

# VALLEY OF THE MOON WATER DISTRICT

July 2016

## PURCHASING POLICY

### Section 1

**PURCHASING POLICY ESTABLISHED:** In accordance with provisions of the District Code and the Board of Directors Policies and Procedures Manual of the Valley of the Moon Water District (District), the General Manager, with the approval of the Board of Directors, hereby establishes this Purchasing Policy to set forth the duties and responsibilities of the General Manager or his/her designee.

### Section 2

**DEFINITIONS:** For the purpose of this policy the following terms, phrases, words and derivations shall have the meaning given herein unless the context in which they are used clearly requires a different meaning.

- 2.1 PURCHASING:** Purchasing includes purchasing, renting, leasing or otherwise obtaining supplies or services.
- 2.2 SUPPLIES:** Supplies shall mean and include all supplies, materials and equipment.
- 2.3 SERVICES:** Services shall mean and include all telephone, gas, water, electrical and power services, laundry and cleaning service, insurance, leases or rentals of all buildings, space or equipment required by the District, the repair or maintenance of equipment or real property owned by the District, infrastructure repair, replacement or construction, building construction, building repair or renovation.

### Section 3

**PURCHASING PROCEDURES:** The General Manager or his/her designee shall be responsible for supervising the purchase or contracting of all supplies and contractual services requisitioned by the District in accordance with the purchasing procedures prescribed herein and applicable provisions of the Board Policy and Procedures Manual.

- 3.1 SUPPLIES AND SERVICES COSTING NOT OVER \$10,000:** When the General Manager or his/her designee considers prices to be fair and reasonable and the total amount of a purchase is not more than \$10,000, such purchases may be awarded without competitive bidding by the General Manager.
- 3.2 SUPPLIES AND SERVICES COSTING \$10,000 to \$100,000:** Negotiated purchases exceeding \$10,000 but not exceeding \$100,000 in total cost will be supported by a record of price quotation from at least three (3) competitive sources or adequate explanations justifying the absence of such competition. Such quotation may be obtained in writing, verbally, or by such other means as may be prescribed

by the General Manager or his/her designee as appropriate to the circumstances. These purchases are to be authorized by the General Manager.

**3.3 SUPPLIES AND SERVICES COSTING MORE THAN \$100,000 AND ALL CONSTRUCTION CONTRACTS:** All supplies and services costing more than \$100,000 and all construction contracts shall be purchased/awarded by formal competitive bids from the lowest responsible bidder, after due notice inviting proposals and subject to the conditions under 3.3.1 to 3.3.9. Upon recommendation of the General Manager, all formal bids shall be awarded by the Board of Directors.

**3.3.1 BID DEPOSITS:** Bid deposits will be required on all construction projects when the estimated value of work to be done exceeds \$50,000 or when deemed necessary by the General Manager or his/her designee or required by federal regulations, and that said bid deposits shall be prescribed in the public notice inviting bids. Bid deposits shall be a minimum of ten (10%) percent. Surety of the unsuccessful bidders shall be returned by the General Manager within a reasonable period of time. A successful bidder shall forfeit any surety required by the General Manager upon failure on his/her part to enter into a contract within ten (10) days after the award.

**3.3.2 PERFORMANCE AND PAYMENT BONDS:** A 100% performance and payment bond will be required and shall be prescribed in the public notice inviting bids for all construction contracts.

**3.3.3 BID OPENING PROCEDURE:** Bids shall be submitted sealed to the General Manager and shall be identified as bids on the envelope. Openings shall be in public at the time and place stated in the public notice. A record of all bids submitted shall be kept by the General Manager or his/her designee and such record shall be open to public inspection during regular business hours.

**3.3.4 LOWEST RESPONSIBLE BIDDER:** Contracts shall be awarded to the lowest responsible bidder. In determining the lowest responsible bidder in addition to price, the following shall be considered:

- 1) The ability, capacity, and skill of the bidder to perform the contract or provide the service required;
- 2) Whether the bidder can perform the contract or provide the service promptly, or within the time specified, without delay or interference;
- 3) The character, integrity, reputation, judgment, experience and efficiency of the bidder;
- 4) The quality of performance of previous contracts or services;
- 5) The previous and existing compliance by the bidder with laws and ordinances relating to the contract or services and supplies;

- 6) The sufficiency of the financial resources and ability of the bidder to perform the contract or provide the services and supplies;
- 7) The quality, availability and adaptability of the supplies or contractual services to the particular use required;
- 8) The number and the scope of conditions attached to the bid;
- 9) Submission of all required documents, addendums, etc. at the time of the bid

**3.3.5 AWARD TO OTHER THAN LOW BIDDER:** When the award is not given to the lowest bidder, a statement of the reasons for placing the order elsewhere shall be prepared and filed with the papers relating to the transaction.

**3.3.6 TIE BIDS:** If all bids received are for the same total amount or unit price, quality and service being equal, the contract shall be awarded first to a local bidder and second to an in-state bidder. If neither of the above applies, the contract shall be awarded to one of the tie bidders by drawing lots in public.

**3.3.7 REJECTION OF BIDS:** The Board of Directors, upon recommendation of the General Manager, shall have the authority to reject any and all bids when bids are deemed non-responsive, token, collusive or otherwise non-acceptable, and such action is in the best interest of the District.

**3.3.8 EMERGENCIES:** When the public exigency will not permit the delay incident to advertising, the General Manager may authorize immediate negotiated purchases of supplies or services necessary to protect the best interest of the District. Awards done as emergencies shall be documented and forwarded to the Board of Directors for ratification.

**3.3.9 FORMAL COMPETITIVE BIDS IMPRACTICAL:** Services and Materials for which it is impractical or impossible to obtain competitive bids because of the specialized and professional nature of these services, their purchase shall be effected in a manner which is in the best interest of the District.

**3.4 ENGINEERING AND CONSULTANT SERVICES:** It is the policy of the District to award contracts for such services on the basis of demonstrated competence and qualifications for the type of professional services required, the technical merits of offers and the price for which services are to be rendered.

**3.4.1 ENGINEERING AND CONSULTANT SERVICES COSTING NOT OVER \$10,000:** When the General Manager or his/her designee considers prices to be fair and reasonable and the total amount of a purchase is not more than \$10,000, such purchases may be awarded without competitive proposals by the General Manager.

**3.4.2 ENGINEERING AND CONSULTANT SERVICES COSTING \$10,000 to \$100,000:** Negotiated purchases exceeding \$10,000 but not exceeding \$100,000 in total cost will be supported by a record of price quotation from at least three (3)

competitive sources or adequate explanations justifying the absence of such competition. Such quotation may be obtained in writing, verbally, or by such other means as may be prescribed by the General Manager or his/her designee as appropriate to the circumstances. These purchases are to be authorized by the General Manager.

**3.4.3 ENGINEERING AND CONSULTANT SERVICES COSTING MORE THAN \$100,000 AND ALL CONSTRUCTION CONTRACTS:** All engineering and consultant services costing more than \$100,000 shall be awarded by formal request for proposal. Upon recommendation of the General Manager, all formal bids shall be awarded by the Board of Directors.

**3.4.1 FEES:** Sealed fee statements shall be submitted at the same time as the proposal. No District contracts shall be awarded wherein the fee is stated as a percentage of the project cost. The preferred method of establishing a fee shall be that of a not-to-exceed amount. Other methods may, at the discretion of the General Manager, be employed if it is impossible to arrive at a not to exceed amount.

**3.4.2 SELECTION:** The General Manager or his/her designee shall:

- 1.) Develop a scoring matrix that is included in the request for proposals
- 2.) Solicit proposals from at least three vendors when practical
- 3.) Score and select responsive proposals according to the matrix

**3.4.3 INSURANCE AND BONDS:** All firms selected as being adequately qualified must provide evidence of insurance covering their entire scope of operation for any “error or omissions” resulting from their endeavors. The amounts of such insurance coverage shall be commensurate with the magnitude of the project under consideration and shall be established by the General Manager or his/her designee. Should timely performance be a matter of importance to the District, the firm selected may be requested to furnish an acceptable performance bond and/or such other form of surety as may be mutually agreed upon to insure adherence to a mutually agreed upon time schedule.

**3.4.4 NEGOTIATION OF FEES:** Once the General Manager has selected and rated those firms adequately qualified for a specific project and has reviewed the fee statements, the General Manager shall negotiate a contract with the highest rated firm at compensation which he/she determines to be fair and reasonable to the District. In making this decision, he/she shall take into account the estimated value of the services to be rendered, the scope, complexity and professional nature thereof.

**3.4.5 FORMAL COMPETITIVE RFP’S IMPRACTICLE:** Engineering and Consultancy Services for which it is impractical to obtain competitive bids because of the specific expertise, specialized knowledge and professional nature of these services, their services shall be contracted in a manner which is in the best interest of the District.

- 3.5 REQUISITION:** Purchases involving the immediate encumbrance of District funds over \$1,000 shall be made only on the basis of a Purchase Order signed by the General Manager or his or her designee.
- 3.6 UNAUTHORIZED PURCHASES:** Except as herein provided, or as may be specifically authorized by the Board of Directors or the General Manager or his/her designee, it shall be unlawful for any District employee or official to purchase any supplies or services other than in accordance with these policies.

#### **Section 4**

#### **MISCELLANEOUS PROVISIONS**

- 4.1 GIFTS AND GRATUITIES:** Officers and employees of the District are expressly prohibited from accepting from any person, firm, corporation or organization, any rebate or gift that would directly affect the purchase of goods or services for the District, except where given for the use or benefit of the District.
- 4.2 COOPERATIVE PURCHASING:** The General Manager or his/her designee shall have the authority to join other units or government (federal, state, county, municipal subdivisions, including quasi-municipal agencies) in cooperative purchasing plans when the best interests of the District would be served thereby and such action is in accordance with and pursuant.
- 4.3 USE OF PETTY CASH:** From time to time staff needs to obtain small items to facilitate the District's operations. Petty can be used to reimburse staff for these items if the items reimbursed are less than \$20. If the amount is greater than \$20, the amount will be reimbursed through accounts payable.