

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	Revised:	

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 Office of the 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: Purchases Not Requiring Competitive Bids

The District shall NOT be required to seek competitive bids on the following:

- a) Contracts to provide a CONTINUOUS work force through independent contractors for the maintenance, installation and repair of the system;
- b) Items from retail stores;
- 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;
- i) Contracts for professional services.

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, Supervisor, or employee who has been pre-approved 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 to avoid the approval requirements set forth herein.

Section 2: 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.

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

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) Telephone;
- b) Writing;
- c) Newspaper advertisement;
- d) Fax;
- e) 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 will contain the following:

- 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 bidders information 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. 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 3: Bid and Performance 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 action in the State of California;
- b) Bid bonds submitted by unsuccessful vendors will be returned upon award to contract;
- c) 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 a performance bond under the following guidelines:

- a) A performance bond must be issued by a surety company licensed to do business in the State of California;
- b) When required, the amount of the bond will be stated by the District in writing;
- c) The vendor must file a performance bond with the District within ten (10) working days after receipt of the request for bid;
- d) Personal or vendor company checks are not acceptable in the place of performance 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 bond. The terms and conditions of the LOC or CD are subject to the approval of the District, 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 4: 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.

Section 5: Request for Proposals/Qualifications

The District may use a Request for Proposals (RFP) or Qualification (RFQ) procedure to acquire the services of certain professionals that require extended analysis, the exercise of discretion, independent judgment, and an advanced, specialized type of knowledge, expertise, or training customarily acquired either by a prolonged course of study or equivalent experience in the field. 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 considers 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 clearly and concisely convey information 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.

Section 6: 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 7: 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, public entity, 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 8: Purchasing Card Responsibilities – e.g. Cal Card

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 Districts 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 same would apply for restaurant receipts.

Section 9: 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:

- Items/receipts in excess of \$100.00.
- Cashing of personal checks or providing personal loans.