

The purpose and timing for this process:

I. Owner Direct Purchase (ODP) Change Order:

This process outlines the details for processing Owner Direct Purchase (ODP) materials and equipment for the Master Plan projects.

- A. Within 30 days of NTP, the Contractor / Design Builder (DB) will submit to the Project Manager (PM), and the ODP Manager (ODPM), a list of potential items that can be purchased / procured under the ODP Program, via Prolog Transmittal.
- B. The Contractor, PM and ODPM will vet the potential ODP items to determine the Deductive Change Order (CO) value.
 - 1. In general, ODP purchase orders should be greater than \$10,000 in value. If a PO might be lower than the \$10,000, these will be discussed on a case-by-case basis.
 - 2. It is preferred that the items do not reduce the Contractor/DB Women and Minority Owned Business Enterprise (WMBE) / Disadvantaged Business Enterprise (Contractor/DB) participation below their contractual requirement. Any items that may reduce the WMBE / Contractor/DBE participation must be identified.
- C. The PM will initiate the ODP Deductive CO and will follow Process CD-03 MP Construction Change Order. In the Finding of Fact, the PM must identify the use of the ODP program for each specific opportunity.
- D. Upon approval of the CO, the Master Plan Cost Control (MPCC) team will enter the CO into Prolog and adjust the ODP and Construction budgets respectively.
- E. The MPCC and Master Plan Invoice Compliance (MPIC) team will review the updated Contractor/ DB Schedule of Values (SOV) for the appropriate reduction in the cost of work and proper allocation to the ODP line item(s) as part of the next month's payment application.
- F. The Contractor/DB will reduce the SOV cost of work line item(s) and add the value of the deductive CO to the ODP SOV line item(s). The ODP SOV line item(s) will not be calculated into the bottom line totals. When the CO is issued, the Contractor/DB Fee will not be reduced.
 - 1. MPCC and MPIC will coordinate review of SOV to the ODP Prolog Report each month as needed. As invoices are processed and fees become available, the Contractor/DB will bill for ODP fees every month based on the paid invoices plus the tax.

II. Issuing ODP Purchase Order (PO):

- A. Once a vendor is identified, and chosen for ODP, the Contractor/DB and Sub will provide the HCAA Terms and Conditions (T-Cs), complete with Civil Rights Exhibits A or B, and the Insurance Requirements, to the Vendor for their review and acceptance. The Vendor, the Sub, Contractor/DB and HCAA must all agree to any changes to the T-Cs. Acceptance by the Vendor, Sub and Contractor/DB will be provided in an email to ODPM.

- B. If changes are requested, the Vendor may do a “red line” mark-up of the T-C’s, and the Contractor/DB and Subcontractor shall include any terms and conditions which they have negotiated with the vendor, i.e. payment terms, warranties, retainage, phased deliveries, etc. These requested changes will be compiled with the HCAA PO T-C’s, and the ODPM will submit them to Procurement for review by the Authority’s Legal Affairs Department. The ODPM will forward the requested revisions to Procurement and they will forward the request to the Legal Affairs Department for review. This review of changes can go back and forth until all T-C’s are agreed to by all parties (HCAA, Vendor, Sub and Contractor/DB).
1. All T-Cs must be agreed upon in writing before the Draft PO will be created. In addition to the T-C’s being accepted, the vendor must register on the Authority’s Vendor site prior to PO creation of the PO. Registration can be found here: <http://www.tampaaairport.com/procurement-department>. For assistance the vendor can contact the Procurement department at **Phone: (813) 870-8796, ProcurementHelpline@TampaAirport.com, During the Hours: 8:30 am-5:00 pm**
- C. Once the T-C’s are accepted and the vendor is registered, the Contractor/DB or Subcontractor will send the Purchase Order Requisition (POR) via Prolog Transmittal to the ODPM with the required information.
1. The Contractor/DB Proposal Cover sheet shall include:
 - a) *Project Name and Number*
 - b) *Subcontractor Name and Contact with contact email and phone #*
 - c) *The Name, address, telephone and email of a contact person at the Supplier.*
 - d) *Total Material Costs*
 - e) *Sales Tax that would be applied*
 - f) *Total Contract Deduction (total PO amount)*
 2. The Supplier Quote (not from the Subcontractor) should provide sufficient detail to show what the authority is purchasing with quantities, unit prices, and extended pricing. This will be attached to the PO for detail. The PO should be written as a lump sum.
 - a) *A delivery location with a delivery contact name and phone #.*
 - b) *The Quote / POR should not include delivery or installation costs.*
 - c) *If the subcontractor requires a specific delivery date for items in the PO, that delivery date must be called out in a delivery schedule in the Purchase Requisition.*

3. Proof of solicitation of at least three bids for each ODP item or explanation as to why three bids were unobtainable.
4. The POR is to be submitted to HCAA no less than 20 days prior to the date required for issuance of the ODP PO. The order date will have taken into account the lead time necessary to ensure that the design team has reviewed and approved all submittals and/or other pertinent information so that the POR can be processed with the information provided by the Contractor /Contractor/DB.
5. ODPM will forward the POR to the P&D Admin (PDA) for entry of a Requisition in Oracle, and will create a PO in Prolog in the Contracts module with status Pending.
6. PDA will enter a Lump Sum Requisition for the total of the ODP item(s) into an Oracle Purchase Order Requisition (REQ), and will indicate the detail is attached for Authority approvals. Unless specifically called out in the POR, the Requisition will not include a due date. This column on the Requisition / PO should be blank.
 - a) *The Oracle REQ will be coded as task 99 and routed to Finance. Finance will apply the Oracle REQ to the applicable project and code the REQ tasks as Construction with a sub code of ODP. The Oracle REQ will be routed through the established Oracle REQ approval workflow.*
 - b) *Once the REQ is approved, notification will be sent to Procurement and Finance.*
7. Procurement will prepare a Draft PO attaching the following documents:
 - a) *Agreed upon T-C's*
 - b) *Insurance Requirements*
 - c) *Civil Rights Attachment*
 - d) *Current Florida Consumer's Certificate of Exemption*
 - e) *Certificate of Entitlement*
 - f) *E-Payable Instruction and Documentation*
 - g) *The POR*
8. Procurement will forward the DRAFT PO to the ODPM for Contractor/DB, Sub and Vendor Approvals. ODPM will forward the DRAFT PO with all attachments to the Contractor/DB via Prolog Transmittal with the ODP PO Workflow.
 - a) *The PO shall be sent to the Contractor/DB for approval no later than 10 calendar days after receipt of the Contractor/DB POR Form, as long as all requirements for T-C acceptance have been met. ODPM will status the Prolog PO as Pending Contractor/DB Approval.*

9. The Contractor/Contractor/DB will verify that the PO matches the submitted requisition document and that the vendor and sub are in agreement that the PO and all attachments (T-C's, Civil Rights Exhibit, and Insurance Requirements) are agreed to. The verification shall be through the approval of the workflow in the Transmittal sent with the DRAFT PO.
10. When the Contractor/DB approval of the workflow is received, ODPM will copy the approval and forward it to Procurement with a request that the final PO be issued to the Vendor.
11. Procurement will issue the PO to the vendor inclusive of all attachments and will courtesy copy ODPM.
12. ODPM will forward a copy of the final PO to the Contractor/DB, PM and other relevant Project team members.
13. ODPM will status the Prolog PO (Contract) as Final Approva

D. Purchase Order Revisions

1. If a revision is needed on a Purchase Order for material changes or quantity changes, the Contractor/DB will submit a PORC (Purchase Order Requisition Change) request via Prolog Transmittal referencing the current PO number.
2. The ODPM will submit the request for change to Procurement copying all approving parties and requesting their approvals for the PO change.
3. When the approvals are received for the change, Procurement will issue a revised purchase order with the changes.

III. ODP Invoice Approval and Payment

- A. The Vendor will send invoices to ODPInvoicing@TampaAirport.com. ODPM has access to this email box.
- B. ODPM will forward all invoices to the Contractor/DB to initiate the approval process.
- C. Contractor/DB will will check the accuracy of the billing against the PO Document and verify materials received. Contractor/DB will enter the invoice(s) in the Prolog Contract Invoices module, under the PO number (Contract). . The Invoice, and Contractor/DB's invoice verification form will be attached to the record.
- D. By Florida Statute, all invoices must be paid within 25 business days of receipt of a valid invoice. If not paid within this timeframe, a 1% per month interest fee is charged.
 1. Invoice Approval is first by Contractor/DB and their Sub. The Contractor/DB will verify receipt of materials as attested to by the sub via the Invoice Verification form, and will approve the Contract Invoice workflow. The Contractor/DB has 10 days to obtain the sub approval and approve the workflow in Prolog.

- a) If the invoice is received by the *Contractor/DB* Sub and the materials cannot be verified for invoice approval, the invoice must be rejected immediately with the reason for the rejection. The Contractor/DB will immediately notify the ODPM so the invoice can be rejected back to the vendor for correction.
 - b) The ODPM will notify the vendor of the rejection and the reason for such rejection, and will request that the invoice be resubmitted with a new / current date when the requirements for the materials have been met. All rejection correspondence will be filed with the PO / Invoice in SharePoint ODP files.
 - c) If the Contractor/DB does not approve the invoice in a timely manner, causing the approvals to be delayed beyond 25 days, the Contractor/DB may be back-charged 1% per month on the invoice amount for payment of interest owed per Florida Statute 218.735.
2. When the Contractor/DB approves the workflow it will move on to the ODPM for their review and approval. The ODPM will upload a copy of the PO to the record, review the Invoice attachments and verify that everything is accurate, and they will approve the workflow. The ODPM should process within **2 days**.
3. The next approver will be the Project Manager (PM). They will review the record and all attachments to confirm the accuracy and then will approve the workflow. The PM should process the invoice(s) within 2 days of their receipt.
4. When the PM has approved the workflow to the next step will be the Director of Construction Management (CM) who will confirm PM's approval through review of the attachments, and they will approve the workflow. The CM should approve within **2 days of receipt**.
5. When the CM has approved the workflow the Contract Invoice is final and a notification will go the ODPM and Contractor/DB that the invoice(s) has been approved for payment.
6. ODPM will copy the approval and send it via email to Project Payables. The email will include the following attachments:
 - a) *Invoice*
 - b) *Approvals*
 - c) *PO*
 - d) *Certificate of Entitlement*
7. Project Payables will process the invoice through the Oracle approval process and upon approval will prepare and send the payment. They will provide a copy of the Certificate of Entitlement with the payment, and will provide a copy of the check or ACH payment to the ODPM.
8. At Reconciliation each month, MPCC will reconcile the Prolog ODP invoices with Finance records of invoices paid during the month. The

invoice record will contain all documents applicable to the invoice (invoice, verification, approval, check)

9. ODPM will forward a copy of ODP Contract Report showing all approved and paid invoices recorded and showing the actualized tax to date to the Contractor/DB for their Pay Application.
10. The Contractor/DB will reconcile their ODP records to the ODP Prolog report, and will determine the fee to take for their pay application. The fee is calculated Contractor/DB on the percentage complete of each purchase order plus the tax for that percentage.
11. Contractor/DBMPCC will enter an ODP Budget Transfer PCO recognizing the actualized sales tax savings based on the percentage complete of paid invoices to the PO total. The amount of the actualized tax savings will be transferred from the ODP Tax Savings Budget to the Owners Contingency Budget.
12. In the event the payment is not made within 25 business days of receipt of the invoice, the ODPM will notify the Finance department that an interest payment will be due to the supplier. The ODPM will provide a spreadsheet calculating the interest at the rate of 1% per month for all invoices over the due date and will include it with the email approvals for payment processing. Two checks will be issued – one for the payment and one for the interest. When the interest payment is prepared, Finance will use the calculation sheet to determine the final late payment by filling in the actual payment date. The payment will be sent with the Late Payment Vendor Letter.
13. The late fees accumulated will be deducted from the tax savings for the project.

Asset Tracking

- E. When the PM reviews the invoice and approves they will provide an Asset Classification based on the Finance Department Asset Classification code list attached to this Process by adding a note to the workflow approval.
- IV. ODP Tax Savings Calculations will be done at the PO level with the calculation as follows:
 - 7% on the first \$5,000.00 of the PO.
 - Subtract \$5,000 from the total
 - 6% on the Balance
 - Add the 7% and the 6% calculations together to determine the Total Tax Savings
- A. Each month the actualized tax savings will be determined by the percentage complete of each PO.
- V. ODP Close-Out
 - A. When the final invoice is received from a vendor for an ODP PO and approved for payment, the email notification to Project Payables will indicate that the PO is

billed in full and it should be Closed. A copy of the email goes to Procurement and the Finance Controller.

1. If the Sub completes their scope of work and a balance remains on an ODP PO, they may request that the PO be closed and the remaining funds be returned to the contract. To close a PO with a balance remaining, the Contractor/DB must provide the following:
 - a) *An email verification from the sub that they have completed all of the work required in their scope that requires the materials in the PO, and that there will be no further materials ordered on the PO. The sub / Contractor/DB should provide a final invoice verification indicating the final remaining balance on the PO, and signed by the Contractor/DB and the Sub.*
 - b) *An email verification from the vendor that they have completed all material deliveries, all materials have been billed for, and all invoices have been paid. The vendor should provide their balance showing on the PO*
- B. When the Contractor/DB has these verifications, they will forward them to the ODPM via Prolog Transmittal and request that the PO be closed-out with Procurement and Finance. The Contractor/DB balance should be reconciled to the ODP PO Balance in Prolog.
- C. When the ODPM has reconciled all of the amounts and all invoices have been paid, an email will be sent to Finance with carbon copies (cc) to Procurement, requesting that the PO be closed-out and the remaining balance be returned to the ODP Funds for the Project.
- D. The ODPM will verify the PO is closed with the following Month's reconciliation to finance.
- E. The Contractor/DB may elect to request a reverse change order to have unused, and closed out PO balances returned to their contract by preparing a change order request and submitting it to the PM.
- F. The PM should request review by the ODPM to ensure that the amounts requested in the COR are available in the ODP funds.

VI. REFERENCES

- A. Standard Procedure S410.19
- B. Standard Procedure S410.19 Appendix A
- C. Florida Administrative Cost Rule 12A-15.004
- D. CD-03 MP Construction Change Order
- E. F.S. 218.735, Timely payment for purchases of construction services.

VII. ATTACHMENTS

- A. ODP Process Checklist
- B. Invoice Verification Template

- C. ODP Prolog Contract Report
- D. Asset Classification Listing