

# Facilities Procedures

Policy Owner: Campus Planning & Construction  
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 Approved by: Julie Covington

General Procedure for:  
**Owner Purchases and Sales Tax Savings**

PURPOSE:	<p>The purpose of this procedure is to establish guidelines associated with the pursuit of Owner Purchases within construction projects to save 7% in state sales tax. Note that the 2.25% city tax is still required to be paid.</p> <p>Note there may be situations that we must deviate from these guidelines based on the nuances of a specific project as outlined below.</p>
POLICY:	Owner Purchases and Sales Tax Savings Policy
DEFINITIONS:	<ol style="list-style-type: none"> <li>Owner Purchases Orders (OPOs) are Purchase Orders (POs) with the sole intent of direct purchasing materials on behalf of the contractor to realize savings associated with state sales tax based on Vanderbilt’s sales tax exemption status</li> </ol>
RESPONSIBILITIES AND PROCEDURES:	<ol style="list-style-type: none"> <li><b>Projects Over \$5M in Construction <u>must</u></b> pursue Owner Purchase Orders. Typically, a project can expend up to 20% of the total construction cost in OPOs which, based on a construction cost of \$5M, results in an approximate savings in the amount of <math>(\\$5M * 20%) * 7% = \\$70,000</math>. These projects would require contracts modified to indicate the amount of anticipated owner purchases so that this value can be deducted from the Contractor’s PO and established as a separate line item in eBuilder. Per Vanderbilt construction agreements, contractors are assigned responsibility for the coordination of delivery and installation of all products purchased by OPO’s. Invoice approval is also coordinated by the contractor. There are some instances, even with projects over \$5M, where we may decide to not pursue certain OPOs. An example would be an OPO with a total value between \$25K and \$99K that anticipates having multiple invoices (i.e. invoice count greater than 15-20, as an example). Project managers must work with the CPC department lead at the outset of a project to determine which OPOs should be considered.</li> <li><b>Projects Under \$5M in Construction <u>may</u></b> pursue Owner Purchase Orders based on the following criteria:</li> </ol>

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	<ul style="list-style-type: none"><li>a. An OPO with a total value of \$100,000 or more <b>should be</b> pursued. This decision is to be evaluated prior to executing the contract with the Contractor.</li><li>b. An OPO with a total value of \$100,000 or less should <b>not</b> be pursued <b>unless</b> the order will involve <b>ONLY</b> one (1) invoice. This decision is to be evaluated prior to executing the contract with the Contractor.</li></ul> <p>3. <b>Small Construction and Facility Renewal Projects</b>, Owner Purchases are typically identified during bidding. Typically, there is not an AIA Contract associated with these projects and are of size that contractors will not have projects engineers or office support to process detailed paperwork. As such contractors do not review OPOs in “eBuilder” (Vanderbilt’s Construction Project Management System). These OPO’s are established as regular purchase orders and handled as part of the construction line item. The Facilities project manager (PM) is responsible for coordinating delivery and installation of products purchased by OPO’s. Invoice approval is handled by the PM.</p>
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