

SOUTH PLACER MUNICIPAL UTILITY DISTRICT POLICIES

Policy Name:	3150 – PURCHASING POLICY		
Approval Authority:	SPMUD BOARD OF DIRECTORS	Adopted:	02/05/15
Resolution No.	15-02, 15-23, 20-33	Revised:	11/05/2020

**PURPOSE**

This policy seeks to establish efficient, equitable, and uniform procedures for all District contracting for goods (including, without limitation, materials and equipment), services (professional and other), rentals and leases of personal property, and construction; provide for fair and equitable treatment by the District of all persons involved in the contracting process; maximize the purchasing value of public funds; exercise financial control over the District expenditures it covers; clearly define authority for spending approvals and contracting functions; and provide safeguards for maintaining a high-quality procurement system.

**POLICY STATEMENT**

The District’s General Manager, who shall be the District’s Purchasing Agent, will implement and administer standard operating procedures for District contracting in consultation with the District’s General Counsel, to implement the purpose and requirements of these administrative regulations. The District shall conduct all contracting for goods, services, rentals and leases of personal property, and construction in accordance with these administrative regulations and associated standard operating procedures, and under the administration of the Purchasing Agent.

**Section 1. Purchasing Authority**

The purchasing authority is established by the dollar amount of the purchase and includes sales tax and shipping.

A single contract or commitment shall not exceed \$50,000 without approval by the Board of Directors.

All other contracts or commitments require the following spending approval:

- a) Up to and including \$50,000 - General Manager or his designee.
- b) Up to and including \$5,000 – Department Manager or other employee who has been pre-approved by express written authorization by the General Manager for such spending approval authority.
- c) Up to and including \$1,000 – Field Supervisor or other employee who has been pre-approved by express written authorization by the General Manager for such spending approval authority

Where a single contract or commitment that was originally approved for less than or equal to \$50,000, requires a change order that increases it to more than \$50,000, the change order shall be submitted to the Board of Directors for approval. The General Manager shall ensure that District procurements are not artificially divided or structured to avoid the approval requirements set forth herein.

The following table summarizes the requirements for purchasing goods, equipment, professional and non-professional services, and contracting for construction projects.

<u>Purchase Type</u>	<u># of Quotes</u>	<u>Dollar Limit</u>	<u>Approved By</u>
Goods/Equipment	3	\$250	Lead Workers/ASA
Goods/Equipment	3	\$1000	Field Supervisor
Goods/Equipment	3	\$5,000	Department Manager
Goods/Equipment	3	\$5,001 to \$50,000 <sup>1</sup>	General Manager
Goods/Equipment	RFB	\$50,001 and up <sup>2</sup>	SPMUD Board
Services	3	\$5,000	Department Manager
Services	3	\$5,001 to \$50,000	General Manager
Services	RFP, RFQ	\$50,001 and up	SPMUD Board
Construction	3	\$50,000 <sup>3</sup>	General Manager
Construction	Public Bidding	\$50,001 and up <sup>3</sup>	SPMUD Board

The General Manager or his or her designee shall have the authority to approve employee benefit payments such as health premiums, dental and vision programs, retirement contributions, OPEB trust contributions, life insurance, etc. as required by contract, Memorandum of Understanding, and employment contracts.

## **Section 2. Purchase Orders**

Except as exempted by this Policy, a purchase order is required for all purchases over \$5,000 *prior* to requesting the goods or services from the vendor except in the case of an emergency. Requests for purchase orders shall be submitted by the Department Manager against whose budget account the expenditure shall be charged. The request must contain sufficient information to ensure acquisition of the correct item(s). Requisitions must indicate the account number to be charged. Requisitions will not be made utilizing accounts that are unrelated to the type of item or service being purchased. Original quotes or bids, specifications, and other documentation are to accompany the request, if applicable.

Blanket purchase orders may be used with vendors that are expected to supply repetitive-use products or services on an ongoing and/or regular basis throughout the year. Blanket purchase orders are closed at the conclusion of each fiscal year. Examples of open purchase orders may include contract services such as maintenance, landscaping, janitorial services, uniforms, or software subscriptions. Blanket purchase orders shall include the following: a description of the supplies or services that may be incurred; the period of time the order will remain open (not to exceed one fiscal year); the maximum total amount which may be charged on the purchase order and/or agreed upon prices or pricing structure; items excluded from the purchase, if applicable.

<sup>1</sup> See MUD Act §12751 purchases over \$40,000 require contract to be let to the lowest responsible bidder unless the provisions of 12751.3 apply.

<sup>2</sup> See MUD Act §12751 requires contract to be let to the lowest responsible bidder unless the provisions of 12751.3 apply.

<sup>3</sup> See CA PCC §20190 contract shall be let to the lowest responsible bidder.

The General Manager and Administrative Services Manager must approve all purchase orders. Purchase orders, including blanket purchase orders, will be reported by the General Manager to the Board of Directors at the Board Meeting following the creation of the purchase order.

#### Purchase Order Exceptions

The following items do not require a purchase order:

- a) Utilities such as water, garbage, telephone, gas, electricity, and similar services.
- b) Medical, dental, vision, life, workers compensation, and similar health insurances, liability, property, and other insurance premiums and insurance claims.
- c) Medical payments for physicians, lab, etc.
- d) Petty cash replenishments.
- e) Regulatory, permitting fees, or taxes paid to other municipalities and government agencies.
- f) Miscellaneous charges such as advertisements and notices, memberships and dues, shipping, delivery, and messenger services, subscriptions, trade circulars, or books, and other similar items.
- g) Items that utilize other forms of authorization such as travel expenses, claim expenses, and tuition reimbursement.
- h) Purchases where petty cash or a credit card are utilized.

#### **Section 3. Charge Accounts Established with Local Vendors**

The General Manager, or his/her designee, must approve all requests to establish charge accounts with local vendors. Once the accounts are approved and established, employees may purchase items on account with local vendors. A paid invoice or receipt shall be obtained, and the employee shall acknowledge receipt of the items by signing the invoice. A valid account number(s) shall be included on the receipt indicating where the item(s) will be charged. The receipt shall be forwarded to Accounting. A blanket purchase order may be established each fiscal year for such accounts.

#### **Section 4. Purchasing Card Responsibilities – e.g. CALCard**

A credit card or purchasing card is issued to an employee of the District for the purpose of making authorized purchases on the District's behalf. Cardholders are authorized to use the Purchasing Card to purchase many business-related goods and services needed to perform their duties as an employee of the District. Transactions that are placed on the Purchasing Card should not conflict with any of the District's purchasing policies. Personal purchases may not be made with the card. Personal purchases made with the card subject the Cardholder to disciplinary action, up to and including possible card cancellation, termination of employment, and criminal prosecution. All receipts for Purchasing Card purchases must be detailed and itemized. Receipts should show all items purchased not just a total amount. The also applies to restaurant receipts.

#### **Section 5. Petty Cash – Use and Reimbursement**

The District has established a petty cash fund to purchase minor supplies and improve upon the efficiency of District operations. Disbursements from petty cash funds must be properly documented and for a valid District business purpose. An original receipt must be provided. Petty cash funds may not be used for the following:

- a) Items/receipts in excess of \$100.00.

- b) Cashing of personal checks or providing personal loans.

**Section 6.** Request for Proposals/Qualifications

The District shall use a Request for Bid (RFB), Proposals (RFP), or Qualification (RFQ) procedure to acquire goods, equipment, and professional and non-professional services exceeding \$50,000. The District may utilize the RFP/RFQ procedure for single procurements, or for establishing an on-call list of professional services providers capable and qualified to conduct certain types of services. In reviewing proposals, the District shall consider the quality of the proposal to be reflective of the quality of the work the Consultant is able to perform. The ability of the Consultant to convey information clearly and concisely will be considered in the review process. No contract for the services of legal counsel may be awarded without the approval of the District's General Counsel. Procedures for the selection of architect, engineer, and land surveying services shall be in accordance with state law.

RFP/RFQ Exceptions

The following items do not require a Request for Proposals (RFP) or Qualification (RFQ):

- a) Medical, dental, vision, life, workers compensation, and similar health insurances, liability, property, and other insurance providers.
- b) Contracts to provide a CONTINUOUS work force through independent contractors for the maintenance, installation, and repair of the system.
- c) Purchase of goods or services for which there is a single source of supply.
- d) Purchases for immediate delivery in actual emergencies arising from unforeseen causes.
- e) Purchases of real property (permanent, immovable property such as land, buildings, and improvements).
- f) Purchases from any federal, state, or local government unit or agency.
- g) Purchases from non-profit corporations whose primary purpose is to provide goods or services to various local governments.
- h) Purchases of items for resale.

**Section 7.** Protests

The District shall adopt and maintain a protest procedure for protests of the solicitation and award of contracts and include a description of the protest procedure in solicitation documents. Any actual or prospective bidder, proposer, or contractor who is aggrieved in connection with the solicitation of a bid or proposal, or the award of a contract on which he/she bid or proposed, may file a written protest in the manner prescribed in the solicitation documents.

**Section 8.** Piggyback Procurements

The General Manager may arrange for the District to enter purchase contracts with a supplier for the purchase of goods or services when the pricing and terms have been previously established by another local, state, or federal government agency or an association of public entities, provided:

- a) The resulting contract with the supplier of goods or services is the result of competitive bidding or negotiation and is made in compliance with the competitive bid or proposal requirements of the participating entity or association.

- b) The purchase is made within the longer of one year of the competitive bid or negotiation, or the original contract term or subsequent extension(s).
- c) The purchase conforms to the District's specifications for the goods or services; and
- d) The purchase is of equal or better value to the District than if made directly by the District.

**Section 9. Purchases Requiring Competitive Bids**

All purchases requiring competitive bids shall comply with §20190 of the State of California Public Contract Code as well as the Municipal Utility District Act provided for in Division 6 (commencing with §11501) of the Public Utilities Code, as such may be amended from time to time, as well as all other applicable federal, state or local laws.

Before the District requests a competitive bid from a vendor, the request must be approved by the General Manager in writing.

The District will request and accept bids in accordance with §12751 of the Public Utilities Code. Bids may be requested, by any of the following methods:

- a) Internet;
- b) Telephone;
- c) Writing;
- d) Newspaper advertisement;
- e) Fax;
- f) E-mail.

The District may choose, as an alternative to open public bids, use of vendors listed with any other agency that has gone through a public bid process and authorized other agencies to use their bid prices.

The District will request at least three bids from qualified contractors/vendors whenever possible. Contractors/Vendors may submit their bids to the District by email, telephone with a written confirmation or by means of a written bid, at the discretion of the General Manager.

When the District requests bids from vendors, the bids submitted by vendors must contain the following information:

- a) The title of the project and the date issued;
- b) Date the bid (whether written confirmation of telephone bids or written bid) was received by the District;
- c) The bid amount in words and figures;
- d) The bidder's contact information (including full legal name and address) and signature;
- e) Notice that all bids must be delivered to the District's office.

Any bids submitted after the deadline shall be rejected by the District. The District reserves the right to reject all bids.

The winner of the bid shall be the lowest qualified and responsible bidder, as determined by the District in its discretion. In determining the lowest qualified and responsible bidder, the District may consider the following factors in addition to the price quoted:

- a) Apparent ability to perform;
- b) Quality of the company, product or service;
- c) Purpose or use of the product or service;
- d) Discount for prompt payment provided by the vendor;
- e) Freight method and cost;
- f) Delivery date;
- g) Past performance;
- h) Other pertinent factors such as experience in providing products or services to similar utilities, references on similar jobs, and compatibility with existing utility equipment.

The District is not obligated to purchase a product or service from the bidder with the lowest price. When the District accepts a bid, it will notify the vendor in writing of its acceptance.

**Section 10.** Bid and Performance/Payment Bonds

The District may require vendors to submit a bid bond with their bids under the following guidelines:

- a) The bid bond must be issued by a surety company licensed to do business in the State of California.
- b) The bid bond of the successful bidder will be retained until such bidder has executed the contract, furnished the required performance and payment bond(s), certificates of insurance, and all other conditions of the contract.
- c) Bid bonds submitted by unsuccessful vendors will be returned upon award of contract.
- d) Personal or vendor company checks are not acceptable in the place of bid bonds; however, bank cashier's checks will be accepted.

The District may require vendors to submit performance and/or payment bond(s) under the following guidelines:

- a) A performance and/or payment bond(s) must be issued by a surety company licensed to do business in the State of California.
- b) When required, the amount of the bond(s) will be stated by the District in writing.
- c) The vendor must file a performance and/or payment bond(s) with the District within ten (10) working days after receipt of the Notice of Award.
- d) Personal or vendor company checks are not acceptable in the place of performance or payment bonds; however, bank cashier's checks will be accepted.
- e) An irrevocable letter of credit (LOC) or a certificate of deposit (CD) from a state or national bank or a state or federal savings and loan association having its principal office in California may be acceptable in lieu of a performance or payment bond. The terms and conditions of the LOC or CD are subject to the approval of the District in its sole and exclusive discretion, and any CD must be assigned to the District and be accompanied by the issuing bank's agreement to subordinate its claim to the District's claim.

**Section 11.** The District's Compliance Requirements

When a purchase requires competitive bidding, the District shall create a file for this purchase transaction which shall include the following:

- a) Written requests for bids.
- b) Written notation of bid deadlines that the District requests by telephone.
- c) Written bids received from vendors.
- d) Any vendor's written confirmation of telephone bids.
- e) All written contracts that relate to competitive bids.
- f) Other related written materials.
- g) If a bid is awarded to someone other than the lowest bidder, a memo shall be placed in the file stating the reason the winning vendor was selected over the low bidder. The person responsible for placing this document in the file is the General Manager.

In the absence of specific rules or policies, the disposition of purchasing procedures shall be made by the Board of Directors in accordance with its usual and customary practices and applicable law.