

POLICY NO. 1.1 Purchasing Policy	DISTRICT CODE Chapter 3.08 Sections 3.08.010 – 3.08.130	APPROVAL DATE 07/24/2018 EFFECTIVE DATE 07/25/2018
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SECTION 1: PURPOSE (3.08.010)

The purpose of this policy is to define the practices governing the procurement of supplies, materials, equipment and services, including construction and capital improvements, for District use and to relate the principals of applicable provisions of governing law and to District administrative policies. This policy is the written rule and regulation required by California Government Code Section 54202 and also serves as the District administrative procedure governing procurement activities.

By adoption of this policy, the Board is empowering the General Manager/Chief Executive Officer (GM/CEO), or his/her authorized representative with certain duties and responsibilities that are essential for the day-to-day operation of the District. The GM/CEO has delegated the procurement of goods, materials, and services to the Assistant General Manager (AGM) who oversees the Finance and Administration departments, as well as those staff members given specific authority. In addition, the procurement of contracting, engineering, consulting and design for Capital Projects is delegated to the Assistant General Manager (AGM) who oversees the Engineering and Operations departments.

SECTION 2: POLICY (3.08.020)

California law requires all local agencies to formally adopt policies and procedures governing the acquisition of materials, supplies, equipment and services as referenced below.

"California Government Code Section 54202: Every local agency shall adopt policies and procedures, including bidding regulations, governing purchases of supplies and equipment by the local agency. Purchases of supplies and equipment by the local agency shall be in accordance with said duly adopted policies and in accordance with all provisions of law governing same. No policy, procedure, or regulation shall be adopted which is inconsistent or in conflict with statute."

The Purchasing Policy shall be reviewed on a biennial basis by the Finance Committee. Proposed changes shall be subject to review and approval by the Board of Directors.

The AGM, Director of Finance and Technology Services and the Finance Manager are designated as the Purchasing Agents for the District and may delegate the administration of the program. The Purchasing Agents are charged with the responsibility and authority for coordinating and managing the procurement of the District's supplies, services and equipment according to this policy.

The policy outlined herein is to be adhered to by the Purchasing Agents and all District employees 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.

This policy is also intended to assist the District and its staff members in maintaining the highest level of integrity in procurement activities and decision making.

SECTION 3: CONFLICT OF INTEREST (3.08.030)

No member, officer, or employee of the District, or their designees or agents, and no public official who exercises authority over or responsibility with respect to purchasing during his or her tenure, or for one year thereafter, shall have any interest, direct or indirect, in any purchase, agreement or sub agreement, or the proceeds thereof, for any purchase or purchase agreement. The full Conflict of Interest Code of the Cucamonga Valley Water District is incorporated herein by reference.

SECTION 4: UNAUTHORIZED PURCHASES (3.08.040)

Purchase orders shall be issued prior to ordering supplies, equipment and services and not "after the fact" for work already done or materials already ordered.

Except for emergencies, departmental purchases, 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 CVWD.
- 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 and may be subject to disciplinary actions.

SECTION 5: REVIEW AUDITS (3.08.050)

Compliance with this policy is subject to review at any time by internal or external auditors. It is the responsibility of the CVWD staff member (and their manager) initiating the purchase to maintain records of bids, bid procedures followed, contracts, sole source forms, change orders, and authorization signatures.

SECTION 6: AUTHORITY AND RESPONSIBILITY (3.08.060)

A. Decentralized Procurement Overview

CVWD utilizes a decentralized procurement process in which the responsibility to determine specifications of goods or services, to solicit proper bids (according to bid procedures Section 7), and to obtain proper approvals (according to the Authorization Table Section 6-D) has been delegated to Directors, Managers and Supervisors.

The Purchasing Agents retain the responsibility to review and examine requisitions, bid documents, and contracts. Only the Purchasing Agents will create Purchase Orders.

B. Responsibilities of Purchasing Agents

The GM/CEO has delegated the authority and responsibility of the Purchasing Agent to the AGM, to the Director of Finance and Technology Services and to the Finance Manager. Purchasing Agent authorities and responsibilities include:

- a. Administration of the Purchasing Policy
- b. Creation of Purchase Orders
- c. Oversee the Purchasing Division including management of the warehouse function and inventory
- d. Perform Finance Review (see below)
- e. Review of bid documents and bidding procedures
- f. Review of contracts
- g. Recommend revisions to purchasing procedures when necessary and keep informed of current developments in the field of public purchasing.
- h. Conduct internal audits
- i. Provide training for District staff on this policy.

Finance Review is a computerized process that is specific to the SunGard Public Sector software that the District uses. Finance Review must be completed by one of the Purchasing Agents on every purchase requisition before the purchase order may be generated. In most situations, the Director of Finance and Technology Services will perform Finance Review, however it may be done by the AGM or the Finance Manager in urgent situations when the Director of Finance and Technology Services is not available. If any of the Purchasing Agents is required to perform both Finance Review and create the related purchase order, that Purchasing Agent must obtain a concurring signature from a District manager or AGM other

than the person who is requesting the purchase. The Purchasing Agent will retain the concurring signature on file and make note in the purchase requisition comments.

C. Responsibilities of Departments

The GM/CEO has delegated procurement authority and responsibility to Assistant General Managers, Directors, Managers, and Supervisors. These authorities and responsibilities shall include:

- a. Enter into contractual obligations on behalf of CVWD for the acquisition of supplies, materials, equipment, and services necessary to support District functions in accordance with this policy manual.
- b. Obtain full and open competition in accordance with prescribed policies and procedures in a manner that presents the best overall value to CVWD.
- c. To anticipate requirements sufficiently in advance to allow adequate time to obtain goods in accordance with the best purchasing practices.
- d. Identify, evaluate and utilize purchasing methods which best meet the needs of CVWD (e.g. cooperative purchases, blanket purchase orders, contractual agreements, purchasing cards, etc.).
- e. Provide for the fair and equitable treatment of vendors, suppliers, and contractors.
- f. Coordinate vendor relations, locate sources of supply, and evaluate vendor performance.
- g. Supervise the receipt and inspection of all materials, supplies, equipment and services purchased to ensure conformance with specifications.
- h. Recommend the disposition of surplus or unused supplies, materials, equipment, and scrap through sale or other means.
- i. To notify vendors of purchase award when authorized by a Purchasing Agent.
- j. To not “split” orders for the purpose of avoiding procurement requirements. (See definitions.)
- k. Obtain approvals according to the Authorization Table in Section 6-D.

D. Authorization Table (amounts excluding sales tax)

Amount up to:	Approval Level
\$5,000	Division Supervisors
\$25,000	Department Managers
\$50,000	Department Directors
\$75,000	Assistant General Managers
\$99,999	General Manager / CEO (Assistant General Managers if GM/CEO is absent)
\$100,000+	Board of Directors

SECTION 7: BID REQUIREMENTS AND PROCESS (3.08.070)

A. General

All procurements for materials, supplies, equipment, services, and construction shall employ competitive bidding whenever practicable. All amounts in this section shall be considered to be before (excluding) sales tax. All procurements of \$100,000 and over will adhere to the sealed bidding process. The GM/CEO or AGM may grant exceptions to the competitive process for emergency conditions, supply limitation, or other circumstances with justification for such waiver being documented with the acquisition.

Bids shall be awarded to the responsive, responsible, and qualified bidder who submits the lowest bid. In determining the lowest “qualified” bidder, the following elements shall be considered in addition to price:

- a. That the products offered provide the quality, fitness, and capacity for the required usage.
- b. That the bidder has the ability, capacity and skill to perform the contract satisfactorily and within the time required.
- c. That the bidder’s experience(s) regarding past purchases by the District or other public agencies demonstrates the reliability of the bidder to perform the contract.

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 Supervisor, Manager, Director, AGM, or GM/CEO shall be attached to the purchase requisition or Board report.

When bids are required, every effort should be made to request bids from as many vendors as possible in order to promote competition in the best interest of the District. When the requestor is unable to meet the minimum of 3 documented bids, the requestor must document the requests that were sent and why the vendor(s) declined to submit a bid. This documentation should be more comprehensive depending on the amount of the request.

B. Bid Requirements Table (amounts excluding sales tax)

Purchase Amount	Bid Requirements (see exceptions section 8)	Refer to Subsection	PO Required
\$0 - \$4,999	Informal quotes	C	NO
\$5,000 - \$49,999	Informal Bids	D	YES
\$50,000 - \$99,999	RFP / Formal Bids	E	YES
\$100,000 +	RFP / Sealed Bids	F	YES

C. Informal Quotes

For purchases less than \$5,000, quotes may be obtained through an informal process (e.g. web browsing or phone calls) and documentation of the bids is recommended but not required. Although bid documents are not required, a requisition and purchase order may be issued to document the purchase if the staff member making the purchase wishes to do so.

Since the purchase may be initiated without a Purchase Order, the accounts payable process will require that the invoice be signed by an authorized signor before payment is released.

D. Informal Bids

For purchases of \$5,000 or more but less than \$50,000. A minimum of three bids are required. The bids must be documented and retained on file by the manager of the requesting department. The request for bids must be made in a consistent manner for all vendors meaning that all vendors must receive the same information regarding specifications and requirements of the product or service. The request must also be transmitted to the vendors in a consistent manner (e.g. mail, email, or verbal quote).

E. Formal Bids

For purchases of \$50,000 or more but less than \$100,000. Bids/Proposals shall be solicited from a minimum of three vendors. A Request for Proposal (RFP) or Invitation for Bids (IFB) must be used to document the specifications and requirements of the product or service. The bids must be received from the vendors in written form and retained on file by the manager of the requesting department.

F. Sealed Bids

For purchases of \$100,000 or more. A formal RFP / sealed bid process is required and contracts shall be awarded in a manner most beneficial to the District. The District shall strive to obtain the best value in awarding contracts, service agreements, and purchase agreements. The following subsections specify certain procedures based on the following four categories:

- Capital Improvement Projects
- Maintenance and Services Agreements
- Professional Services Agreements
- Equipment, Materials and Supplies Purchases

a. Capital Improvement Projects

Contracts, valued at \$100,000 or more, for the erection, construction, alteration, repair, or improvement of any public structure, building, road, or other public improvement, hereinafter referred to as “Capital Improvement Projects, (CIP)”, shall be subject to the formal competitive bidding procedures set forth herein unless an exception exists or the Board of Directors determines it is not in the best interest of the District. Project-specific contracts covered by this procedure shall be issued to expire upon completion of the

work unless otherwise specified in the written agreement. As required by law, registration with the Department of Industrial Relations for prevailing wage regulations is required for all CIP bidders. When the CIP is funded through a Federal Grant, the District must follow Federal procurement standards listed in the Code of Federal Regulations Sections 200.317 through 200.326 or as required by the grant document.

i. Call for Bids

The GM/CEO, or his/her designee, is authorized to create a prequalified bidders list. The bidders may be prequalified on an annual basis or on a project specific basis. Notice inviting sealed bids shall be distributed to prequalified bidders or other interested parties as may be deemed beneficial by the GM/CEO, or his/her designee. If there are no prequalified bidders or if the prequalified bidders list is inadequate, a notice inviting bids may be published once in a newspaper that serves the District.

ii. Form of Call for Bids

The invitation for bids shall contain:

- a. a statement as to where the plans and specifications may be obtained,
- b. a general description of the CIP,
- c. a statement that the District will receive sealed bids,
- d. a statement that the contract or contracts for the CIP will be awarded to the lowest responsive, responsible bidder or bidders, but that any or all bids may be rejected,
- e. a statement of the time and place for opening the bids, and
- f. any such other information as may be required by the District or by law.

iii. Submission of Bids

Bids shall be submitted on forms supplied by the District and under sealed cover. Each bid shall be accompanied by cash, a certified or cashier's check, or bond secured from a surety company satisfactory to the District in the amount indicated within the bid documents, made payable to Cucamonga Valley Water District, as bid security.

If the bid is accepted, the Bidder shall execute the contract within the time provided in the contract documents and shall furnish the necessary certificates of insurance and bonds required by the contract documents.

iv. Opening of Bids

Bids shall be publicly opened at the time and place specified in the invitation for bids. A minimum of two members of District staff must be present at all sealed bid openings.

v. Bid Evaluation and Acceptance

Acceptance of any bid shall be by action of the Board. The Board reserves the right to waive any irregularity, to reject any or all bids, to re-advertise, or to proceed with the CIP or any part of it using District staff.

vi. Bid Award

Contracts shall be awarded to the lowest responsive and responsible bidder which will be deemed the best value to the District.

vii. Relief of Bidders

A bidder shall not be relieved of its bid unless by consent of the District upon a showing by the bidder to the satisfaction of the District that:

- a. a mistake was made;
- b. the bidder gave the District written notice within five business days after the opening of bids of the mistake, specifying in the notice in detail how the mistake occurred;
- c. the mistake made the bid materially different than the bidder intended it to be; and
- d. the mistake was made in filling out the bid and not due to error in judgment or carelessness in inspecting the site of the work or in reading the plans or specifications.

A bidder who claims a mistake or forfeits its bid security shall be prohibited from participating in further bidding on the project on which the mistake was claimed or security forfeited.

viii. Performance and Payment Bonds

Any bidder to whom a contract for CIP is awarded under the District's formal competitive bidding procedures shall supply on forms satisfactory to the District, a Faithful Performance Bond in an amount equal to the total contract price.

For any contract for CIP in excess of \$25,000, the bidder must also supply a Labor and Material Payment Bond in an amount equal to the total contract price.

Each bond shall be secured from a California admitted surety company that meets all State of California bonding requirements, as defined in California Code of Civil Procedure Section 995.120, and is authorized by the State of California. Each bond shall be accompanied, upon request of the District, with all documents required by California Code of Civil Procedure Section 995.660, to the extent required by law.

ix. Insurance

Before work commences, evidence of insurance as required by the contract for CIP must be obtained, reviewed, and accepted by the AGM or his/her designee. A copy of the certificate of insurance will be provided to the District Risk Management Department.

b. Maintenance and Services Agreements

This procedure applies to non-professional services agreements that do not involve real property. Examples include: landscape maintenance, janitorial, uniform cleaning, and material hauling.

- i. Contracts for maintenance or service agreements shall be approved by the Board if the total cost for the initial term of the agreement exceeds \$100,000.
- ii. Project-specific contracts for maintenance and service agreements covered by this procedure shall be issued to expire upon completion of the work unless otherwise specified in the written agreement. Contracts for maintenance and service agreements covered by this procedure shall be issued for an initial term of no more than 36 months. The GM/CEO, AGM, Director, or Department Manager may authorize a

maximum of one extension of 24 months for maintenance and service agreements. Extensions to contracts or agreements valued at more than \$100,000, shall be approved by the Board of Directors. If an extension to a contract or maintenance agreement causes the total cost of all years to exceed \$100,000 (even though the original total cost of the agreement was less than \$100,000), the extension shall be approved by the Board.

- iii. Before work commences or services are rendered, evidence of insurance as required by the contract or service agreement must be obtained, reviewed, and accepted by the Director, Manager or his/her designee. A copy of the certificate of insurance will be provided to the District Risk Management Department.

c. Professional Services Agreements

A professional services agreement is an agreement between the District and a professional service provider. Professional service providers are those entities that provide advice, opinions, or technical expertise. Examples of professional service providers include accountants, actuaries, architects, attorneys, engineers, educational trainers, financial advisors, surveyors, etc. Depending upon the trade, these individuals may or may not hold professional licenses.

Professional services shall be selected on the basis of demonstrated competence and professional qualifications necessary for the satisfactory performance of the services required.

d. Equipment, Materials, and Supplies Purchases

This procedure applies to purchases of heavy equipment, vehicles, materials, supplies and other tangible goods that are not associated with services or permanent attachment to real property.

- i. Detailed specifications of the items must be provided to the bidders in writing.
- ii. Brand standardization is allowable if deemed to be in the best interest of the District and documented with a Sole Source Form.
- iii. In purchasing equipment or supplies that need to be compatible with existing equipment, or to perform complex or unique functions, the requestor may limit bidding to a specific product type or a brand name product.

SECTION 8: EXEMPTIONS TO BID REQUIREMENTS (3.08.080)

A. Exempt Purchases

Certain purchases are not readily adaptable to the open market and formal bidding process. These purchases are generally for items where the competitive bid process is not applicable and purchase orders will not be used. These allowable exceptions include:

- Specialized Legal Services
- Bank charges and fees
- Debt Service transactions
- Governmental units (e.g. asphalt repair, LAFCO)
- Insurance premiums and claims
- Postage
- CalPERS, PARS, and CERBT payments
- Public notices
- Real property purchases
- Utility bills
- Water purchases
- Water resource assessments

If a vendor that provides one of these services listed above requires a purchase order to be issued for their records, a Purchasing Agent may issue a Blanket Order for the appropriate amount without recording an encumbrance.

B. Cooperative Procurement

The District may participate in purchases and contracts established by other political jurisdictions, provided the cooperative agreement is established following a competitive bid process. The cooperative purchase may be authorized according to authorization table. Evidence of the competitive bidding process conducted by the other political jurisdiction must be obtained and kept on file to support the requisition and purchase order. The approval of the Board of Directors is required for the award of any cooperative purchase of \$100,000 or more.

C. Sole Source

Commodities, services and equipment which can be obtained from only one vendor are exempt from competitive bidding. Sole source purchases may include proprietary items sold directly from the manufacturer, equipment which has been standardized by the District, items that have only one distributor authorized to sell in this area, agreements for maintenance of computer software the District owns or a certain product that has been proven to be the only product acceptable. All sole source purchases shall be supported by a Sole Source form (and any other relevant written documentation) signed by the appropriate Supervisor, Manager, Director, AGM, and/or GM/CEO as determined by the authorization table, and forwarded to a Purchasing Agent. Final determination that an item is a valid sole source purchase will be made by a Purchasing Agent.

D. Emergency Purchases

Emergency purchases may be made without competitive bidding when time is of the essence, and shall be made only for the following reasons:

- to preserve or protect life, health or property; or
- upon natural disaster; or
- to forestall a shutdown of essential services.

Since emergency purchases do not normally provide the District an opportunity to obtain competitive quotes, sound judgment shall be used in keeping such orders to an absolute minimum. In addition, the following requirements shall apply:

- a. A Purchasing Agent shall be contacted as soon as possible for an advance purchase order number, which may be given verbally, to cover the emergency transaction. If unable to contact the Purchasing Agent, place the order and contact the Purchasing Agent the next workday.
- b. A completed purchase requisition shall be submitted within two working days, or as soon as the information is available. All purchase requisitions for emergency purchases shall be approved electronically by the appropriate Supervisor, Manager, Director, and/or AGM.
- c. Documentation explaining the circumstances and nature of the purchase shall be submitted by the Supervisor, Manager, Director, and/or AGM as follows:
 - i. Purchases less than \$5,000: Use standard purchasing procedures
 - ii. Purchases in the amount of \$5,000 - \$100,000: Require the approval of the GM/CEO. The GM/CEO may delegate the authority to approve emergency purchases less than \$100,000 to an AGM.
- d. If the emergency purchase causes any budget line item to exceed the approved budget, it shall be the responsibility of the department requesting the purchase to obtain subsequent Board of Directors approval for reserve funding or to make a budget transfer to cover the purchase. Approvals for a budget transfer must be given by the appropriate Supervisor, Manager, Director, and/or AGM as determined by the authorization table
- e. If the emergency purchase involves Force Account Work in association with a declared disaster (e.g. FEMA), detailed records of the work must be documented including: scope of work, daily staff time and equipment used. Depending on the scope of the disaster, Force Account Work may involve CIP.

SECTION 9: WORKFLOW DOCUMENTATION (3.08.090)

A. Purchase Requisitions

Purchase Requisitions communicate to the Finance Department, in clear and explicit terms, the needs of the requestor. The requisitioning process determines if budgeted funds are available. Also, the requisitioning process provides a mechanism for obtaining the approvals necessary to authorize a Purchasing Agent to proceed with the creation of the Purchase Order.

A completed Purchase Requisition will be routed electronically for authorization by the requestor and submitted to the Finance Department prior to attempting to obtain any goods, services, materials or equipment. This electronic system facilitates documentation of approvals and expedites the creation of Purchase Orders.

The use of the electronic requisition system is encouraged for purchases less than \$5,000 and required for all purchases of \$5,000, or more, that are not directly approved by the Board of Directors. The Bid Requirements must be met before the electronic requisition is approved.

B. Purchase Orders

A Purchase Order is issued to authorize the purchaser to proceed with the transaction. A Purchasing Agent will deliver the Purchase Order to the staff who requisitioned it and/or to the vendor.

Purchase order values are encumbered at the time of creation. Balances left on the purchase orders at the end of the fiscal year do not automatically carry over and must be considered in the future year budget process.

Purchase orders for multiple year contracts will remain open until projects are completed and the Procurement Department is notified to close the purchase order.

Procurement costs are expensed from the fiscal year budget in which the goods or services were received, not from the fiscal year in which the purchase order was issued.

Procurements that require approval by the Board of Directors do not require electronic requisitions. A Purchasing Agent will create the Purchase Order after the Board of Directors has approved and signed the contract. The Purchase Order will then be delivered to the related Department.

C. Progress Payments for CIP

When a Purchase Order for CIP has been approved by the Board of Directors, the release of progress payments may be approved by the GM/CEO with no limit. The GM/CEO may delegate this authority to an AGM.

SECTION 10: BLANKET PURCHASE ORDERS (3.08.100)

A. General

A blanket purchase order (BPO) is a method of filling anticipated repetitive needs for materials, supplies, or services by establishing “charge accounts” with qualified vendors. BPO’s do not exempt staff from the responsibility of obtaining the appropriate authorizations and following the bid procedures. The use of BPO’s allows the District to avoid writing numerous individual purchase orders for similar types of purchases from the same vendor throughout the fiscal year. BPOs may be established with more than one supplier for supplies or services of the same type to provide maximum practicable competition or with a single vendor from which numerous individual purchases will likely be made in a given fiscal year.

There are two main types of BPO: Service Contracts and Materials/Supplies/Repairs. They are differentiated primarily by the method of competitive bidding that is required. The following subsections B and C provide more detail about the methods for bidding and examples of the types of purchases that each applies to.

B. Blanket Purchase Orders for Service Contracts

BPO’s for service contracts will be issued for a maximum of one fiscal year. All BPO’s for services expire on June 30th, the last day of each fiscal year. New BPO’s for services must be supported by approvals in accordance with Section 6 and competitive bidding in accordance with Section 7 of this policy. For the purpose of determining the value of the service contract as it applies to the Sections 6 and 7, the maximum annual value of the contract shall be used. If the contract maximum needs to be increased during the year, the requirements of Sections 6 and 7 must be met at the new maximum level before the increase is granted.

Staff members are encouraged to establish BPO’s for service contracts with more than one service provider of the same type in order to provide maximum practicable competition.

BPO’s for service contract agreements that are on a “month-to-month trial” basis may be awarded by determining the monthly cost of service for up to a maximum service term of twelve months. After the initial 12 month term expires, documentation and approvals in accordance with Sections 6 and 7 are required using the maximum annual value of the contract.

Examples of service contracts that could effectively utilize BPO’s are: electrician, tank inspection, sludge hauling, and paving.

C. Blanket Purchase Orders for Materials / Supplies / Repairs

BPO’s for materials, supplies, and repairs purchases will be established for any qualifying vendor as requested by a Director or Manager. All BPO’s for materials, supplies, and repairs expire on June 30th, the last day of each fiscal year. New BPO’s for materials, supplies, and repairs may be created without any documented bids. The requirements of Sections 6 and 7 of this policy must be met at the time the materials, supplies, or repairs are ordered. Approval and bid documentation must be retained by the Director or Manager responsible for the purchase.

Staff members are encouraged to establish BPO's for materials, supplies, and repairs with more than one vendor of the same type in order to provide maximum practicable competition.

Examples of materials, supplies, and repairs purchases that could effectively utilize BPO's are: treatment chemicals, fuel, auto parts, vehicle repairs, equipment repairs, HVAC parts, crusher base, and cold-mix asphalt.

D. Blanket Purchase Order Requisitions

The requisition process as described in Section 9 should be utilized for the creation of blanket purchase orders.

E. Blanket Purchase Order Receiving

The exact amount of the individual purchases of services, materials, supplies, or repairs is not known at the time the BPO is created. Therefore, documentation signed by the appropriate staff member such as an invoice and/or receiver must be submitted to Accounts Payable. Accounts Payable will then receive the line item in the BPO and process for payment.

F. Blanket Purchase Order Review and Audit

BPO requisitions will be reviewed and approved by the appropriate Directors, Managers, AGMs, Finance Review and a Purchasing Agent before the BPO is created. Documentation of bids and the appropriate bid procedures must be retained by the Directors or Managers and will be subject to internal and external audit as described in Section 5.

SECTION 11: CHANGE ORDERS (3.08.110)

A. General

Purchase orders represent a contract between CVWD and the vendor. Any substantial change to a purchase order shall be documented as a change order. Change orders shall be approved by District staff based on the authorization table in Section 6 with the determining amount being the sum of the original purchase order and the change order combined. Approved change orders shall be submitted to a Purchasing Agent who will make the required changes to the purchase order. A purchase order may not be increased by more than 10% without a change order, except for taxes, shipping and handling as discussed below.

Taxes, shipping and handling may cause the purchase order to exceed the authorized amount. These items do not require a change order, even if they exceed 10% of the original purchase order amount.

The change order form shall be used to change a quantity, description, size, unit price, amount, or scope of work of the purchase order. It shall also be used to cancel a purchase order and to correct errors in the original purchase order.

B. Change Orders for CIP

The GM/CEO may approve change orders for CIP valued greater than \$100,000 which do not exceed the original authorization by more than \$25,000 or 10% of the original contact amount, whichever is greater. The GM/CEO may delegate the authority to approve CIP change orders to the AGM within similar limits. Change orders for CIP in excess of these amounts and change orders for CIP reflecting a change in the scope or the nature of the project shall be submitted to the Board for approval.

SECTION 12: PROCUREMENT CARDS (3.08.120)

The Procurement Card Program was developed to allow designated full-time regular employees the capability to purchase, within predefined spending limits, certain types of items directly from the merchant thus reducing the cost associated with low-value purchasing activity. The purpose of this policy is to identify the conditions in which employees will be issued a Procurement Card and the rules for its use.

A. Objectives

- a. Reduce procurement and payment processing costs for low dollar expenditures.
- b. Enhance internal control and accountability by better identifying specific employees making minor supply purchases on behalf of the District, and improving the accuracy of account distributions between accounts and projects.
- c. Have better visibility of items that are being purchased on a regular basis that may be advantageous to the District to keep in inventory.

B. General

- a. Authorization to use this Card is restricted to the **CARDHOLDER ONLY** and **MAY NOT BE USED FOR PERSONAL PURCHASES**. Employees will not use District Procurement Cards for personal expenses even if the intent is to reimburse the District later.
- b. Procurement Cards must not be used for purchases when the cardholder has a personal interest in the merchant or knowledge that a purchase would create a conflict of interest.
- c. Before receiving a Procurement Card, employees will sign a “Cardholder Agreement” and receive a copy of the “Policies and Procedures” setting forth their obligations under this program. Employees will be required to re-sign the “Cardholder Agreement” on an annual basis.
- d. The Procurement Card is a supplement to the procurement process. As with other procurement methods the following conditions must be met when using the Procurement Card:
 - i. The Procurement Card should be used whenever possible in lieu of petty cash and low dollar supplies from point of sale vendors not otherwise covered under other procurement processes.
 - ii. Purchases must not be split to circumvent transaction limits or the Purchasing Policy.
 - iii. Each single purchase may be comprised of multiple items, but the total including tax and freight cannot exceed the single purchase dollar limit on the Procurement Card.
 - iv. Every purchase using the Procurement Card must adhere to all provisions of the Purchasing Policy.

C. Role Definitions

- **Cardholder:** The cardholder is the District employee whose name appears on the Procurement Card.
- **Approver:** The Approver is the person who is responsible for reviewing the charges for a group of cardholders to ensure that purchases are appropriate and allowed.
- **Purchasing Agent:** The Purchasing Agent provides overall administration and oversight of the procurement card program.

D. Responsibilities

- **Cardholders:** Safeguard the Procurement Card. Provide receipts for all transactions and coding of the transactions. Lost receipts must be documented using the Lost Receipt Form explaining that the receipt was lost, what was purchased, and the reason for the purchase. The Lost Receipt Form must be signed by the cardholder and the cardholder's immediate supervisor and included as backup to the cardholder's monthly purchasing card statement.
- **Approvers:** Review transactions of cardholders for adherence to policies and procedures. Ensure that all transactions are properly coded and all disputed charges are correctly reported.

The Cardholder and Approver are required to review and approve the individual cardholder transactions and submit to Accounts Payable within the established time frame specified by the Purchasing Agent. This is critical to allow Accounts Payable to make payment within specified time limits.

E. Audits - Finance staff will review all procurement card transactions to verify:

- receipts are present
- that cardholders and their supervisors have signed the monthly statements
- no personal purchases were made
- account coding is correct

F. Restrictions

Cardholders may not use the procurement card to make personal purchases. Other restricted purchases include but are not limited to: alcoholic beverages, gambling, bail, tobacco products, illegal activities, etc.

G. Misuse

Cardholders who violate this procurement card policy are subject to disciplinary action up to and including termination.

H. Returns

All receipts for returns must be submitted as backup to the statement on which the return transaction appears.

I. Disputes and Fraudulent Charges

Cardholders must monitor all transactions for validity and must report any disputed or fraudulent charges to the issuing bank as well as their supervisor and/or a Purchasing Agent as soon as possible. The cardholder may also be required to complete and sign a bank document stating that the transaction was fraudulent.

J. Lost or Stolen Cards

Cardholders must report lost or stolen cards to the issuing bank as well as their supervisor and/or a Purchasing Agent as soon as possible. Replacement cards will be requested by the Purchasing Agent.

K. Separation of Employment

Upon Separation from employment with the District, cardholders must turn in their procurement cards and any receipts to a Purchasing Agent or the Human Resources Department no later than their last day of service.

L. Revocation of Card Privileges

The GM/CEO, AGMs, Directors, or Managers have absolute discretion to suspend or revoke a cardholder's privileges at any time and for any reason.

SECTION 13: DEFINITION OF TERMS (3.08.130)

The following definitions shall apply as they relate to this Policy:

- A. "Authority to Approve" shall mean authority to designate appropriated funding for a specific procurement.
- B. "Blanket Purchase Order" shall mean an agreement to purchase an unspecified quantity of services, materials, supplies, or repairs up to a certain limit within a fiscal year.
- C. "Capital Improvement Project" or "CIP" shall mean a project that has a value of at least \$100,000, has a lifespan of longer than one year, and results in the creation or revitalization of a fixed asset.
- D. "Change Order" shall mean any modification to an existing procurement or respective contractual document subsequent to award.
- E. "Cooperative Procurement" shall mean a procurement (combining of requirements) conducted on behalf of two or more public procurement units in order to obtain the benefit of volume purchasing and/or reduction in administrative expenses.
- F. "Delegate Authority" shall mean authority to assign authority, at specified limits, to respective subordinate staff.
- G. "Emergency" shall mean a sudden, unexpected occurrence that poses a clear and imminent danger, requiring immediate action to prevent or mitigate the loss or impairment of life, health, property, or operation of the District's facilities.
- H. "Formal Solicitation" shall mean the issuance of a written request for sealed bids, proposals, or quotations.

- I. “General Manager/CEO” and “GM/CEO” shall mean the executive in charge of day-to-day District operations.
- J. “Informal Solicitation” shall mean the verbal or written request for a verbal or written bid, proposal, or quotation.
- K. “Invitation for Bids” shall mean a formal process for soliciting sealed bids from qualified prospective suppliers. Typically, involves advertising the solicitation, a formal bid opening, and the awarding of a contract to a responsive and responsible supplier based on price and other specified factors.
- L. “Operation and Maintenance” shall mean the functions to ensure continuous operations and viability of the District’s infrastructure.
- M. “Public Works” shall mean the erection, construction, alteration, repair, or improvement of any public structure, building, road, or other improvement of any kind.
- N. “Procurement” shall mean the purchase or otherwise compensatory securing of materials, supplies, services, leases, and equipment, real property, or public works services.
- O. “Professional Services” shall mean any specially trained and experienced person, firm or corporation, providing services and advice in financial, economic, accounting, engineering, information services, legal, technical, architectural, or other administrative/ professional matters.
- P. “Request for Proposal” shall mean a formal solicitation for bids that involves more than just price. Prospective suppliers submit requested information and are evaluated and contract awarded based on pre-established criteria.
- Q. “Responsible” shall mean a bidder or proposer who has proper resources, technical capabilities and financial capacity to deliver materials or perform the work.
- R. “Responsive” shall mean a bidder or proposer whose bid/proposal complies in all material aspects with the Invitation for Bids or Request for Proposal by the bid opening or proposal closing date.
- S. “Sole Source” shall mean procurement where only one viable source exists. This is usually due to legal restrictions of patent rights, a proprietary process, warranty issues, original equipment, copyrights, etc.

POLICY REVISION DATES:

07/24/2018	(Resolution No. 2018-07-2)
10/24/2017	(Resolution No. 2017-10-2)
11/24/2015	(Resolution No. 2015-11-6)
02/24/2009	
06/24/2003	(Ordinance No. 2003-6-2)