

# CALAVERAS COUNTY WATER DISTRICT FINANCE COMMITTEE MEETING

## AGENDA

**Special Finance Committee Meeting:**  
Thursday, May 21, 2020  
**No earlier than 11:00 a.m.**

Calaveras County Water District  
120 Toma Court (P O Box 846)  
San Andreas, CA 95249

Based on guidance from the California Governor's Office and Department of Public Health, in order to minimize the potential spread of the COVID-19 virus, the Calaveras County Water District will convene its public Committee meetings via teleconference.

[Join meeting](#)

Or join by phone **+1-408-418-9388** Meeting number (access code): **126 127 6299**  
Password access code: **88779889**

In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact the Administration Office at 209-754-3028. Notification in advance of the meeting will enable CCWD to make reasonable arrangements to ensure accessibility to this meeting. Any documents related to agenda items that are made available to the Board before or at the meeting shall be available for review by the public at 120 Toma Court, San Andreas, CA 95249.

## ORDER OF BUSINESS

### CALL TO ORDER / PLEDGE OF ALLEGIANCE

1. **PUBLIC COMMENT:** Comments limited to three minutes per person.
2. **NEW BUSINESS**
  - 2a. Discussion and Direction on amending Financial Management Policy 5.02, Purchasing Policy  
(Rebecca Callen, Director of Administrative Services)
3. **ADJOURNMENT**

# Agenda Item

DATE: May 21, 2020

TO: Finance Committee

FROM: Rebecca Callen, Director of Administrative Services

SUBJECT: Discussion/Direction regarding District's Financial Management Policy No. 5.02, Purchasing Policy

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## **RECOMMENDED ACTION:**

Discussion/Direction regarding District's Financial Management Policy No. 5.02, Purchasing Policy.

## **SUMMARY:**

The District Purchasing Policy was adopted on January 12, 2005 and subsequently revised up until March 27, 2019 with resolution 2019-21.

The following are the major changes made in the policy:

- The District added the position of Purchasing Agent in 2019-20. However, the Purchasing Agent was never added to the District Purchasing Policy or given purchasing authority. This has created an undue burden on the Director of Operations as the role of approval didn't change per the policy. Adding the role in the policy and identifying what responsibilities the Purchasing Agent has helps centralize those purchases which was the intent of the position.
- The existing purchasing policy requires every single purchase, regardless of dollar amount (unless specifically excluded in policy) to have a Purchase Order. The creation of the Purchase Order is a very tedious process and manual process. The proposed changes make a minimum threshold that would require a PO. If the purchase is less than \$2,500 for a monthly total under \$500, or under \$2500 for a singular vendor of similar product. This doesn't mean there wouldn't be oversight. However, it would alleviate the need to enter hundreds of purchase orders for nominal purchases. An example would be purchases made with a parts house. For the month the billing statement is \$1,750 and included 35 different sales slips. Under the old method, we would have needed potentially 35 purchase orders. Instead, we will consolidate and have one claim that approves ALL of the sales slips for the month.
- Blanket Purchase Orders were removed from the policy. Vendors don't use these anymore. Instead we can utilize Contract Purchase Orders. These cover repetitive use items or services.

- Additional exemptions for Purchase Orders were added.
- The use of PublicPurchase was added for bids. This is a publishing tool that allows a wide reach for more competitive responses.
- A minimum threshold was added for Year End Encumbrances of \$500 or more. This should help in staff time and management.
- CalCard was added in the language in anticipation of the CalCard program coming online in the next few months.

These changes will drastically help the District by reducing staff time processing unnecessary purchase orders, save money through better definition of purchasing authority, which in turn forces more competitive option and terms, and alleviate Department Heads from some of the administrative burden.

**FINANCIAL CONSIDERATIONS:**

None at this time.

*Attachment: District Financial Management Policy No. 5.02, Purchasing Policy*

#### 5.02.01 **Purpose**

The purpose of the Purchasing Policy (“Policy”) is to provide the Calaveras County Water District (“District”) with a means of assuring continuity and uniformity in its purchasing operation, and to define the responsibilities for purchasing supplies, services and equipment for the District. These guidelines are not intended to address every issue, exception, or contingency that may arise in the course of purchasing activities. The basic standard that should always prevail is to exercise good judgment in the use and stewardship of District resources, including keeping within the budget authorized by the Board of Directors.

#### 5.02.02 **Policy**

The policy outlined herein is to be adhered to by all personnel when procuring supplies, services and equipment. This Policy strives to define decision making with prudent review and internal control procedures and to maintain departmental responsibility and flexibility in evaluating, selecting, and purchasing supplies, equipment and services.

#### 5.02.03 **Unauthorized Purchases**

Except for emergencies, departmental purchases in excess of \$500. or \$2500 for a singular Vendor for similar goods, or other authorized exemptions stated in these guidelines, no purchase of supplies, services, or equipment shall be made without an authorized purchase order. Otherwise:

- A. Such purchases are void and not considered an obligation of the District.
- B. Invoices without an authorized purchase order may be returned to the vendor unpaid.
- C. The person ordering the unauthorized purchase may be held personally liable for the costs of the purchase or contract.
- D. Purchases over budget are prohibited with the exception of emergencies. [See Section 8(~~D~~),.]

Purchase orders shall be issued prior to ordering supplies, equipment and services and not “after the fact.”

#### 5.02.04 **Vendor Relations**

It is to the District’s advantage to promote and maintain good relations with vendors. District staff shall conduct their dealings with vendors in a professional manner and shall promote equal opportunity and demonstrate fairness, integrity, and courtesy in all vendor relations.

No employee participating in the purchasing process shall:

- A. Accept any fee, compensation, gift, or payment of expenses which results in private gain in return for preferential treatment.
- B. Grant any special consideration, treatment, or advantage to any person beyond that which is available to every other person in similar circumstance.

Policy Title: Purchasing Policy  
Policy Number: Financial Management Policy 5.02  
~~202049-XX24~~

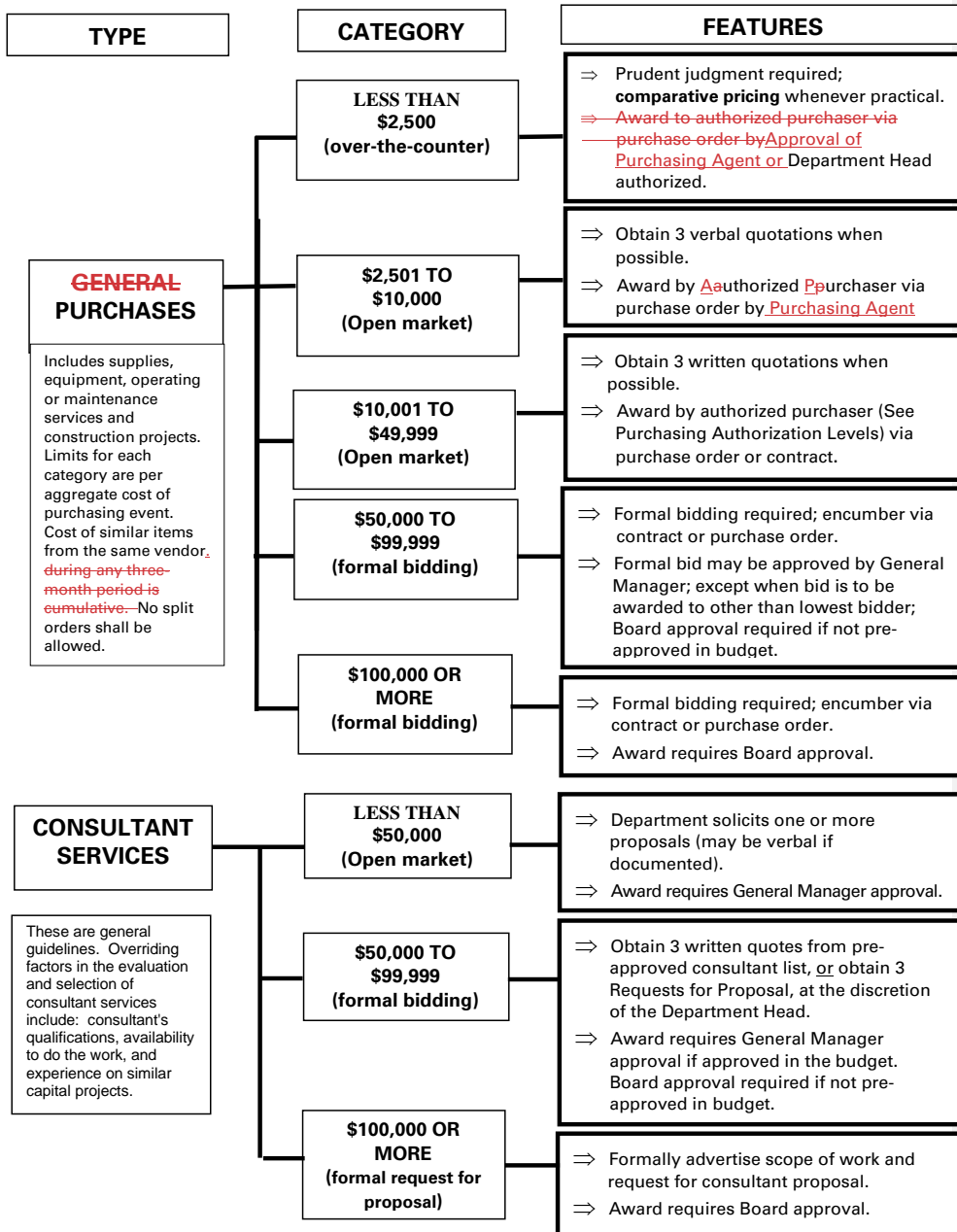
Adopted 01/12/05

—Current Revised ~~03/27/2019~~05/21/20 (Res.

See Cover Page for Prior Policy Revision Dates

When feasible to do so, vendors within the County service area should be utilized for supplies, services and equipment.

**PURCHASING SYSTEM OVERVIEW**



**5.02.05 Responsibilities of the Authorized Purchaser**

An authorized purchaser is responsible for 1) the procurement of general supplies, services and equipment; and 2) the administration of the purchasing policy. To perform these functions efficiently, the authorized purchaser shall:

- A. Be charged with the responsibility and authority for coordinating and managing the procurement of the District's general supplies, services and equipment from the lowest responsive and responsible bidder when required by this policy.
- B. Ensure full and open competition on all purchases as required by this policy.
- C. Identify, evaluate and utilize purchasing methods which best meet the needs of the District (i.e. blanket purchase orders, contractual agreements, etc.).
- D. Coordinate vendor relations, locate sources of supply, and evaluate vendor performance.

E. Recommend revisions to purchasing procedures when necessary and keep informed of current developments in the field of public ~~purchasing-purchasing.~~

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F. ~~Comparison of quantities billed on the invoice with quantities listed on the Purchase Order and shown on receiving documents.~~

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**5.02.06 Responsibilities of Department Heads**

~~E~~Each Department Head is responsible for the following:

- A. To provide the Finance Department a current list of positions delegated the authority to make purchases per the policies and procedures as described herein.
- B. To anticipate requirements sufficiently in advance to allow adequate time to obtain goods and/or services in accordance with the best purchasing practices.
- C. To communicate and coordinate purchases with the Finance Department and such other departments, as necessary.
- D. To provide detailed, accurate specifications to ensure goods and services obtained are consistent with requirements and expectations.
- E. To prepare purchase orders in accordance with instructions, including documentation of the bid process, so as to minimize the processing effort and to establish an audit trail.
- F. To inform the Finance Department of any vendor relations problems, shipping problems (i.e., damaged goods, late delivery, wrong items delivered, incorrect quantity delivered, etc.) and any situations which could affect the purchasing function.
- G. To minimize emergency and sole source purchases in accordance with this Policy, and to provide written documentation when such purchases may be necessary.

- H. To review all bids received for compliance with specifications, and provide the Finance Department with written documentation regarding their findings.
- I. To notify vendors of purchase awards.
- J. To not “split” orders for the purpose of avoiding procurement requirements. See Definitions.
- K. To require that an individual other than purchaser of the product verify receipt of purchased goods. Receipt of such goods shall be evidenced on a copy of the Purchase Order or a receiving form, referred to as receiving documentation throughout this section. Authorization of receiving documentation without actual verification of product’s receipt and proper condition is strictly prohibited. The receiving employee must sign the receiving documentation. Bills of lading and shipping documents that are included with the products shall be attached to the evidence of receipt and forwarded to the Accounts Payable Department.
- L. Approve claims for payment that don’t require a purchase order by signing the Accounts Payable Claim or CALCard Statement. (Department Head)

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#### 5.02.07 Responsibilities of the Purchasing Agent

The Purchasing Agent is responsible for the following:

- A. To anticipate requirements sufficiently in advance to allow adequate time to obtain goods and/or services in accordance with the best purchasing practices.
- B. To communicate and coordinate purchases with the Finance Department and such other departments, as necessary.
- C. To provide detailed, accurate specifications to ensure goods and services obtained are consistent with requirements and expectations.
- D. To prepare purchase orders in accordance with instructions, including documentation of the bid process, so as to minimize the processing effort and to establish an audit trail.
- E. To inform the Finance Department of any vendor relations problems, shipping problems (i.e., damaged goods, late delivery, wrong items delivered, incorrect quantity delivered, etc.) and any situations which could affect the purchasing function.
- F. To minimize emergency and sole source purchases in accordance with this Policy, and to provide written documentation when such purchases may be necessary.
- G. To review all bids received for compliance with specifications, and provide the Finance Department with written documentation regarding their findings.
- H. To notify vendors of purchase awards.
- I. To not “split” orders for the purpose of avoiding procurement requirements. See Definitions.

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K. To require that an individual other than purchaser of the product verify receipt of purchased goods. Receipt of such goods shall be evidenced on a copy of the Purchase Order or a receiving form, referred to as receiving documentation throughout this section. Authorization of receiving documentation without actual verification of product's receipt and proper condition is strictly prohibited. The receiving employee must sign the receiving documentation. Bills of lading and shipping documents that are included with the products shall be attached to the evidence of receipt and forwarded to the Accounts Payable Department.

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#### 5.02.087 Responsibilities of the Finance Department

A. The Director of Administrative Services is responsible for administering the internal financial policies and procedures of the District and to provide a supportive role in assuring budget accountability. In addition, the Director of Administrative Services and authorized employees in the Finance Department have an obligation to look for "loose ends" and make sure that all pieces of a transaction come together and make sense; this is called a "reasonableness review." Authorized Finance Department personnel, therefore, shall do the following:

1. Review the Purchase Order for completeness.

~~2.~~ 2. Review the Accounts Payable entries and/or CalCard Statements signed by the Department Head for completeness.

~~3.~~ 3. Assign the vendor number if it is not already on the form.

~~4.~~ 4. Determine that the appropriate approvals are included.

~~5.~~ 5. Determine that the account and project numbers charged are appropriate for the item being acquired.

~~6.~~ 6. Review for availability of funds or determine that the Request for Budget Appropriation Transfer has been completed.

~~7.~~ 7. Verify invoices for payment, including the following:

- Comparison of ~~quantities billed on the~~ invoice with ~~quantities listed on the~~ Purchase Order ~~and shown on receiving documents.~~
- Comparison of prices, discounts, and terms with those specified on the Purchase Order.
- Proof of clerical accuracy of the invoice with respect to extensions, footings, and deduction of discounts

Commented [RC1]: We quantify information. We rely on departments to compare order to receipt. Want to move this first bullet to the Authorized Purchaser

B. If the Purchase Order, Accounts Payable Claim, or CALCard Statement has missing, or what appears to be incorrect, information, authorized Finance Department personnel shall use their best judgment in handling the problem in accordance with these guidelines:

1. If there is a minor problem, such as an incomplete or misspelled name, address, telephone number, etc., the appropriate department personnel will be contacted.

2. If the required bids or approvals have not been obtained, the Purchase Order, Accounts Payable Claim, or CALCard Statement is returned to the initiator with an explanation of the problem and suggested corrective action.
3. If the account number appears to be incorrect, the authorized Finance Department personnel will, depending on the amount of the purchase, either correct the account number and notify the initiator or return the Purchase Order, Accounts Payable Statement, or CALCard Statement to the initiator with a request for clarification.
4. If budgeted funds are not available and the Request for Budget Appropriation Transfer has not been completed, the appropriate department personnel will be contacted.

#### **5.02.089 Purchasing Methods - General Purchase Items**

- A. Purchasing dollar limits are “per monthly order.” This Policy specifically prohibits splitting an order to circumvent the specified dollar limits. Departments shall contact an authorized purchaser (see Exhibit A) to coordinate volume bids or repetitive requirements (i.e., the frequent purchase of items such as chemicals, paper goods, office supplies, etc.).

##### **1. Purchases of Less than \$2,500 – Over-the-Counter**

Comparative pricing is not required but shall be used when practical. Prudent judgment shall be used at all times. All departments may purchase supplies, equipment, and services, of less than \$2,500 without competitive bidding. A Purchase Order is not required for any monthly orders under \$500, or under \$2500 for a singular Vendor of similar product. However, an Accounts Payable Claim or CALCard Statement must be authorized by the department head and/or Purchasing Agent, will be required unless exempted under this policy (see section 8F).

##### **2. Purchases Between ~~\$2,500~~ and \$10,000 – Open Market**

Purchases between \$2,501 and \$10,000 by authorized purchaser (see Exhibit A). All departments shall obtain three (3) verbal competitive quotations whenever possible for purchases. The department shall submit a Purchase Order, authorized by the department head or designee, which includes the recommended vendor, with all supporting documentation to the Finance Department. Supporting documentation shall include competitive price quotes obtained, names of vendors contacted, and a description of the items required.

##### **3. Purchases Between \$10,001 and \$49,999 – Open Market**

Purchases between \$10,001 and \$49,999 by authorized purchaser (see Exhibit A). Staff shall not award purchase orders for \$10,001 - \$49,999 without the approval of the Authorized Purchaser, except in the event of an emergency (see section ~~8DE~~) or other exception herein. All departments shall obtain three (3) written competitive quotations whenever possible for purchases. The department shall submit a Purchase Order, authorized by the department head, which includes the recommended vendor, with all supporting documentation to the Finance Department. Supporting documentation shall include competitive price quotes obtained, names of vendors contacted, description of the items required, and such other supporting information as may be required by the General Manager.

#### 4. Purchases Between \$50,000 and \$99,999 – Formal Bid

Purchases that exceed \$50,000 require a Formal Bid Process except in the event of an emergency (See Section 8E) or other exception herein. Formal bids shall be approved by the General Manager if pre-approved by adopted budget. If a bid is recommended to be awarded to other than the lowest bidder, or the expenditure has not been pre-approved by adopted budget, then Board approval shall be required.

#### 5. Purchases of \$100,000 or More – Formal Bid

Purchases that exceed \$100,000 require a Formal Bid Process except in the event of an emergency (See Section 8DE) or other exception herein. All formal bids over \$100,000 shall be approved by the Board.

#### ~~B. Open (Blanket) Purchase Orders~~

~~A Blanket Purchase Order is an agreement whereby the District contracts with a vendor to provide equipment or supplies on an as needed and often over the counter basis. Blanket Purchase Orders provide a mechanism whereby items which are uneconomical to stock may be purchased in a manner that allows timely access to necessary materials. Blanket Purchase Orders shall not be used to purchase services, capital assets or items maintained in stock.~~

~~The authorized purchaser shall request confirmation of Blanket Purchase Orders annually, before the beginning of the fiscal year. Requests for Blanket Purchase Orders may also be submitted to the Finance Department on an as needed basis. The Finance Department shall review Blanket Purchase Order requests based upon the following criteria:~~

- ~~• Geographic location.~~
- ~~• Responsiveness and capabilities.~~
- ~~• Average dollar value and type of items to be purchased.~~
- ~~• Frequency of need.~~

~~All Open (Blanket) Purchase Orders shall include the following information:~~

- ~~• A general description of the equipment or supplies which may be charged.~~
- ~~• The period of time the order will remain open, not to exceed one year.~~
- ~~• The maximum total amount which may be charged on the Blanket Purchase Order.~~
- ~~• The maximum amount which may be charged each time the employee implementing a purchase enters the vendor's place of business.~~
- ~~• Items excluded from the purchase, if applicable.~~
- ~~• Identification of the department(s) and authorized purchaser(s) who may charge against the order.~~
- ~~• Requirement that the employee/purchaser show District identification.~~
- ~~• Requirement that employees/purchasers print and sign their names when picking up goods.~~
- ~~• Account number(s) to be charged.~~

~~Once a Blanket Purchase Order is issued to a vendor, any authorized District employee may contact the vendor directly to place orders per terms and conditions specified in the Blanket Purchase Order.~~

#### ~~C~~.B. Contract Purchase Orders

Contract Purchase Orders are the preferred method of purchasing repetitive-use items or services which may be common to several departments or within one department. Establishing Contract Purchase Orders provides a means of obtaining volume pricing based upon the combined needs of all departments; reduces the administrative costs associated with seeking redundant competitive bids and processing a purchase order each time an order is placed; and allows departments to order items and services as needed, thus reducing the requirement to maintain large inventories of stock.

If a Contract Purchase Order exists, departments shall order all of their requirements from the successful vendor. No other source shall be used without prior approval of the Director of Administrative Services. Departments shall submit, in writing to the Finance Department, any performance problem encountered immediately following the occurrence so that corrective action may be taken.

Contract Purchase Orders are issued annually with the budget process and may include renewal option for specific products, product types, or services at agreed upon prices or pricing structure and for a specified period of time.

#### ~~D~~.C. Sole Source Purchases

Commodities and services which can be obtained from only one vendor are exempt from competitive bidding. Sole source purchases may also include proprietary items sold directly from the manufacturer; items that have only one locally authorized distributor; or a certain product or vendor that has been proven to be the only acceptable provider. All sole source purchases shall be supported by written documentation signed by the appropriate department head and forwarded to the Finance Department. Final determination that an item is a valid sole source purchase will be made by the General Manager.

#### ~~E~~.D. Emergency Purchases

In the event of an emergency affecting the ability to maintain water or wastewater service to District customers or other health/safety concerns that result from damage to District facilities, the General Manager, or designee, shall have the authority to make any purchases necessary to restore service to customers or prevent a Public Health & Safety risk to any individual. Bidding requirements and authorization levels as specified in this policy shall be waived for these purchases by authority of the General Manager.

Subject to the Brown Act rules, upon occurrence of the emergency, immediate notification shall be given to members of the Board of Directors through reasonable communication channels. An emergency meeting of the Board of Directors, if necessary, will be held to apprise the Board of the circumstances surrounding the emergency and obtain after-the-fact budget authorization for purchases not previously authorized within the fiscal year budget.

#### F.E. Uniform Guidance Requirements

For contracts funded with federal awards containing applicable Federal State and local procurement laws and regulations as noted in Title 2 U.S. Code of Federal Regulation (CFR) Section 200.318, the District must comply with the procurement requirements set forth in the Uniform Guidance. These requirements, such as record retention and required documentation, are detailed in Appendix A - Section 200.318 General Procurement Standards, and include, but are not limited to:

- a. Verification that procurement provides for full and open competition.
- b. Documentation for the cost or price analysis resulting in contractor selection.
- c. Grantee and subgrantee procedures will provide for a review of proposed procurements to avoid purchase of unnecessary or duplicative items.
- b. Proof that the District has verified via the Federal EPLS website ([www.sam.gov](http://www.sam.gov)) that each contractor has not been suspended or debarred from bidding on federally funded projects.
- c. Certification from the contractor that subcontractors used by the approved contractor have not been suspended or debarred.
- d. Justification for lack of competition when competitive bids are not obtained.
- e. Grantees and subgrantees will have protest procedures to handle and resolve disputes relating to their procurements and shall in all instances disclose information regarding the protest to the awarding agency.

#### G.F. Purchase Order Exemptions

Certain purchases are not readily adaptable to the open market and formal bidding process. These purchases are generally for items where (1) the competitive bid process is not applicable; (2) where a check is required to accompany the order; and (3) where the expenditure is re-occurring. The following is a list of allowable exemptions:

Petty Cash Replenishment	Employee Reimbursements
Insurance Claims and Premiums	Subscription Renewals
Medical/Dental Reimbursement Payments	Travel Expense/Advances
Membership Dues	Real Property/Easement Acquisition
Utility/ <del>Refuse</del> Payments	—payable through Escrow
Vehicle Fuel Purchases	<del>Over the Counter Purchases (8A(1))</del>
<del>Recruitment Costs</del>	<del>Legal Fees</del>
<del>Including Labs, Finger Printing</del>	<del>Legal Ads</del>

Exemptions to purchase order requirements are limited to those items listed above. Departments may submit written requests for additional exemptions to the Finance Department. If warranted, additional exemptions will be added to this list by approval of the General Manager.

#### H.G. Purchase Award

1. Lowest Responsive and Qualified Bidder
  - a. Bids shall be awarded to “responsive” and “qualified” bidder who submits the lowest bid.

- b. In determining the lowest “responsive” bid, the following elements shall be considered in addition to price:
- 1) A responsive bid is one which is in substantial conformance with the requirements of the invitation to bid, including specifications, the District’s contractual terms and conditions, delivery dates, delivery charges, and the inclusion of sales or other transaction taxes. Bidders who substitute terms and conditions or who qualify their bids in such a manner as to nullify or limit their liability shall be considered non-responsive bidders.
  - 2) Conformance with the requirements of the invitation to bid may also include providing proof of insurance, completing all forms, including references, and all other information as requested in the bid document.
  - 3) The successful bidder must demonstrate the ability to successfully fulfill a contract, including rendering of subsequent and continuing service. Staff may request proof of a prospective bidder’s reliability. Prospective bidders may be requested to furnish proof of financial resources, a list of current or previous customers, and other pertinent data. Such action may also be taken after receipt of bids.
  - 4) A bidder may be determined to be non responsive if a prospective bidder fails to furnish proof of qualifications when required.
- c. In determining the lowest “qualified” bidder, the following elements shall be considered in addition to price:
- 1) That the products offered provide the quality, fitness, and capacity for the required usage. This may include providing the make and/or model specified, or a substitute make and/or model of equal or greater value.
  - 2) That the bidder has the ability, capability and skill to perform the contract satisfactorily and within the time required.
  - 3) That the bidder’s experience regarding past purchases by the District or other public agencies demonstrates the reliability of the bidder to perform on the contract.
- d. When a bid is recommended to be awarded to other than the low bidder, written justification is required. The written statement, signed by the appropriate department head, shall be attached to the Purchase Order.
2. Rejection of Bids
- The General Manager or requesting department may recommend rejection of any or all bids if it is determined to be in the best interests of the District. Reasons for rejection may include, but are not limited to: a bid is determined to be non-responsive; the number of bids received is inadequate; bids received are not reasonably uniform in price; or the lowest bid received is deemed to be too high. The General Manager or requesting department may in any given case, reject all bids with or without cause and submit the supplies, equipment or service

involved to a new bidding process. If all bids are rejected an authorized purchaser may wish to re-solicit bids or abandon the purchase.

3. Tie Bids

If two or more bids are received which are in all respects equal, the General Manager may accept the one deemed to be in the best interests of the District.

4. Local Preference Program

A responsive and responsible bid may qualify for the Local Preference Program. See Section 5.02.12 for details and requirements.

H. Modified Purchase Orders

Any substantial change to a Purchase Order shall be documented as a modification to an existing Purchase Order. These changes can include but are not limited to: a change in quantity, description, size or color; vendor name or address change; a change in unit price, delivery location, or terms and conditions; and to add or delete to the order. A modification shall also be used to terminate a purchase order and to correct errors in the original purchase order.

Modified Purchase Orders shall be reviewed by the authorized purchaser and approved by the General Manager. A purchase order may not be increased by more than 10% or \$2,500, whichever is less, without a formal modification, except for taxes, shipping and handling. Taxes, shipping and handling may cause the purchase order to exceed the authorized purchase order amount, but do not require a formal modification, even if they exceed 10% of the original purchase order amount. Modified Purchase Orders resulting in an additional \$50,000 or more require Board approval.

I. Construction Contract Change Orders

An authorized Contract Change Order (CCO) is required for all changes in the Contract amount for construction contracts. Refer to the General Conditions of the Project Contract Documents and Specification for the requirements of Authorized Changes in the Work.

1. Authorized Amounts

The District Engineer and the Director of Operations are authorized to approve CCO's, singular or cumulative, up to the amount of contingency presented to and approved by the Board at the time of Contract award. Approval shall require the signatures of both the District Engineer and the Director of Operations on the District's CCO form. The General Manager may, at his/her discretion, authorize amounts over the approved contingency, but within the approved Project budget.

2. Contract Change Order Process

All CCO's are to be processed on District forms approved by the General Manager and in compliance with the provisions of the General Conditions of the Project Specifications. The

District Engineer and the Director of Utilities shall sign all CCO's after the approval of the contractor. After all signatures are complete, the Progress Payment is to be revised to show the CCO and new Contract Amount. A copy of the CCO is to be attached to the Progress Payment.

Construction Contract Change Orders must be completed as follows:

1. Contract Change Orders should be processed on District forms.
2. Description of the change and the contract increase/decrease in costs.
3. Include a justification or explanation along with a cost estimate.
4. Address increase/decrease in contract time.
5. Have the contractor counter-sign the Contract Change Order.
6. The District Engineer and the Director of Operations shall sign the Contract Change Order.

#### ~~K.J.~~ Construction Progress Payments

The General Manager, the District Engineer, and the Director of Operations are authorized to approve Construction Progress Payments up to the amount of the Project budget as approved by the Board at the —time of the contract award. Such Progress payments shall be processed on District forms as approved by the General Manager.

#### 5.02.1009 **Informal and Formal Bidding Process**

Except as otherwise exempted in the policy, supplies, services and equipment with an estimated cost of up to \$49,999 shall be purchased following an Informal Bid Process and purchases of \$50,000 or more shall be made following a Formal Bid Process.

To initiate the informal/formal bid process, the department making the request shall provide specifications for the item to be purchased and documentation showing the existence of an unencumbered appropriation for the item in the current approved budget. The requesting department shall solicit informal/formal bids as prescribed by the policy.

Informal bids may be posted at the District Administrative Office, mailed to prospective bidders ~~a minimum of ten calendar days before the due date~~, or solicited over the phone, via e-mail, fax, or on the District's website and/or the District's Public Purchase Portal. Formal bids shall be posted at the District Administrative Office, on the District's website and/or the District's Public Purchase Portal, and shall be published at least once in a newspaper of general circulation, and if applicable, in appropriate trade or other publications. The date of publication shall be at least fifteen (15) days before the due date. All formal bids shall be sealed and shall be publicly opened and read at the date, time, and place indicated in the published notice.

Bids shall be reviewed for compliance with specifications by the requesting department. All deviations from the specifications shall be fully documented by the requesting department and the impact of the deviations on the performance or suitability of the bid item shall be detailed. The Department Head will prepare and forward a recommendation for approval of purchase to the Director of Administrative Services. Informal bids shall be approved by the Department Head. Formal bids shall be approved by the General Manager, except when a bid is recommended to be awarded to other than the lowest bidder, or when the bid otherwise requires Board approval.



A. Exemptions from the Competitive Process

The award of contracts without competitive bidding shall be permitted in cases where the Board of Directors has approved findings which support and justify exceptions to the competitive bidding process. Those circumstances may include, but are not limited to:

1. Competitive bidding would not be in the public's best interest because of an emergency as defined in section 8(~~DE~~); or
2. The unique nature of the property or services required precludes competitive bidding; or
3. Competitive bidding would produce no economic benefit to the District; or
4. All of the following requirements are met with respect to the item:
  - a. The item may be purchased from a vendor that has a contract with another public agency of this state, an alliance of this state, or an alliance of the local public agencies within the state for the purchase of the item; and
  - b. The contract was awarded utilizing a competitive bidding process substantially the same as that utilized by the District; and
  - c. The item and terms of the transaction are the same or substantially the same; or
5. Special circumstances exist such that the purchase must be made within a limited period of time in order to secure for the District an advantageous price for the item that would not be achievable through competitive bidding. Such purchases shall be reported to the Board at its next regularly scheduled meeting; or
6. It is in the best interest of the District to extend a contract award from the previous contract period for up to one additional contract term provided the contractor agrees to furnish such products or services at the same contract price and under the same terms and conditions as the prior contract. This finding shall be made only when one of the following conditions exists:
  - a. The extension is necessary to avoid the interruption of District business; or
  - b. The extension makes good business sense; or
7. The products or services are needed by the District pending a bid award and the contractor with the most recently awarded contract for such product or services agrees to extend that contract for an interim period at the same contract price, terms, and conditions as the previous award. Such interim period contracts shall not exceed the greater of ninety (90) days, or until the conclusion of a bidder's appeal, if applicable, of the pending bid process.
8. Sole source vendors, in accordance with Section 5.02.08 ~~CD~~.
9. Negotiated contracts following solicitation of competitive proposals.
10. Any public works project where the Board of Directors finds that the "design-build" procurement process would save money or result in faster project completion. In such

situations, the District may negotiate and award a “design-build” contract without having to award the contract to the lowest responsible bidder.

A comparative market analysis shall be included in the written findings of fact for purchases made pursuant to Exemptions to the Bidding Process for items 4, 5 or 6 hereinabove. Except in emergencies, no contract shall be awarded pursuant to the exceptions provided hereunder unless findings to support and justify such exception have been approved by the Board of Directors.

#### **5.02.1~~10~~ Specifications**

It is the responsibility of each department to provide detailed, accurate specifications when requesting supplies, equipment and services. Accurate specifications are essential for effective bidding.

##### **A. Sole Source Specifications**

Sole source specifications shall be avoided whenever possible, as they minimize or eliminate competition. The appropriate authority (General Manager if total purchase is less than \$50,000; Board if total purchase is \$50,000 or more) may waive bidding requirements if sufficient written justification for a sole source purchase exists. An example of sole source is where equipment or supplies are required in order to be compatible with existing equipment or to perform a complex or unique function. Written documentation signed by the appropriate Department Head shall accompany the request for any sole source request. General purchase items specifically exempt from competitive bidding include: ~~—~~telecommunications, data processing, and information technology equipment and services.

##### **B. Standardization**

Standardization of specifications for items common to several departments can facilitate the purchasing process. The departments shall work together to establish standard specifications for such items.

##### **C. Vendor Assistance in Writing Specifications**

There may be occasions when vendor assistance is required to develop a specification. Such specifications shall be written in general terms and the vendor shall be informed that the information they provide may be used to develop specifications for a competitive bid process. The vendor shall be allowed to submit a bid, but will not be given any preference over the other bids.

#### **5.02.1~~24~~ Professional Consultant Selection**

The following Policy shall apply to selection of certain professional consultants for services in connection with public improvement projects and governmental operations of the District. For purposes of this Policy, consultants include individuals, partnerships, corporations, joint ventures, associations or other legal entities, or any other combination of firms or persons competent to perform the required services. The selection of consultants shall be based upon the experience of the consultant, knowledge of the subject matter, demonstrated ability to perform similar services within budget and the time allowed, and the total estimated cost to the District. Above all, the goal of this Policy shall be to create a competitive environment where the best value can be achieved.

The General Manager has the authority to issue contracts for consultant services up to \$99,999 when funds have been approved in the budget for such services. For projects estimated at \$100,000 or more, at least three requests for proposals should be solicited and evaluated if possible. All consultants will submit written proposals in response to requests for services. A consultant may qualify for the Local Preference Program. See Section 5.02.12 for details and requirements.

The evaluation and a subsequent recommendation to the General Manager for consultant services shall be conducted by the individual responsible for the project. Before a recommendation is made to the Board, as may be required above, the fee for the services shall be negotiated. If a mutually satisfactory fee cannot be agreed upon, negotiations shall be terminated; thereupon another consultant shall be selected and fee negotiations undertaken.

Award of a contract to a consultant shall be made only when sufficient funds have been appropriated in the project budget and all other applicable provisions in any applicable agreements are satisfied. The only exceptions are those services which relate to the processing of development plans that will be paid for by the developer.

#### 5.02.1~~32~~ **Local Preference Program**

##### A. Purpose

In recognition that wages earned by County residents benefit Calaveras County's overall economy, the Board wishes to establish a local preference program for the contracting of construction and professional services.

##### B. Application in Construction Contracting

A local preference comparison amount may be applied to construction projects that exceed \$50,000. The comparison amount is for bid comparisons only; it shall be five percent (5%) of the total bid amount, up to a maximum comparison amount of \$50,000; and can be applied to local prime contractors or prime contractors using qualified local subcontractors. The comparison amount is deducted from the submitted bid.

1. Local Prime Contractor – Comparison amount equals five percent (5%) of bid amount, with a maximum comparison amount of \$50,000.

- or -

2. Prime Contractor using Qualified Local Subcontractors – If the sum of all qualified local subcontractors' costs is at least ten percent (10%) of total bid, then the comparison amount equals five percent (5%) of prime contractors' total bid, with a maximum comparison amount of \$50,000.

##### C. Application in Professional Services Contracting

A local preference may be applied to Professional Services contracts that exceed \$50,000 for a given project. The maximum local preference comparison amount shall not exceed a weighting factor of five percent (5%) of the total evaluation criteria outlined in the Request for Proposal. The local preference can be applied to local consultants, or to consultants using local sub-consultants as described above under applications for construction contractors.

#### D. Definition

A local contractor or professional services consultant is any contractor or consultant able to demonstrate that, for the calendar year prior to bid opening, at least fifty percent (50%) of that contractor's or consultant's payroll was paid to employees who are residents of Calaveras County. Contractors, subcontractors, and consultants seeking a local preference must submit the District's form certifying compliance with the local payroll criterion.

#### E. Award Review

After deducting the local preference comparison amount from the bid amount, the result will be compared to competing bids. The project will be awarded to the lowest responsive and responsible bidder. The price paid by the District will be the bid amount quoted by the winning bidder.

#### F. Exceptions in the Application of Local Preference:

1. No local preference shall be applied on projects using federal funds, or funds administered by a state agency where the funding originated from a federal source, or as may be otherwise disallowed by funding agency or regulation.
2. The District may, at its sole discretion, waive seeking local business or any offer of local preference if:
  - a. An emergency exists that requires the contract to be executed immediately.
  - b. No local firm is available to provide the service, equipment, or material.
  - c. The product or service required is proprietary in nature.
  - d. Staff determines, and Board approves, that the local preference is not in the best interests of the District's needs.

#### G. Right to Terminate

The Board of Directors reserves the right to terminate the local preference at any time if, in its sole discretion, (a) the program does not appear to be providing the desired economic benefit, and/or (b) the justification cited for the program appears no longer to be valid.

### 5.02.143 Encumbrances

#### YEAR END PROCESS FOR ENCUMBRANCES/PURCHASE ORDERS

An encumbrance is an outstanding purchase order for goods or services; a portion of the budget appropriation is reserved in the amount of the purchase order. Encumbrances help to ensure administrative and budgetary compliance. Purchase Orders for Operating and Capital Improvement Projects (CIP) may be carried forward to the future fiscal year provided there are sufficient funds available and approval by the Department Head and General Manager via ~~the~~ budget process.

Due to the large volume of Purchase Order requests presented at year-end, the Finance Department will accept Purchase Orders, greater than \$500, each fiscal year up to May 31. Purchase Orders submitted after May 31 of each fiscal year shall require prior approval by the Director of

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Administrative Services. As of May 31, all accounts must have an available balance greater than or equal to the amount of the purchase order requested. If a budget transfer is required, Department Heads must provide a **Budget Transfer Request** prior to submitting a **Purchase Order**.

## **GLOSSARY OF TERMS**

<b>Agreement</b>	A written understanding between two or more parties. See “ <i>Contract</i> ” and <i>Purchase Order</i> .”
<b>Appropriation</b>	District authorization to expend public funds for a specific purpose.
<b>Award</b>	The acceptance of a <i>Bid</i> or <i>Proposal</i> .
<b>Bid</b>	The executed document submitted by a <i>Bidder</i> in response to a <i>Notice Inviting Bids (NIB)</i> , a <i>Proposal</i> , or a <i>Request for Quotation</i> .
<b>Bidder</b>	A person or legal entity who submits a <i>Bid</i> in response to a solicitation. See also <i>Bid</i> or <i>Proposal</i> .
<del><b>Blanket Purchase Order</b></del>	<del>An Agreement of no more than one year duration between the District and a Vendor allowing authorized District employees to charge repetitive Purchases of supplies, equipment, or services at pre arranged prices, dollar limits, and/or other terms and conditions.</del>
<b>Brand Name</b>	A trade name that serves to identify a product or particular manufacturer.
<b>Competitive Bidding</b>	The submission of prices by individuals or firms competing for a <i>Contract</i> , privilege, or right to supply merchandise or services.
<b>Consultant Services</b>	A person who facilitates organizational change and/or provides subject matter expertise on technical, functional, and business topics during development or implementation of a project.
<b>Contract</b>	A written, legally binding and mutual promise between two separate parties. e.g. an accepted <i>Purchase Order</i> .
<b>Contract Change Order (CCO)</b>	Written modification or addition to a <i>Construction Contract Purchase Order</i> or <i>Construction Contract Agreement</i> authorized by the appropriate authority.
<b>Contract Purchase Order</b>	A <i>Purchase Order</i> (usually issued for one year) that outlines unit prices to be charged by the Vendor for the term of the <i>Purchase Order</i> . This type of <i>Purchase Order</i> is generally used for such things as electrical, plumbing, and other goods and services that are anticipated to be needed periodically throughout the year. The <i>Bids</i> are usually expressed at hourly rates plus parts expressed at a specific <i>Discount</i> below list price.
<b>Design-Build</b>	For purposes of this policy, “design-build” means a procurement process in which certain elements of both the design and construction of the project are procured from a single entity.
<b>Discount</b>	An allowance or deduction from the normal or list price extended by a seller to a buyer to make the unit price more competitive.
<b>Emergency Purchase</b>	See <i>Emergency Purchases – page 7</i> .
<b>Encumbrance</b>	Committing budgeted funds prior to receiving supplies, equipment, or services; committed funds are shown as an encumbrance until supplies and equipment are received or service

rendered, at which time funds are actually expended.

<b>Formal Bid</b>	A <i>Bid</i> that must be submitted in a sealed envelope and in conformance with a prescribed format, and only to be opened and announced at a specified time at a public opening.
<b>Guarantee</b>	A pledge or assurance that something is represented and will be replaced or repaired if it fails to meet the stated <i>Specifications</i> .
<b>Informal Bid</b>	Written or verbal <i>Quotations</i> for supplies, equipment and services which pursuant to this policy are not required to meet the formal bidding requirements. <i>Informal Bids</i> include unsealed written quotes, verbal quotes and quotes received via fax and email.
<b>Lowest (Responsive &amp; Responsible) Bidder</b>	The <i>Bidder</i> submitting the lowest price who has also demonstrated the attribute of trustworthiness, as well as quality, fitness, capacity, and experience necessary to perform the proposed Contract. See also " <i>Responsible Bidder</i> " and " <i>Responsive Bidder</i> ."
<b>Non-Responsive Bidder</b>	A <i>Bid</i> that does not conform to the essential requirements of the Notice Inviting <i>Bids</i> . Non-conforming <i>Bid</i> . Unresponsive <i>Bid</i> .
<b>Notice Inviting Bids (NIB)</b>	A formal notice, published in the newspaper or elsewhere or sent directly to potential Bidders, notifying them that the District is accepting Bids for a specific purpose.
<b>Professional Services</b>	Any work performed by an auditor, attorney, doctor, architect, engineer, land surveyor, appraiser, expert, etc.
<b>Proposal</b>	The executed document submitted as an offer, or in response to a <i>Request for Proposals</i> (and the basis for subsequent negotiations).
<b>Public Contract Code</b>	Shall mean <i>Public Contract Code</i> of the State of California.
<b>Public Project</b>	(definition is from State of California Public Contract Code) <ol style="list-style-type: none"><li>1. A project for the erection, improvement, or repair of public buildings and works.</li><li>2. Work in or about streams, bays, waterfronts, embankments, or other work for protection against overflow.</li><li>3. Street or sewer work except maintenance or repair.</li><li>4. Furnishing supplies or materials for any such project, including maintenance or repair of streets and sewers.</li></ol>
<b>Purchase Order</b>	A <i>Purchaser's</i> document to formalize a <i>Purchase</i> transaction with a <i>Vendor</i> . Acceptance of a <i>Purchase Order</i> constitutes a Contract; a <i>Purchaser's</i> written offer to a supplier stating all terms and conditions of a proposed transaction.
<b>Purchaser</b>	A prospective buyer.
<b>Purchases</b>	Goods or services.

<b>Purchasing Division Qualified Bidder</b>	<p>The employee, division, and/or department within the organization to which the purchasing function has been delegated.</p> <p>A “qualified” <i>Bidder</i> is a <i>Bidder</i> that demonstrates the following characteristics:</p> <ol style="list-style-type: none"><li>1. Can provide product quality, fitness, and capacity for the required usage.</li><li>2. Has the ability, capacity, and skill to perform the contract or provide the service required.</li><li>3. Has demonstrated character, integrity, reputation, good judgment, experience, and efficiency, particularly with reference to past purchases by the District or other public agencies.</li><li>4. Has the ability to perform within the time required.</li><li>5. Has shown quality of performance and/or of products provided in previous contracts or services with the District or other public agencies.</li><li>6. Note: Previous documented incidents of unsatisfactory performance and/or unsatisfactory delivery, materials, or services may result in a determination of unqualified.</li></ol>
<b>Quotation</b>	<p>A <i>Bid</i>. A statement of price, terms of sale, and description of goods or services offered by a prospective seller to a <i>prospective Purchaser</i>, usually for <i>Purchases</i> below the amount requiring <i>Formal Bidding</i>.</p>
<b>Request For Proposal (RFP)</b>	<p>All documents, whether attached or incorporated by reference, utilized for soliciting competitive <i>Proposals</i>. The <i>RFP</i> procedure permits the negotiation of <i>Proposals</i> and prices as distinguished from <i>Competitive Bidding</i> and a <i>Notice Inviting Bids</i>. The procedure allows changes to be made after <i>Proposals</i> are opened and contemplates that the nature of the <i>Proposal</i> and/or prices offered will be negotiated prior to the <i>Award</i>.</p>
<b>Request For Quotation (RFQ)</b>	<p>The document generally used for seeking competition on small <i>Purchases</i> or on any <i>Purchase</i> that does not require competitive <i>Sealed Bidding</i>. Can be used for obtaining price and delivery information for <i>Sole Source</i> and emergencies. Also, see “<i>Quotation</i>.”</p>
<b>Responsible Bidder</b>	<p>A person who has the capability in all respects to perform in full the <i>Contract</i> requirements, and the integrity and reliability which will assure good faith performance.</p>
<b>Responsive Bidder</b>	<p>(1) A person who has submitted a <i>Bid</i> which conforms in all material respects to the <i>Notice Inviting Bids</i>, or (2) One whose <i>Bid</i> conforms in all material respects to the terms and conditions, <i>Specifications</i>, and other requirements of the <i>NIB</i>.</p>
<b>Sealed Bid</b>	<p>A <i>Bid</i> which has been submitted in a sealed envelope to prevent its contents from being revealed or known before the deadline for the submission of all <i>Bids</i>; required on <i>Formal Bids</i>.</p>
<b>Sole Source</b>	<p>An <i>Award</i> for a commodity or service to the only reasonably known and capable supplier due to the unique nature of the requirement, the supplier, or market conditions.</p>
<b>Specifications</b>	<p>A description of what the <i>Purchaser</i> seeks to buy or accomplish, and consequently, what a <i>Bidder</i> must be responsive to in order to be considered for <i>Award</i> of a <i>Contract</i>. A <i>Specification</i> may be a description of the physical or functional characteristics, or the nature of</p>



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a supply or service. It may include a description of any requirements for inspecting, testing, or preparing a supply or service item for delivery.

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**Split** To divide a *Purchase* into two or more parts in order to avoid the requirements of the *Purchasing Policy*. This is an action prohibited by the *Policy*.

Example:

*Split –*

If a department knows it will use \$52,000 of a particular supply in one fiscal year and they place two orders six months apart to keep each order below the \$50,000 limit, the action is considered *Splitting* and is not allowed under the *Policy*.

*Not Split -*

If a department hires ABC Engineering to prepare a fee study for \$28,000 and also hires the same company to oversee a capital improvement project for \$29,000, the action is not considered *Splitting*.

**Supplies** Office *Supplies*, janitorial *Supplies*, materials, goods, tools, or other commodities used in the general conduct of the District business, excepting *Supplies* or materials for a public work which is regulated under the *Public Contract Code* section of 20160 et seq.

**Vendor** A supplier of goods or services.

**Warranty** The representation that something is true. Not to be confused with “*Guarantee*.” A representation of utility, condition, and durability made by a *Bidder* for a product offered, that shall include a time period.

## APPENDIX A –

### Section 200.318 General Procurement Standards

- (a) The non-Federal entity must use its own documented procurement procedures which reflect applicable State, local, and tribal laws and regulations, provided that the procurements conform to applicable Federal law and the standards identified in this part.
- (b) Non-Federal entities must maintain oversight to ensure that contractors perform in accordance with the terms, conditions, and specifications of their contracts or purchase orders.
- (c)
  - (1) The Non-Federal entity must maintain written standards of conduct covering conflicts of interest and governing the actions of its employees engaged in the selection, award and administration of contracts. No employee, officer, or agent may participate in the selection, award, or administration of a contract supported by a Federal award if he or she has a real or apparent conflict of interest. Such a conflict of interest would arise when the employee, officer, or agent, 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 parties indicated herein, has a financial or other interest in or a tangible personal benefit from a firm considered for a contract. The officers, employees, and agents of the non-Federal entity may neither solicit nor accept gratuities, favors, or anything of monetary value from contractors or parties to subcontracts. However, non-Federal entities may set standards for situations in which the financial interest is not substantial or the gift is an unsolicited item of nominal value. The standards of conduct must provide for disciplinary actions to be applied for violations of such standards by officers, employees, or agents of the non-Federal entity.
  - (2) If the non-Federal entity has a parent, affiliate, or subsidiary organization that is not a state, local government, or Indian tribe, the non-Federal entity must also maintain written standards of conduct covering organizational conflicts of interest. Organizational conflicts of interest means that because of relationships with a parent company, affiliate, or subsidiary organization, the non-Federal entity is unable or appears to be unable to be impartial in conducting a procurement action involving a related organization.
- (d) The Non-Federal entity's procedures must avoid acquisition of unnecessary or duplicative items. Consideration should be given to consolidating or breaking out procurements to obtain a more economical purchase. Where appropriate, an analysis will be made of lease versus purchase alternatives, and any other appropriate analysis to determine the most economical approach.
- (e) To foster greater economy and efficiency, and in accordance with efforts to promote cost-effective use of shared services across the Federal Government, the non-Federal entity is encouraged to enter into state and local intergovernmental agreements or inter-entity agreements where appropriate for procurement or use of common or shared goods and services.

- (f) The Non-Federal entity is encouraged to use Federal excess and surplus property in lieu of purchasing new equipment and property whenever such use is feasible and reduces project costs.
- (g) The Non-Federal entity is encouraged to use value engineering clauses in contracts for construction projects of sufficient size to offer reasonable opportunities for cost reductions. Value engineering is a systematic and creative analysis of each contract item or task to ensure that its essential function is provided at the overall lower cost.
- (h) The Non-Federal entity must award contracts only to responsible contractors possessing the ability to perform successfully under the terms and conditions of a proposed procurement. Consideration will be given to such matters as contractor integrity, compliance with public policy, record of past performance, and financial and technical resources. See also § 200.213 Suspension and debarment.
- (i) The Non-Federal entity must maintain records sufficient to detail the history of procurement. These records will include, but are not necessarily limited to the following: rationale for the method of procurement, selection of contract type, contractor selection or rejection, and the basis for the contract price.
- (j)
  - (1) The Non-Federal entity may use a time and materials type contract only after a determination that no other contract is suitable and if the contract includes a ceiling price that the contractor exceeds at its own risk. Time and materials type contract means a contract whose cost to a non-Federal entity is the sum of:
    - (i) The actual cost of materials; and
    - (ii) Direct labor hours charged at fixed hourly rates that reflect wages, general and administrative expenses, and profit.
  - (2) Since this formula generates an open-ended contract price, a time-and-materials contract provides no positive profit incentive to the contractor for cost control or labor efficiency. Therefore, each contract must set a ceiling price that the contractor exceeds at its own risk. Further, the non-Federal entity awarding such a contract must assert a high degree of oversight in order to obtain reasonable assurance that the contractor is using efficient methods and effective cost controls.
- (k) The Non-Federal entity alone must be responsible, in accordance with good administrative practice and sound business judgment, for the settlement of all contractual and administrative issues arising out of procurements. These issues include, but are not limited to, source evaluation, protests, disputes, and claims. These standards do not relieve the non-Federal entity of any contractual responsibilities under its contracts. The Federal awarding agency will not substitute its judgment for that of the non-Federal entity unless the matter is primarily a Federal concern. Violations of law will be referred to the local, state, or Federal authority having proper jurisdiction.

### **5.02.01 Purpose**

The purpose of the Purchasing Policy (“Policy”) is to provide the Calaveras County Water District (“District”) with a means of assuring continuity and uniformity in its purchasing operation, and to define the responsibilities for purchasing supplies, services and equipment for the District. These guidelines are not intended to address every issue, exception, or contingency that may arise in the course of purchasing activities. The basic standard that should always prevail is to exercise good judgment in the use and stewardship of District resources, including keeping within the budget authorized by the Board of Directors.

### **5.02.02 Policy**

The policy outlined herein is to be adhered to by all personnel when procuring supplies, services and equipment. This Policy strives to define decision making with prudent review and internal control procedures and to maintain departmental responsibility and flexibility in evaluating, selecting, and purchasing supplies, equipment and services.

### **5.02.03 Unauthorized Purchases**

Except for emergencies, departmental purchases in excess of \$500, or \$2500 for a singular Vendor for similar goods, or other authorized exemptions stated in these guidelines, no purchase of supplies, services, or equipment shall be made without an authorized purchase order. Otherwise:

- A. Such purchases are void and not considered an obligation of the District.
- B. Invoices without an authorized purchase order may be returned to the vendor unpaid.
- C. The person ordering the unauthorized purchase may be held personally liable for the costs of the purchase or contract.
- D. Purchases over budget are prohibited with the exception of emergencies. [See Section 8(D).]

Purchase orders shall be issued prior to ordering supplies, equipment and services and not “after the fact.”

### **5.02.04 Vendor Relations**

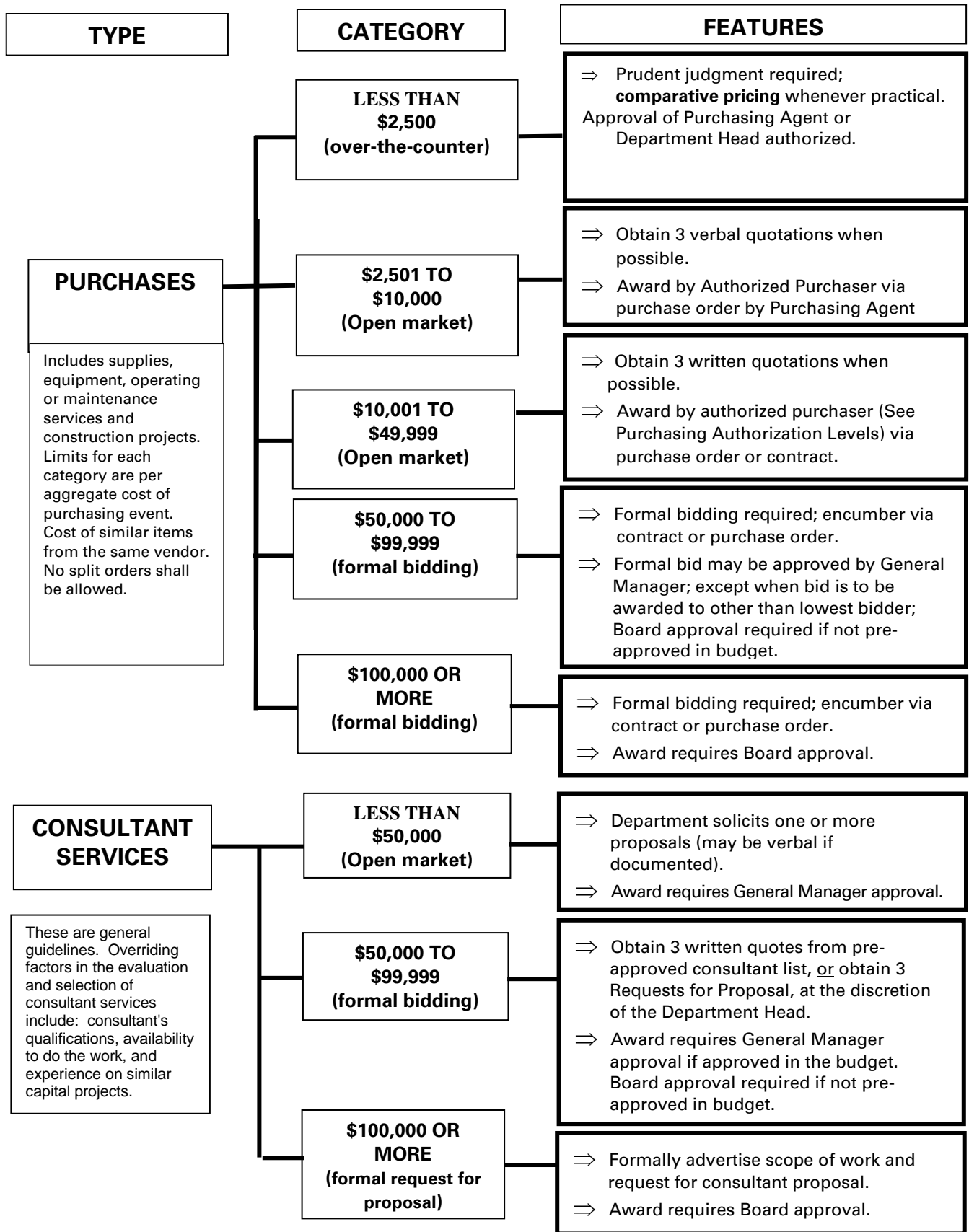
It is to the District’s advantage to promote and maintain good relations with vendors. District staff shall conduct their dealings with vendors in a professional manner and shall promote equal opportunity and demonstrate fairness, integrity, and courtesy in all vendor relations.

No employee participating in the purchasing process shall:

- A. Accept any fee, compensation, gift, or payment of expenses which results in private gain in return for preferential treatment.
- B. Grant any special consideration, treatment, or advantage to any person beyond that which is available to every other person in similar circumstance.

When feasible to do so, vendors within the County service area should be utilized for supplies, services and equipment.

## PURCHASING SYSTEM OVERVIEW



**5.02.05 Responsibilities of the Authorized Purchaser**

An authorized purchaser is responsible for 1) the procurement of general supplies, services and equipment; and 2) the administration of the purchasing policy. To perform these functions efficiently, the authorized purchaser shall:

- A. Be charged with the responsibility and authority for coordinating and managing the procurement of the District's general supplies, services and equipment from the lowest responsive and responsible bidder when required by this policy.
- B. Ensure full and open competition on all purchases as required by this policy.
- C. Identify, evaluate and utilize purchasing methods which best meet the needs of the District (i.e. blanket purchase orders, contractual agreements, etc.).
- D. Coordinate vendor relations, locate sources of supply, and evaluate vendor performance.
- E. Recommend revisions to purchasing procedures when necessary and keep informed of current developments in the field of public purchasing.
- F. Comparison of quantities billed on the invoice with quantities listed on the Purchase Order and shown on receiving documents.

**5.02.06 Responsibilities of Department Heads**

Each Department Head is responsible for the following:

- A. To provide the Finance Department a current list of positions delegated the authority to make purchases per the policies and procedures as described herein.
- B. To anticipate requirements sufficiently in advance to allow adequate time to obtain goods and/or services in accordance with the best purchasing practices.
- C. To communicate and coordinate purchases with the Finance Department and such other departments, as necessary.
- D. To provide detailed, accurate specifications to ensure goods and services obtained are consistent with requirements and expectations.
- E. To prepare purchase orders in accordance with instructions, including documentation of the bid process, so as to minimize the processing effort and to establish an audit trail
- F. To inform the Finance Department of any vendor relations problems, shipping problems (i.e., damaged goods, late delivery, wrong items delivered, incorrect quantity delivered, etc.) and any situations which could affect the purchasing function.
- G. To minimize emergency and sole source purchases in accordance with this Policy, and to provide written documentation when such purchases may be necessary.

- H. To review all bids received for compliance with specifications, and provide the Finance Department with written documentation regarding their findings.
- I. To notify vendors of purchase awards.
- J. To not “split” orders for the purpose of avoiding procurement requirements. See Definitions.
- K. To require that an individual other than purchaser of the product verify receipt of purchased goods. Receipt of such goods shall be evidenced on a copy of the Purchase Order or a receiving form, referred to as receiving documentation throughout this section. Authorization of receiving documentation without actual verification of product’s receipt and proper condition is strictly prohibited. The receiving employee must sign the receiving documentation. Bills of lading and shipping documents that are included with the products shall be attached to the evidence of receipt and forwarded to the Accounts Payable Department.
- L. Approve claims for payment that don’t require a purchase order by signing the Accounts Payable Claim or CALCard Statement. (Department Head)

#### **5.02.07 Responsibilities of the Purchasing Agent**

The Purchasing Agent is responsible for the following:

- A. To anticipate requirements sufficiently in advance to allow adequate time to obtain goods and/or services in accordance with the best purchasing practices.
- B. To communicate and coordinate purchases with the Finance Department and such other departments, as necessary.
- C. To provide detailed, accurate specifications to ensure goods and services obtained are consistent with requirements and expectations.
- D. To prepare purchase orders in accordance with instructions, including documentation of the bid process, so as to minimize the processing effort and to establish an audit trail.
- E. To inform the Finance Department of any vendor relations problems, shipping problems (i.e., damaged goods, late delivery, wrong items delivered, incorrect quantity delivered, etc.) and any situations which could affect the purchasing function.
- F. To minimize emergency and sole source purchases in accordance with this Policy, and to provide written documentation when such purchases may be necessary.
- G. To review all bids received for compliance with specifications, and provide the Finance Department with written documentation regarding their findings.
- H. To notify vendors of purchase awards.
- I. To not “split” orders for the purpose of avoiding procurement requirements. See Definitions.
- K. To require that an individual other than purchaser of the product verify receipt of purchased



goods. Receipt of such goods shall be evidenced on a copy of the Purchase Order or a receiving form, referred to as receiving documentation throughout this section. Authorization of receiving documentation without actual verification of product's receipt and proper condition is strictly prohibited. The receiving employee must sign the receiving documentation. Bills of lading and shipping documents that are included with the products shall be attached to the evidence of receipt and forwarded to the Accounts Payable Department.

#### **5.02.08 Responsibilities of the Finance Department**

- A. The Director of Administrative Services is responsible for administering the internal financial policies and procedures of the District and to provide a supportive role in assuring budget accountability. In addition, the Director of Administrative Services and authorized employees in the Finance Department have an obligation to look for "loose ends" and make sure that all pieces of a transaction come together and make sense; this is called a "reasonableness review." Authorized Finance Department personnel, therefore, shall do the following:
1. Review the Purchase Order for completeness.
  2. Review the Accounts Payable entries and/or CalCard Statements signed by the Department Head for completeness.
  3. Assign the vendor number if it is not already on the form.
  4. Determine that the appropriate approvals are included.
  5. Determine that the account and project numbers charged are appropriate for the item being acquired.
  6. Review for availability of funds or determine that the Request for Budget Appropriation Transfer has been completed.
  7. Verify invoices for payment, including the following:
    - Comparison of q invoice with Purchase Order
    - Comparison of prices, discounts, and terms with those specified on the Purchase Order.
    - Proof of clerical accuracy of the invoice with respect to extensions, footings, and deduction of discounts
- B. If the Purchase Order, Accounts Payable Claim, or CALCard Statement has missing, or what appears to be incorrect, information, authorized Finance Department personnel shall use their best judgment in handling the problem in accordance with these guidelines:
1. If there is a minor problem, such as an incomplete or misspelled name, address, telephone number, etc., the appropriate department personnel will be contacted.
  2. If the required bids or approvals have not been obtained, the Purchase Order, Accounts Payable Claim, or CALCard Statement is returned to the initiator with an explanation of the problem and suggested corrective action.

3. If the account number appears to be incorrect, the authorized Finance Department personnel will, depending on the amount of the purchase, either correct the account number and notify the initiator or return the Purchase Order, Accounts Payable Statement, or CALCard Statement to the initiator with a request for clarification.
4. If budgeted funds are not available and the Request for Budget Appropriation Transfer has not been completed, the appropriate department personnel will be contacted.

#### **5.02.09 Purchasing Methods - General Purchase Items**

- A. Purchasing dollar limits are “per monthly order.” This Policy specifically prohibits splitting an order to circumvent the specified dollar limits. Departments shall contact an authorized purchaser (see Exhibit A) to coordinate volume bids or repetitive requirements (i.e., the frequent purchase of items such as chemicals, paper goods, office supplies, etc.).

##### **1. Purchases of Less than \$2,500 – Over-the-Counter**

Comparative pricing is not required but shall be used when practical. Prudent judgment shall be used at all times. All departments may purchase supplies, equipment, and services, of less than \$2,500 without competitive bidding. A Purchase Order is not required for any monthly orders under \$500, or under \$2500 for a singular Vendor of similar product. However, an Accounts Payable Claim or CALCard Statement must be authorized by the department head and/or Purchasing Agent.

##### **2. Purchases Between \$2,500 and \$10,000 – Open Market**

Purchases between \$2,501 and \$10,000 by authorized purchaser (see Exhibit A). All departments shall obtain three (3) verbal competitive quotations whenever possible for purchases. The department shall submit a Purchase Order, authorized by the department head or designee, which includes the recommended vendor, with all supporting documentation to the Finance Department. Supporting documentation shall include competitive price quotes obtained, names of vendors contacted, and a description of the items required.

##### **3. Purchases Between \$10,001 and \$49,999 – Open Market**

Purchases between \$10,001 and \$49,999 by authorized purchaser (see Exhibit A). Staff shall not award purchase orders for \$10,001 - \$49,999 without the approval of the Authorized Purchaser, except in the event of an emergency (see section 8D) or other exception herein. All departments shall obtain three (3) written competitive quotations whenever possible for purchases. The department shall submit a Purchase Order, authorized by the department head, which includes the recommended vendor, with all supporting documentation to the Finance Department. Supporting documentation shall include competitive price quotes obtained, names of vendors contacted, description of the items required, and such other supporting information as may be required by the General Manager.

##### **4. Purchases Between \$50,000 and \$99,999 – Formal Bid**

Purchases that exceed \$50,000 require a Formal Bid Process except in the event of an emergency (See Section 8E) or other exception herein. Formal bids shall be approved by the

General Manager if pre-approved by adopted budget. If a bid is recommended to be awarded to other than the lowest bidder, or the expenditure has not been pre-approved by adopted budget, then Board approval shall be required.

#### **5. Purchases of \$100,000 or More – Formal Bid**

Purchases that exceed \$100,000 require a Formal Bid Process except in the event of an emergency (See Section 8D) or other exception herein. All formal bids over \$100,000 shall be approved by the Board.

#### **B. Contract Purchase Orders**

Contract Purchase Orders are the preferred method of purchasing repetitive-use items or services which may be common to several departments or within one department. Establishing Contract Purchase Orders provides a means of obtaining volume pricing based upon the combined needs of all departments; reduces the administrative costs associated with seeking redundant competitive bids and processing a purchase order each time an order is placed; and allows departments to order items and services as needed, thus reducing the requirement to maintain large inventories of stock.

If a Contract Purchase Order exists, departments shall order all of their requirements from the successful vendor. No other source shall be used without prior approval of the Director of Administrative Services. Departments shall submit, in writing to the Finance Department, any performance problem encountered immediately following the occurrence so that corrective action may be taken.

Contract Purchase Orders are issued annually with the budget process and may include renewal option for specific products, product types, or services at agreed upon prices or pricing structure and for a specified period of time.

#### **C. Sole Source Purchases**

Commodities and services which can be obtained from only one vendor are exempt from competitive bidding. Sole source purchases may also include proprietary items sold directly from the manufacturer; items that have only one locally authorized distributor; or a certain product or vendor that has been proven to be the only acceptable provider. All sole source purchases shall be supported by written documentation signed by the appropriate department head and forwarded to the Finance Department. Final determination that an item is a valid sole source purchase will be made by the General Manager.

#### **D. Emergency Purchases**

In the event of an emergency affecting the ability to maintain water or wastewater service to District customers or other health/safety concerns that result from damage to District facilities, the General Manager, or designee, shall have the authority to make any purchases necessary to restore service to customers or prevent a Public Health & Safety risk to any individual. Bidding requirements and authorization levels as specified in this policy shall be waived for these purchases by authority of the General Manager.

Subject to the Brown Act rules, upon occurrence of the emergency, immediate notification shall be given to members of the Board of Directors through reasonable communication channels. An emergency meeting of the Board of Directors, if necessary, will be held to apprise the Board of the circumstances surrounding the emergency and obtain after-the-fact budget authorization for purchases not previously authorized within the fiscal year budget.

E. Uniform Guidance Requirements

For contracts funded with federal awards containing applicable Federal State and local procurement laws and regulations as noted in Title 2 U.S. Code of Federal Regulation (CFR) Section 200.318, the District must comply with the procurement requirements set forth in the Uniform Guidance. These requirements, such as record retention and required documentation, are detailed in Appendix A - Section 200.318 General Procurement Standards, and include, but are not limited to:

- a. Verification that procurement provides for full and open competition.
- b. Documentation for the cost or price analysis resulting in contractor selection.
- c. Grantee and subgrantee procedures will provide for a review of proposed procurements to avoid purchase of unnecessary or duplicative items.
- b. Proof that the District has verified via the Federal EPLS website ([www.sam.gov](http://www.sam.gov)) that each contractor has not been suspended or debarred from bidding on federally funded projects.
- c. Certification from the contractor that subcontractors used by the approved contractor have not been suspended or debarred.
- d. Justification for lack of competition when competitive bids are not obtained.
- e. Grantees and subgrantees will have protest procedures to handle and resolve disputes relating to their procurements and shall in all instances disclose information regarding the protest to the awarding agency.

F. Purchase Order Exemptions

Certain purchases are not readily adaptable to the open market and formal bidding process. These purchases are generally for items where (1) the competitive bid process is not applicable; (2) where a check is required to accompany the order; and (3) where the expenditure is re-occurring. The following is a list of allowable exemptions:

Petty Cash Replenishment	Employee Reimbursements
Insurance Claims and Premiums	Subscription Renewals
Medical/Dental Reimbursement Payments	Travel Expense/Advances
Membership Dues	Real Property/Easement Acquisition payable through Escrow
Utility/Refuse Payments	Over the Counter Purchases (8A(1))
Vehicle Fuel Purchases	Legal Fees
Recruitment Costs	Legal Ads
Including Labs, Finger Printing	

Exemptions to purchase order requirements are limited to those items listed above. Departments may submit written requests for additional exemptions to the Finance Department. If warranted, additional exemptions will be added to this list by approval of the General Manager.

G. Purchase Award

1. Lowest Responsive and Qualified Bidder

- a. Bids shall be awarded to “responsive” and “qualified” bidder who submits the lowest bid.
- b. In determining the lowest “responsive” bid, the following elements shall be considered in addition to price:
  - 1) A responsive bid is one which is in substantial conformance with the requirements of the invitation to bid, including specifications, the District’s contractual terms and conditions, delivery dates, delivery charges, and the inclusion of sales or other transaction taxes. Bidders who substitute terms and conditions or who qualify their bids in such a manner as to nullify or limit their liability shall be considered non-responsive bidders.
  - 2) Conformance with the requirements of the invitation to bid may also include providing proof of insurance, completing all forms, including references, and all other information as requested in the bid document.
  - 3) The successful bidder must demonstrate the ability to successfully fulfill a contract, including rendering of subsequent and continuing service. Staff may request proof of a prospective bidder’s reliability. Prospective bidders may be requested to furnish proof of financial resources, a list of current or previous customers, and other pertinent data. Such action may also be taken after receipt of bids.
  - 4) A bidder may be determined to be non responsive if a prospective bidder fails to furnish proof of qualifications when required.
- c. In determining the lowest “qualified” bidder, the following elements shall be considered in addition to price:
  - 1) That the products offered provide the quality, fitness, and capacity for the required usage. This may include providing the make and/or model specified, or a substitute make and/or model of equal or greater value.
  - 2) That the bidder has the ability, capability and skill to perform the contract satisfactorily and within the time required.
  - 3) That the bidder’s experience regarding past purchases by the District or other public agencies demonstrates the reliability of the bidder to perform on the contract.
- d. When a bid is recommended to be awarded to other than the low bidder, written justification is required. The written statement, signed by the appropriate department head, shall be attached to the Purchase Order.

2. Rejection of Bids

The General Manager or requesting department may recommend rejection of any or all bids if it is determined to be in the best interests of the District. Reasons for rejection may include, but are not limited to: a bid is determined to be non-responsive; the number of bids received

is inadequate; bids received are not reasonably uniform in price; or the lowest bid received is deemed to be too high. The General Manager or requesting department may in any given case, reject all bids with or without cause and submit the supplies, equipment or service involved to a new bidding process. If all bids are rejected an authorized purchaser may wish to re-solicit bids or abandon the purchase.

3. Tie Bids

If two or more bids are received which are in all respects equal, the General Manager may accept the one deemed to be in the best interests of the District.

4. Local Preference Program

A responsive and responsible bid may qualify for the Local Preference Program. See Section 5.02.12 for details and requirements.

H. Modified Purchase Orders

Any substantial change to a Purchase Order shall be documented as a modification to an existing Purchase Order. These changes can include but are not limited to: a change in quantity, description, size or color; vendor name or address change; a change in unit price, delivery location, or terms and conditions; and to add or delete to the order. A modification shall also be used to terminate a purchase order and to correct errors in the original purchase order.

Modified Purchase Orders shall be reviewed by the authorized purchaser and approved by the General Manager. A purchase order may not be increased by more than 10% or \$2,500, whichever is less, without a formal modification, except for taxes, shipping and handling. Taxes, shipping and handling may cause the purchase order to exceed the authorized purchase order amount, but do not require a formal modification, even if they exceed 10% of the original purchase order amount. Modified Purchase Orders resulting in an additional \$50,000 or more require Board approval.

I. Construction Contract Change Orders

An authorized Contract Change Order (CCO) is required for all changes in the Contract amount for construction contracts. Refer to the General Conditions of the Project Contract Documents and Specification for the requirements of Authorized Changes in the Work.

1. Authorized Amounts

The District Engineer and the Director of Operations are authorized to approve CCO's, singular or cumulative, up to the amount of contingency presented to and approved by the Board at the time of Contract award. Approval shall require the signatures of both the District Engineer and the Director of Operations on the District's CCO form. The General Manager may, at his/her discretion, authorize amounts over the approved contingency, but within the approved Project budget.

2. Contract Change Order Process

All CCO's are to be processed on District forms approved by the General Manager and in

compliance with the provisions of the General Conditions of the Project Specifications. The District Engineer and the Director of Utilities shall sign all CCO's after the approval of the contractor. After all signatures are complete, the Progress Payment is to be revised to show the CCO and new Contract Amount. A copy of the CCO is to be attached to the Progress Payment.

Construction Contract Change Orders must be completed as follows:

1. Contract Change Orders should be processed on District forms.
2. Description of the change and the contract increase/decrease in costs.
3. Include a justification or explanation along with a cost estimate.
4. Address increase/decrease in contract time.
5. Have the contractor counter-sign the Contract Change Order.
6. The District Engineer and the Director of Operations shall sign the Contract Change Order.

J. Construction Progress Payments

The General Manager, the District Engineer, and the Director of Operations are authorized to approve Construction Progress Payments up to the amount of the Project budget as approved by the Board at the time of the contract award. Such Progress payments shall be processed on District forms as approved by the General Manager.

**5.02.10 Informal and Formal Bidding Process**

Except as otherwise exempted in the policy, supplies, services and equipment with an estimated cost of up to \$49,999 shall be purchased following an Informal Bid Process and purchases of \$50,000 or more shall be made following a Formal Bid Process.

To initiate the informal/formal bid process, the department making the request shall provide specifications for the item to be purchased and documentation showing the existence of an unencumbered appropriation for the item in the current approved budget. The requesting department shall solicit informal/formal bids as prescribed by the policy.

Informal bids may be posted at the District Administrative Office, mailed to prospective bidders, or solicited over the phone, via e-mail, fax, or on the District's website and/or the District's Public Purchase Portal. Formal bids shall be posted at the District Administrative Office, on the District's website and/or the District's Public Purchase Portal, and shall be published at least once in a newspaper of general circulation, and if applicable, in appropriate trade or other publications. The date of publication shall be at least fifteen (15) days before the due date. All formal bids shall be sealed and shall be publicly opened and read at the date, time, and place indicated in the published notice.

Bids shall be reviewed for compliance with specifications by the requesting department. All deviations from the specifications shall be fully documented by the requesting department and the impact of the deviations on the performance or suitability of the bid item shall be detailed. The Department Head will prepare and forward a recommendation for approval of purchase to the Director of Administrative Services. Informal bids shall be approved by the Department Head. Formal bids shall be approved by the General Manager, except when a bid is recommended to be awarded to other than the lowest bidder, or when the bid otherwise requires Board approval.

A. Exemptions from the Competitive Process

The award of contracts without competitive bidding shall be permitted in cases where the Board of Directors has approved findings which support and justify exceptions to the competitive bidding process. Those circumstances may include, but are not limited to:

1. Competitive bidding would not be in the public's best interest because of an emergency as defined in section 8(D); or
2. The unique nature of the property or services required precludes competitive bidding; or
3. Competitive bidding would produce no economic benefit to the District; or
4. All of the following requirements are met with respect to the item:
  - a. The item may be purchased from a vendor that has a contract with another public agency of this state, an alliance of this state, or an alliance of the local public agencies within the state for the purchase of the item; and
  - b. The contract was awarded utilizing a competitive bidding process substantially the same as that utilized by the District; and
  - c. The item and terms of the transaction are the same or substantially the same; or
5. Special circumstances exist such that the purchase must be made within a limited period of time in order to secure for the District an advantageous price for the item that would not be achievable through competitive bidding. Such purchases shall be reported to the Board at its next regularly scheduled meeting; or
6. It is in the best interest of the District to extend a contract award from the previous contract period for up to one additional contract term provided the contractor agrees to furnish such products or services at the same contract price and under the same terms and conditions as the prior contract. This finding shall be made only when one of the following conditions exists:
  - a. The extension is necessary to avoid the interruption of District business; or
  - b. The extension makes good business sense; or
7. The products or services are needed by the District pending a bid award and the contractor with the most recently awarded contract for such product or services agrees to extend that contract for an interim period at the same contract price, terms, and conditions as the previous award. Such interim period contracts shall not exceed the greater of ninety (90) days, or until the conclusion of a bidder's appeal, if applicable, of the pending bid process.
8. Sole source vendors, in accordance with Section 5.02.08 C.
9. Negotiated contracts following solicitation of competitive proposals.
10. Any public works project where the Board of Directors finds that the "design-build" procurement process would save money or result in faster project completion. In such situations, the District may negotiate and award a "design-build" contract without having to award the contract to the lowest responsible bidder.



A comparative market analysis shall be included in the written findings of fact for purchases made pursuant to Exemptions to the Bidding Process for items 4, 5 or 6 hereinabove. Except in emergencies, no contract shall be awarded pursuant to the exceptions provided hereunder unless findings to support and justify such exception have been approved by the Board of Directors.

#### **5.02.11 Specifications**

It is the responsibility of each department to provide detailed, accurate specifications when requesting supplies, equipment and services. Accurate specifications are essential for effective bidding.

##### **A. Sole Source Specifications**

Sole source specifications shall be avoided whenever possible, as they minimize or eliminate competition. The appropriate authority (General Manager if total purchase is less than \$50,000; Board if total purchase is \$50,000 or more) may waive bidding requirements if sufficient written justification for a sole source purchase exists. An example of sole source is where equipment or supplies are required in order to be compatible with existing equipment or to perform a complex or unique function. Written documentation signed by the appropriate Department Head shall accompany the request for any sole source request. General purchase items specifically exempt from competitive bidding include: telecommunications, data processing, and information technology equipment and services.

##### **B. Standardization**

Standardization of specifications for items common to several departments can facilitate the purchasing process. The departments shall work together to establish standard specifications for such items.

##### **C. Vendor Assistance in Writing Specifications**

There may be occasions when vendor assistance is required to develop a specification. Such specifications shall be written in general terms and the vendor shall be informed that the information they provide may be used to develop specifications for a competitive bid process. The vendor shall be allowed to submit a bid, but will not be given any preference over the other bids.

#### **5.02.12 Professional Consultant Selection**

The following Policy shall apply to selection of certain professional consultants for services in connection with public improvement projects and governmental operations of the District. For purposes of this Policy, consultants include individuals, partnerships, corporations, joint ventures, associations or other legal entities, or any other combination of firms or persons competent to perform the required services. The selection of consultants shall be based upon the experience of the consultant, knowledge of the subject matter, demonstrated ability to perform similar services within budget and the time allowed, and the total estimated cost to the District. Above all, the goal of this Policy shall be to create a competitive environment where the best value can be achieved.

The General Manager has the authority to issue contracts for consultant services up to \$99,999 when funds have been approved in the budget for such services. For projects estimated at \$100,000 or more, at least three requests for proposals should be solicited and evaluated if possible. All consultants will

submit written proposals in response to requests for services. A consultant may qualify for the Local Preference Program. See Section 5.02.12 for details and requirements.

The evaluation and a subsequent recommendation to the General Manager for consultant services shall be conducted by the individual responsible for the project. Before a recommendation is made to the Board, as may be required above, the fee for the services shall be negotiated. If a mutually satisfactory fee cannot be agreed upon, negotiations shall be terminated; thereupon another consultant shall be selected and fee negotiations undertaken.

Award of a contract to a consultant shall be made only when sufficient funds have been appropriated in the project budget and all other applicable provisions in any applicable agreements are satisfied. The only exceptions are those services which relate to the processing of development plans that will be paid for by the developer.

### **5.02.13 Local Preference Program**

#### **A. Purpose**

In recognition that wages earned by County residents benefit Calaveras County's overall economy, the Board wishes to establish a local preference program for the contracting of construction and professional services.

#### **B. Application in Construction Contracting**

A local preference comparison amount may be applied to construction projects that exceed \$50,000. The comparison amount is for bid comparisons only; it shall be five percent (5%) of the total bid amount, up to a maximum comparison amount of \$50,000; and can be applied to local prime contractors or prime contractors using qualified local subcontractors. The comparison amount is deducted from the submitted bid.

1. Local Prime Contractor – Comparison amount equals five percent (5%) of bid amount, with a maximum comparison amount of \$50,000.

- or -

2. Prime Contractor using Qualified Local Subcontractors – If the sum of all qualified local subcontractors' costs is at least ten percent (10%) of total bid, then the comparison amount equals five percent (5%) of prime contractors' total bid, with a maximum comparison amount of \$50,000.

#### **C. Application in Professional Services Contracting**

A local preference may be applied to Professional Services contracts that exceed \$50,000 for a given project. The maximum local preference comparison amount shall not exceed a weighting factor of five percent (5%) of the total evaluation criteria outlined in the Request for Proposal. The local preference can be applied to local consultants, or to consultants using local sub-consultants as described above under applications for construction contractors.

#### **D. Definition**

A local contractor or professional services consultant is any contractor or consultant able to demonstrate that, for the calendar year prior to bid opening, at least fifty percent (50%) of that contractor's or consultant's payroll was paid to employees who are residents of Calaveras County. Contractors, subcontractors, and consultants seeking a local preference must submit the District's form certifying compliance with the local payroll criterion.

E. Award Review

After deducting the local preference comparison amount from the bid amount, the result will be compared to competing bids. The project will be awarded to the lowest responsive and responsible bidder. The price paid by the District will be the bid amount quoted by the winning bidder.

F. Exceptions in the Application of Local Preference:

1. No local preference shall be applied on projects using federal funds, or funds administered by a state agency where the funding originated from a federal source, or as may be otherwise disallowed by funding agency or regulation.
2. The District may, at its sole discretion, waive seeking local business or any offer of local preference if:
  - a. An emergency exists that requires the contract to be executed immediately.
  - b. No local firm is available to provide the service, equipment, or material.
  - c. The product or service required is proprietary in nature.
  - d. Staff determines, and Board approves, that the local preference is not in the best interests of the District's needs.

G. Right to Terminate

The Board of Directors reserves the right to terminate the local preference at any time if, in its sole discretion, (a) the program does not appear to be providing the desired economic benefit, and/or (b) the justification cited for the program appears no longer to be valid.

**5.02.14 Encumbrances**

**YEAR END PROCESS FOR ENCUMBRANCES/PURCHASE ORDERS**

An encumbrance is an outstanding purchase order for goods or services; a portion of the budget appropriation is reserved in the amount of the purchase order. Encumbrances help to ensure administrative and budgetary compliance. Purchase Orders for Operating and Capital Improvement Projects (CIP) may be carried forward to the future fiscal year provided there are sufficient funds available and approval by the Department Head and General Manager via the budget process.

Due to the large volume of Purchase Order requests presented at year-end, the Finance Department will accept Purchase Orders, greater than \$500, each fiscal year up to May 31. Purchase Orders submitted after May 31 of each fiscal year shall require prior approval by the Director of Administrative Services. As of May 31, all accounts must have an available balance greater than or equal to the amount of the purchase order requested. If a budget transfer is required, Department Heads must provide a **Budget Transfer Request** prior to submitting a **Purchase Order**.

## **GLOSSARY OF TERMS**

<b>Agreement</b>	A written understanding between two or more parties. See “ <i>Contract</i> ” and <i>Purchase Order</i> .”
<b>Appropriation</b>	District authorization to expend public funds for a specific purpose.
<b>Award</b>	The acceptance of a <i>Bid</i> or <i>Proposal</i> .
<b>Bid</b>	The executed document submitted by a <i>Bidder</i> in response to a <i>Notice Inviting Bids (NIB)</i> , a <i>Proposal</i> , or a <i>Request for Quotation</i> .
<b>Bidder</b>	A person or legal entity who submits a <i>Bid</i> in response to a solicitation. See also <i>Bid</i> or <i>Proposal</i> .
<b>Brand Name</b>	A trade name that serves to identify a product or particular manufacturer.
<b>Competitive Bidding</b>	The submission of prices by individuals or firms competing for a <i>Contract</i> , privilege, or right to supply merchandise or services.
<b>Consultant Services</b>	A person who facilitates organizational change and/or provides subject matter expertise on technical, functional, and business topics during development or implementation of a project.
<b>Contract</b>	A written, legally binding and mutual promise between two separate parties. e.g. an accepted <i>Purchase Order</i> .
<b>Contract Change Order (CCO)</b>	Written modification or addition to a <i>Construction Contract Purchase Order</i> or <i>Construction Contract Agreement</i> authorized by the appropriate authority.
<b>Contract Purchase Order</b>	A <i>Purchase Order</i> (usually issued for one year) that outlines unit prices to be charged by the Vendor for the term of the <i>Purchase Order</i> . This type of <i>Purchase Order</i> is generally used for such things as electrical, plumbing, and other goods and services that are anticipated to be needed periodically throughout the year. The <i>Bids</i> are usually expressed at hourly rates plus parts expressed at a specific <i>Discount</i> below list price.
<b>Design-Build</b>	For purposes of this policy, “design-build” means a procurement process in which certain elements of both the design and construction of the project are procured from a single entity.
<b>Discount</b>	An allowance or deduction from the normal or list price extended by a seller to a buyer to make the unit price more competitive.
<b>Emergency Purchase</b>	See <i>Emergency Purchases – page 7</i> .
<b>Encumbrance</b>	Committing budgeted funds prior to receiving supplies, equipment, or services; committed funds are shown as an encumbrance until supplies and equipment are received or service rendered, at which time funds are actually expended.
<b>Formal Bid</b>	A <i>Bid</i> that must be submitted in a sealed envelope and in conformance with a prescribed format, and only to be opened and announced at a specified time at a public opening.

<b>Guarantee</b>	A pledge or assurance that something is represented and will be replaced or repaired if it fails to meet the stated <i>Specifications</i> .
<b>Informal Bid</b>	Written or verbal <i>Quotations</i> for supplies, equipment and services which pursuant to this policy are not required to meet the formal bidding requirements. <i>Informal Bids</i> include unsealed written quotes, verbal quotes and quotes received via fax and email.
<b>Lowest (Responsive &amp; Responsible) Bidder</b>	The <i>Bidder</i> submitting the lowest price who has also demonstrated the attribute of trustworthiness, as well as quality, fitness, capacity, and experience necessary to perform the proposed Contract. See also " <i>Responsible Bidder</i> " and " <i>Responsive Bidder</i> ."
<b>Non-Responsive Bidder</b>	A <i>Bid</i> that does not conform to the essential requirements of the Notice Inviting <i>Bids</i> . Non-conforming <i>Bid</i> . Unresponsive <i>Bid</i> .
<b>Notice Inviting Bids (NIB)</b>	A formal notice, published in the newspaper or elsewhere or sent directly to potential Bidders, notifying them that the District is accepting Bids for a specific purpose.
<b>Professional Services</b>	Any work performed by an auditor, attorney, doctor, architect, engineer, land surveyor, appraiser, expert, etc.
<b>Proposal</b>	The executed document submitted as an offer, or in response to a <i>Request for Proposals</i> (and the basis for subsequent negotiations).
<b>Public Contract Code</b>	Shall mean <i>Public Contract Code</i> of the State of California.
<b>Public Project</b>	(definition is from State of California Public Contract Code) <ol style="list-style-type: none"><li>1. A project for the erection, improvement, or repair of public buildings and works.</li><li>2. Work in or about streams, bays, waterfronts, embankments, or other work for protection against overflow.</li><li>3. Street or sewer work except maintenance or repair.</li><li>4. Furnishing supplies or materials for any such project, including maintenance or repair of streets and sewers.</li></ol>
<b>Purchase Order</b>	A <i>Purchaser's</i> document to formalize a <i>Purchase</i> transaction with a <i>Vendor</i> . Acceptance of a <i>Purchase Order</i> constitutes a Contract; a <i>Purchaser's</i> written offer to a supplier stating all terms and conditions of a proposed transaction.
<b>Purchaser</b>	A prospective buyer.
<b>Purchases</b>	Goods or services.
<b>Purchasing Division Qualified Bidder</b>	The employee, division, and/or department within the organization to which the purchasing function has been delegated. A "qualified" <i>Bidder</i> is a <i>Bidder</i> that demonstrates the following characteristics:

1. Can provide product quality, fitness, and capacity for the required usage.
2. Has the ability, capacity, and skill to perform the contract or provide the service required.
3. Has demonstrated character, integrity, reputation, good judgment, experience, and efficiency, particularly with reference to past purchases by the District or other public agencies.
4. Has the ability to perform within the time required.
5. Has shown quality of performance and/or of products provided in previous contracts or services with the District or other public agencies.
6. Note: Previous documented incidents of unsatisfactory performance and/or unsatisfactory delivery, materials, or services may result in a determination of unqualified.

**Quotation** A *Bid*. A statement of price, terms of sale, and description of goods or services offered by a prospective seller to a *prospective Purchaser*, usually for *Purchases* below the amount requiring *Formal Bidding*.

**Request For Proposal (RFP)** All documents, whether attached or incorporated by reference, utilized for soliciting competitive *Proposals*. The *RFP* procedure permits the negotiation of *Proposals* and prices as distinguished from *Competitive Bidding* and a *Notice Inviting Bids*. The procedure allows changes to be made after *Proposals* are opened and contemplates that the nature of the *Proposal* and/or prices offered will be negotiated prior to the *Award*.

**Request For Quotation (RFQ)** The document generally used for seeking competition on small *Purchases* or on any *Purchase* that does not require competitive *Sealed Bidding*. Can be used for obtaining price and delivery information for *Sole Source* and emergencies. Also, see "*Quotation*."

**Responsible Bidder** A person who has the capability in all respects to perform in full the *Contract* requirements, and the integrity and reliability which will assure good faith performance.

**Responsive Bidder** (1) A person who has submitted a *Bid* which conforms in all material respects to the *Notice Inviting Bids*, or (2) One whose *Bid* conforms in all material respects to the terms and conditions, *Specifications*, and other requirements of the *NIB*.

**Sealed Bid** A *Bid* which has been submitted in a sealed envelope to prevent its contents from being revealed or known before the deadline for the submission of all *Bids*; required on *Formal Bids*.

**Sole Source** An *Award* for a commodity or service to the only reasonably known and capable supplier due to the unique nature of the requirement, the supplier, or market conditions.

**Specifications** A description of what the *Purchaser* seeks to buy or accomplish, and consequently, what a *Bidder* must be responsive to in order to be considered for *Award* of a *Contract*. A *Specification* may be a description of the physical or functional characteristics, or the nature of a supply or service. It may include a description of any requirements for inspecting, testing, or preparing a supply or service item for delivery.

**Split** To divide a *Purchase* into two or more parts in order to avoid the requirements of the *Purchasing Policy*. This is an action prohibited by the *Policy*.

Example:

*Split* –

If a department knows it will use \$52,000 of a particular supply in one fiscal year and they place two orders six months apart to keep each order below the \$50,000 limit, the action is considered *Splitting* and is not allowed under the *Policy*.

*Not Split* -

If a department hires ABC Engineering to prepare a fee study for \$28,000 and also hires the same company to oversee a capital improvement project for \$29,000, the action is not considered *Splitting*.

**Supplies** Office *Supplies*, janitorial *Supplies*, materials, goods, tools, or other commodities used in the general conduct of the District business, excepting *Supplies* or materials for a public work which is regulated under the *Public Contract Code* section of 20160 et seq.

**Vendor** A supplier of goods or services.

**Warranty** The representation that something is true. Not to be confused with “*Guarantee*.” A representation of utility, condition, and durability made by a *Bidder* for a product offered, that shall include a time period.

## APPENDIX A –

### Section 200.318 General Procurement Standards

- (a) The non-Federal entity must use its own documented procurement procedures which reflect applicable State, local, and tribal laws and regulations, provided that the procurements conform to applicable Federal law and the standards identified in this part.
- (b) Non-Federal entities must maintain oversight to ensure that contractors perform in accordance with the terms, conditions, and specifications of their contracts or purchase orders.
- (c)
  - (1) The Non-Federal entity must maintain written standards of conduct covering conflicts of interest and governing the actions of its employees engaged in the selection, award and administration of contracts. No employee, officer, or agent may participate in the selection, award, or administration of a contract supported by a Federal award if he or she has a real or apparent conflict of interest. Such a conflict of interest would arise when the employee, officer, or agent, 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 parties indicated herein, has a financial or other interest in or a tangible personal benefit from a firm considered for a contract. The officers, employees, and agents of the non-Federal entity may neither solicit nor accept gratuities, favors, or anything of monetary value from contractors or parties to subcontracts. However, non-Federal entities may set standards for situations in which the financial interest is not substantial or the gift is an unsolicited item of nominal value. The standards of conduct must provide for disciplinary actions to be applied for violations of such standards by officers, employees, or agents of the non-Federal entity.
  - (2) If the non-Federal entity has a parent, affiliate, or subsidiary organization that is not a state, local government, or Indian tribe, the non-Federal entity must also maintain written standards of conduct covering organizational conflicts of interest. Organizational conflicts of interest means that because of relationships with a parent company, affiliate, or subsidiary organization, the non-Federal entity is unable or appears to be unable to be impartial in conducting a procurement action involving a related organization.
- (d) The Non-Federal entity's procedures must avoid acquisition of unnecessary or duplicative items. Consideration should be given to consolidating or breaking out procurements to obtain a more economical purchase. Where appropriate, an analysis will be made of lease versus purchase alternatives, and any other appropriate analysis to determine the most economical approach.
- (e) To foster greater economy and efficiency, and in accordance with efforts to promote cost-effective use of shared services across the Federal Government, the non-Federal entity is encouraged to enter into state and local intergovernmental agreements or inter-entity agreements where appropriate for procurement or use of common or shared goods and services.
- (f) The Non-Federal entity is encouraged to use Federal excess and surplus property in lieu of purchasing new equipment and property whenever such use is feasible and reduces project costs.



- (g) The Non-Federal entity is encouraged to use value engineering clauses in contracts for construction projects of sufficient size to offer reasonable opportunities for cost reductions. Value engineering is a systematic and creative analysis of each contract item or task to ensure that its essential function is provided at the overall lower cost.
- (h) The Non-Federal entity must award contracts only to responsible contractors possessing the ability to perform successfully under the terms and conditions of a proposed procurement. Consideration will be given to such matters as contractor integrity, compliance with public policy, record of past performance, and financial and technical resources. See also § 200.213 Suspension and debarment.
- (i) The Non-Federal entity must maintain records sufficient to detail the history of procurement. These records will include, but are not necessarily limited to the following: rationale for the method of procurement, selection of contract type, contractor selection or rejection, and the basis for the contract price.
- (j)
  - (1) The Non-Federal entity may use a time and materials type contract only after a determination that no other contract is suitable and if the contract includes a ceiling price that the contractor exceeds at its own risk. Time and materials type contract means a contract whose cost to a non-Federal entity is the sum of:
    - (i) The actual cost of materials; and
    - (ii) Direct labor hours charged at fixed hourly rates that reflect wages, general and administrative expenses, and profit.
  - (2) Since this formula generates an open-ended contract price, a time-and-materials contract provides no positive profit incentive to the contractor for cost control or labor efficiency. Therefore, each contract must set a ceiling price that the contractor exceeds at its own risk. Further, the non-Federal entity awarding such a contract must assert a high degree of oversight in order to obtain reasonable assurance that the contractor is using efficient methods and effective cost controls.
- (k) The Non-Federal entity alone must be responsible, in accordance with good administrative practice and sound business judgment, for the settlement of all contractual and administrative issues arising out of procurements. These issues include, but are not limited to, source evaluation, protests, disputes, and claims. These standards do not relieve the non-Federal entity of any contractual responsibilities under its contracts. The Federal awarding agency will not substitute its judgment for that of the non-Federal entity unless the matter is primarily a Federal concern. Violations of law will be referred to the local, state, or Federal authority having proper jurisdiction.