



**POLICY AND PROCEDURE
CUCAMONGA VALLEY WATER DISTRICT**

APPROVAL DATE 05/24/2011	MANUAL	POLICY NO. 8.1
APPROVED BY Board of Directors	POLICY TITLE PURCHASING POLICY	EFFECTIVE DATE 5/25/2011 Page 1 of 6

PURCHASING POLICY:

Purpose:

The purpose of this policy is to establish uniform procedures for bidding, contracting and the procurement of equipment, services and supplies in accordance with Chapter 3.08 of the Cucamonga Valley Water District Code.

Scope:

This policy applies to the purchase of all equipment, services and supplies that have been approved by the Board of Directors through the annual budget process.

Responsibility:

- A. The District maintains a centralized Purchasing Division whose responsibility is to procure equipment, services, supplies and conduct inventory management.
- B. The Purchasing Division will locate sources of supply and interview prospective suppliers to consider such factors as availability, lead-time, present market conditions, and price discounts offered. The Purchasing Division will develop and maintain the vendor list and vendor's catalog file necessary for the implementation of this policy.
- C. The General Manager/CEO has designated responsibility to the following positions when entering into contractual obligations on behalf of the District for the acquisition of equipment, services and supplies necessary to support the day-to-day operation of the District.
 - Insurance Assessment– Risk Management Analyst
 - Finance Review – Director of Financial and Administrative Services
 - Purchasing Review and Encumbrance – Finance Officer
- D. The Purchasing Policy shall be reviewed on a biannual basis and presented to the Finance Committee and the Board of Directors.



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Purchasing Equipment, Services and Supplies:

- A. Purchase requests must be authorized by the appropriate signatory level as indicated in the Authorization Tables.
- B. With the exception of the General Manager/CEO, in the absence of an approver for a given request, authorization will be obtained by the next highest authority in the Authorization Table. An Executive Officer has the authority to authorize purchases on behalf of the General Manager/CEO, in his or her absence.
- C. Purchases of equipment, services or supplies exceeding \$100,000 shall be submitted to the Board of Directors for their review and approval, except for certain operating expenses (utility and repair bills, debt service expenses, Watermaster Assessments, lease payments).
- D. Splitting or separating purchases into smaller work units for the purpose of evading the provisions of this policy is prohibited.
- E. The General Manger/CEO or his approved designee is authorized to approve contingencies up to ten percent (10%) for capital project contracts that exceed \$100,000. Any requests for expenditure exceeding the 10% contingency limit shall require the prior approval of the Board of Directors.
- F. If determined appropriate, in his or her discretion, the General Manager may appropriate unbudgeted funds for the purchase of equipment, services, or supplies not to exceed \$50,000 without Board approval. Such amendments will be reported to the Board of Directors in the subsequent Monthly Budget Report presented by the Finance Department.

Bidding & Contracting

- A. Competitive bidding for purchases of equipment services or supplies less than \$10,000 is not required but will be solicited whenever practical or in the best interest of the District.
- B. Purchases of equipment, services or supplies in excess of \$10,000 require at least three written (3) competitive bids.



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- C. When three (3) competitive quotes are not available, sole or preferred source purchases must be justified in writing. These purchases must be approved by the appropriate approver from the authorization table and the Finance Officer.
- D. Purchase amount includes the cost for the goods or services, taxes, freight fees and any other charges billed by the supplier.
- E. Prices quoted through a competitive bidding process by another public agency may be used for purchasing equipment, services and supplies for use in the District.
- F. The awarding personnel or Board of Directors may reject any or all bids presented, with or without cause, and re-advertise if desired. The awarding personnel and/or the Board of Directors may waive any minor irregularities in bids received.
- G. Best Value shall mean the bidder who meets the best interests of the District as determined by the awarding personnel or the Board of Directors in their sole and absolute discretion pursuant to the criteria outlined by the District in its Request for Quotes, Request for Proposal or Invitation for Bid.
- H. Dividing contracts into smaller component contracts for the purpose of evading the provisions of this policy is prohibited. Contracts may be divided only to meet unique scheduling or other needs of a project such as the purchase of equipment with a long lead-time or to accommodate necessary time frames.
- I. Purchase orders will be created for contracts used for the procurement of equipment, services and supplies.
- J. The authorized signature on the invoice/reimbursement request shall not be made by the employee who initiated the purchase.



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Purchasing Authorization Tables:

Purchase Amount	Bid Type	Approval Level
\$0 - \$10,000	Phone/written quotes whenever practical	Superintendent/Officer
\$10,001 - \$50,000	Min 3 written informal bids PO/CVWD Letter of Agreement	Director
\$50,001 - \$75,000	Min 3 written informal bids PO/CVWD Contract	Assistant General Manager
\$75,001 - \$100,000	Formal, sealed bids PO/CVWD Contract	Deputy General Manager & General Manager/CEO
\$100,001 +	Formal, sealed bids PO/CVWD Contract	Board of Directors

Emergency Purchases:

- A. An emergency purchase includes any situation which makes competitive bidding impractical or not in the best interest of the District.
- B. Emergency purchases shall be subject to the “Purchasing Authorization Table” approval levels. Board approval or/and notification will be within 30 days of an emergency expenditure that exceeds \$100,000.



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Disposition of Obsolete/Surplus Property

- A. Surplus items may be exchanged or traded-in on new goods, sold using competitive procedures similar to standard acquisition practices, sold at District/ public auction, eliminated as scrap if there is no resale or trade-in value or donated to a public agency/school district. Surplus items with a resale or market value in excess of \$500 shall have the written approval of the Assistant General Manager, Deputy General Manager and/or General Manager/CEO prior to disposition.
- B. Items with a resale or market value of \$500 or less may be sold at District employee auction, subject to the approval of the Board of Directors.

Budget Transfer Authority

- A. Budget transfers between accounts less than \$25,000 are subject to the approval of the Department Director.
- B. Budget transfers between accounts less than \$50,000 are subject to the approval of the Assistant General Manager, Deputy General Manager and/or General Manager/CEO.
- C. Budget transfers less than \$50,000, with the use of reserve funds, are subject to the approval of the Deputy General Manager or General Manager/CEO.
- D. Budget transfers greater than \$50,000, with or without the use of reserve funds, are subject to the approval of the Finance Committee and if approved, the transfer is subject to the approval of the Board of Directors.
- E. Budgeted transfers within like categories will follow the same approval process as outlined in items A and B of this section. These categories are: Wages and Benefits, Operating and Capital Improvement.



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Purchase Order and Contract Amendments

- A. Amendments increasing the purchase amount of a purchase order require the appropriate authorization as outlined in the Authorization Tables.
- B. Changes to contracts or purchase orders where the scope of work or dollar value is amended must be authorized by the District and the party fulfilling the contract.