of Human Resources' approval to contract with an independent contractor is received, terms need to be negotiated with that contractor. Each independent contractor must be given a copy of the W-9 and must be made aware of the deadlines for payment processing through Accounts Payable.
- C. A Professional Service Agreement must be completed, signed, and forwarded to Human Resources. Human Resources will obtain the Town Administrator's signature. The original is kept in a file in Accounts Payable, with a copy returned to the originating department, who is responsible to provide the contractor with a copy. IRS Form W-9 must be completed, signed, and forwarded to Accounts Payable. Payment will not be processed unless the W-9 has been received.
- D. The Professional Service Agreement is available in the Finance Department, and should not be modified, unless approved by the Town Administration or designee.