

CARMICHAEL WATER DISTRICT **Regulations Manual**

REGULATION TITLE: **PROCUREMENT OF GOODS, SERVICES, AND CAPITAL PROJECTS**

REGULATION NUMBER: **3020**

3020.10 PURPOSE

The purpose of this Regulation is to establish and implement purchasing policies and procedures for procuring the appropriate quality goods, supplies, and materials, general and professional services, and the construction of capital facilities required to operate the Carmichael Water District (“District”) at the lowest possible cost. This policy is also adopted to ensure appropriate financial oversight and control over procurement of goods, services, and capital projects, to clearly define authority for the purchasing function, and to assure the quality of purchases in accordance with the rules and regulations of the District, Government Code sections 54202 and 54204, Public Contract Code sections 20560 to 20570, and other applicable laws.

3020.20 POLICY

3020.20.1 Authority

The General Manager has been granted the authority and the responsibility for procurement of all materials, equipment, supplies, general and professional services, and capital projects necessary for operation of the District. As provided in this regulation, the General Manager may delegate to other District officers and employees the authority to make purchases, approve contracts and perform other duties in accordance with this regulation. The Finance Manager shall assist the General Manager with the administration of this regulation and oversee and report to the Board and General Manager on the expenditures made in compliance with the annual budget authority provided for all authorized expenditures.

To the extent of the delegation of the General Manager and this regulation, each department manager or superintendent is responsible for the enforcement of these policies and procedures within their respective areas of authority. Department managers and superintendents are responsible for complying with this regulation in making all departmental purchases on behalf of the District.

3020.20.2 Policy Statement and Goals

The District will make every effort to obtain goods, services, and capital projects of the kind and quality appropriate for District operations at the best possible price. All procurement procedures will be conducted in a fair and impartial manner with the avoidance of any impropriety or bias. All District procurements of goods, services, and capital projects shall be made in accordance with this regulation.

Unless a budget appropriation has been made for a proposed procurement of goods, services, or capital project, District staff may not obligate the District for such expenditures. The General Manager and each department manager or superintendent has the responsibility of reviewing the budget availability prior to initiating a procurement and ensuring the proposed procurement is within the applicable annual budget. If the goods, services, or project is not within the annual budget authority approved by the Board of Directors, then a budget reallocation or supplementation must be requested by the General Manager or Finance Manager. The sole exception is for emergency procurements as defined in Section 3020.50 of this regulation, in which case the General Manager may temporarily expend funds necessary to address the emergency until such time as the Board is able to meet and provide approval for the expenditures and any additional appropriations required to address the emergency.

3020.20.3 Monitoring and Compliance

The General Manager and Finance Manager shall implement, monitor, and enforce this regulation. In the event an employee becomes aware of any conflict in procurement requirements or questions about proper procedure or other requirements, the matter shall be referred to the General Manager. Violations of this policy are subject to disciplinary action pursuant to Policy 6070 – Code of Conduct.

3020.30 PROCUREMENTS USING GRANTS AND LOANS.

All procurements which utilize federal or state funds must be conducted in compliance with the requirements of the funding agreement and this regulation, to the extent it does not conflict with the terms of the funding agreement. It is the responsibility of the department administering the grant or contract to follow all such requirements

3020.40 EMERGENCY PURCHASES

In case of an emergency as defined in Public Contract Code section 1102, the General Manager is authorized to make and approve necessary expenditures in the open market or through the Internet in accordance with the procedures provided in Public Contract Code section 22050. The General Manager shall use his or her best efforts to first obtain the consent (which may be verbal with appropriate documentation or via e-

mail) of at least two Board members prior to making the expenditure. Expenditures approved under this section do not require prior Board approval and may be made without complying with comparative pricing or bidding requirements. The General Manager thereafter must promptly report to the Board concerning the type and amount of the expenditure and the emergency circumstances warranting the expenditure. Expenditures that ordinarily would require Board approval pursuant to this policy shall be subject to ratification by the Board at its next meeting. If a budget amendment or reallocation is required to fund the expenditure, the General Manager also shall request this approval at the same board meeting.

3020.50 PROCUREMENT DELEGATIONS

For budgeted, non-emergency procurements up to \$75,000 per year per vendor, the General Manager will have the authority to make the procurement without prior authorization of the Board of Directors. The General Manager may delegate procurements of goods or services as shown in the following tables, or may require that any procurement be conducted under his/her direct authority. The following tables provide a general delegation of procurement authority within District management, including the general maximum delegated spending authority for the procurement of goods and supplies, general services, professional or design services, and capital expenditures. The tables also provide for the normal procurement process, documentation, and approval authority, although the General Manager or Board reserve the right to determine and direct that a different process, documentation, or approval requirement applies to a specific procurement. The procurement maximums apply to *aggregate purchases per year per vendor*. For example, a purchase of 10,000 screws for \$1 each, the aggregate price is \$10,000, not the individual price of \$1. Purchase orders or agreements may not be split to avoid following these procurement maximums. The Finance Manager will strictly monitor these requirements. The Finance Manager, under the authority of General Manager, has the authority to question all purchases including the vendor selection. All expenditures will be reported to the Board at the next regular meeting following the occurrence of a procurement.

Amount	Bid/Quote Requirement	Document Required	Approving Authority
<u>Goods / Supplies / General Services</u>			
\$0 - \$2,500.00	None	Record of Purchase (receipt, invoice or other documentation) or Purchase Order	Superintendent
\$0 - \$5,000.00	None	Record of Purchase (receipt, invoice or other documentation) or Purchase Order	Manager
\$5,000.01 - \$15,000.00	Informal (Verbal or Written Quotes)	Purchase Order or Agreement	Finance Manager
\$15,000.01 - \$75,000.00	Informal (Written Quotes)	Purchase Order or Agreement	General Manager
Over \$75,000	Formal (Bid)	Purchase Order or Agreement	District Board
<u>Professional Services</u>			
\$0 - \$75,000.00	None	Professional Services Agreement	General Manager
Over \$75,000	None	Professional Services Agreement	District Board
<u>Public Works (Capital) Projects</u>			
\$0 - \$25,000.00	None	Short Form Public Works Construction Contract	Manager/Superintendent
\$25,000.01 - \$75,000.00	Informal (Written Quotes)	Public Works Construction Contract (Short or Long Form depending on complexity and risks of work)	General Manager
Over \$75,000	Formal (Bid)	Long Form Public Works Construction Contract	District Board

3020.60 GENERAL PROCUREMENT REQUIREMENTS

3020.60.1 Purchases under this regulation may be made by negotiation, requests for proposals or qualifications or competitive bid at the General Manager's discretion, provided that the method chosen is reasonable, free from bias or favoritism, and ensures that the goods or services are procured from a responsible vendor at a price that is fair to the District and its ratepayers.

3020.60.2 Regardless of monetary or other limitations specified in this section, the Board of Directors may, at its discretion, direct the manner in which a specific purchase will be made.

3020.60.3 All procurements of goods, services, and capital projects shall be documented in writing by requisition, purchase order, or agreement. When a written agreement is executed for a procurement, it shall be on a District form of agreement prepared by the District unless otherwise approved by the General Manager. The General Manager shall consult with legal counsel as necessary in preparing and executing such agreements.

3020.60.4 The District shall pay any sales, use, and other taxes when required by State or Federal law.

3020.60.5 Whenever possible, the District will contract to pay for goods, services, and capital projects by submittal of invoices from the vendor, consultant, or contractor. Invoices will be submitted to the General Manager or his/her designee. Once goods, services, or project work rendered to the District have been confirmed to be acceptable and an appropriate invoice has been received, the District shall process the invoice, obtain the necessary approvals, and make payment within 30 days of receipt of invoice. If the invoice received is not approved, the District will provide notification of the deficiencies to the vendor, consultant, or contractor within two weeks of receipt of the disputed invoice and work expeditiously to resolve the dispute.

3020.60.6 Each department and the Finance Director shall retain complete records of all procurements proposed and made for the District as provided in this regulation and consistent with the period designated in the District's records management policy and retention schedules.

3020.60.7 The General Manager may establish one or more impress (cash) accounts for the purposes of paying vendors or reimbursing employees for District expenditures of materials or trade services costing less than \$500. Appropriate controls and procedures will be established by the General Manager or his/her designee. A petty cash fund that may be used in the implementation of this regulation has been established in Regulation 3010.

3020.60.8 The District shall do business only with vendors, consultants, and contractors which hold the required licenses, permits, and approvals necessary to conduct business in their field, and which maintain appropriate types, limit, and quality of insurance coverage. The purchase order or agreement shall specify the requirements for the particular procurement, and the District employee initiating the procurement shall ensure that all requirements are satisfied prior to making any payments on the purchase order or agreement.

3020.60.9 As used in this regulation, the term “procurement” or “purchase” means the purchase, lease, or rental of goods, materials, supplies, equipment, and general services. “General services” includes work and service performed by skilled tradespersons, technicians, and other service providers under agreement or purchase order. Examples include facility and equipment maintenance, security services, installation of equipment and furnishings, tree trimming, and janitorial services. “Professional services” means services performed under agreement by engineers, architects, land surveyors, geologists, and other licensed professionals in furtherance of capital and public projects, and other professional services such as accountants and medical professionals.

3020.60.10 All District purchases shall be made for District purposes only. District employees are prohibited from using District resources of any kind for personal gain or use. Violations of this policy are subject to disciplinary action pursuant to Policy 6070 – Code of Conduct.

3020.60.11 Employees who are responsible for recommending or purchasing goods and services shall not have any personal relationships with the vendors.

3020.70 PROCUREMENT PROCEDURES FOR GOODS AND SERVICES

3020.70.1 Purchases of Goods and General Services under \$5,000:

1. With the prior approval of a manager or superintendent, employees may be delegated to directly make a purchase of goods, supplies or equipment based on the approval authority outlined above (including shipping and taxes) for use in their department in accordance with the procedures provided in this section.
 - a) All purchases made by an employee must be approved in advance by a department manager or superintendent, and a purchase order issued prior to any authorized expenditure for goods or services.
 - b) Procurement of supplies or materials may be made in advance with cash upon compliance with Regulation 3010.
 - c) Procurements made using a District purchasing card must follow the procedures stated in this section, including advance authorization and use of proper supporting documentation.
 - d) Unless otherwise waived or authorized, all procurements must be made using a District purchase order (PO).
 - i. A request for issuance of a PO will be initiated on a “requisition form” completed by the designated employee and approved by the employee’s manager or superintendent. Any procurement of goods initiated by a manager or superintendent shall be

approved by the General Manager or Finance Manager. The requisition form shall state the vendor, goods to be procured, and the total dollar amount of the purchase. This form shall be kept on file by the department in accordance with Section 3020.70.6 of this regulation.

- ii. All purchases must be approved by the department manager or superintendent, and the requisition form must be signed by the employee and manager or superintendent. A purchase order will then be authorized for issuance by the department manager or superintendent and a copies of the purchase order filed in the department and sent to the Finance Manager.
- iii. If a vendor or consultant will invoice the District for the goods or services, the invoices will be sent directly to the Finance Department. If the goods will be paid for in advance by purchasing card, warrant or in cash, the employee in charge of the procurement will provide invoices, receipts, packing slips, or other evidence of the purchase received with direct delivery of purchased goods to the Finance Department promptly after payment is made. The Finance Department will process payment for these items.

2. Purchases of General Services for on-site repair and/or maintenance of District facilities or equipment up to \$5,000 shall be made using the same procedures as for procurements of goods, except as noted below.
 - a) The costs of on-site services may not be charged on a department purchasing card.
 - b) All purchase orders or agreements for services must require vendors and consultants to provide proof of required licenses and insurance, and provision of tax information before the vendor or consultant may begin work

3020.70.2 Purchases of Goods and General Services Over \$5,000 and Up to \$15,000:

1. Purchases of goods and general services that exceed \$5,000 up to \$15,000 must be initiated by a department manager or superintendent and approved by the Finance Manager or General Manager.
2. Purchases of goods and services for more than \$5,000 and up to \$15,000 will, whenever possible, be based on at least three verbal or written quotes obtained by the department manager or superintendent, or a designee, and presented in writing to the Finance Manager or General Manager together with a requisition form or purchase request providing the details of the proposed procurement.

Written quotes may be documented by a facsimile, electronic mail, or written proposal submitted by a vendor, or by a printout from the vendor's website. The department manager or superintendent will document verbal quotes by submitting a written report of the quote showing the specifics of the quote, day and time that the quote was received, and a statement of the period for which the quote remains valid.

3. The department manager or superintendent proposing the expenditure shall submit the requisition form and a quotation worksheet with the name and contact information of the recommended vendor, and all supporting documentation. This documentation will be signed by the manager or superintendent and submitted to the Finance Manager. Supporting documentation shall include competitive price quotes obtained, names of vendors contacted, description of the items required, and the purchase order or agreement for procuring the goods or services. The Finance Manager shall review the recommendation and supporting documentation for approval.
4. Department and the Finance Manager shall keep records of all open purchase orders and agreements and all solicitations for quotes in accordance with Section 3020.70.6 of this regulation.
5. If no responsive quotations are received after inviting quotations under this section, the manager or superintendent proposing the procurement shall request that the Finance Manager approve an open-market purchase or sole source hiring of a service provider. Upon receipt of the Finance Manager's written approval, the manager or superintendent may proceed with the procurement.

3020.70.3 Purchases of Goods and General Services for Over \$15,000 Up to \$75,000

1. All purchases of goods and general services will occur only with the direct approval of the General Manager. A procurement of goods or general services costing between \$15,000 up to \$75,000 inclusive of all costs of goods or services, shipping, taxes, and other expenses may be initiated directly by the General Manager or by a department manager or superintendent. If the procurement is initiated by the General Manager, the Finance Manager will approve and sign the requisition form. If initiated by a department manager or superintendent, the General Manager shall approve and sign the form.
2. Generally all such procurements in this cost range will be by written quotes and require a written agreement, unless otherwise approved by the General Manager.

3. Except as otherwise provided above, the procurement will be conducted in accordance with the procedures provided in Section 3020.80.2.

3020.70.4 Purchases of Goods and General Services for more than \$75,000

1. Procurements of goods and general services exceeding \$75,000 require a formal bid process to be conducted by the General Manager or designee, and approval of the Board of Directors.
2. Requesting department will prepare and keep on file a Request for Bid or Proposal, which will include a Bid Notice or Request for Proposals, including a proposed agreement or purchase order prepared by the District which states the general terms and conditions, insurance requirements, scope of work or items to be purchased, and any necessary detailed specifications and drawings.
3. Prior to publication of the bid notice or request for proposals, the requesting department will provide the documentation for the proposed procurement to the General Manager for approval and preparation of the agenda item for Board approval at the next available public board meeting.
4. If the Board approves the procurement, the General Manager shall provide the approved agreement to the Finance Manager for final processing and execution by the District and vendor, consultant or contractor.

3020.70.5 Procurement of Professional Services:

Professional services will be procured through competitive or noncompetitive negotiations at the discretion of the General Manager. The District will use its form of professional services agreement for all such procurements, unless waived by the General Manager. The General Manager may award agreements for professional services in an aggregate amount of \$75,000 or less when funded in the current annual budget, and the Board shall approve all such agreements totaling more than \$75,000 in cost or when not budgeted for in the current annual budget.

1. A proposal to enter into a professional services agreement may be initiated by the General Manager or any department manager or superintendent. If initiated by a department manager or superintendent, he or she shall prepare a memorandum to the General Manager describing the type of services, need, estimated cost, and identify the appropriate budget category to be used to fund the work, and attaching any additional documentation justifying the need for the work and manner proposed for procuring and conducting it. If initiated by the General Manager, he or she shall prepare the memorandum. If the proposal must be approved by the Board, this documentation will be used to generate the agenda materials for such approval.

2. A professional services procurement will be conducted by a formal or informal invitation process as determined by the General Manager, taking into account the type and complexity of the services sought, the cost, and number and qualifications of consultants or firms that do work of the kind to be procured.
3. If the solicitation for professional services will be by informal process, that process will be conducted by soliciting proposals directly from one or more consultants as approved by the General Manager using the criteria provided in paragraph 1 above. If the solicitation will be by formal bidding, the following process will be used:
 - c) A request for proposals or qualifications (RFP/RFQ) will be prepared, which describes the scope of services requested and identifies all of the significant evaluation factors, including consultant qualifications, elements of a valid proposal, cost, and basis for ranking proposals.
 - d) The RFP/RFQ shall state the date and time by when sealed proposals must be submitted and the form of the responses.
 - e) Written proposals, qualifications and/or quotations responding to an RFP shall be attached to the RFP. Additional information/quotations received by telephone calls are to be described and attached to the RFP.
 - f) The most qualified and responsive offeror will be selected for contract negotiation. If agreement cannot be reached with the first choice offeror, the second choice offeror (and then the third, and so on) will be contacted, with the first choice offeror (or other offerors, in order) dismissed from further consideration on that particular project.
4. The General Manager or designee shall document the scoring of all submitted proposals in writing and prepare a memorandum or other writing describing the basis for selecting the winning proposal. This documentation will be retained in the project file for the retention period provided in the District's records management policy and schedules.
5. Consultants selected in an RFP/RFQ process must execute a professional services agreement on a form prescribed by the District. The proposed professional services agreement must be attached to the RFP/RFQ and any exceptions to the form of agreement must be identified by each consultant submitting a response, and the District may reject, accept or negotiate any such exceptions with the consultant, at the District's sole discretion.

6. All professional services agreements submitted to the Board for approval must be accompanied by a staff report providing sufficient background analysis to support the recommendation for approval.

3020.80 PUBLIC WORKS (CAPITAL) PROJECTS

Per Public Contract Code (PCC) section 20560-20570, irrigation districts are required to formally bid public works projects that are funded by bonds or limited (special purpose) assessments. Any projects funded by rates, grants, or loans are not subject to the PCC statutes unless stated otherwise. Public Works contracts shall adhere to fund source bidding requirements if applicable.

3020.90 EXCEPTIONS

The General Manager or the Board as appropriate may waive the quotation or bidding requirements and procedures for purchasing goods, general services, or professional services in any of the following circumstances:

3020.90.1 In an emergency in accordance with Public Contract Code section 22050 and Section 3020.50 of this regulation.

3020.90.2 Sole Source Procurement. If procurement of goods and services by competitive quotation or bidding would disadvantage the District in terms of quality of goods or services, the District may benefit from waiving required competitive sourcing requirements and negotiating for goods or services with a single service provider or vendor. Examples of such situations include (a) selecting a consultant or service provider based on unique experience, ability, and/or knowledge; (b) purchasing replacement equipment parts where doing so from other than the original equipment manufacturer or other select manufacturer could adversely impact a warranty or ongoing maintenance; (c) purchasing new or replacement equipment or work which must integrate with existing assets and where it is not reasonably available from a source other than the service provider or vendor who supplied the existing asset or where equipment or operations compatibility concerns compel a purchase from a particular manufacturer; or (d) software purchase, licensing and maintenance agreements, including related support services, for existing District software.

1. For budgeted procurements of goods and services up to \$75,000, the General Manager may approve a request for sole sourcing. To make a waiver request, a justification shall be prepared by the requesting manager or superintendent explaining the reasons for requesting a waiver of the competitive procurement requirements, which shall be provided to the General Manager. At minimum, the justification shall address the economics, operating efficiencies, other advantages, and any legal considerations of using a sole source approach.

2. The General Manager shall review the justification and prepare a written reply to the requesting manager or superintendent indicating approval or disapproval of the request.
3. The manager or superintendent responsible for issuing a contract under an approved sole source request should ensure that a copy of the request/justification and General Manager's reply is retained in the respective project file.
4. Any request for a sole source award exceeding \$75,000 or in any amount not authorized in the current District budget shall be brought to the Board of Directors for approval.

I. REVIEW OF POLICY

This policy shall be reviewed and, if necessary, updated every two years to ensure compliance with all applicable laws.