



PROCUREMENT AND CONTRACT POLICY

**Northern Colorado Water Conservancy District
and Municipal Subdistrict**



ADOPTED JUNE 12, 2025

Statement of Purpose

This policy establishes standards and guidelines for the procurement of goods and services to ensure that they are obtained as economically as possible through an open and competitive process. The policy ascertains that contracts are managed with sound administrative practices and sound business judgment which are in the best interests of Northern Water, the Municipal Subdistrict, and the Enterprises. The content set forth herein defines Procurement and Contract Policies. This policy shall be construed and applied to promote the organization's objectives.

Responsibilities And Functions

Contracts Department. The Contracts Department provides centralized support for all types of contracting activities. They assist in the development, approval and execution of agreements including but not limited to intergovernmental agreements, consulting services agreements, construction contracts, memoranda of understanding, various collaborative agreements, funding agreements, grant award agreements, non-disclosure agreements, simple contracts, and lease agreements.

Procurement/Financial Services Department. The Procurement section of the Financial Services Department administers the solicitation process including Requests for Proposals or Invitation for Bids. Procurement can assist the Project Lead in developing specific project goals and the scope of work, and can provide tools such as specifications, pricing worksheets, delivery types, selection and evaluation criteria.

Exceptions. This policy does not apply to agreements regarding real property, including land and/or buildings which are managed by the Real Estate Department.

Compliance. Compliance with this Procurement and Contract Policy is mandatory unless indicated otherwise herein.

Primary Objectives of Procurement

1. To deal fairly and equitably with all vendors seeking to do business with Northern Water.
2. Provide professional procurement services for all departments and divisions within Northern Water.
3. Assure adherence to all laws, regulations, and procedures related to procurement.
4. Maximize competition for all procurements for Northern Water.
5. Obtain maximum savings through innovative buying and application of value analysis techniques.
6. Procure goods and services from responsive and responsible vendors at competitive prices, consistent with Northern Water's requirements for quality, performance, and timely delivery.

Primary Responsibilities of the Contracts Department

1. Identifying the need for a contract and gathering necessary information.

2. Coordinating project huddles with project managers and pertinent staff for information sharing and guiding procurement and contract activities.
3. Coordinating with our Legal Counsel and Risk Manager to develop appropriate terms, conditions, bonds, and insurance requirements.
4. Assuring that the certificate of insurance and bonds comply with the contract.
5. Providing administrative oversight throughout the term of the contract while the Project Lead is responsible for ensuring that work is performed in accordance with the scope of work or construction design.
6. Keeping the Project Lead updated during the administrative process and copying the Project Lead on all correspondence.
7. Managing any changes to the contract (change orders, amendments, addendums, renewals, extensions, terminations, etc.).
8. Receiving and responding to communications between Northern Water and the consultant/contractor related to insurance and bonds.
9. Participating in resolving disputes in a timely manner.
10. Exercising contractual remedies, as appropriate, when a consultant's/contractor's performance is deficient.
11. Ensuring consultant's/contractor's performance evaluation form is completed and filed appropriately.
12. Documenting all actions taken regarding the contract and maintaining such documentation as part of the official contract file.
13. Closing out the contract file.

I. Scope

1. Application

- a. Except as otherwise provided, this policy applies to the procurement of supplies, equipment, construction, and services by Northern Water and its Enterprises and the Subdistrict and its Enterprises. Where only Northern Water is mentioned in this policy it shall also apply to the Municipal Subdistrict and the Enterprises. The policy shall apply to every expenditure of funds by Northern Water irrespective of the source of the funds. When the procurement involves federal, state or grant funding the procurement shall comply with applicable federal or state laws, regulations, or grant requirements. Nothing in this document shall prevent compliance with the terms and conditions of any grant, gift, or agreement that is otherwise lawful.
- b. When applying federal grant funding, such as through the Department of Interior (DOI), Environmental Protection Agency (EPA), Federal Emergency Management Agency (FEMA), or other federal agencies or programs, all procurement procedures shall conform to applicable federal law set forth by the Code of Federal Regulations (2CFR Part 200).

2. Exceptions

- a. This policy does not apply to procurement approved directly by the Board.

- b. This policy does not apply to acquisition or disposal of real property, including land and/or buildings.
 - c. This policy does not apply to exempt purchases as listed on Appendix A.
3. Where appropriated funds are available, various restrictions set forth in this policy shall be subject to waiver by the General Manager when delay or project closure would create an emergency and may be detrimental. The Board shall be notified of the action taken at the next Board meetings.

II. Delegation of procurement authority.

1. Except as otherwise provided, the General Manager is the purchasing agent for Northern Water. The General Manager may authorize the Procurement Officer to serve as the principal procurement official.
 - a. The Procurement Officer is authorized to procure or supervise the procurement of all supplies, equipment, construction, and services needed.
 - b. The Procurement Officer is authorized to sell, trade, donate, or otherwise dispose of any surplus stock owned by Northern Water.
 - c. The Procurement Officer may, with the approval of the General Manager, delegate procurement authority to other personnel at Northern Water when the Procurement Officer deems such delegation necessary for effective procurement.
2. On an as-needed basis, the Board will review and approve purchasing thresholds defined within this policy. The following purchasing thresholds have been approved by the Board as of the date of this document:
 - a. Discretionary Threshold - \$0.00 to \$9,999.99
 - b. Department Threshold - \$10,000.00 to \$24,999.99
 - c. Divisional Threshold - \$25,000.00 to \$99,999.99
 - d. General Manager Threshold - \$100,000.00 to \$249,999.99
 - e. Board Approval Threshold - \$250,000.00+

III. Delegated contract signature authority. The Board may delegate contract authority to Northern Water personnel.

1. The Board shall provide a list on an as-needed basis of such delegations and any terms or limitations, to the Contracts Manager.
2. The Contracts Manager shall maintain each list and distribute it as necessary.
3. Contracts at or above the General Manager/Board Approval Threshold shall be signed by the General Manager and shall not be further delegated except as to the Acting Secretary.
4. Contracts below the General Manager/Board Approval Threshold may be signed by the General Manager or may be delegated to a Division Director.
5. Contracts below the Divisional Threshold may be signed by the General Manager or may be delegated to a Department Manager.
6. Purchases below the Department Threshold may be signed by the General Manager or may be delegated to the employee making the purchase.

IV. Approval

1. Board approval is a condition prior to the execution of procurement contracts or approval of change orders or contract modifications under the following circumstances:
 - a. Any contract, change order, or contract modification for which sufficient funding is not available and appropriated in the applicable fund.
 - b. Upon request by the General Manager, Procurement Officer or Contracts Manager, the Board may be asked to approve a contract if necessary to protect the integrity of the purchasing system or to serve the public interest.
 - c. Any procurement contract that requires specific Board action.
 - d. Any contract award above the General Manager/Board Approval Threshold except items and/or services that are specifically budgeted and otherwise purchased in accordance with this policy, i.e., vehicles, furniture, fixtures, and equipment (FF&E) purchases associated with construction projects, including adding to and or remodeling Northern Water or Municipal Subdistrict assets, may be exempt from Board approval when the furnishings are included in the appropriated budget for the project.
 - e. Contract amendments in which the aggregate contract amount exceeds a 5 percent contingency of the contract award, or alternatively, a specific contingency amount approved by the Board for a specific contract.
2. When funds are being committed out of a Water Activity Enterprise with an active Participant committee, the proposed procurement shall be presented to the Participant committee in advance of Board consideration or approval by General Manager or another authorized signatory, as appropriate.

V. **Methods of source selections.** It is the policy of Northern Water to act in a manner that affords vendors a fair opportunity to compete consistent with state and federal law. The Procurement Officer shall determine which of the following methods of source selection shall be used to procure goods and services:

1. **Small purchases.** Purchases of an amount less than the Department Threshold are small purchases under this policy. For purchases above the Discretionary Threshold, if available, a minimum of three qualified businesses will be solicited. For purchases less than or equal to the Discretionary Threshold, the solicitation of three quotations is encouraged but not required. The Procurement Officer will administer guidelines to prevent multiple non-competitive small purchases from a single vendor that exceeds in aggregate the Discretionary Threshold.
2. **Competitive sealed bidding.** The Procurement Officer will develop and administer guidelines for administering competitive sealed bidding and will make such guidelines public.

3. **Competitive sealed proposals.** The Procurement Officer will develop and administer guidelines for competitive sealed proposals and will make such guidelines public.
4. **Professional services.** The Procurement Officer will develop and administer guidelines for procuring the services of licensed professionals or consultants and will make such guidelines public. Professional services may be directly procured if the services do not exceed \$10,000 according to the small purchases directives and guidelines administered by the Procurement Officer.
5. **Stand-by procurement.** The Procurement Officer may develop and administer guidelines for designating pre-qualified consultants, contractors, and service providers through one of the competitive selection processes and may select pre-qualified consultants, contractors and service providers using these guidelines for a period not to exceed five consecutive years.
6. **Negotiated or sole source purchases.** Negotiated purchases are not competitive and may only be employed in the circumstances described in this section. Except for purchases on the Exempt List, the project manager shall prepare a justification form to be submitted to the Procurement Officer and approved by the General Manager for every negotiated or sole source purchase. Allowable negotiated or sole source purchases include:
 - a. Extension of an existing contract under the same conditions; or
 - b. Professional services required for expert witness, confidential matters, or permitting, litigation and/or negotiation; or
 - c. Competitive solicitation procedures fail to provide sufficient qualified bidders.
 - d. If after a good-faith review of available sources, only one specific and qualified source is known to exist for the required supplies or services and the Procurement Officer concurs. Sole source exceptions requiring multi-year requests must undergo an annual review conducted by the Procurement Officer and followed by a re-approval process.
 - e. Purchases on the Exempt List are included as Appendix A. Appendix A may be amended from time to time by the General Manager and the Board shall be notified of such amendments.
7. **Emergency procurement.** In the event of an emergency or sensitive matter that poses an immediate threat to public health, safety, welfare, or the integrity of operations, the General Manager, their Designee, the Procurement Officer or the Contracts Manager is authorized to initiate or approve the procurement of goods, services, or construction without adhering to standard procurement procedures. Such procurement shall be conducted with as much sensitive nature of the situation, including the rationale for the urgency and the selection of the vendor, shall be documented and maintained in the procurement record.
8. **Cooperative purchasing agreements.** Northern Water and specifically the Procurement Officer shall have the authority to join with other units of government in cooperative purchasing plans when the best interests of Northern Water would be served thereby.

Cooperative purchasing is sometimes called piggy-backing or collaborative purchasing. There are many cooperative purchasing groups that establish contracts at the national or regional level for use by public agencies. A cooperative contract must be competitively solicited or negotiated by the host agency or cooperative purchasing group. The requirements or specifications of the product or service must be substantially similar to Northern Water's requirements in order to use another agency's award. Please check with Procurement prior to proceeding with any cooperative purchase over \$10,000. The Procurement Officer shall have the authority to include cooperative language within solicitations to allow other governmental agencies to be able to utilize Northern Water's solicitations as appropriate justification of competitive solicitation.

- VI. Legal review.** Northern Water's general legal counsel will review contracting templates and standard terms and conditions on an as-needed basis. Also, legal counsel shall review all contracts prior to Board or General Manager approval in accordance with Section II.2.d, above.
- VII. Procurement Records.** The Procurement Officer and the Contracts Manager shall maintain records pertaining to the solicitation, award, or performance of a contract and shall retain such records in accordance with applicable provisions of Northern Water's retention schedule and be in adherence to Colorado Open Records Act, C.R.S. 24-72-201 et seq. ("CORA") which declares that all public records shall be open for inspection, except as allowed by law.
- VIII. Reporting.** On a monthly basis, Northern Water staff may present summary reports to the Board describing matters subject to this Procurement and Contract Policy, including pending financial obligations in a form acceptable to the Board. The form of report may change from time to time as directed by the Board.
- IX. Requisition System.** Northern Water shall make use of its Enterprise Resource Planning (ERP) financial software system to administer all purchases if then feasible. The financial module within the ERP system provides an environment to correlate purchase orders, invoices and packing slips, and to also assign purchases to the appropriate budget and accounting codes. The inability to use the ERP system shall not curtail procurement or purchases under this policy document.
- X. Bidder Appeals and Remedies for Protesting of a Solicitation or Award**
 - 1. **Right to Protest.** Any actual or prospective bidder or proposer aggrieved in connection with the solicitation or award of a contract may submit a written protest to the Procurement Officer. Actual or prospective bidders shall submit protests within three (3) calendar days of the date they learned of or reasonably should have learned of facts giving rise to the protest. A protest based upon restrictive specifications or alleged improprieties in any type of solicitation must be filed no later than three (3) calendar days prior to bid opening or closing date for proposals, unless the aggrieved party did not know and should not have known of the facts giving rise to such protest prior to three (3) days before bid opening or three (3) days before the closing date for proposals.

2. **Form of protest.** Protest must be in writing and include the following:
 - a. The name and address of the protestor,
 - b. Bid number of the procurement,
 - c. Reason(s) for the protest,
 - d. Any available exhibits, evidence or documents supporting the protest.
3. **Appeal.** If in the event that the written response by the Procurement Officer sustains the prior position of Northern Water, the protestor may resubmit to the Director of Finance and Administration within three (3) days after date noted on ruling by the Procurement Officer, a statement for a written response.
4. **Stay of procurements during protest.** In the event of a timely protest or appeal under this section, the Procurement Officer shall not proceed further with the solicitation or award of the contract until the protest is resolved, unless the Director of Finance and Administration determines that:
 - a. The items to be procured are urgently required,
 - b. Delivery or performance will be unduly delayed by failure to make the award promptly, or
 - c. Failure to make the award promptly will otherwise cause undue harm.

XI. Bonds

1. **Bid Security**
 - a. **Requirement for bid security.** Northern Water shall require bid security for all competitive solicitations for construction contracts when the Procurement Officer and Contracts Manager estimate the price will exceed \$50,000. Bid security shall be a bond provided by a surety company authorized to do business in Colorado, to Northern Water. Nothing herein shall prevent the requirement of such bonds on construction contracts under \$50,000. When the circumstances warrant, Northern Water may waive this bonding for all parties bidding.
 - b. **Rejection of bids for noncompliance with bid security requirements.** When the solicitation requires security, noncompliance requires Northern Water to reject the bid unless Northern Water determines that the bid fails to comply only in a non-substantial manner with the security requirements.
 - c. **Withdrawal of bids.** After bids are opened, they shall be irrevocable for the period specified in the solicitation. If Northern Water permits a bidder to withdraw its bid before award or excludes the bidder from the competition before award, Northern Water shall take no action against the bidder or the bid security.
2. **Contract Performance and Payment Bonds**
 - a. **When amount so requires.** Construction contracts in excess of \$50,000 require that the following bonds or security be delivered to Northern Water and be binding on the parties upon the execution of the contract:

1. A performance bond satisfactory to Northern Water, executed by a surety company authorized to do business in Colorado to Northern Water in an amount equal to 100 percent of the price specified in the contract.
2. A payment bond satisfactory to Northern Water, executed by a surety company authorized to do business in Colorado to Northern Water, 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. The bond shall be in the amount equal to 100 percent of the price specified in the contract.
3. The Contracts Manager may require a performance bond for any contract less than \$50,000.
4. When circumstances warrant, the Contracts Manager, with the approval of legal counsel, may approve other forms of acceptable securities.

Types of Contracts

Northern Water's Legal Counsel assesses, and updates if needed, contract templates on an annual basis. Legal Counsel also reviews the standard terms and conditions in each contract for relevance to the project before approval and signatures.

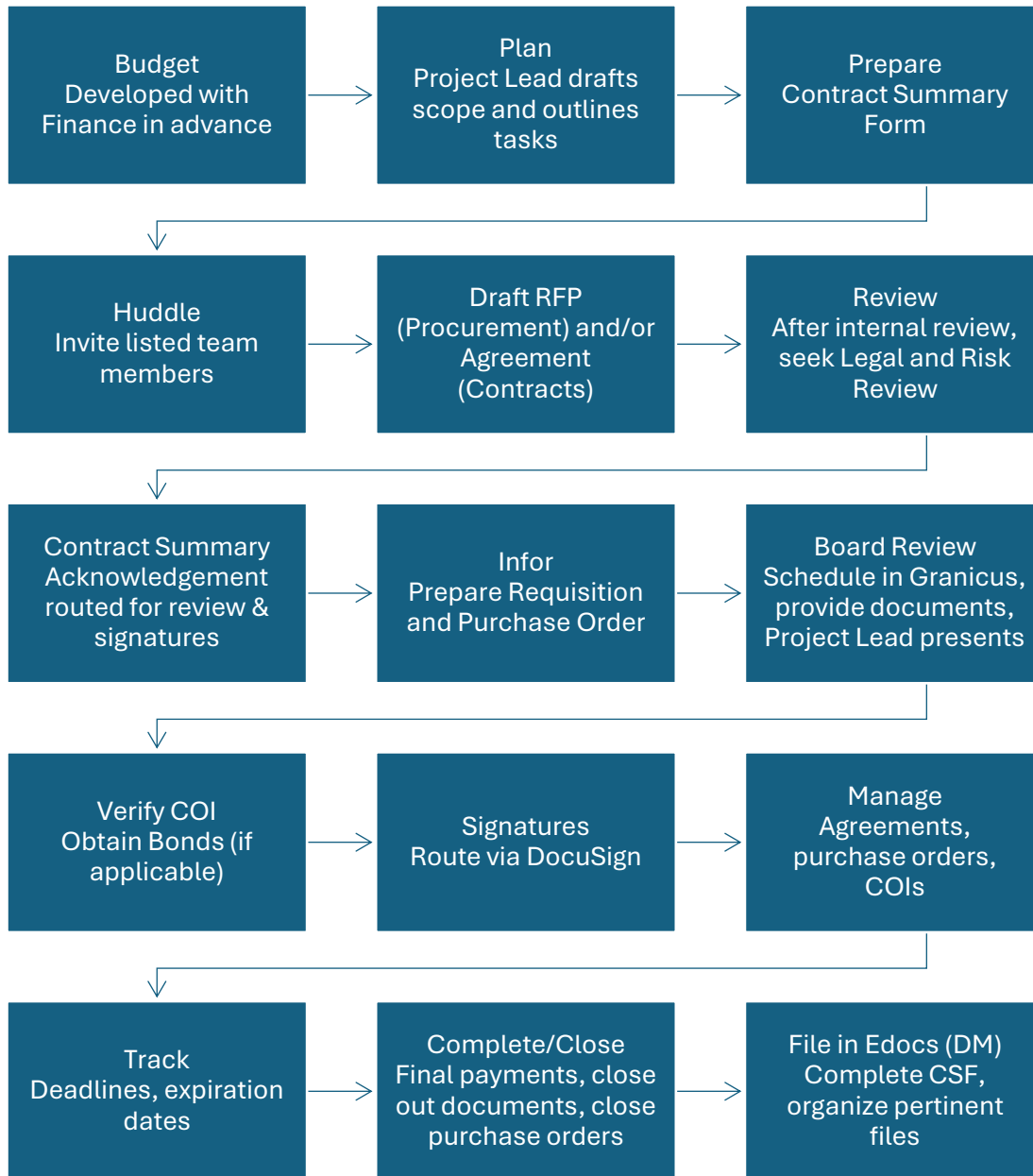
Northern Water's Risk Manager analyzes the risks and recommends insurance requirements appropriate for the type of project to protect Northern Water from financial or legal responsibility associated with actions, inactions, injuries or damages.

1. **Consulting Services Agreement** – Contractual documents (Large Firm and Small Firm) used to procure services provided by a professional entity or individual on a temporary or occasional basis, including, but not limited to, those provided by engineers, water experts and appraisers. (See definition of "Consultant")
2. **Task Order Consulting Services Agreement** – Contractual documents (Large Firm and Small Firm) that should only be used when there is a broad scope of work at the time of signing the contract, an expectation that specific tasks to implement the scope of work will be developed during the course of the work, a specified time period, and a specified rate of compensation. Each Task Order should be in writing and specifically describe the work to be performed, the time period for performance, the method of payment, and the maximum amount that will be paid under the task order.
3. **Short-form Construction Agreement** - Contractual document for hiring a contractor for construction work involving expenses of \$499,999 or less. Payment and Performance Bonds are required for any construction project of \$50,000 or higher. Each Bond must be in the amount of 100% of the unadjusted contract sum.
4. **Project Manual Construction Agreement (Front-End Documents)** - Contractual document for hiring a contractor for construction work involving expenses of \$500,000 or more. Payment and Performance Bonds are required. Each Bond must be in the amount of 100% of the unadjusted contract sum.
5. **Construction Manager/General Contractor Agreement (CMGC)** – Contractual document that is a project delivery method that optimizes efficiency in the design,

schedule and cost on complex or technically challenging projects. A contractor has two roles, acting as a Construction Manager during pre-construction services and as the General Contractor during the construction period. At approximately an average of 60% to 90% design completion, the Owner and the Construction Manager negotiate a "guaranteed maximum price" for the construction of the project based on the defined scope and schedule. When the price is acceptable to both parties, they execute a GMP Amendment for construction services, and the Construction Manager becomes the General Contractor. At this time, the insurance requirements for the Pollution and Builder's Risk are increased, as set forth in the insurance requirements of the CMGC Contract. Payment and Performance Bonds are required. Each Bond must be in the amount of 100% of the unadjusted contract sum.

6. **Construction Services Agreement** – Small construction contract mainly for on-call operations or maintenance projects specified by project orders. Payment and Performance Bonds are required for any construction project of \$50,000 or higher. Each Bond must be in the amount of 100% of the unadjusted contract sum.
7. **Legal Services Agreement** - A law firm or private attorney performing legal services for Northern Water or the Municipal Subdistrict.
8. **Intergovernmental Agreement (IGA)** – Agreement with other governmental agencies to accomplish a common purpose; may or may not involve funds.
9. **Memorandum of Understanding or Agreement (MOU) or (MOA)** – Agreement with another entity to accomplish a common purpose; may or may not involve funds.
10. **Partnership/Collaborative Agreement** - Agreement with other organizations to accomplish a common purpose, but no money is being spent.
11. **Fiscal Agent Agreement** – Agreement to perform work on behalf of Northern Water and other third parties who are partially or wholly funding the project. Northern Water's obligation to pay the contractor or consultant is specifically conditioned upon Northern Water receiving the necessary funds from the third-party funders; otherwise, Northern Water will not be liable to the contractor or consultant if the funds are not received from the third-party funders.
12. **Funding Agreement** – Agreement with a federal or state governmental agency, or private agency that stipulates monetary contributions for a joint project or program.

Solicitation and Contract Management Process



All contracts must be submitted to the Contracts Department to obtain Legal Counsel and Risk Management review and comment before being routed for signatures.

REQUEST FOR VARIANCE FROM PROCEDURES. ALL REQUESTS FOR A VARIANCE TO CONTRACTING PROCEDURES SHALL BE SUBMITTED TO THE DIRECTOR OF FINANCE AND ADMINISTRATION.

Conflict of Interest Directive

The Conflict-of-Interest Directive is to protect Northern Colorado Water Conservancy District's (Northern Water) interests when it is contemplating entering into a transaction or arrangement that might benefit the private interest of an employee of Northern Water. This directive is intended to supplement but not replace any applicable state and federal laws governing conflict of interest applicable to public governmental organizations.

Scope

This document applies to any Northern Water General Manager, Division Directors, Managers, or staff with delegated contract execution or vendor selection authority who has direct or indirect financial interest or other private interest that could constitute a conflict of interest or create the appearance of a conflict of interest, such as:

- An ownership or investment interest in any entity with which Northern Water has a transaction or arrangement,
- A compensation arrangement with Northern Water or with any entity or individual with which Northern Water has a transaction or arrangement, or
- A potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which Northern Water is negotiating a transaction or arrangement.
- A financial or other private interest is not necessarily a conflict of interest, provided that the determination of whether a conflict of interest or the appearance of a conflict of interest exists will be determined by the Director of Finance and Administration in the Director's sole discretion.

Directive

This Directive of the Northern Water shall ensure the following:

1. **Duty to Disclose.** In connection with any actual or possible conflict of interest, an interested person must disclose the existence of financial interest and be given the opportunity to disclose all material facts to the Director of Finance and Administration.
2. **Determining Whether a Conflict of Interest Exists.** After disclosure of the financial interest and all material facts, and after any discussion with the interested person, he/she shall abstain from participation while the determination of a conflict of interest is discussed. The Director of Finance and Administration shall decide if a conflict of interest exists.

Responsibilities

1. The Director of Finance and Administration shall ensure compliance to this directive document.

2. The General Manager, and each Division Director, Manager, and staff shall sign and submit a disclosure statement, attached hereto as Exhibit A, to the Director of Finance and Administration annually or on such other schedule as may be determined by Northern Water. Northern Water may from time to time amend the content and form of the statement.

Violations of Conflict-of-Interest Directive

1. If the Director of Finance and Administration has reasonable grounds to suspect that an individual has failed to disclose an actual or potential conflict of interest, he/she shall notify the individual of the basis for this belief and provide an opportunity to respond to the alleged omission.
2. Following the individual’s response and any additional investigation deemed necessary based on the circumstances, the Director of Finance and Administration will determine whether a failure to disclose has occurred. If so, the matter will be referred to Human Resources for appropriate disciplinary and corrective action.

Document Approvals

The General Manager, along with all Division Directors, Managers, and staff involved in contracting and procurement, shall review the Conflict-of-Interest Directive on an annual basis. By doing so, each individual affirms that they:

- Have received a copy of the Conflict-of-Interest Directive;
- Have read and understood its contents; and
- Agree to comply with the provisions outlined in the directive.

Revision History

Effective Date	Rev Letter	Document Author	Description of Change

EXHIBIT A

**Northern Colorado Water Conservancy District
Conflict of Interest Disclosure Statement**

I, _____, hereby acknowledge that as _____ of Northern Water, I occupy a position of trust and that I am expected to act in good faith and with loyalty to Northern Water. I have read the Northern Water Conflict of Interest Directive and support its intent. I declare that if I have or any individual or entity with whom I have a significant relationship has financial or other private interest that could constitute a conflict of interest or create the appearance of a conflict of interest, with my duties and responsibilities to Northern Water, I shall voluntarily disclose that interest and provide additional information as requested by Northern Water. Except as disclosed in this form, I certify that, to the best of my knowledge, no aspect of my current personal or professional circumstances places me in the position of having a private interest which conflicts with any interest of Northern Water, or with my obligations to Northern Water. If I have any interests that may be perceived as a conflict, I am disclosing such interests below:

By signing below, I hereby acknowledge my continuing obligation to report to _____, promptly and in writing, of any possible private interest that could constitute a conflict of interest or create the appearance of a conflict of interest which comes to my attention during the time I am employed by Northern Water.

Signature: _____

Date: _____

Please return signed form to _____ for electronic filing.

Appendix A – Exempt Purchases

- Utilities
- Casualty and Property Insurance
- Life, Health and Dental Insurance
- Employee Benefits/Contracts with Third Parties for Payroll Deduction
- Services that are a pass-through (Grants, Participant Deposits, etc.)
- Debt Service Payments
- Pension Payments
- Unemployment Compensation
- Tax Withholding Payments
- Section 457 (Deferred Compensation) Contributions
- Memberships, Dues, Subscriptions, Publications
- Seminars and Travel Expenses
- Retirement Plan Contributions
- Investments
- Postage
- Recording, Inspection or Licensing Fees
- Automobile License Plates
- Gasoline and Fuel
- Advertisements
- Refunds, Credits, or Reimbursements
- Legal Services
- Leases or Rights of Way
- Training (where a provider is contracted by Northern Water to provide the training)
- Art and Talent/Artistic Services
- Medical Services
- Intergovernmental Agreements (IGA) and Memorandum of Understanding (MOU)
- Payments to Governmental Entities
- Travel Services
- Films or Videotapes, Books, Electronic Collections, Exhibits, and/or Slides
- Placement Services
- Facilities Rental

Appendix B – Additional Resources

- [Procurement Resources](#)
- [Construction and Service Contract Resources](#)
- [General Liability Insurance](#)
- [Purchasing Card Resources](#)
- [Gift Card Procedure](#)

Appendix C

Glossary of Procurement and Contract Management Terms

This manual defines types of contractual services and outlines procedures to be followed by Northern Water employees for procuring these services. The definitions below are intended to provide Northern Water employees a common vocabulary to use in relation to contracts. These definitions are applicable to Northern Water; note that other agencies may use slightly different terminology.

Acceptance -

1. Indication that all parties to the contract agree to be bound by the terms of the contract.
2. An indication by one party of a willingness to act in accordance with the contract or offer.
3. The assumption of a legal obligation by a party to a contract and to the terms and conditions of that contract.
4. The act of receiving the good or service by an authorized representative with the intention of approving the good or service for payment. May include transfer of title.

Acceptance of Order - The agreement of the purchaser to an offer submitted by a supplier.

Accounts Payable -

1. Financial obligations that arise as a result of making credit purchases.
2. An accounting function that is responsible for making payment to contractors according to the contract terms and conditions.
3. Liability accounts that indicate the charges owed on open accounts.

Accounts Receivable - Payments that are due to an entity per the contract terms and conditions.

Acknowledgment - Written or electronic communication sent by the supplier to the entity that indicates that the supplier has accepted the order (Purchase Order). This may be a form of acceptance and may create a bilateral contract.

Agreement – A negotiated and usually legally enforceable understanding between two or more legally competent parties.

Amendment – A legal document that adds, alters, or omits a certain part or term of an existing legal document (i.e., a contract or task order).

Approval Workflow - The process of a purchase requisition (PR) going to various levels of approval within eProcurement software.

Auction - Means by which an entity sells its surplus property to the highest bidder.

Auctioning - An unethical practice whereby an entity discloses information contained in one supplier's submission to another supplier(s), with the intent that the latter supplier(s) may use that information to improve their response(s).

Audit – A formal examination or verification of financial accounts or other business operations by internal staff or independent experts, concluding with a detailed report that may also include a management letter or findings. Examples include compliance, financial, and performance audits.

Authority - Power that is delegated formally to commit resources and approve actions.

Award - The acceptance of a bid or proposal; the presentation of a purchase agreement or contract to a Contractor.

Best Interest of Northern Water – A term granting a Procurement Staff member the authority to use defensible discretion to take action that is determined to be the most advantageous to Northern Water, including award of a contract to the best bid/proposal.

Bid – An offer, as a price, whether for payment or acceptance, given to Northern Water by a bidder in response to a solicitation for entering into a Northern Water contract. The response submitted by a bidder to an Invitation for Bids (IFB).

Bid Analysis -

1. A comprehensive review of all bid prices to determine the degree of competition from the lowest to highest bids, including the reasonableness of the low bid compared to the entity's estimate.
2. Investigating the presence of mathematical or substantive errors.
3. Investigating the presence of evidence regarding bid rigging.

Bid Bond - An insurance agreement accompanied by a monetary commitment by which a third party (the surety) accepts liability and guarantees that the bidder will not withdraw the bid.

Bid Deposit - A sum of money, a check, or another acceptable cash alternative (such as an irrevocable letter of credit or the contractor's pledge against owned property or personal assets deposited with the entity by a bidder) used as a guarantee that the bidder will enter into a contract if awarded. The bid deposit may also be in the form of a bond issued by a surety and deposited with an entity to guarantee the bidder will not withdraw the bid for a specified time, will furnish bonds as required, and will accept a contract if awarded, or forfeit the deposit.

Bid Documentation - A file containing all the information and records relating to the bid, which may include all of the original bids received, addenda, bonds, correspondence, a copy of the solicitation, award documents, and all other relevant data that may be subject to audit and further review.

Bid File - A file containing all responses received to a solicitation as well as other related documents (e.g., late submission and protest documentation, tabulation, no response or no bid submissions, and contract award documentation.)

Bidder – Contractor or Consultant that has responded to a Northern Water sourcing event.

Breach of Contract - Failure to live up to the terms of a contract without legal excuse.

Breach of Warranty - Failure to meet an express or implied agreement regarding the title, quality, content, or condition of something sold.

Bribe - Money or favor given or promised to influence the judgment or conduct of a person in a position of trust.

Bribery - The giving, receiving, offering, or soliciting of any item of value as a means of influencing the actions of a public servant.

Bundling - The consolidating/grouping of items for purchase to reduce administrative expenses or to obtain better unit prices through the benefit of economies of scale. See also - Bulk Purchasing.

Bulk Purchasing -

1. To purchase in volume with the expectation of reducing the unit price of an item.
2. To aggregate quantities of material in hopes of achieving deeper discounts and better pricing.

Buyer – Responsible for the preparation, coordination and administration of procurement and p-card activities as assigned by the Procurement Officer.

Cancellation of a Contract: Term for when the entity-authorized official has determined that a contract should be terminated for cause, default, or convenience. See also: Termination for Convenience, Termination for Default.

Cancellation Request - A request, by either party to a contract, to cancel the contract, often at no cost. See also - Mutual Assent, Termination for Convenience, Termination for Default.

Capability - The ability of a bidder or proposer to fulfill the contract at the time of award.

Capacity - The maximum amount of goods or services that a supplier or entity can provide, produce, receive, absorb, or hold during a set period.

Chain of Command – Northern Water's structure that delineates a line of responsibility from the top position to the bottom, clarifying the reporting hierarchy for each employee.

Change Order - A written modification or amendment to a contract. See also - Amendment, Modification, Change Order Authority, Contract Modification.

Change Order Authority - The power or right of a public entity to unilaterally modify a contract without the express consent of the contractor. See also - Amendment, Modification, Change Order, Contract Modification.

Code of Ethics - Principles, values, and standards that instruct professionals to conduct business with integrity.

Code of Federal Regulations (CFR) - The codification of the general and permanent rules published in the Federal Register by the executive departments and agencies of the U.S. federal government.

Collusion - When two or more parties act together secretly to achieve a fraudulent or unlawful act—particularly by bidders in a competitive bidding situation—in violation of antitrust laws.

Collusive Bidding - A secret agreement among suppliers to control prices when submitting bids in an attempt to win contracts by illegal means or methods.

Competent Parties - People who are mentally and legally capable of entering to contracts that are enforceable by law (i.e., of legal age, of sound mind, not under the influence of drugs or alcohol).

Competition - The process or act among suppliers of submitting their best offer with the most favorable terms to be awarded a contract.

Competitive Advantage - Circumstances or factors, such as technology or location, which allow a supplier to offer better goods or services at lower prices or with more favorable terms.

Competitive Bidding - The process of inviting and obtaining bids from competing suppliers, by which an award is made to the lowest responsive bid from a responsible bidder meeting written specifications. The process provides potential bidders with a reasonable opportunity to win a contract.

Compliance Audit - An audit conducted to determine the degree of adherence to established laws, regulations, policies, and procedures relative to accounting, financial, and business processes.

Conflict of Interest - A situation that gives a person, while acting in their official capacity, the opportunity through actions or decisions to direct or influence an outcome for personal benefit.

Consultant – For the purposes of these procedures, a consultant is defined as an individual, company, or an employee of another company or State agency who reviews or analyzes Northern Water programs or projects and provides counsel. This includes, but is not limited to, the organization, planning, directing, evaluation, and operation of the divisions and programs within Northern Water.

Contract Formation - Contract formation is a series of pre-award procurement activities between Northern Water and a consultant or contractor that results in a contract. Other terms interchangeable are pre-solicitation and contract development phase. The contract formation activities serve as the preamble to these internal activities that will follow once the contract is executed.

Contract Amendment - An agreed addition to, deletion from, correction, or modification of a contract. See also - Contract Modification.

Contract Commencement Date - The date on which the parties sign a written contract unless another date is specified in the contract term.

Contract Completion Date - The date by which all contract obligations are scheduled to be met.

Contract Extension - An action to change and extend a contract termination date pursuant to a provision in the original contract and typically upon written mutual agreement by both parties.

Contractor – The person or business unit performing services, or manufacturing, producing, or shipping goods required by the contract or purchase order.

Contract Management - The overarching process that includes the functions of both contract formation and contract administration.

Contracts Manager – Supervises Contracts Department staff and oversees the areas of contract administration, water allotment contracts, land inclusion, general liability insurance and grant coordination.

Contract Modification - Any written alteration in specifications, delivery point, frequency of delivery, period of performance, price, quantity, or other provisions of the contract, accomplished by mutual agreement of the parties to the contract. See also - Amendment, Change Order, Contract Amendment.

Contracts Specialist – Responsible for the preparation, coordination and administration of contracting activities described above.

Contract Summary Form – A form that outlines the steps and names responsible persons to acquire the proposed project or service.

Contractor – Any person or company having a construction contract.

Contract Renewal – For the purpose of Northern Water procedures, a contract renewal is the extension of time to complete the project or service. A clause in the contract that allows the contract term or period to renew for an additional time as defined in the current contract.

CORA – Northern Water is subject to the Colorado Open Records Act, Colorado Revised Statutes § 24-72- 201 et. seq. (“CORA”). The Colorado Open Records Act is administered by the State of Colorado. https://www.sos.state.co.us/pubs/info_center/files/CORA-PolicyProcedures.pdf

Deliverable – A service which Northern Water is requesting the consultant/contractor to provide.

Designee – An individual or entity formally appointed, chosen, or designated to act on behalf of another person, organization, or authority in a specific capacity or role.

Direct Costs - Are those costs that can be identified specifically with a particular final cost objective, such as a Federal award, or other internally or externally funded activity, or that can be directly assigned to such activities relatively easily with a high degree of accuracy. Costs incurred for the same purpose in like circumstances must be treated consistently as direct or indirect costs. [2 CFR 200.413](#)

Director of Finance and Administration – Oversees the administration, communications, contracts, cybersecurity, financial services, information technology, insurance, procurement, records and water scheduling functions of Northern Water.

Emergency Procurement – An emergency procurement is the acquisition of goods or services made with or without competition based on the determination of the Procurement Officer and Contracts Manager. Such acquisition is necessary to remedy or lessen the harmful effects of any actual or threatened occurrence which may interfere with the conduct of normal business operations, or remedy conditions which may pose an imminent or existing threat to the health, safety or welfare of persons or property within Northern Water governmental operations.

Evaluation – The process of opening, examining, and evaluating responses to determine the bidder/respondents’ responsibility, responsiveness, and other factors associated with selection for contract award.

Financial Services Manager – Supervises Financial Services Department staff and oversees the areas of financial administration, procurement, budgeting, accounting, financial reporting, and payroll.

General Manager – Responsible for the overall operations and performance of Northern Water and its enterprises, overseeing daily operations, managing staff, and ensuring strategic goals are met.

General Service Administration (GSA) - Provides support for procuring products and services for the government. They also offer contracting options for government agencies.

Institutions of Higher Education (IHEs) - A public or other nonprofit educational institution that; (1) Is in a State, (2) Admits students, (3) Is legally authorized to provide an educational program beyond secondary education in the State in which the institution is physically located. (4) Provides an educational program, (5) Is Accredited or pre-accredited. [34 CFR 600.4](#)

Intent of Contract, Duration, etc. – The awarded consultant/contractor will receive either a signed contract or a purchase order or both. The purchase order and/or signed contract will include the terms, conditions and specifications governing the supplier's contract performance. No supplier is authorized to begin contract performance prior to receiving a signed contract, notice to proceed or purchase order. Any bonds required must be promptly submitted to the Contracts Department in accordance with the terms of the contract.

Intergovernmental Agreement (IGA) – A legal document that establishes a relationship between Northern Water and a government agency.

Invitation for Bid (IFB) – A method of contracting for goods or services whereby a solicitation is issued and known as sealed competitive bidding, is the preferred method of procuring a good or service. The award is made to the lowest responsive and responsible bidder, based solely on the specifications set forth, and may not involve negotiation or discussion with the vendor.

Invoice - Document that itemizes charges for the purchase of supplies, materials, equipment or services which have been furnished. It is how the vendor informs the District and Subdistrict of its obligations and should contain the same basis information as the purchase order.

Mandatory Bid Limit - The dollar value at which purchases must be formally solicited.

Memorandum of Understanding or Agreement (MOU or MOA) - A quasi-contract generally entered into by government entities and private sector contractors who may be providing services to the government; it may also be entered into by inter-/intra-government entities. An MOU details the essence of an agreement between the parties but lacks the enforceability of a contract.

Multi-Year Contract – A contract for service that includes an option to renew for additional years beyond the first year.

Payment and Performance Bonds – Required for all construction projects of \$50,000 or above. A Payment Bond guarantees that the contractor will pay all subcontractors, suppliers and laborers involved in the project. A Performance Bond guarantees that the contractor will complete the project as agreed to in the construction contract. It protects the project owner if the contractor fails to fulfill their contractual obligations.

Procurement Card (“P-card”) - Purchasing card is an alternative way to purchasing items, materials, or services under the Procurement \$5,000.00 discretionary level without initiating a requisition, purchase order, or check request. Purchases under \$1,000.00 that are not associated with a purchase order must go on the individual’s purchasing card and should not be charged on an open account (IE - “walk-up” vendors). The purchasing card is a credit card, but with limits and restrictions attributable to Northern Water business practices and regulations.

Procurement Officer – Supervises Procurement staff and oversees the areas of procurement administration, including the acquisition and disposal of goods and services, purchasing compliance, vendor management, and delegation of procurement authority.

Professional Services – Services rendered by entities of a recognized profession that requires formal certification or license, must maintain a professional standard of care, or has specialized access to Northern Water network and/or confidential information.

Proposal – An offer to provide goods or services in response to a Sourcing Event.

Protest – A written statement by a primary bidder/offeror, concerning an unresolved disagreement or controversy arising out of the solicitation or award of a contract, with the intention of receiving a remedial result.

Purchase Order (PO) – A purchaser’s written document to a supplier formalizing all terms and conditions of a proposed transaction (e.g., description of the requested items, cost of items being purchased, delivery schedule, terms of payment, transportation).

Purchase Requisition (PR) - A document created by a requestor authorizing the commencement of a purchasing transaction; typically, it will include a description of the need and other information relative to the transaction. A written request for an authorized purchase that requires levels of approval according to purchasing thresholds. Instructions for staff on how to create a Requisition can be found on the Conduit.

Project Huddle – The Project Huddle is a regularly scheduled meeting that gathers the Review Team which consists of Project Leads, Contracts staff, Financial Services/Procurement/Budget staff, Legal Counsel and Risk Management. Additional staff may be invited depending on the proposed project or service. The Review Team reviews the scope of work and Contract Summary to determine the appropriate process/action.

Project Lead - The Northern Water employee who develops the Scope of Work and works with the consultant/contractor to ensure that the deliverables are met, and the consultant/contractor is adhering to the timetable.

Project Manual – The written documents prepared for, or made available for, procuring and constructing the work, including but not limited to the bidding documents or other construction

procurement documents, geotechnical and existing conditions information, the agreement, bond forms, general conditions, supplementary conditions, and specifications.

Purchase Order (PO) – A document describing goods or services, quantities and agreed prices for said goods or services the vendor will provide to the buyer. Sending a PO to a supplier constitutes a legal offer to buy products or services and encumbers the available funds.

Recommendation of Award – A document that summarizes the evaluation process and the basis on which the award of a formal sourcing event will be made.

Request for Proposals (RFP) - A formal, written solicitation document used to solicit proposals from potential providers of goods and services. Price is usually not the only evaluation factor. Provides for the negotiation of all terms, including price prior to contract award.

Request for Qualifications (RFQ) - Used to obtain statements of qualifications of potential development teams or consultants.

Request for Quotations - A procurement method to obtain a small order and/or within purchasing threshold (project leads/end users). Purchasing method generally used for small orders under a certain dollar threshold. A request is sent to suppliers along with a description of the commodity or services needed, and the supplier is asked to respond with price and other information by a predetermined date. Evaluation and recommendation for award should be based on the quotation that best meets price, quality, delivery, service, past performance, and reliability.

Requestor/End User - A requestor or end user enters a purchase requisition (PR) into eProcurement software and is someone who initiates the process of requesting goods or services.

Responsible Vendor - A Contractor, business entity or individual who is fully capable to meet all the requirements of the solicitation and subsequent contract. Must possess the full capability, including financial and technical, to perform as contractually required. Must be able to fully document the ability to provide good faith performance.

Responsive - A Contractor, business entity or individual who has submitted a quote/bid/proposal that fully conforms in all material respects to the solicitation and all of its requirements, including all form and substance.

Sole Source Procurement - Sole source procurements are defined as the acquisition of supplies, equipment and contractual services that (1) is the only good or service that will produce the desired results or is the most appropriate for the given situation; or (2) is available from only one source of supply or the use of such source is both economically and operationally in the District's best interest. Sole source services must be available only from contractors/vendors/consultants who are uniquely qualified to perform such services. **(See Request for Sole Source Template)**

Scope of Work (SOW) - A written description of an entity's needs and desired outcomes for procurement developed at the beginning of the procurement cycle. The scope of work is the basis for any resulting solicitation; it helps ensure that the product or service meets the stated outcome and establishes the parameters of the resulting contract.

Surplus

1. An overstock situation that occurs when the quantity of goods on hand exceeds the quantity of goods needed. The overstocked goods may be returned to the supplier, sold at auction, or disposed of in a method acceptable to the entity.
2. The goods or materials that are obsolete or no longer needed by the agency and are designated for disposal. Surplus becomes available for disposal outside of the entity due to an unforeseen situation that affects the use of the item (for example, chairs or desks that have been replaced with new items).

Task Order – A document which bi-laterally formalizes an order to a Contractor indicating types, quantities and prices for products or services from an existing task order.

Unfair Competitive Advantage - Occurs when an individual or firm has access to information, resources, or relationships that are not equally available to all participants in a competitive process, and uses this access to gain preferential treatment, influence the outcome, or distort competition.