

PROCUREMENT POLICY

The District will procure goods and services in support of its administrative, operational, and capital improvement requirements. It is the intent of the District to engage in procurements that ensure it will receive goods and services of the appropriate quantity, of a satisfactory level of quality, delivered in a timely manner, and at a price that represents the best value to the District and its ratepayers.

All purchases of materials, supplies, equipment and services required by the District shall be made in accordance with the following policy and applicable law:

1. PROCUREMENT CONSTRUCTION SERVICES, OPERATIONS SERVICES, MAINTENANCE SERVICES, AND MATERIALS

1.1 BIDDING AND DOCUMENTATION FOR PROCUREMENT OF CONSTRUCTION SERVICES, OPERATIONS SERVICES, AND MAINTENANCE SERVICES

The procurement of services for the construction of public works projects and performance of operations and maintenance services shall be governed by the provisions of the California Public Contract Code. The District may procure or lease materials, construction services, operations services, or maintenance services as authorized below:

- (a) Any procurement up to and including \$2,499:
 - (1) No bid solicitation process is required;
 - (2) No purchase order is required.
- (b) Any procurement over \$2,499 and up to and including \$34,999:
 - (1) Requires an informal solicitation process with at least two competitive price quotations or documentation that at least two have been solicited or written justification approved by the Manager of Administrative Services as to why quotations should not be solicited; and
 - (2) Requires a purchase order executed by an Employee with proper authorization as set forth herein in the section entitled "Approval and Signatory Authority".
- (c) Any procurement over \$34,999 is subject to the competitive bidding requirements under California Public Contracts Code §20642 et seq.,

as applicable, and the following:

- (1) The following bid solicitation process:
 - (i) A call for public bids shall be made by the Board of Directors.
 - (ii) At least one bid solicitation notice (and more than one if so directed by the Board) shall be advertised in a local newspaper of general circulation.
 - (iii) Sealed bids will be publicly opened at a pre-determined date, time and location.
 - (iv) Contracts will be awarded to the lowest responsive and responsible bidder, except that the District always reserves the right to reject all bids.
 - (v) Consideration shall be given not only to the bid price, but also to the general competency of the contractor for the performance of the work. A contractor must submit evidence that they are competent to manage the proposed project and carry it forward to a successful conclusion, has professional integrity and honesty of purpose, and has sufficient financial resources to complete the project.
 - (vi) Contracts shall not be awarded to any contractor listed by the California Labor Commissioner as ineligible to bid, work on, or be awarded a public works project.
- (2) Requires a purchase order or contract executed by the authorized officers specified in the District's Ordinance No. 18.
- (d) Any change to contract or purchase order is subject to the thresholds established in this policy based on the total cost after the change is incorporated.
- (e) Expenditures shall not be broken down or divided into sub-groups for purposes of avoiding the above guidelines.
- (f) Competitive solicitation is not required for construction work that costs less than \$35,000 and involves:

- (1) pipe or appurtenance installation, rehabilitation, relocation, protection, or repair and related activities such as excavation, backfill, traffic control, or paving;
- (2) Building construction or modification;
- (3) Reinforced concrete or masonry construction; and/or
- (4) Installation, repair, or replacement of paved or gravel surfaces.

1.2 BIDDING AND DOCUMENTATION FOR PROCUREMENT OF MATERIALS

The District may procure or lease materials as authorized below:

- (a) Any procurement up to and including \$2,499:
 - (1) No bid solicitation process is required;
 - (2) No purchase order is required.
- (b) Any procurement over \$2,499 and up to and including \$49,999:
 - (1) Requires an informal solicitation process with at least two competitive price quotations or documentation that at least two have been solicited or written justification approved by the Manager of Administrative Services as to why quotations should not be solicited; and
 - (2) Requires a purchase order executed by an Employee with proper authorization as set forth herein in the section entitled "Approval and Signatory Authority".
- (c) Any procurement over \$49,999 shall follow the procedures below:
 - (1) The following bid solicitation process:
 - (i) A call for public bids shall be made by the Board of Directors.
 - (ii) At least one bid solicitation notice (and more than one if so directed by the Board) shall be advertised in a local newspaper of general circulation.
 - (iii) Sealed bids will be publicly opened at a pre-determined

date, time and location.

- (iv) Contracts will be awarded to the lowest responsive bidder, except that the District always reserves the right to reject all bids.
- (2) Requires a purchase order or contract executed by the authorized officers specified in the District's Ordinance No. 18.
- (d) Any change to contract or purchase order is subject to the thresholds established in this policy based on the total cost after the change is incorporated.
- (e) Expenditures shall not be broken down or divided into sub-groups for purposes of avoiding the above guidelines.

1.3 EXCEPTIONS TO COMPETITIVE PROCUREMENT REQUIREMENTS

- (a) The following procurements are exempt from the competitive solicitation process: books, periodicals, advertising, seminars, conferences, travel, subscriptions, postage, utilities, bank charges, memberships, permits and land.
- (b) The competitive solicitation process is waived for procurements where the required good or service is available from only one viable source. Negotiations shall be conducted with the provider of the good or service to achieve the most favorable pricing and terms of sale.
- (c) Competitive solicitation may be performed through cooperative procurement processes as set forth in the Public Contract Code sections 10298 and 10299.
- (d) The competitive solicitation process is not required when materials or services are necessary to respond to an emergency in accordance with Public Contracts Code Section 20645 and the requirements of Section 22050 of the California Public Contract Code.
- (e) Competitive solicitation is not required for construction or maintenance work costing less than \$35,000 when it is not possible to clearly define the work scope in advance.

2. PROCUREMENT OF PROFESSIONAL SERVICES

- (a) Professional services contracts shall be awarded to consultants demonstrating expertise and experience in the type of work to be performed and a proven history of high quality work. Contracts will typically be for a “not-to-exceed” fee associated with a particular scope of work. Work for which it is not possible to define a scope in advance may be performed on a time and materials basis.
- (b) The following criteria shall be used to qualify candidates for consultants and professional services:
 - (1) Specialized experience and technical competence of the proposer and its personnel considering the type of services required and the complexity of the project.
 - (2) The consultant's familiarity with types of problems applicable to the project.
 - (3) Past record of performance on projects with the District, other governmental agencies or public bodies and with private industry, including such factors as control of costs, quality of work and ability to meet schedules.
 - (4) The consultant's capacity to perform the work (including any specialized services) within the time limitations and with proposed staff, considering the firm's current and planned workload.
 - (5) The consultant's level of financial responsibility.
 - (6) Fee proposal for the proposed services.
 - (7) Other key factors as appropriate for the type of service.

3. APPROVAL AND SIGNATORY AUTHORITY

- (a) In accordance with Ordinance No. 18, the General Manager has the authority to approve the following procurement-related contracts. All procurement contracts not listed below must be approved by the Board of Directors.
 - (1) Professional services contracts that are paid for on a time and materials basis and where the estimated value of the services does not exceed \$100,000 in any fiscal year, or that are paid for at a fixed scope and fee where the contracted fee does not exceed \$100,000;

- (2) General construction contracts in amounts less than \$35,000;
 - (3) Materials procurement contracts in amounts less than \$100,000;
 - (4) Contracts for procurement of utility service such as electricity, telephone, natural gas, sewer, and water;
 - (5) All construction change orders in which each individual change to the work is both less than \$100,000 and less than 25% of the original construction contract amount; and
 - (6) Contracts necessary to respond to an emergency in accordance with the requirements of Section 22050 of the California Public Contract Code.
- (b) The following Employees have the authority to make purchases and sign purchase orders, contracts, and notice-to-proceed letters up to the limits shown in the following table.

Managers	\$34,999
Operations and Maintenance Supervisors, Project Managers, Facilities Coordinator, and Clerk of the Board	\$2,500

- (c) The following Employees have the authority to sign construction change orders in which each individual change to the work is below the limits shown in the following table and is less than 25% of the original construction contract amount.

Manager of Engineering	\$34,999
Project Managers	\$2,500

- (d) Expenditures shall not be broken down or divided into sub-groups for purposes of avoiding the above guidelines.

4. DISBURSEMENT OF FUNDS

Once per month the Board will receive a monthly disbursement report and be asked to approve outstanding bills for payment. In order to be placed on the report, an invoice must have been approved by a department manager, the Clerk of the Board, or the General Manager. Funds will be disbursed after the Board approves the bills for payment except when the timing of the disbursement does not allow for such prior approval. In such cases, the requests for disbursement will be signed by the

General Manager and reported to the Board in a separate section of the subsequent monthly disbursement report.

5. CODE OF CONDUCT

- (a) No Director or Employee shall participate in the selection, award or administration of a contract if a conflict of interest, real or apparent, would be involved. Such a conflict would arise when the Employee or Board member, any member of his or her immediate family, his or her partner, or an organization which employs, or is about to employ any of the above, has a financial or other interest in the firm selected for award.
- (b) Directors and Employees will neither solicit nor accept gratuities, favors or anything of value from contractors or consultants or potential contractors or consultants who might in any way benefit from a decision made or action taken by that Board member or Employee in the course of his or her duties. Although the District discourages contractors and consultants from donating gifts, if an Employee or Director receives an unsolicited gift, it shall be donated to the Employee holiday party to be raffled off to Employees who do not take part in procurement decisions.

6. PETTY CASH FUND

A petty cash fund of no more than \$1,400 shall be maintained in the Finance Department vault for the purpose of providing ready cash for small expenditures. Petty cash shall be disbursed in accordance with the District's procedure for expense reimbursements. Petty cash requests should be limited to less than \$100. The Manager of Administrative Services or General Manager can authorize expenditure reimbursements above \$100. The petty cash fund will be reconciled and replenished on a monthly basis.

7. CREDIT CARDS

- (a) The District may acquire credit cards for use by Employees. The Manager of Administrative Services will maintain a written log of credit cards. Employees who have credit cards will sign for these cards and be responsible for them.
- (b) Credit cards may be used to charge necessary supplies, equipment, services and authorized travel, food and lodging for the person in possession of the credit card and any/or another District Employee or Board Member.
- (c) Credit cards may not be used for personal benefit or non-District purposes.
- (d) Receipts for all credit card expenditures must be promptly submitted to the

Finance Department monthly with the credit card statement, including any documentation stating the purpose of the expenditure.

- (e) The following table sets for the maximum limits on credits cards assigned to specific Employees and that may only be used by the designated Employee. Issuance of credit cards is subject to the approval of the General Manager on a case-by-case basis. All of these are general purpose cards such as VISA or American Express:

Employee	Maximum Limit
General Manager, All Managers and General Services Supervisor	\$10,000
IT Coordinator	\$5,000

- (f) The following table sets forth the limits on credit cards for general use by Employees. Issuance of credit cards is subject to the approval of the General Manager on a case-by-case basis. These cards may only be used with the approval of the “Responsible Employee” as designated below and that Responsible Employee is also responsible for collecting receipts.

Type of credit card	Limit	Responsible Employee
General purpose card(s) for travel, meetings, and miscellaneous supplies	\$25,000	Clerk of the Board
Card for a home improvement store	\$5,000	General Services Supervisor

- (g) All invoices for general purpose credit cards shall be reviewed and approved by the General Manager. All invoices for credits cards from a home improvement shall be reviewed and approved by a Department Manager and must comply with the procurement guidelines established above. In addition, the General Manager’s credit card shall be reviewed and approved by the Board Treasurer, or in the absence of the Board Treasurer, by the Board President. Board approvals may be obtained by email or fax.

8. NO COMMITMENT OF FUNDS FOR NON-DISTRICT PURPOSES

Neither Directors nor Employees shall obligate or commit District funds for the purchase of goods or services for personal or non-District related use, even if the Board Member or Employee reimburses the District for the incurred cost.

9. PREVAILING WAGES

All entities that contract with the District are required to comply with the provisions of the California Labor Code, including those relating to the payment of prevailing wage rates.

10. GRANT COMPLIANCE

For procurements involving state or federal grant funding, all grant-required procedures shall be implemented and all grant-required language will be incorporated into bid documents, professional services agreements, equipment supply contracts and construction contracts as needed.