

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

**APPENDIX 1  
PURCHASING TERMS**

- a) **ADDENDUM:** A written change, addition, alteration, correction, or revision to a solicitation or contract document.
- b) **AUTHORIZED SIGNATURE:** The signature of the Department Director/Elected Official or their designee who are authorized to sign documents. The Finance Department maintains an authorized signature log that is used to monitor signing authority.
- c) **AWARD:** The acceptance of a bid or proposal; the presentation of a purchase order and/or a fully-executed contract, as applicable.
- d) **BEST INTEREST OF THE COUNTY:** A term used to take action that is felt to be the most advantageous to the County, including the award of a contract to the lowest best price bid or proposal.
- e) **BEST PRACTICE:** A business process, activity, or operation that is considered outstanding, innovative, or exceptionally creative by a recognized peer group. It may be considered as a leading-edge activity that has been successfully adopted or implemented and has brought efficiency and effectiveness to an entity. It may result in improved productivity, quality, reduced costs, and increased customer service.
- f) **BEST PRICE:** Pricing, in the form of a bid, proposal, or quote, which is not necessarily the lowest, but rather what best fits the needs and interests of the County. Best Price is based on price, quality of goods or services to be provided, on-going maintenance, warranty, support, prior experience with the vendor, the ability to meet all of the County's specifications and requirements, and any other factors reasonably related to the overall cost to the County.
- g) **BID BOND:** An insurance agreement, accompanied by a monetary commitment, by which a third party (the surety) accepts liability and guarantees that the bidder will not withdraw the bid. The bidder will furnish bonds in the required amount and if the contract is awarded to the bonded bidder, the bidder will accept the contract as bid, or else the surety will pay a specific amount.
- h) **BUSINESS:** Any corporation, limited liability company, partnership, individual, sole proprietorship, joint venture, or other private legal entity.
- i) **CHANGE ORDER:** A written alteration that is issued to modify or amend a contract or purchase order. In reference to construction contracts, it relates primarily to changes caused by unanticipated conditions encountered during construction not covered by the drawings, plans, or specifications of the project.
- j) **COMPETITIVE SEALED BID:** A method for acquiring goods, services, and construction for public use in which the award is made to the lowest responsive bid and responsible bidder, based solely on the response to the criteria set forth in the Invitation for Bid (IFB); does not include discussions or negotiations with bidders.

- k) **CONE OF SILENCE:** A designated timeframe that prohibits direct communication between suppliers/vendor representatives and County Department Directors/Elected Officials and staff. The cone of silence is designed to protect the integrity of the procurement process by shielding it from undue influences. The cone of silence is imposed on all competitive selection processes beginning with advertisement and ending with the approval/award of said project.
- l) **CONFLICT OF INTEREST:** A situation in which a person is in a position to derive personal benefit from actions or decisions made in their official capacity.
- m) **CONSTRUCTION:** The process of building, altering, repairing, improving, or demolishing any County structure or building or any other County improvements of any kind to any County property.
- n) **CONTRACT:** Any type of agreement, regardless of what it may be called, for the procurement or disposal of supplies, services or construction.
- o) **CONTRACT AMENDMENT:** Any written alteration of specifications, delivery point, rate of delivery, period of performance, price, quantity, or other provision of a contract accomplished by mutual action of the parties of the contract.
- p) **COOPERATIVE PROCUREMENT:** The combining of requirements of two or more public procurement entities to leverage the benefits of volume purchases, delivery and supply chain advantages, best practices and the reduction of administrative time and expenses. Cooperative procurement solutions offer agencies the opportunity to gain needed operating efficiencies as well as hard dollar savings. The demonstrated effectiveness of cooperative procurement to save taxpayer dollars makes it a viable alternative to conventional, independent procurement processes.
- q) **DESIGNEE:** A duly-authorized representative.
- r) **EMERGENCY CONDITION/EMERGENCY PURCHASE:** An emergency/disaster condition is a situation which creates a threat to public health, welfare, or safety such as a situation that may arise by reason of fire, flood, epidemic, pandemic, civil disturbance, equipment failure, or other natural or man-made reasons that may be proclaimed by the execution of a Disaster Declaration (as found in the Emergency Operations Plan). The existence of such conditions creates an immediate and serious need for supplies, equipment, materials, and services that cannot be met through normal procurement methods and the lack of which would threaten the function of County government, or the health, safety or welfare of County residents. A need for an emergency procurement shall waive all existing procurement requirements and shall be limited only to the quantity of those supplies, equipment, materials, or services necessary to meet the emergency.
- s) **ETHICS:** A system of moral principles or values. A code of conduct.
- t) **FREE ON BOARD (FOB) DESTINATION:** Title changes hands from the supplier to the public entity at the destination of the shipment when the public entity signs for the goods; the supplier owns the goods in transit, assumes responsibility for carrier selection, and files any claims for damages incurred during this period. It does not address the responsibility for the cost of transportation (freight charges), which must be specified with the inclusion of additional language.
- u) **FREE ON BOARD (FOB) ORIGIN:** Title changes hands from the supplier to the public entity at the origin of the shipment. In this scenario, the public entity owns the goods in transit, assumes responsibility for carrier selection, and files any claims for

damages incurred during this period. It does not address the responsibility for the cost of transportation (freight charges), which must be specified with the inclusion of additional language.

- v) **INVITATION FOR BID (IFB):** A procurement method used to solicit competitive sealed bid responses. Price is the basis for award.
- w) **LEGAL NOTICE:** A public notice/announcement of a forthcoming solicitation generally placed in a newspaper of general circulation.
- x) **LIQUIDATED DAMAGES:** A specific sum stated in the contract to be paid by the party who is in default, or who breached the contract, to the other party in settlement for damages. The key to establishing liquidated damages is reasonableness.
- y) **PAYMENT BOND:** A contract of guaranty executed subsequent to award by a successful bidder to protect the County from loss due to the contractor's inability to pay their suppliers and/or subcontractors who assisted in the performance of the work.
- z) **PERFORMANCE BOND:** A contract of guaranty executed subsequent to award by a successful bidder to protect the County from loss due to the contractor's inability to complete the project (contract) as agreed.
- aa) **POLICY:** A governing set of principles which establish the parameters for an organization to follow in carrying out its responsibilities.
- bb) **PREFERRED VENDOR:** Is a vendor that the County prefers to work with for a variety of different reasons - they may have a long-standing historical knowledge of the project and/or work that is being done or the deciding department/office may feel that they are the most qualified to perform the work. The selection of a preferred vendor usually doesn't follow the formal solicitation process but does include a lengthy justification memo detailing all of the reasons why that vendor should be selected over another vendor that could provide the same type of services for a similar (and sometimes lower) price. The use of a preferred vendor must be well documented and approved by the County Manager.
- cc) **PROCUREMENT:** Purchasing, renting, leasing, or otherwise acquiring any supplies, services or construction. Procurement includes all functions that pertain to the obtaining of any supply, service or construction, including description of requirements, selection and solicitation of sources, preparation and award of contracts and all phases of contract administration. Procurement and Purchasing are used interchangeably.
- dd) **PROFESSIONAL SERVICES:** Services rendered by members of a recognized profession or possessing a special skill. Such services are generally acquired to obtain information, advice, training, or direct assistance.
- ee) **PROPRIETARY INFORMATION:** Subject to the Colorado Revised Statutes Open Records Act, information or data describing technical processes, mechanisms, or operational factors that a business wishes to keep confidential and restricted from public access.
- ff) **PURCHASE ORDER:** Legal authorization to purchase goods/services from a vendor.
- gg) **PURCHASE REQUISITION:** Request from a department/office for a purchase order.
- hh) **PURCHASING:** Purchasing, renting, leasing, or otherwise acquiring any supplies, services or construction. Procurement includes all functions that pertain to the obtaining of any supply, service or construction, including description of requirements, selection and solicitation of sources, preparation and award of contracts and all phases of contract administration. Purchasing and Procurement are used interchangeably.

- ii) **REQUEST FOR PROPOSAL (RFP):** The document used to solicit proposals from potential providers for goods and/or services. Proposals allow for the negotiation of all terms, including price, prior to contract award. Proposals can be a single-step or multi-step process.
- jj) **REQUEST FOR QUOTE (RFQ):** Purchasing method generally used for small orders under a certain dollar threshold. A request is posted 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.
- kk) **RESPONSIBLE BIDDER/PROPOSER:** A business entity or individual who has the integrity and reliability as well as the financial and technical capacity to perform the requirements of the solicitation and subsequent contract.
- ll) **RESPONSIVE BID/PROPOSAL:** A bid or proposal that fully conforms in all material respects to the requirements stated in the IFB/RFP.
- mm) **SERVICES:** The furnishing of labor, time, or effort by a contractor or supplier, which may involve to a lesser degree, the delivery or supply of products.
- nn) **SINGLE SOURCE PROCUREMENT:** Single source is a type of procurement where an entity has chosen to “standardize” a particular type of commodity or service for purposes of continuity of parts, equipment, maintenance, service, and training. Single sources are usually for items that are available through a competitive process.
- oo) **SOLE SOURCE PROCUREMENT:** Sole source is a type of procurement where an item is only available from one source. Sole sources are for the procurement of items for which there is no competition. The use of a sole source vendor must be well documented and approved by the County Manager.
- pp) **SPECIFICATIONS:** A description of the physical and functional characteristics of the supplies and/or services to be purchased. Specifications are created to fulfill the requirements of a department/office and to assure maximum productivity.
- qq) **SUPPLIES:** All tangible items purchased or consumed by the entity.