

PART 10 - 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.

10.1 DEFINITION OF TERMS

The following definitions shall apply to this part:

- (a) **“Agreement”** means a contractual document entered into between the District and a Consultant or Contractor for engagements involving the provision of Services, typically delivered over an extended period of time.
- (b) **“Bid”** means a sealed (electronically or physically) price offer to perform work in accordance with specifications, conditions, and other requirements included in a Notice Inviting Bids (NIB).
- (c) **“Bidder”** means a Contractor or Supplier that submits a Bid in response to a NIB or an Invitation for Quote.
- (d) **“Consultant”** means an individual, firm, or entity that provides Professional Services.
- (e) **“Construction Services Agreement”** means a written agreement for the provision of Public Works Construction by a Contractor.
- (f) **“Contract”** means a written document establishing terms and conditions between parties for the provision of Goods or Services (Professional or General) and includes Construction Service Agreements, General Service Agreements, Professional Service Agreements, and Purchase Orders.
- (g) **“Contractor”** means an individual, firm, or entity that provides Public Works Construction services or General Services.
- (h) **“Cooperative Purchasing”** means any procurement conducted on behalf of two or more public agencies in order to obtain the benefit of volume purchasing and/or reduction in administrative expenses.

- (i) **“Formal Competitive Solicitation”** means a written request for a Bid, Proposal, or Quotation in accordance with written terms and conditions included in the request.
- (j) **“General Services”** means services provided by a Contractor that are not Public Works Construction and include, but are not limited to, trade, janitorial, maintenance, and operating activities.
- (k) **“General Services Agreement (GSA)”** means a written agreement for the provision of General Services by Contractors and includes but is not limited to Maintenance Service Agreements and Security Agreements.
- (l) **“Goods”** means all types of tangible personal property including materials, supplies, and equipment.
- (m) **“Informal Competitive Solicitation”** means a written request for a Bid, Proposal, or Quotation in accordance with written terms and conditions included in the request.
- (n) **“Managers”** means a person who oversees the functioning of a District department and the Executive Strategist. Manager does not include Project Managers in the Engineering Department.
- (o) **“Material Change”** means a change to essential terms in a Contract including, but not limited to, monetary consideration, scope of services, insurance and indemnity obligations, and assignment.
- (p) **“Notice to Proceed”** means a document authorizing discrete Services or Construction under a PSA or GSA.
- (q) **“Professional Services”** means services provided by any specifically trained or experienced person, firm, or corporation specializing in financial, economic, accounting, engineering, environmental, information technology, legal, architectural, public relations, right-of-way, or other specialized disciplines. Services may include the provision of a report, study, plan, design, specification, document, program, advice, recommendation, analysis, review, opinion, inspection, investigation, audit, brokering, presentation, or representation of the District before or in dealings with another party.
- (r) **“Professional Services Agreement (PSA)”** means a written agreement for the provision of Professional Services by a Consultant.
- (s) **“Proposal”** means a formal plan submitted by a Consultant that addresses the District's specifications, conditions, and other requirements. A Proposal may be provided in response to a Request for Proposal (RFP) or informal request by the District.

- (t) **“Proposer”** means a Consultant that submits a Proposal.
- (u) **“Public Works Construction”** means the erection, construction, alteration, repair, or improvement of any public structure, building, road, or other public improvement of any kind.
- (v) **“Purchase Order (PO)”** means a document issued by the District to a Consultant, Contractor, or Supplier for Goods and Services and indicates the description of work, and/or types, quantities, delivery requirements, and agreed prices for Services or Goods to be provided to the District.
- (w) **“Quotation (Quote)”** means a document setting out the cost for Goods or Services.
- (x) **“Request for Proposal (RFP)”** means a written request for the submission of a Proposal in accordance with specifications, conditions, and other requirements included in the request.
- (y) **“Request for Qualifications (RFQ)”** means a request for Consultants or Contractors to submit their qualifications to qualify them for a specific project or professional service.
- (z) **“Service(s)”** means the labor, intellectual property, or other work product provided by a Contractor or Consultant that is not tangible personal property.
- (aa) **“Supplier”** means a provider of Goods.

10.2 PROCUREMENT FOR PUBLIC WORKS CONSTRUCTION PROJECTS

10.2.1 BIDDING AND DOCUMENTATION FOR PUBLIC WORKS CONSTRUCTION SERVICES

The procurement of services for Public Works Construction projects shall be governed by the provisions of the California Public Contract Code. The District may procure services for Public Works Construction projects as authorized below:

- (a) Any procurement up to and including \$4,999:
 - (1) No bid solicitation process is required.
 - (2) No Purchase Order is required.
 - (3) A Construction Services Agreement is required for the procurement of Services.

- (b) Any procurement over \$4,999 and up to and including \$34,999:
 - (1) Requires an Informal Competitive Solicitation process with at least two competitive price Quotations. If two Quotes cannot be obtained, documentation shall be provided demonstrating that two or more Quotes have been solicited and supporting the finding that two Quotes cannot be obtained; and
 - (2) Requires a Purchase Order or Contract 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 Contract Code §20642 et seq., as applicable, and the following:
 - (1) The following Formal Competitive 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 or through a designated e-procurement platform utilized by the District.
 - (iii) Sealed bids will be publicly opened at a pre-determined date, time, and location.
 - (iv) Purchase Order or Contract 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

information demonstrating that it is 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 an Employee with proper authorization as set forth in the section entitled "Approval and Signatory Authority."
- (d) Material Changes to a Contract require authorization under a Change Order. Approval and execution are subject to the thresholds established in the section entitled "Approval and Signatory Authority".
- (e) Expenditures shall not be broken down or divided into sub-groups for purposes of avoiding the above guidelines.

10.2.2 BIDDING AND DOCUMENTATION FOR PROCUREMENT OR LEASING OF GOODS

The District may procure or lease Goods as authorized below:

- (a) Any procurement up to and including \$4,999:
 - (1) No Bid solicitation process is required; and
 - (2) No Purchase Order is required.
- (b) Any procurement over \$4,999 and up to and including \$49,999:
 - (1) Requires an Informal Competitive Solicitation process with at least two competitive price Quotations. If two Quotes cannot be obtained, documentation shall be provided demonstrating that two or more Quotes have been solicited and supporting the finding that two Quotes cannot be obtained; 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 Formal Competitive Solicitation process:
 - (i) At least one Bid solicitation notice shall be advertised in a local newspaper of general circulation or through a designated e-procurement platform utilized by the District.
 - (ii) Sealed Bids will be publicly opened at a pre-determined date, time, and location.
 - (iii) Purchase Orders 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 executed by an Employee with proper authorization as set forth in the section entitled "Approval and Signatory Authority."
- (d) Material Changes to a Contract require authorization. Approval and execution are subject to the thresholds established in the section entitled "Approval and Signatory Authority" and based on the final value of the Contract after the change is incorporated.
- (e) Expenditures shall not be broken down or divided into sub-groups for purposes of avoiding the above guidelines.

10.2.3 BIDDING AND DOCUMENTATION FOR PROCUREMENT OF GENERAL SERVICES

The District may procure General Services as authorized below:

- (a) Any procurement up to and including \$4,999:
 - (1) No Bid solicitation process is required;
 - (2) No Purchase Order is required.
 - (3) General Services Agreement is required
- (b) Any procurement over \$4,999 and up to and including \$49,999:
 - (1) Requires an Informal Competitive Solicitation process with at least two competitive price Quotations. If two Quotes cannot be

obtained, documentation shall be provided demonstrating that two or more Quotes have been solicited and supporting the finding that two Quotes cannot be obtained; and

- (2) Requires a Contract 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 Formal Competitive Solicitation process:
 - (i) At least one Bid solicitation notice shall be advertised in a local newspaper of general circulation or through a designated e-procurement platform utilized by the District.
 - (ii) Sealed bids will be publicly opened at a pre-determined date, time, and location.
 - (iii) Contracts will be awarded to the lowest responsive and responsible bidder, except that the District always reserves the right to reject all bids.
 - (2) Requires a Contract executed by an Employee with proper authorization as set forth in the section entitled "Approval and Signatory Authority."
- (d) Material Changes to a Contract require authorization. Approval and execution are subject to the thresholds established in the section entitled "Approval and Signatory Authority" and based on the final value of the Contract after the change is incorporated.
- (e) Expenditures shall not be broken down or divided into sub-groups for purposes of avoiding the above guidelines.

10.2.4 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 (Good or Service provider). Negotiations shall be conducted with the provider of the Good or Service to achieve the most favorable pricing 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 Contract 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.

10.3 PROCUREMENT OF PROFESSIONAL SERVICES

- (a) Professional services contracts shall be entered into with 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) If it is in the best interest of the District, and at the full discretion of the General Manager and/or responsible department Manager, a Request for Proposal (RFP) or Request for Qualifications (RFQ) may be used to solicit proposals or qualifications from consultants.
- (c) The following criteria shall be used to qualify candidates for 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.

10.4 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) Public Works 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) All contracts of insurance including, without limitation, insurance policies and endorsements for general liability, workers' compensation, automobile, and health benefits for employees of the District;
 - (7) 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.

Deputy General Manager	\$49,999
Managers and Assistant Managers	\$34,999
Operations and Maintenance Supervisors, Project Managers, Facilities Coordinator, and Clerk of the Board	\$4,999

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

Deputy General Manager	\$49,999
Manager of Engineering	\$34,999
Project Managers	\$4,999

- (d) All Contracts that exceed the authority listed Section 4(a) must be approved by the Board.
- (e) Expenditures shall not be broken down or divided into sub-groups for purposes of avoiding the above guidelines.

10.5 APPROVAL OF INVOICES

All invoices must be approved by the appropriate Manager. Managers can assign a designee to approve invoices if the Manager is out of the office and unable to complete the process; alternatively, the General Manager or Deputy General Manager has the authority to approve invoices on behalf of a Manager in their absence.

Managers may also, at their discretion, delegate authority to approve invoices based on the limits outlined in Section 10.4(b) of the Procurement Policy. If a Manager wishes to delegate this authority, written notification must be given to the Manager of Finance.

10.6 DISBURSEMENT OF FUNDS

All checks, wires and ACH transfers will be disbursed in a timely manner after approval by the General Manager or their designee. A monthly post-listing of payments including wires, ACH transfers, and checks, showing the payee, purpose,

payment date, amount, the check number, and invoice number, shall be reviewed by the Treasurer and presented to Board of Directors at a public meeting.

10.7 CODE OF CONDUCT

- (a) No Director or Employee shall participate in the selection, award, or administration of a contract if a conflict of interest 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 that 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.

10.8 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 Finance, Deputy General Manager, or General Manager can authorize expenditure reimbursements above \$100. The petty cash fund will be reconciled and replenished on a monthly basis.

10.9 CREDIT CARDS

- (a) The District may acquire credit cards for use by Employees. The Manager of Finance 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 submitted to the Finance Department monthly with the credit card statement, including any documentation stating the purpose of the expenditure. For meals, documentation should include the purpose of the meal and the names and affiliations of the people present.

- (e) The following table sets 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, Deputy General Manager, Managers, Assistant Managers, and the General Services Supervisor	\$10,000

- (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	System Maintenance Supervisor Cleaning Crew – Crew Leader

- (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 store shall be reviewed and approved by a 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.
- (h) Failure to comply with the rules for credit card use can result in disciplinary action and/or loss of credit card privileges.

10.10 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.

10.11 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.

10.12 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.