

Chapter 3.20 CITY PROCUREMENT POLICY¹

Article 1. General Provisions

[3.20.010 Title.]

[This chapter shall constitute and be referred to as the official "procurement policy" of the City. This chapter shall apply to all purchases of the City.]

3.20.020 Objective.

The objective of this policy is to guide City of Hobbs employees in the legal steps required to purchase quality materials and services needed at competitive prices in accordance with regulations set forth by the Hobbs City Commission and the State of New Mexico.

1. Administration. The City of Hobbs Central Purchasing Office (CPO) staff are charged with the responsibility of procuring all materials and services effectively and efficiently. The City Manager and CPO shall have the responsibility and authority to insure that all provisions of the law and this policy are followed and shall be authorized to issue any supplement consistent with this policy deemed necessary to administer, manage or clarify this policy. Supplements shall be approved by the City Manager and copies of all supplements shall be attached to and made a part of this policy. The CPO shall be responsible for having the knowledge to insure that all provisions of this policy and all other purchasing concerns and activities of the City of Hobbs are appropriate and consistent with the most current, generally accepted purchasing techniques, and all provisions of the law. CPO personnel are available to answer any questions concerning the methods and policies regarding procurement of materials and services.
2. Scope. Except as otherwise provided, this procurement policy applies to every expenditure by the City of Hobbs for the procurement of items of tangible personal property, services and construction (13-1-30 NMSA 1978).
3. Consistency with State Procurement Code. The provisions of this policy are subject to change as per State Procurement Code revisions. Any revision thereof that is inconsistent with the provisions of this policy shall control. All purchase users shall be given a copy of such revisions and notified that they are in effect.
4. Unauthorized Purchases. Any purchase which does not substantially comply with the provisions of this policy shall be considered an unauthorized purchase. Any individual initiating any unauthorized purchase may be subject to disciplinary action and may be held solely responsible for payment.

¹Editor's note(s)—Ord. No. 1101, §§ I—XIII, adopted April 17, 2017, repealed the former Ch. 3.20, §§ 3.20.010—3.20.095, and enacted a new Ch. 3.20 as set out in §§ 3.20.010—3.20.105 herein. The former Ch. 3.20 pertained to similar subject matter and derived from Ord. No. 1080, adopted Nov. 17, 2014; and Ord. No. 1084, adopted May, 19, 2015.

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5. Approval of Unauthorized Purchases. All purchases determined to be an unauthorized purchase shall be considered by the City of Hobbs Finance Director, who will make a recommendation to the City Manager to approve or not approve an unauthorized purchase for payment. Unauthorized purchases shall not be processed for payment prior to City Manager approval. The City Manager will make a determination, based on the facts and circumstances of each case, of whether or not to pay for any unauthorized purchase.
 6. Civil Penalties. Persons knowingly violating the State Procurement Code, or this policy based on State law, may be subjected to a penalty not to exceed one thousand dollars (\$1,000.00) per occurrence (13-1-196 NMSA 1978).

Items not specifically identified in this policy are regulated by Chapter 13 NMSA 1978.

(Ord. No. 1101 , § I, 4-17-2017)

3.20.030 Definitions.

"Authorized department employees" authorized department employees are designated and authorized by each Department Head to approve purchases within their department.

"Central purchasing office (CPO)" means the Central Purchasing Office (CPO) is defined as the Finance Department and other departmental staff assigned or delegated the responsibility to ensure compliance with the City of Hobbs procurement policy for all purchases. The CPO personnel are responsible to verify that each expenditure is coded to the proper account, and that each expenditure is allowable considering the budget as adopted by the City Commission with amendments.

"Change order" means a written order signed and issued by a procurement officer directing the contractor to make changes which the changes clause of the contract authorizes the procurement officer to order with or without the consent of the contractor.

"Contract modification (amendment)" means any written alteration in the provisions of a contract accomplished by mutual action of the parties to the contract.

"Construction management and construction manager" means consulting services related to the process of management applied to a public works project for any duration from conception to completion of the project for the purpose of controlling time, cost and quality of the project. "Construction manager" means a person who acts as an agent for the City of Hobbs for construction management, for whom the City of Hobbs shall assume all the risks and responsibilities.

"Construction manager at risk" means a person who, pursuant to a contract with a governing body, provides the preconstruction services and construction management required in a construction manager at risk delivery method.

"Construction manager at risk delivery method" means a construction method for the City of Hobbs wherein a construction manager at risk provides a range of preconstruction services and construction management, including cost estimation and consultation regarding the design of the building project, preparation and coordination of bid packages, scheduling, cost control, value engineering and, while acting as the general contractor during construction, detailing the trade contractor scope of work, holding the trade contracts and other subcontracts, prequalifying the evaluating trade contractors and subcontractors and providing management and construction services, all at a guaranteed maximum price for which the construction manager at risk is financially responsible.

"Cooperative procurement" means procurement conducted by or on behalf of more than one (1) state agency or local public body, or by a state agency or local public body with an external procurement unit. This also

means purchasing agreements when the agreement has been evaluated through a Federal or a State of New Mexico formal bidding process. (Examples: Cooperative Educational Services, HGAC.)

"Exemptions." See Section 3.20.035.

"Indefinite quantity contract" means a contract which requires the contractor to furnish an indeterminate quantity of specified services, items of tangible personal property or construction during a prescribed period of time at a definite unit price or at a specified discount from list or catalogue prices.

"Invitation for bids (IFB)" means all documents, including those attached or incorporated by reference, utilized for soliciting sealed bids.

"Lease option" means an operating lease for acquiring tangible equipment and "lease purchase options" means a capital lease for acquiring tangible equipment. The City of Hobbs can enter into either an operating lease or a capital lease in acquiring tangible equipment. Thresholds still apply as to the total value of the leased asset. All lease agreements valued at under seventy-five thousand dollars (\$75,000.00) must be signed by the City Manager or designee. All lease agreements with tangible equipment valued at over seventy-five (\$75,000.00) must be processed through bidding, request for proposal, GSA, or cooperative purchasing and be approved by the City Commission.

"Multi-term contract" means a contract having a term longer than one (1) year.

"Public works contracts" means a construction project of the City of Hobbs, to construct, repair, alter or extend an improvement on real property or to improve real property owned, used or leased by the City of Hobbs.

"Purchase order" means the document issued by the central purchasing office which directs a contractor to deliver items of tangible personal property, services or construction pursuant to an existing contract.

"Purchase request" means the document by which a using department or division requests that a contract be obtained for a specified service, construction or item of tangible personal property and may include but is not limited to the technical description of the requested item, delivery schedule, transportation requirements, suggested sources of supply and supporting information.

"Request for proposal (RFP)" means all documents, including those attached or incorporated by reference, used for soliciting proposals.

"Task order" means a written contract associated with a multi-award RFP or bid.

"Total cost" means total cost of the materials or services required, defined as all costs associated with the purchase, including shipping and any applicable taxes.

(Ord. No. 1101 , § II, 4-17-2017; Ord. No. 1123 , 4-6-2020)

3.20.035 Exemptions.

Purchases of parts and labor or maintenance agreements to repair disabled equipment or machinery if the equipment or machinery is repaired by a franchised dealer or by a factory authorized repair shop.

Purchases of parts and labor for equipment or machinery where a breakdown of this equipment or machinery could cause an emergency or costly condition to exist and where the machinery or equipment is in immediate danger of failure.

Purchases of computer software and ancillary services required to match other software in use is required to be used in the public interest. This includes licensing fees and services to modify or maintain proprietary software.

Purchases of specialty goods, as defined by the Chief Procurement Officer or Finance Director, for resale to the general public at a retail business operated by the City.

Agreements for the services of attorneys and legal assistants.

Contracts and expenditures in connection with court or administrative proceedings, including, but not limited to, experts, mediators, interpreters, translators, court reporters, process servers, witness fees, security services and printing and duplicating of materials for filing.

Infrastructure development agreements.

Railroad infrastructure agreements.

Agreements for the services of lobbyists.

Third party lodgers' tax awards.

Social service agencies.

Exempt agencies.

Fully funded restricted private donations as required by the private donor.

Leases, licenses, permits, exchanges, or purchases of real property and all other real property transactions.

Purchases from regulated utilities such as gas, electricity, water, telephone, cable TV, refuse collection services.

Purchases of books, periodicals, films, training materials, subscriptions, on-line information services, or advertising from the publishers and distributors or agents.

Purchases of travel by common carrier or by private conveyance and related travel expenditures such as meals and lodging.

Purchase of surety bonds.

Agreements for the services of medical practitioners such as doctors and veterinarians.

Purchase, lease, rental or any other financial management for the acquisition of works of art.

Contracts with professional entertainers and associated expenditures.

The purchase of used items if available for a limited time, such as by auction or public sale, and if determined to be at a cost advantage to the City. A memo shall be written to the Finance Director for approval describing the steps taken to determine that a cost advantage to the City exists.

(Ord. No. 1123 , 4-6-2020)

3.20.036 Approval of Contracts.

The following contracts must be approved by the City Commission:

1. Any contract for professional/technical services in an amount exceeding seventy-five thousand dollars (\$75,000.00), including, but not limited to, legal service contracts.
2. Any amendment to a professional/technical services contract which causes the amount of that contract to exceed seventy-five thousand dollars (\$75,000.00).
3. Any CES/HGAC contract exceeding seventy-five thousand dollars (\$75,000.00). Note: Items that utilize NM GSA contracts are excluded from the seventy-five thousand dollars (\$75,000.00) threshold but must be approved in the current fiscal year budget.
4. Any amendment to a GSA/CES/HGAC contract which causes the amount of that contract to exceed seventy-five thousand dollars (\$75,000.00).

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5. Any exempt agency contract in an amount exceeding seventy-five thousand dollars (\$75,000.00) and any amendment to an exempt agency contract which causes the amount of that contract to exceed seventy-five thousand dollars (\$75,000.00).
 6. Any social service agency contract in an amount exceeding seventy-five thousand dollars (\$75,000.00) and any amendment to a social service agency contract which causes the amount of that contract to exceed seventy-five thousand dollars (\$75,000.00).
 7. Concession contracts expected to generate revenues to the contractor in excess of seventy-five thousand dollars (\$75,000.00), over a twelve (12) month period.
 8. Sole source contracts for goods, services or construction in excess of seventy-five thousand dollars (\$75,000.00) for a single project.
 9. Emergency service contracts for goods, services or construction in excess of seventy-five thousand dollars (\$75,000.00). Note: The City Manager must determine that urgent and compelling reasons requiring an emergency procurement of professional/technical services exceeding seventy-five thousand dollars (\$75,000.00) or social service exceeding seventy-five thousand dollars (\$75,000.00), the City Manager shall notify the Mayor and City Commission at its regularly scheduled meeting. The City Manager shall give a full description of the urgent and compelling reasons, the scope of work, the contract amount, and the name of the contractor.
 10. Contracts with the New Mexico State Auditor, or other contracts required by law.

Note: City Manager may require contracts under seventy-five thousand dollars (\$75,000.00) to be approved by City Commission on a case by case basis.

(Ord. No. 1123 , 4-6-2020)

3.20.040 Purchasing policies.

- A. Certificates of Insurance. Vendors must provide a certificate of insurance to the CPO, or have a certificate on file with the City Clerk's office prior to any purchase that includes labor exceeding twenty thousand dollars (\$20,000.00). The certificate of insurance shall include all general liability, auto liability, and worker's compensation coverage as required by the CPO. Certificates of insurance may also be required for other purchases as deemed necessary.
- B. Certification of Procurement Officer. The City of Hobbs is required to maintain a Certified Public Accountant within the Finance Department. The certification of a procurement officer is optional as it relates to the City of Hobbs Certified Public Accountant status.
- C. Competitive Sealed Proposals (Request for Proposal). When the City of Hobbs requires competitive sealed proposals, the entire proposal document must be reviewed and approved by the Department Head originating the proposal, CPO, City Attorney, and City Manager. Additional department staff may be required to review the proposal document. Notice of proposals must clearly identify the City of Hobbs, Finance Department, 200 E. Broadway, Hobbs, NM 88240 as the location and time for submittal.
 1. Public notices must be published at least ten (10) calendar days prior to the deadline for submission and posted to the City of Hobbs website. (13-1-113 NMSA 1978). Proposals will not be opened prior to the scheduled deadline for submission. Proposals are not publicly opened.
 2. After the deadline for submission, proposals will be evaluated based on the evaluation criteria set forth in the proposal document, by an evaluation committee designated by the City Manager or his designee (13-1-114 NMSA 1978). A minimum of twenty (20) percent cost factor must be included in the

evaluation criteria. (Note: only on non-qualification based proposals will the minimum cost factor be applied.)

3. Any negotiations will be conducted by the City Manager or his designee. Negotiations may be conducted with responsible offeror who submit proposals found to be reasonably likely to be selected for award (13-1-115 NMSA 1978, 1997 Repl.). The contents of any proposal shall not be disclosed so as to be available to competing offeror during the negotiation process (13-1-116 NMSA 1978).
4. After award, all proposals are subject to the "Inspection of Public Records Act" (14-2-1 through 14-2-12 NMSA 1978).
5. Proposals that are rejected and never awarded are not subject to the Inspection of Public Records Act (14-2-1 through 14-2-12 NMSA 1978).
6. In addition to the requirements above, proposals for the services of architects, engineers, landscape architects and surveyors must also comply with Sections 13-1-120 through 13-1-124 NMSA 1978 (Section 13-1-115 NMSA 1978).
7. If federal grant revenues are associated with a proposal, the proposal must contain language as it relates to the specific federal grant guidelines.
8. All proposers shall be required to sign an affidavit attesting that collusion has not occurred.
9. All proposers shall be required to sign a Related Party Form, disclosing any financial interest the proposer may have with the City of Hobbs.
10. All proposers shall be required to sign a Debarment Certificate disclosing any debarment from the State of New Mexico, Federal Government and or the City of Hobbs.

D. Construction Manager at Risk Delivery Method.

1. Construction manager at risk delivery method authorized; multiphase selections procedure.
 - a. A construction manager at risk delivery method may be used when the City Commission or designee determines that it is in its interest to use that method on a specific project, provided that the construction manager at risk shall be selected pursuant to the provisions described of this section.
 - b. The City Commission or designee shall form a selection committee of at least three (3) members with at least one (1) member being an architect or engineer. The selection committee shall develop an evaluation process, including a multiphase procedure consisting of three (3) steps. The three (3) step process shall consist of a request for qualifications, a request for proposals and an interview.

A request for qualifications shall be published and shall include at a minimum the following:

- i. A statement of the minimum qualifications for the construction manager at risk, including the requirements for:
 - (A) A contractor's license for the type of work to be performed, issued pursuant to the Construction Industries Licensing Act;
 - (B) Registration pursuant to 13-4-13.1 NMSA 1978; and
 - (C) A minimum bond capacity;
- ii. A statement of the scope of work to be performed, including:
 - (A) The location of the project and the total amount of money available for the project

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- (B) A proposed schedule, including a deadline for submission of the statements of qualification;
 - (C) Specific project requirements and deliverables;
 - (D) The composition of the selection committee;
 - (E) A description of the process the selection committee shall use to evaluate qualifications;
 - (F) A proposed contract; and
 - (G) A detailed statement of the relationships and obligations of all parties, including the construction manager at risk, agents of the City Commission or designee, such as an architect or engineer;
- iii. A verification of the maximum allowable construction cost; and
 - iv. A request for a proposal bond as required by Section 13-1-146 NMSA 1978.
 - v. All proposers shall be required to sign an affidavit attesting that collusion has not occurred.
 - vi. All proposers shall be required to sign a Related Party Form, disclosing any financial interest the proposer may have with the City of Hobbs.
 - vii. All proposers shall be required to sign a Debarment Certificate disclosing any debarment from the State of New Mexico, Federal Government and or the City of Hobbs.
- c. The selection committee shall evaluate the statements of qualifications submitted and determine the offerors that qualify for the construction manager at risk. The committee shall issue a request for proposal to the offerors that qualify.
 - d. The selection committee shall issue a request for proposal and evaluate the proposals pursuant to Sections 13-1-112 through 13-1-117 NMSA 1978 except that:
 - i. The request for proposals shall be sent only to those determined to be qualified.
 - ii. The selection committee shall evaluate the proposals and conduct interviews with up to three (3) of the highest-ranked offerors instead of negotiating with responsible offerors found to be reasonably likely to be selected; and
 - e. After conducting interviews with the highest-ranked offerors and after considering the factors listed in this section, the selection committee shall recommend to the City Commission the offeror that will be most advantageous to the City of Hobbs. Should the City Commission or designee be unable to negotiate a satisfactory contract with the offeror considered to be the most qualified at a price determined to be fair and reasonable, negotiations with that offeror shall be formally terminated. The City Commission or designee shall then undertake negotiations with the second most qualified offeror. Failing accord with the second most qualified offeror, the City Commission or designee shall formally terminate negotiations with the offeror. The City Commission or designee shall then undertake negotiations with the third most qualified offeror. Should the governing body or designee be unable to negotiate a contract with any of the offerors selected by the committee, additional offerors shall be ranked in order of their qualifications and the City of Hobbs or designee shall continue negotiations in accordance with this section until a contract is signed with a qualified offeror or the procurement process is terminated and a new request for proposal is initiated.
 - f. In evaluating and ranking statements of qualifications, proposals and results of interviews, and in the final recommendations of a construction manager at risk, the selection committee shall consider:

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- i. The offeror's experience with construction of similar types of projects;
 - ii. The qualifications and experience of the offeror's personnel and consultants and the role of each in the project;
 - iii. The plan for management actions to be undertaken on the project, including services to be rendered in connection with safety and the safety plan for the project;
 - iv. The offeror's experience with the construction manager at risk method; and
 - v. All other selection criteria, as stated in the request for qualifications and the request for proposals.
 - g. Nothing in this section precludes the selection committee from recommending the termination of the selection procedure and repeating the selection process pursuant to this section. Any material received by the selection committee in response to a solicitation that is terminated shall not be disclosed so as to be available to competing offerors.
 - h. After a contract is awarded, the selection committee shall make the names of all offerors and the names of all offerors selected for interview available for public inspection along with the selection committee's final ranking and evaluation scores. Offerors who were interviewed but not selected for contract award shall be notified in writing within fifteen (15) days of the award.
 - 2. Responsibilities of construction manager at risk following award of project.
 - a. The contract with the construction manager at risk shall specify:
 - i. The guaranteed maximum price; and
 - ii. The percentage of the guaranteed price that the construction manager at risk will perform with its own work force.
 - b. The construction manager at risk, in cooperation with the City Commission or designee, shall seek to develop subcontractor interest in the project and shall furnish to the City Commission or designee and any architect or engineer representing the City Commission or designee a list of subcontractors who state in writing that they are a responsible bidder or a responsible offeror, including suppliers who are to furnish materials or equipment fabricated to a special design and from whom proposals or bids will be requested for each principal portion of the project. The governing body and its architect or engineer shall promptly reply in writing to the construction manager at risk if the governing body, architect or engineer knows of any objection to a listed subcontractor or supplier, provided that the receipt of the list shall not require the City Commission or designee, architect or engineer to investigate the qualifications of proposed subcontractors or suppliers, nor shall it waive the right of the City Commission or designee, architect or engineer later to object to or reject any proposed subcontractor or supplier.
 - c. The construction manager at risk shall:
 - i. Conduct pre-bid or pre-proposal meetings;
 - ii. Advise the City Commission or designee about bidding or proposals;
 - iii. Enter into contracts; (only on City Commission approval) and
 - iv. Assist the City Commission or designee in evaluating submissions by responsible bidders and offerors.
 - E. Competitive Sealed Bids (Invitation for Bids). When the City of Hobbs requires sealed bids, the entire bid document must be reviewed and approved by the Department Head originating the bid, CPO, City Attorney, and City Manager. Additional department staff may be required to review the bid document. Notice of bids

must clearly identify the City of Hobbs, Finance Department, 200 E. Broadway, Hobbs, NM 88240 as the location and time for submittal.

1. Public notice must be published at least ten (10) calendar days prior to the scheduled bid opening and posted to the City of Hobbs website. (13-1-104 NMSA 1978). Bids will not be opened prior to the scheduled bid opening. All bids shall be opened publicly in the presence of one or more witnesses. (13-1-107 NMSA 1978). Award shall be made to the lowest responsible bidder. The City reserves the right to waive technicalities and accept the bid deemed to be in the best interest of the City.
 2. Price negotiations can be conducted in order to avoid rejection of all bids only if the lowest responsible bid has otherwise qualified, and if there is no change in the original terms and conditions, if the lowest bid was up to ten (10) percent higher than budgeted project funds. (Section 13-1-105 NMSA 1978).
 3. All bids are subject to the Inspection of Public Records Act (14-2-1 through 14-2-12 NMSA 1978).
 4. Addendums to bids must be disclosed by the CPO within twenty-four (24) hours of prior bid opening date.
 5. If federal grant revenues are associated with a bid, the bid must contain language as it relates to the specific federal grant guidelines.
 6. All proposers shall be required to sign an affidavit attesting that collusion has not occurred.
 7. All proposers shall be required to sign a Related Party Form, disclosing any financial interest the proposer may have with the City of Hobbs.
 8. All proposers shall be required to sign a Debarment Certificate disclosing any debarment from the State of New Mexico, Federal Government and or the City of Hobbs.
- F. Expenditure Categories. The following policies are to be applied by the CPO for all expenditures of the City of Hobbs. The application of the policy is based on the appropriate cost category that each purchase fits into; as well as the additional requirements for public works contracts, see section 3.20.060; and miscellaneous purchases, see section 3.02.050.
1. Category #1—Total Cost is Less Than Twenty Thousand Dollars (\$20,000.00). Price quotes for these purchases are required, however a good faith effort must be made to acquire the materials or services at the best obtainable price. All departments can purchase services, construction or items of tangible personal property having a value not exceeding twenty thousand dollars (\$20,000.00) by issuing a direct small purchase order. (Note: all purchase requisitions must have a quote before a conversion to a purchase order) Purchases made in this category must obtain prior approval from an authorized department employee.
 2. Category #2—Total Cost is More Than Twenty Thousand Dollars (\$20,000.00), but less than Seventy-Five Thousand Dollars (\$75,000.00). Purchase of services, construction or items of tangible personal property having a value not exceeding seventy-five thousand dollars (\$75,000.00) are accomplished by obtaining three (3) written quotes. The quotes will be turned in to the CPO with a quote/purchase request form for issuance of a purchase order. Purchases made in this category must obtain prior approval from an authorized department employee.
 3. Category #3—Total Cost is More Than Seventy-Five Thousand Dollars (\$75,000.00). Purchases of services, construction or items of tangible personal property in this category must be procured using formal sealed bids or competitive sealed proposals through the CPO. Only the CPO can distribute bid and proposal documents, maintain an approved bidder list, or issue any addendum to bids or proposals. Purchases made in this category must obtain prior approval from the Department Head and approved by the City Manager and City Commission.

Purchases are not to be artificially divided to shift the classification of the purchase into an inappropriate expenditure category. Violation of this policy is subject to possible disciplinary action as defined in the personnel policy.

- G. Freight Designations. The City of Hobbs will not accept title of any goods until they are received by an agent of the City of Hobbs (13-1-157, 13-1-158 NMSA 1978).
1. The shipping terms of all purchases made by the City of Hobbs must be F.O.B. destination or F.O.B. destination, freight prepaid by the vendor.
 2. In most instances, the City of Hobbs will not prepay freight on any purchases. The CPO will make an assessment of the facts and circumstances, and determine if pre-payment of freight is the only available means of purchasing the goods in the best interest of the City of Hobbs.
- H. Gross Receipts Tax. In accordance with state law, the City of Hobbs is responsible to pay New Mexico gross receipts tax on all payments for labor (7-9-1 through 7-9-85 NMSA 1978). Some materials for construction projects may also be subject to New Mexico gross receipts tax.
- I. Indefinite Quantity Contract Purchases. Purchases of the same materials or services at various times during the year may require formal bids if the total cost for the fiscal year exceeds seventy-five thousand dollars (\$75,000.00) for all departments. Examples of these types of purchases are fertilizer, asphalt, chlorine, lime, concrete, uniforms, janitorial, etc.
1. The City of Hobbs may procure multiple indefinite quantity construction contracts pursuant to a price agreement for multiple projects under a single RFP, provided that the total amount of a contract and all renewals does not exceed two million dollars (\$2,000,000.00) over four (4) years and the contract provides that any one (1) purchase order under the contract may not exceed five hundred thousand dollars (\$500,000.00). (13-1-154.1 - B)
- J. Multi-Year Contracts. The City of Hobbs may enter into multi-year contracts that are in the best interest of the City of Hobbs as determined by the CPO.
1. The maximum length of any contract for tangible personal property, construction or services under seventy-five thousand dollars (\$75,000.00) is not to exceed four (4) years, over seventy-five thousand dollars (\$75,000.00) is not to exceed eight (8) years including extensions and renewals.
 2. The maximum length of any contract for professional services is not to exceed four (4) years with all extensions and renewals (13-1-150 NMSA 1978)
 3. The terms of these multi-year contracts must be specified in the specifications of the bid or proposal (13-1-150 NMSA 1978).
 4. Task orders can be issued as it relates to multi-award bids and proposals. Task orders between twenty thousand dollars (\$20,000.00) and seventy-five thousand dollars (\$75,000.00) shall obtain approval from, the Department Head Committee (Department Head Committee defined as a Department Head and one or more evaluators) and the City Manager. The committee shall have a written justification of why the chosen contractor is in the best interest of the City. Any artificial divide of task orders exceeding the seventy-five thousand dollars (\$75,000.00) threshold would require City Commission approval. (e.g.: three (3) task orders to the same contractor, with each task order amount at twenty-five thousand dollars (\$25,000.00). Task orders exceeding seventy-five thousand dollars (\$75,000.00) must obtain prior approval from the Department Head and approved by the City Manager and City Commission. In determining the contractor for multi-award task orders exceeding seventy-five thousand dollars (\$75,000.00), the Department Head Committee will make the recommendation based on the best interest of the City.
 5. The City of Hobbs may procure multiple architectural or engineering services contracts for multiple projects under a single qualifications-based RFP; provided that the total amount of multiple contracts

and all renewals for a single contractor does not exceed two million dollars (\$2,000,000.00) over four (4) years and that a single contract, including any renewals, does not exceed five hundred thousand dollars (\$500,000.00) (13-1-154.1 - A)

- K. Professional Services Expenditures. "Professional services" means the services of architects, archaeologists, engineers, surveyors, landscape architects, medical arts practitioners, scientists, management and systems analysts, certified public accountants, lawyers, psychologists, planners, researchers and persons or businesses providing similar services (13-1-76 NMSA 1978).

Professional services are procured at the direction of the City Manager for contracts under seventy-five thousand dollars (\$75,000.00) including for the services of architects, landscape architects, engineers or surveyors for state public works projects or local public works projects, in accordance with professional services procurement regulations promulgated by the Department of Finance and Administration, the General Services Department or a Central Purchasing Office with the authority to issue regulations. Professional services between twenty thousand dollars (\$20,000.00) and seventy-five thousand dollars (\$75,000.00), not related to public works projects, shall obtain three (3) written competitive quotes with justification (when applicable) before the City Manager may approve the contract. Contracts over seventy-five thousand dollars (\$75,000.00) are procured at the direction of the City Manager with City Commission approval, and are subject to the competitive sealed proposal requirements. The CPO will issue a contract after documentation of the appropriate approval is delivered to the CPO.

NOTE: The City of Hobbs is subject to 2.22 NMAC State Audit Rule in contracting for the audit services.

- L. Cooperative Purchasing Agreements. "Cooperative procurement" means procurement conducted by or on behalf of more than one (1) state agency or local public body, or by a state agency or local public body with an external procurement unit. Purchases of services, construction or items of tangible personal property can be made through the use of a "cooperative purchase agreement". The cooperative agency agreement must be approved by the City Commission. If multiple purchasing agreements exists with vendors for a project, and the project exceeds two hundred thousand dollars (\$200,000.00), the Department Head must attempt and obtain multiple quotes. Purchases exceeding seventy-five thousand dollars (\$75,000.00) must obtain prior approval from the Department Head and approved by the City Manager and City Commission.
- M. Amendments to Contracts. Any amendment exceeding seventy-five thousand dollars (\$75,000.00) must obtain prior approval from the Department Head and approved by the City Manager and City Commission.
- N. Change Orders. Any change order on a contract exceeding seventy-five thousand dollars (\$75,000.00) must obtain prior approval from the Department Head and approved by the City Manager and City Commission.
- O. Purchases from Elected Officials or Employees. The City of Hobbs shall follow the NM Governmental Conduct Act as it relates to purchases from elected officials or employees. Procedures for related party expenditures are in Section 3.20.100 of the City of Hobbs Procurement Ordinance.
- P. Quotations. When the City of Hobbs Procurement Policy requires quotations, either written or oral, all vendors must be given the same information concerning the material or service required and any other specifications. Each vendor contacted must be given an equal opportunity to supply the material or service. If an addendum to a request for a quotation is required, it must be provided to all vendors that were asked to respond.
- Q. Resident Bidder's Preference. Vendors registered with the State of New Mexico who have received a resident bidder's preference number are eligible for a five (5) percent preference in the evaluation of their bid price (13-1-21 NMSA 1978). This five (5) percent resident bidder's preference is applicable to formal sealed bids and proposals. The resident bidder's preference does not apply to the expenditure of federal funds (13-1-21 NMSA 1978). The CPO is responsible for the verification of the resident bidders' preference number with the State of New Mexico.

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- R. Resident Veteran Business Preference. Vendors registered with the State of New Mexico who have received a resident veteran business preference number are eligible for the following bidder preference (13-1-21 or 13-1-22 NMSA 1978): (Note: The resident veteran business preference is applicable to formal sealed bids and proposals).
1. Resident veteran business with annual revenues of three million dollars (\$3,000,000.00) or less to be ten (10) percent lower than the bid actually submitted and a ten (10) percent factor for a request for proposal.

The CPO is responsible for the verification of the resident veteran business preference number with the State of New Mexico.

S. Sole Source and Emergency Purchases.

1. "Sole source purchases" are defined as a purchase for which there is only one known source for the required service, construction or item of tangible personal property (13-1-126 NMSA 1978). At least thirty (30) days before a sole source contract is awarded, the CPO or designee of either shall post notice of the intent to award a sole source contract on its website and forwarded to the State of New Mexico Department of Information Technology for posting on the sunshine portal. The notice shall identify at a minimum:
 - a. The parties to the proposed contract.
 - b. The nature and quantity of the service, construction or item of tangible personal property being contracted for; and
 - c. The contract amount.

Any qualified potential contractor who was not awarded a sole source contract may protest to the CPO. The protest shall be submitted in writing within fifteen (15) calendar days of the notice of intent to award a contract being posted by the CPO. (13-1-126.1, A B, 13-1-128)

2. Emergency purchases are valid only when there exists a threat to public health, welfare, safety or property requiring procurement under emergency conditions (13-1-127 NMSA 1978). An emergency condition creates an immediate and serious need for services, construction or items of tangible personal property that cannot be met through normal procurement methods and the lack of which would seriously threaten:
 - a. The functioning of government;
 - b. The preservation or protection of property; or
 - c. The health or safety of any person (13-1-127 NMSA 1978).
3. Every effort should be made to purchase competitively if the situation allows (13-1-127 NMSA 1978). A written determination of the basis for the emergency procurement and for the selection of the particular contractor shall be included in the procurement file (13-1-128 NMSA 1978).
4. Written documentation of these types of purchases must be submitted to the CPO by the Department Head making the purchase (13-1-128 NMSA 1978). This documentation must be maintained for a minimum of three (3) years (13-1-128 NMSA 1978).
5. Within three (3) business days of awarding an emergency procurement contract, the CPO or designee of either shall post notice of the intent to award the emergency purchase contract on its website and forwarded to the State of New Mexico Department of Information Technology for posting on the sunshine portal. The notice shall identify at a minimum:
 - a. The parties to the proposed contract;

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- b. The nature and quantity of the service, construction or item of tangible personal property being contracted for; and
 - c. The contract amount.
- T. State of New Mexico Purchasing Contracts and GSA contracts. The CPO may make purchases utilizing any State of New Mexico Purchasing Contract, or any GSA contract deemed to be in the best interest of the City of Hobbs. The CPO is not required to obtain quotes or formal sealed bids for purchases under these contracts regardless of the total cost (13-1-129 NMSA 1978), but may utilize these contracts as one (1) of the price quotes when quotations are required.
- 1. When using GSA contracts the contractor (not the distributor) must indicate in writing a willingness to extend to the City of Hobbs the terms and conditions specified in the GSA contract (13-1-129 NMSA 1978).
 - 2. The CPO must have a complete copy of the State contract or GSA contract (13-1-129 NMSA 1978). The CPO will verify the terms of the contract as well as the effective date of the contract prior to issuance of a purchase order.

(Ord. No. 1101 , § III, 4-17-2017; Ord. No. 1123 , 4-6-2020)

3.20.050 Public works contracts.

- A. Public works contracts are subject to the policies detailed above as well as the following additional procedures.
- B. All contracts of more than sixty thousand dollars (\$60,000.00), must contain a provision stating the minimum wages to be paid to various classes of laborers and mechanics as determined by State of New Mexico. Contractors must pay the laborers at least weekly, on the job site. The wage scale must be prominently posted by the contractor at the work site (13-4-11 NMSA 1978). If the City of Hobbs is utilizing a cooperative purchase agreement, the determination of wage rates for the agreement must be forwarded and filed with the City of Hobbs CPO. Non-submittal of wage rate determinations from the cooperative service agency could result in a delay of payment.
- C. For all contracts of more than seventy-five thousand dollars (\$75,000.00), the City of Hobbs must receive a performance bond from the contractor equal to one hundred (100) percent of the contract price, and a payment bond from the contractor equal to one hundred (100) percent of the contract price.
- D. The CPO can require performance bonds and payment bonds on any public works contract.
- E. The City of Hobbs may require a close out fee of no greater than five (5) percent be held from each partial payment to the contractor until the job is completed.
- F. Any vendor submitting a bid for a public works construction project more than five thousand dollars (\$5,000.00), shall submit a subcontractor list of who will perform work or labor or render service. The subcontractor's list shall give in detail the nature of the work which will be done by each subcontractor. Any bid submitted by any person which fails to comply with this policy will be considered a non-responsive bid and will not be accepted by the City of Hobbs (13-4-34 NMSA 1978).
- G. In order to submit a bid, proposal or to be considered for award of any portion of a public works project greater than sixty thousand dollars (\$60,000.00), the public works project is subject to the Public Works Minimum Wage Act. The contractor, serving as a prime contractor or not, shall be registered with the labor and industrial division of the labor department. The City shall not accept a bid on a public works project subject to the Public Works Minimum Wage Act from a prime contractor that does not provide proof of required registration for itself.

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- H. The City of Hobbs may procure multiple architectural or engineering services contracts for multiple projects under a single qualifications-based RFP; provided that the total amount of multiple contracts and all renewals for a single contractor does not exceed two million dollars (\$2,000,000.00) over four (4) years and that a single contract, including any renewals, does not exceed five hundred thousand dollars (\$500,000.00) (13-1-154.1 - A).

(Ord. No. 1101 , § IV, 4-17-2017; Ord. No. 1123 , 4-6-2020)

3.20.060 Miscellaneous expenditures.

- A. Some miscellaneous expenditures do not lend themselves to classification as services or materials, and are not handled in the same way as most purchases.
- B. Travel expenditures, meal reimbursements, postage, dues/subscriptions and registration fees are several examples.
- C. Check requests can be utilized for these expenditures. It is encouraged to use purchase orders whenever necessary to assure budgeted funds are available.
- D. Documentation for the expenditure should be attached to the request, and submitted directly to the Finance Department for payment.

(Ord. No. 1101 , § V, 4-17-2017)

3.20.070 Fixed asset policy.

- A. Capital outlay items are budgeted annually and approved by the City Commissioners.
- B. Purchases from funds budgeted as a capital outlay must have an Inventory Data Sheet attached when submitted to the Finance Department for payment.
- C. All capital expenditures are accounted for in a fixed asset inventory and not charged to an operating expense account.
- D. Generally, expenditures for items with an original cost of more than five thousand dollars (\$5,000.00), and an estimated life of more than one (1) year, are classified as fixed assets.
- E. Generally, expenditures of less than five thousand dollars (\$5,000.00) are charged to the current year's operating expenses.
- F. Repairs should be charged to an operating expense account.
- G. Purchases for shrubbery, trees, sod, fencing, carpeting, roofing, plumbing, etc. should not be considered fixed assets.
- H. Installation, engineering services, architectural services and repairs extending the life of the asset should be charged and budgeted directly to the fixed asset as to assure proper value of the fixed asset. Note: When budgeting fixed assets, items F through H should be considered in the code series of the budgeting process. Operations should be budgeted in the 42000 object code series and capital should be budgeted in the 43000 or higher object code series.
- I. Disposition of any item requires prior approval from the Department Head (13-6-1 NMSA 1978), and completion of an inventory data sheet-transfers and deletions. Items are deemed to have a salvage value and are believed to be sold at a public auction must be specified on the inventory data sheet - transfers and deletions form. Minimum bid amounts for auction items may be determined by the Department Head and Finance Director prior to auction and communicated in writing to the auctioneer. The Finance Department is

responsible for organizing the auction and will communicate when and where to transport the items before and after the auction. For chain of custody control, the Department is required to obtain a signature, with time and date, from the auctioneer and City staff once the item has been delivered. Signature sheets will be forwarded to the Finance Department.

- J. Each Department Head is responsible for maintaining an accurate inventory of all fixed assets assigned to their department.
- K. The results of the physical inventory shall be recorded in a written inventory report, certified as to correctness and signed by the governing authority of the agency (NMAC 2.20.1.16.E)
- L. Annexing of property will be evaluated and added to the fixed asset inventory list at the end of every fiscal year (when applicable). The basis for valuation will be determined by reasonable methods determined by GAAP (Generally Accepted Accounting Principles).
- M. Donation of property will be evaluated and added to the fixed asset inventory list at the end of every fiscal year (when applicable). The basis for valuation will be determined by reasonable methods determined by GAAP (Generally Accepted Accounting Principles).
- N. Trade in of property. Where it is desired to trade-in or exchange used articles as part payment on the purchase price of new articles, the Finance Department shall, in requesting vendor offers, describe such used property, inform prospective vendor offerors where the used property can be examined, and notify prospective vendor offerors that the sale price of the new article and the allowance as credit for the trade-in or exchange shall be stated separately. The difference between the sale price of the new article and the trade-in allowance shall be deemed the offer of the seller. Note: If the trade-in item is on the physical certified asset list, all necessary approvals required by 13-6-1 NMSA 1978 must be processed first prior to the trade-in transaction.
- O. Recycled materials (scrap material which retains a salvage value) will be sold through a competitive process determined by the Finance Director. Note: If the sale of recycled material/item is on the physical certified asset list, all necessary approvals required by 13-6-1 NMSA 1978 must be processed prior to the recycled material transaction.

(Ord. No. 1101 , § VI, 4-17-2017; Ord. 1123, 4-6-2020)

3.20.075 Budgeting policy/procedures.

- A. In order to comply with Section 6-6-2 NMSA 1978, local governments have the following deadlines to adhere to:

June 1	Budget (preliminary) requests are due to New Mexico Local Government Division
July 31	Budget (final) Final Day to submit budget adjustment resolutions for current fiscal year
	Final budget requests for next fiscal year including the approving resolution due at New Mexico Local Government Division
	Fiscal year-end financial reports due at New Mexico Local Government Division

The New Mexico Local Government Division requires the City of Hobbs to establish and maintain a cash balance in the general fund equal to one-twelfth (1/12) of the budgeted expenditures at fiscal year-end (June 30).

The City of Hobbs will hold a minimum of one (1) budget public work session prior to the first Commission meeting in May.

A portion of the general fund cash balance can be reserved in a separate reserve fund by direct action of the City of Hobbs Commission. The action to set up a reserve must specify the purpose, the amount and the expected date for its use. Reserves which remain unused for a period of three (3) years will revert to the general fund.

B. Budget Fund Establishment:

1. General Fund. Accounts for all financial resources, except those required to be accounted for in another fund.
2. Special Revenue Fund. Accounts for the proceeds of specific revenue sources that are legally restricted to expenditure for specific purposes.
3. Capital Projects Fund. Accounts for financial resources to be used for the acquisition or construction of major capital facilities.
4. Debt Service Fund. Accounts for the accumulation of resources for the payment of general obligation and long-term debt principal and interest.
5. Proprietary Fund. Accounts for operations that are financed and operated in a manner similar to private business enterprises, where the intent of the City Commission is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.
6. Internal Service Fund. Accounts for the financing of goods or services provided by one (1) department or agency to other departments or agencies of the City of Hobbs on a cost-reimbursement basis.
7. Fiduciary Fund (Trust and Agency). Accounts for assets held by the City of Hobbs in a trustee capacity or as an agent for individuals, private organizations, or other governmental units, and/or other funds.

C. Adjustments and Reclassifications.

1. Definitions.

"Budget adjustment" means any revenue or expenditure adjustment made after June 1, increasing or decreasing budgeted cash fund balance.

"Budget reclassification" means any revenue or expenditure reclassification made after June 1, having no effect on budgeted cash fund balance.

2. Budget Fund Adjustments.

- a. New Mexico Local Government Division approval is required to adjust the budget after the budget is adopted. The following list establishes the criteria:
 - i. Meeting date that the City Commission approved the adjustments.
 - ii. Fund or funds affected by the adjustments.
 - iii. Department affected by the adjustments.
 - iv. The dollar amount of the adjustment and the available resources to fund the adjustment.
 - v. A brief explanation stating why the adjustment is necessary.
- b. The signature of the Mayor, Commission Chair or designate (Manager, Finance Officer, etc) with attestation by the Municipal Clerk must be provided.
- c. Budget adjustments requiring Local Government Division approval include:
 - i. Any budget increases.
 - ii. Any transfer of budget between funds.

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- iii. Transfers of cash, both permanent and temporary, between funds.
 - iv. Any combination of the above.
 - d. All budget increases, transfers (permanent and temporary) must be approved by the New Mexico Local Government Division prior to making the actual increase or transfer.
 - e. Budget increases or transfers from the general fund requiring the use of cash balances may not be approved if the result reduces estimated ending cash balance below LGD requirements.
 - f. Quarterly budget review establishes the second Commission meeting at the end of each quarter. The quarterly review requires the City of Hobbs to examine fiscal performance and make budget adjustments, if needed. The examination should include a comparison of revenues and expenditures to date to the approved budget.
3. Budget Categories.
- a. The City of Hobbs establishes budget categories within the funds and Departments as the following:
 - Revenue—(Object code beginning with a 30)
 - Personnel and Benefits—(Object code beginning with a 41)
 - Operating—(Object code beginning with a 42)
 - Capital Assets (Tangible Equipment)—(Object code beginning with a 43)
 - Capital Projects—(Object code beginning with a 44, includes a project number)
 - Debt Service—(Object code beginning with a 46)
 - b. All budget reclassifications must be approved by the City Manager or Finance Director. Any budget reclassifications must be between budget categories. (example: reclassifications from personnel to personnel, reclassifications from operating to operating, reclassifications from capital assets to capital assets.) The budgetary cash fiscal impact on reclassifications should be zero with ratification of those adjustments at the quarterly budget review Commission meeting.
 - c. Any budget adjustment reducing the budgeted cash by sixty thousand dollars (\$60,000.00), Commission approval must be obtained prior to the adjustment being recorded.
 - d. Budget adjustments that do not reduce budgeted cash balance by sixty thousand dollars (\$60,000.00), ratification of the adjustment at the quarterly budget review must be approved by the City Commission.
 - e. End of the year fiscal year budget adjustments must be approved by the City Commission and submitted for approval to the Local Government Division by July 31.
- D. Procedures for Submitting Fiscal Year Preliminary Budget.
- 1. Salary and Benefits.
 - a. Finance Department will create the fiscal year budget file (in the MUNIS system) in the second week in December for the upcoming fiscal budget year.
 - b. Finance Department will create a point in time, personnel projection file, in the MUNIS system prior to January 31.
 - c. Any added departments must be approved by Finance Director prior to January 31.
 - d. Department Heads will submit to the Human Resource Department by January 31, any added positions or reclassifications of personnel for the upcoming fiscal year budget.

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- e. The Human Resource Department will update the personnel projection file with changes submitted by Department Heads by the second week in February.
 - f. Once the projection file is updated, the salary projection will be executed and posted no later than March 1, The final projection must be compiled in the budget book by FTE by department, with salary amounts and compared to prior year. (Note: State of NM Local Government Division requires FTE counts and salary amounts with an average increase or decrease from prior budget year)
 - g. Benefit projections will be determined by City management and updated in the salary/benefit projection prior to March 1.
2. Operating.
 - a. Finance Department will create the fiscal year budget file (in the MUNIS system) in the second week in December for the upcoming fiscal year budget year.
 - b. Departments must input detailed line item budgets (within the MUNIS system) no later than March 1. (Note: detail input is required with justifications.)
 - c. Any additions of departments or object codes must be approved by Finance Director prior to March 1.
 3. Capital Assets and Capital Projects.
 - a. Finance Department will create the fiscal year budget file (in the MUNIS system) in the second week in December for the upcoming fiscal year budget year.
 - b. Departments adding new fiscal year budgeted projects must submit those projects to Finance no later than March 1. Any grant revenues associated with new projects also needs to be submitted to Finance. (Note: project numbers need to be added within the MUNIS system)
 - c. Departments must input detailed line item capital asset and capital project budgets no later than March 1. (Note: detail input is required with justifications.)
 - d. Existing budgeted projects will be carried over into the next budget year. These existing budgeted should not be re-budgeted in the preliminary budget process unless an enhancement or addition needs to be made to the project after July 1.
 4. Finance Department will project, an input revenues as it relates to the General Fund, Special Revenue Funds, Capital Asset Funds, Debt Service Funds, Enterprise Funds and Fiduciary/Trust Funds by March 1.
 5. After March 1, the Finance Department will roll all components of the preliminary budget to the City Manager for review. The City Manager may establish departmental meetings during this review process.
 6. Once City Manager review is complete, the Finance Department will compile preliminary fiscal year budget and create a projected budgeted cash fund balance report. The minimum general fund cash reserve as a percentage of general fund revenues shall be thirty (30) percent. (Note: City Commission reserves the right to set the reserve percent from fiscal year to fiscal year). The State of New Mexico Local Government Division requires one-twelfth (1/12) (8.33 percent) of general fund budgeted expenditures as the cash reserve.
 7. The City of Hobbs preliminary budget will hold two (2) public meetings regarding the preliminary budget. The two (2) public meetings are as follows:
 - 1) Preliminary budget work session discussions; and

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- 2) Final adoption of fiscal year preliminary budget. The timeline for work session is the second Commission meeting in April and the first Commission meeting in May.
 8. Once the preliminary budget is adopted, the budget will be cross walked to the required DFA forms and submitted prior to June 1.

(Ord. No. 1101 , § VII, 4-17-2017)

3.20.080 Contract policy/procedures.

- A. Contract Background. Typically, the City of Hobbs requires contracts for any labor/services over twenty thousand dollars (\$20,000.00). There are some cases that might require a contract under twenty thousand dollars (\$20,000.00) if the department and vendor need to detail out certain attributes that would otherwise not reflect on the purchase order (examples of these are timelines, quantity amounts, methods of payment, scope of work, expectations etc.) Contracts under twenty thousand dollars (\$20,000) will be assigned a purchase order. Contracts are not to be artificially divided to shift the classification of the purchase into an inappropriate expenditure category. In obtaining a contract the following procedures must be followed as to make your department and vendor, an enjoyable experience with the Finance Department.
- B. Procedure.
 1. Determine if labor or services are over the twenty thousand dollar (\$20,000.00) threshold.
 2. Contracts under twenty thousand dollars (\$20,000.00) will be assigned a purchase order (authorized contract will serve as backup to the purchase order). If over the twenty thousand dollar (\$20,000.00) threshold, three (3) written quotes (use quote/purchase request form) must be obtained. Any professional service between twenty thousand dollars (\$20,000.00) and seventy-five thousand dollars (\$75,000.00), not related to public works projects, should obtain three (3) competitive written quotes with justification (when applicable) before the City Manager can approve the contract.
 3. Obtain an electronic version contract on the City's Intranet page or contact Finance for a proforma contract. (Note: the contract pro forma version has been vetted through the Finance Department and Legal Department. Any other contract form used will be subject to additional review by the Legal/Finance Department.)
 4. Update the contract with the vendor, scope of service, amounts, quantity or any other language is deemed necessary for clarification.
 5. Check budget for available funds and update contract with coding instructions.
 6. Contract needs to be signed by the Department Head, Finance Director, City Attorney, City Manager and vendor before work is to begin. If a contract is obtained through a bidding process or RFP process then the Mayor must sign contract.
 7. Once signatures are obtained, the contract must be forwarded to Purchasing (along with the three (3) written quotes) for encumbering into the MUNIS system. This assures that the City of Hobbs has the most current status of contractual liabilities owed to vendors.
 8. Invoices associated with the contracts will be submitted to accounts payable and disseminated to the Department who issued the contract.
 9. The Department Head will sign off on the invoice verifying the work was complete and satisfactory. The Department Head will then forward to accounts payable for payment. (Note: all invoices must be paid within fifteen (15) days of receipt of payment per ordinance.)
 10. All contracts will be drafted for a one (1) year term with a three (3) year option to renew (when applicable). Before the contract year, a reminder notice will be sent by the Finance Department to the

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department who initiated the contract for review. The department will review and update any terms, scope of services, or any other terms set in the initial contract. Once reviewed, the department will sign the contract reminder notice along with the vendor. This constitutes exercising one (1) of the three (3) year options. Any significant changes to the initial contract will need to be reflected in an amendment to the initial contract, identifying any updates. The amended contract must be signed by all parties listed in the initial contract.

11. Employment Contracts vs. Contracts of Independent Contractors. All contracts will be subject to review by the City Manager, Human Resources Director and Finance Director as it relates to determining whether a contract is considered to be an employment contract or a contract with an independent contractor. (IRS rules apply) Employment contracts will be reviewed annually by the City Manager during his/her evaluation process for the employee. Contracts with an independent contractor will follow the review procedure mentioned in procedure 9 Section 3.20.080 of procedures for obtaining a contract.

(Ord. No. 1101 , § VII, 4-17-2017; Ord. No. 1123 , 4-6-2020)

3.20.085 Procedures for obtaining a purchase order.

- A. Purchase Order Background. The City of Hobbs requires a purchase order for any tangible property, labor, and services under twenty thousand dollars (\$20,000.00). A purchase order can also be obtained for any tangible property over twenty thousand dollars (\$20,000.00) and under seventy-five thousand dollars (\$75,000.00), however, three (3) written quotes (use quote/purchase request form) must be obtained. (note: in obtaining three (3) quotes, the lowest quote does not have to be lowest, but a statement as to why lowest quote was not chosen) A purchase order can be obtained for tangible property or indefinite quantity amounts over seventy-five thousand dollars (\$75,000.00), but a formal bid, sole source, emergency request, GSA, cooperative purchasing (see ordinance policy) or formal RFP process would have to occur first. Any purchase orders over twenty thousand dollars (\$20,000.00) needs to be created in the Finance Department - Purchasing. It is noted the City of Hobbs uses a purchase order system for two (2) reasons; 1) that authorization of public funds has occurred before the purchase, and 2) only authorized personnel from the City of Hobbs can spend public funds. The purchase order system also tracks by department, checks availability of funds and contractually encumbers public funds. The City of Hobbs uses an electronic report and planning system (MUNIS) to obtain a purchase order. The steps involved in the City of Hobbs electronic procurement process is first, creating a requisition, converting to a purchase order, receiving an invoice, department receiving the item indicating the product or service was adequate and then a check is processed. Purchase orders are not to be artificially divided to shift the classification of the purchase into an inappropriate expenditure category. (example: creating purchase orders to one (1) vendor, same budget line item, three (3) different times at ten thousand dollars (\$10,000.00) per PO making the total purchase to the vendor thirty thousand dollars (\$30,000.00). This purchase should have obtained three (3) written quotes since total purchase to one (1) vendor exceeded twenty thousand dollars (\$20,000.00). In the prior example, if total purchases exceeded seventy-five thousand dollars (\$75,000.00), then a formal bid or RFP process would need to followed) In obtaining a purchase order, the following procedures must be followed as to make your department and vendor, an enjoyable experience with the Finance Department.
- B. Procedure—Requisition to Purchase Order.
 1. Complete a requisition entry in MUNIS. Please include a detailed description of the item or items purchased in the line detail field.
 2. All requisitions must have documentation (such as a quote, contract under twenty thousand dollars (\$20,000.00) or an estimate) attached to justify the price, timeline, and/or quantity needed.
 3. Release the requisition in MUNIS so that it can be processed through the workflow in MUNIS.

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4. Once all approvals have been made, the requisition will be converted into a purchase order.
 5. The originator will receive two (2) copies of the purchase order by email - the department copy and the vendor copy. Please provide your vendor with the vendor copy of the purchase order.
- C. Procedure—Receiving on a Purchase Order.
1. Per the purchase order, the invoice should be received by the Finance Department.
 2. Finance will email a copy of the invoice to the department for authorization to pay.
 3. Please receive using the MUNIS receiving module any items on the invoice you have physically received.
 - a. Please contact Finance as soon as possible if you have received an invoice from us and you do not have your merchandise.
 - b. Receiving documentation should be scanned and attached (when applicable) within the receiving module to verify that all merchandise shipped was properly vetted. Examples are to verify that no prepayments exist between the vendor and the City of Hobbs, quantities are correct, and no damage of goods occurred.
 4. If you have more than one (1) line item on your purchase order, please be sure you are receiving on the correct line item.
 5. Please do not put a quantity in your receiving record - only a cost.
 6. Please utilize the comments section to communicate any necessary information regarding your invoice.
 - a. This is especially useful if you have multiple invoices paying against the same line on your PO. Please provide the invoice number in the comments section for multiple invoices.
 7. Please receive one (1) invoice at a time in the receiving record.
- D. Checks are Written Once Per Week. (Thursday afternoon). All purchase orders, invoices and receiving must be done by 5:00 p.m. Tuesday for payment to the vendor on Thursday of that week. (note: during holidays, the check run may be changed.)

(Ord. No. 1101 , § IX, 4-17-2017; Ord. No. 1123 , 4-6-2020)

3.20.090 Procedures for obtaining a request for proposal (RFP).

- A. RFP (Request for Proposals) Background. Request for proposals follow the same procedure noted in the State of New Mexico Procurement Code. RFP's are done when other factors need to be considered for tangible property, capital projects, professional services and other services. This section of RFP does not fully encompass the process when public works projects are being considered for an RFP. This section details out the basic process, thru RFP, in procuring services exceeding seventy-five thousand dollars (\$75,000.00).
- B. Procedure for Creating an RFP.
1. Obtain pro forma RFP form on the City's intranet page or request from purchasing an electronic copy of the pro forma request for proposal.
 2. Once the department has a working template of the RFP, the following items need to be either updated or changed:
 - a. The proposal number (obtain thru purchasing).

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- b. The specific timeline from publishing to opening of the RFP. The date, time and place of opening (minimum time from publication to opening is ten (10) business days). Also, note that all RFP's need to be evaluated and submitted to the City Commission for approval.
 - c. A detail description of the scope of service needing to be performed.
 - d. Evaluation criteria ranked on a grading scale or point scale. (examples: cost forty (40) percent-timeline twenty (20) percent - personnel experience on similar services twenty (20) percent - responsiveness to RFP ten (10) percent).
 - e. RFPs not related to public works projects shall have a minimum cost factor of twenty (20) percent.
 - f. Resident preference of five (5) percent and veteran's preference of ten (10) percent need to be included as an evaluation criteria factor.
 - g. A cost sheet needs to be included in the RFP if cost is an evaluation factor.
 - h. A campaign contribution form needs to be included in the RFP.
 - i. All proposers shall be required to sign an affidavit attesting that collusion has not occurred.
 - j. All proposers shall be required to sign a Related Party Form, disclosing any financial interest the proposer may have with the City of Hobbs.
 - k. All proposers shall be required to sign a Debarment Certificate disclosing any debarment from the State of New Mexico, Federal Government and or the City of Hobbs.
3. The department will submit a proposer list to purchasing for filing and submission of RFP to prospective proposers.
 4. Once the department has updated and completed the RFP, the department will submit to Purchasing for review. Purchasing will then make any suggestions or corrections before a check route is established. (a check route is a sign off sheet in order for complete compliance review). Purchasing creates a check route, with authorized signatures, in the following order:
 - a. Author of the RFP.
 - b. Department Head.
 - c. Purchasing.
 - d. Finance Director.
 - e. Legal.
 - f. City Manager.
 5. The check route needs to contain the budgeted funds available and the account number the RFP is budgeted in.
 6. When the check route is complete, the City Manager shall sign the notice to publish. The RFP publication will also be submitted to IT for publication on the City of Hobbs website.
 7. Any addendums to the RFP must be submitted twenty-four (24) hours in advance.
- C. Procedure for Evaluating an RFP. Specific guidelines in evaluating an RFP are detailed in the State of NM Procurement Code. The following procedures establish a benchmark for departments in completing the RFP process:
1. Finance Department will receive all RFP's and time/date stamp.

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2. Finance Department will compile an evaluation form specific to the criteria established in the formal RFP.
 3. The department will establish an evaluation committee with a minimum of three (3) evaluators. At least one (1) member needs to be independent of the RFP origination department. (refer to NM State Procurement Code for specific procedures)
 4. The evaluation team will score the RFP and submit scoring sheets to the Finance Department. An average score sheet will be calculated and submitted to the Finance Department as well. Any possible proposers deemed non-responsive must be vetted through the Finance Department and Legal Department.
 5. The RFP origination department will create a staff summary and start negotiations of a contract agreement (see contract procedure). If contract negotiations fail with the highest rated proposer, the department will begin negotiations with the second highest proposer. (see detailed RFP negotiations in NM State Procurement Code) The staff summary, average scoring sheet and contract (when necessary) will be submitted to the City Commission for approval.
 6. Upon City Commission approval, purchasing will submit an award letter to the highest rated proposer and notify (in writing) the non-successful proposers.
 7. Once all contract documents are signed, the department will submit to purchasing a copy of the contract and enter the document into the MUNIS system. All contracts that are processed through the RFP process must be signed by the Mayor.

(Ord. No. 1101 , § X, 4-17-2017; Ord. No. 1123 , 4-6-2020)

3.20.095 Bid policy/procedures.

- A. Bid Background. Bids follow the same procedure noted in the State of New Mexico Procurement Code. Bids are done when only costs need to be considered for tangible property, capital projects, and other services deemed necessary for the City of Hobbs. This section of bidding does not fully encompass the process when public works projects are being considered for a bid. It is also noted that a construction manager assigned to assist the City of Hobbs, thru a prior RFP, can process bids, evaluate and make recommendations to the City of Hobbs Commission or designee. This section details out the basic process, thru bidding, in procuring tangible property, capital projects and other services exceeding seventy-five thousand dollars (\$75,000.00).
- B. Procedure for Creating a Bid.
 1. Obtain pro forma bid form on the City's intranet page or request from purchasing an electronic copy of the pro forma bid document.
 2. Once the department has a working template of the bid document, the following items need to be either updated or changed:
 - a. The bid number (obtain thru purchasing).
 - b. The specific timeline from publishing to opening of the bid. The date, time and place of opening (minimum time from publication to opening is ten (10) business days). Also, note that all bids need to be evaluated and submitted to the City Commission for approval.
 - c. A detail description of the tangible property, capital project or other service.
 - d. Resident preference of five (5) percent and veteran's preference of ten (10) percent need to be included as a cost factor.
 - e. A cost sheet needs to be included in the bid document.

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- f. A campaign contribution form needs to be included in the bid document.
 - g. All bidders shall be required to sign an affidavit attesting that collusion has not occurred.
 - h. All bidders shall be required to sign a Related Party Form, disclosing any financial interest the bidder may have with the City of Hobbs.
 - i. All bidders shall be required to sign a Debarment Certificate disclosing any debarment from the State of New Mexico, Federal Government and or the City of Hobbs.
 3. The department will submit a bidders list to purchasing for filing and submission of bid to prospective bidders.
 4. Once the department has updated and completed the bid document, the department will submit to Purchasing for review. Purchasing will then make any suggestions or corrections before a check route is established. A check route is a sign off sheet in order for complete compliance review). Purchasing creates a check route, with authorized signatures, in the following order:
 - a. Author of the bid document.
 - b. Department Head.
 - c. Purchasing.
 - d. Finance Director.
 - e. Legal.
 - f. City Manager.
 - g. The check route needs to contain the budgeted funds available and the account number the bid is budgeted in.
 - h. When the check route is complete, the City Manager shall sign the notice to publish. The bid document will also be submitted to IT for publication on the City of Hobbs website.
 - i. Any addendums to the bid document must be done twenty-four (24) hours in advance.
 - C. Procedure for Evaluating a Bid. Specific guidelines in evaluating a bid are detailed in the State of NM Procurement Code. It is also noted that if the City of Hobbs is contracting with a construction manager then the following process does not apply. The following procedures establish a benchmark for departments in completing the bid process (without a construction manager):
 1. Finance Department will receive all bids and time/date stamp.
 2. Finance Department will compile an evaluation form specific to the cost established in the formal bid process.
 3. All bids will be publicly opened and read out loud.
 4. The bid will be summarized and checked for completeness. Any possible bidders deemed non-responsive must be vetted through the Finance Department and Legal Department.
 5. The bid origination department will create a staff summary and create a contract agreement (see contract procedure). The staff summary, bidding sheet and contract (when necessary) will be submitted to the City Commission for approval.
 6. Upon City Commission approval, purchasing will submit an award letter to the apparent low bidder and notify (in writing) the non-successful bidders.

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7. Once all contract documents are signed, the department will submit to purchasing a copy of the contract and enter the document into the MUNIS system. All contracts that are processed through the bidding process must be signed by the Mayor.

(Ord. No. 1101 , § XI, 4-17-2017; Ord. No. 1123 , 4-6-2020)

3.20.100 Related party expenditures procedures.

Pursuant to the NM Governmental Conduct Act, the following procedures shall be followed by any employee/elected official conducting business with the City of Hobbs:

1. All employees and elected officials shall be required to submit a Financial Disclosure Form to the Finance Department annually.
2. All signed disclosure forms by employees/elected officials shall be filed in their personnel file.
3. Any possible conflict of interests with employees/elected officials may be reviewed by the Finance Director, City Attorney and City Manager.
4. If a conflict of interest arises with an employee/elected official, any future goods or services provided by the related party shall be subject to a competitive process and disclosed at a future City Commission meeting.
 - a. A competitive process is defined as written quotes with a minimum of three (3) vendors. The dollar amount threshold for the written quotes is one thousand dollars (\$1,000.00) to seventy-five thousand dollars (\$75,000.00). The recommended vendor, if an employee or elected official, shall require disclosure at a City Commission meeting.
 - b. Formal bid or RFP above seventy-five thousand dollars (\$75,000.00) shall require a formal competitive process of sealed bids/proposals with a disclosure of conflict of interest from the vendor. All formal bids or RFPs shall be disclosed at a City Commission meeting.
5. Any change in financial interest during the calendar year, the employee/elected official shall disclose the change to the Finance Department in writing.
6. All new employees/elected officials shall submit a Financial Disclosure Form upon hire or start of election term.

(Ord. No. 1101 , § XII, 4-17-2017; Ord. No. 1123 , 4-6-2020)

3.20.105 Inventory management policy.

- A. Objective. The policy aims to achieve the following objectives which are to:
 1. Provide guidelines that employees of the City of Hobbs must follow in the management and control of inventory, including safeguarding and disposal of inventory.
 2. Procure inventory in line with the established City of Hobbs Procurement Ordinance.
 3. Eliminate any potential misuse of inventory and possible theft.
- B. Definitions. [The following words, terms and phrases, when used in this section, shall have the meanings ascribed to them in this section, except where the context clearly indicates a different meaning:]

"Cost" shall comprise costs of purchase, costs conversion, shipping and other costs incurred in bringing the inventories to their present location and condition.

"Inventories" are assets:

1. In the form of material or supplies to be consumed or distributed in the rendering of services.
2. Held for sale or distribution in the ordinary course of operations.

"Warehouse manager" means the official responsible for the requisition, receipt, issue, recording, safeguarding of inventory and cost-effective and efficient management of inventory.

"Obsolete inventory" means items that have expired, are redundant or damaged.

"Reorder level" means the level of inventory at which inventory is reordered.

"Net realizable" means the estimated selling price in the ordinary course of operations less the estimated costs of completion and estimated costs necessary to make the sale exchange or distribution.

"Purchase requisition" means an electronic request that performs a budget check and detailing inventory items as to description, quantity, cost, and shipping.

"Purchase order" means an electronic authorized contract which is converted from a purchase requisition, detailing inventory items as to description, quantity, cost and shipping.

"Receiving" means ordered inventory items from an authorized purchase order are received by the warehouse manager, against the purchase order by line item.

"Invoice" means vendor billing document that matches authorized purchase order.

C. Scope. This policy applies to City of Hobbs inventory received by the warehouse manager and when applicable, the golf course manager.

D. Inventory Procedures. The procedures for inventory must be followed to ensure that:

1. Inventory is safeguarded at all times.
2. There are accurate records of quantities on hand at all times.
3. Optimum inventory levels are maintained to meet the needs of users.
4. Only authorized issues of inventory are made to users.
5. Items placed in warehouse are secured and only used for the purpose for which they were purchased.

E. Ordering of Inventory.

1. Each department must set its own inventory reorder levels for all items in consultation with the Utilities Director or Golf Pro Shop Manager, the inventory levels must indicate the minimum and maximum inventory that can be maintained.
2. Due diligence and care shall be exercised in identifying low value and high value items of inventory.
3. Minimum inventory level of high value items shall be ordered, any maximum order shall be based on specific requirement/need in order to avoid large amount of cash tied up on inventory.
4. The purchase requisition will be requested by the warehouse manager/golf course manager detailing out description, items, cost, shipping and other costs and submitted through the MUNIS system or equivalent.
5. The purchase requisition will be converted to an authorized purchase order by the Finance Department and forwarded to the warehouse/golf pro shop for the receiving warehouse manager/golf pro manager to match the goods received against the order once goods are delivered.
6. Purchase orders must thereafter be filed in date sequence.

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7. This file must form the basis for follow up of orders and for matching goods that are delivered to the warehouse department/golf course pro shop.
 8. The orders file should be reviewed weekly by the warehouse manager/golf course manager and any orders, which have not been delivered as per the agreement with the buyer, must be followed up immediately.
- F. Receipt of Inventory.
1. The quantity and quality of the inventory received from suppliers must be according to specifications and information on the purchase order.
 2. The warehouse manager/golf course manager must compare the delivery receiving document to the purchase order before accepting the goods.
 3. The invoice or delivery receiving document must match the supplier name and order number.
 4. The warehouse manager/golf course manager must create an electronic receiving input into the MUNIS system or equivalent to record all the inventory items delivered in good condition.
 5. The warehouse manager/golf course manager must ensure that:
 - a. All receiving documents or invoices are signed by him/her and the driver.
 - b. All incorrect delivery items are rejected and clearly identified on both copies of the delivery receiving document and or invoice.
 - c. The supplier signs all amendments.
 6. The inventory received must then be transferred to the secured warehouse/golf course pro shop by the warehouse/golf pro shop designated staff, and the goods received are numbered and quantities captured on the bin by the warehouse manager (when applicable by the golf course manager).
 7. The inventories must be stored in their respective sections once they have been received.
 8. The inventory record/database system must be updated on the day the goods are received by the warehouse manager/golf course manager.
- G. Storage of Inventory:
1. Inventory must be stored in a secured, exclusive use area, under lock and key, furthermore the inventory must be insured.
 2. The area must be used exclusively for the storage of inventory, with limited authorized access only.
 3. Inventory must be positioned to facilitate efficient handling and checking.
 4. All items must be stored separately, with proper segregation.
 5. Inventory must be clearly labeled for easy identification. Inventory tag/bin labels may be used to identify each item and to aid in the physical verification of the items.
 6. Where possible, all items of the same typed and reference must be stored together as per the description on the inventory records.
 7. Due diligence and care must be exercised to prevent damage of, or deterioration of inventory.
 8. Steps must be taken to ensure safe custody of items, including precautions against loss or theft.
 9. The warehouse manager is responsible for the custody and care of inventory and must ensure that in his/her absence, such items, where applicable, are securely stored.

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10. No unauthorized persons/officials shall obtain entry to premises, buildings or containers where inventory is kept, unless accompanied by the warehouse manager or designee.
- H. Issuing of Inventory:
1. Only the warehouse manager is authorized to issue inventory from the warehouse.
 2. Inventory must only be issued in terms of the approved "pick ticket" form generated by the City of Hobbs MUNIS system.
 3. The warehouse manager must update quantities in the MUNIS database any inventory items issued from the "pick ticket".
 4. Inventories must be issued and used for official purposes only.
- I. Obsolete Inventory:
1. The preparatory work for the disposal of obsolete inventory must be undertaken by the warehouse manager and verified by the Utilities Director/Parks Director.
 2. The Finance Officer must approve the disposal of obsolete inventory.
 3. The final approval of write-off of obsolete inventory would be executed by resolution with approval of the Hobbs City Commission.
 4. The obsolete inventory must satisfy that:
 - a. The inventory has expired and is redundant.
 - b. The inventory is of a specialized nature and has become outdated due to the introduction of upgraded and more effective products.
 - c. The inventory cannot be used for the purpose for which it was originally intended.
- J. Inventory Count:
1. Items may be subject to an inventory spot count on a monthly basis.
 2. Inventory counts may be carried out on a four (4) monthly basis with a full inventory count at the end of each fiscal year.
 3. All approved City of Hobbs procedures and processes must be complied with during the inventory count.
 4. The warehouse manager/golf course manager must document and report to the Utilities Director, Parks Director and Finance Director, any discrepancies between the inventory records database and the physical inventory.
 5. Once reported to the Utilities Director/Parks Director and Finance Director, the amount will be forwarded to City Commission by resolution for write-off of any inventory losses or write ups of surpluses.
 6. The appropriate disciplinary action must be instituted when applicable.
 7. The inventory record database must be updated accordingly.
- K. Inventory Records. An inventory record database must be maintained for all inventory items, electronically. All relevant information must be included for the proper management and control of all inventory items. It is recommended that details include but are not limited to:
1. Order number/date.
 2. Item description.

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3. Quantity and value of stock on hand.
 4. Quantity and value of stock received.
 5. Quantity and value of stock issued.
 6. Reorder level.
 7. Optimum inventory level.
 8. Quantity and value of obsolete stock.
 9. Opening and closing balance.

An inventory database must be printed monthly and the hard copy filed in a chronological order to maintain a proper audit trail.

L. Reporting.

1. A report must be submitted at each stock count to the Finance Department, Parks Director and Utilities Director detailing the following:
 - a. Any inventory shortages or surpluses and the reasons for such.
 - b. Any inventory deficits proposed to be written-off.
 - c. Any obsolete inventory items.
2. Inventories purchased during the fiscal year must be disclosed at cost.
3. All fiscal year reports must be submitted to the Finance Department which will be forwarded to the City of Hobbs external auditors.

(Ord. No. 1101 , § XIII, 4-17-2017)