

**RESOLUTION NO. 1484**

**RESOLUTION OF THE BOARD OF DIRECTORS  
OF THE VALLECITOS WATER DISTRICT  
RESCINDING RESOLUTION NO. 1481 AND  
ESTABLISHING PURCHASING POLICIES AND PROCEDURES  
FOR THE DISTRICT**

WHEREAS, the Board reviews and approves an annual budget authorizing the purchase of materials, supplies, equipment and inventory; funding for capital items and projects; professional services and the general operation of the District's water and wastewater systems; and

WHEREAS, the Board of Directors recognizes that the efficient operation of the District requires the execution of contracts for services; the purchase of materials, supplies, equipment, inventory and the need to supply and re-stock inventory; and

WHEREAS, said Board reviews and approves all purchases of non-emergency unbudgeted capital items prior to their purchase; and

WHEREAS, in times of emergency, purchases are made and contracts approved by staff and post-approved by the Board of Directors; and

WHEREAS, the Board of Directors of the Vallecitos Water District desires to establish formal purchasing policies and procedures; and

NOW, THEREFORE, BE IT RESOLVED THAT the Board of Directors of the Vallecitos Water District does hereby enact as follows:

**Section 1: General Provisions**

**Section 1.1:** All purchases of materials, supplies, equipment, inventory, and services shall follow the best practices and procedures established for the asset management and finance systems.

**Section 1.2:** Purchases up to \$1,500 for materials, supplies and equipment shall be made at the discretion of the Department Supervisor without the need for a competitive bid process. Purchases should be made from local suppliers and businesses if the cost and quality of material or service to be provided are equal to those from other areas, and should be in the best interest of the District. Random vendors and or purchases in this category shall be chosen periodically for internal review as follows:

1.2a: Selected purchases shall be reviewed for sufficient detail demonstrating why a vendor or service was chosen and may consider price, availability, responsiveness, quality and past purchase relationships

1.2b: Selected purchases shall also be reviewed for frequency of purchase from a single vendor and compared to other vendors supplying the same or substantially the same products or services

Section 1.3: Purchases between \$1,500 and \$25,000 for materials, supplies and equipment shall be made through the use of a competitive bid process when practical. Three bids or proposals shall be obtained when possible and practical. Purchases should be made from local suppliers and businesses if the cost and quality of material or service to be provided are equal to those from other areas.

Section 1.4: Purchases over \$25,000 for materials, supplies and equipment shall be procured through a competitive bid process, including, but not limited to, the preparation and circulation of a request for a proposal to qualified sources, as determined in the discretion of the General Manager or designee, to permit reasonable competition consistent with the nature and requirements of the proposed acquisition.

Section 1.5: Purchases are not to be made unless sufficient funds are authorized in the budget, or by separate Board action, consistent with this policy.

Section 1.6: The Purchasing/Warehouse Supervisor shall coordinate the purchase of materials, supplies, equipment, inventory, and services after receipt of purchase requisitions approved by the requesting department's supervisor.

Section 1.7: Purchases made to replace broken or lost small tools where the District has established credit accounts (i.e., Home Depot) are to be approved, in writing, by the requesting department's supervisor prior to the purchase and are not to exceed \$50 per single item and \$250 in total including tax.

Section 1.8: The General Manager shall execute all contracts on behalf of the District with the exception of routine annual maintenance and service contracts such as office equipment and facilities maintenance which may be executed by the Purchasing/Warehouse Supervisor within the authorization limits of Section 2.

Section 1.9: Materials and supplies and/or outside services which can be obtained from only one vendor are exempt from competitive bidding. Sole-source purchases may include proprietary items sold directly from a manufacturer, items that have only one distributor authorized to sell in this area or a certain product has been proven to be the only product acceptable or in use by the District. All sole-source purchases shall be supported by written documentation signed by the appropriate department Manager and forwarded and maintained in a project or accounts payable file. Final authorization of a sole-source purchase will be approved according to authorization limits in Section 2.

Section 1.10: Vendors supplying annual services or materials in an amount of \$100,000 or greater in any one fiscal year are required to provide a bid for similar services or materials no less than once every five subsequent fiscal years.

**Section 2: Authorization Limits:**

Section 2.1: Purchases of materials, supplies, equipment, inventory and capital items up to \$5,000 shall be submitted by department supervisors and may be approved by the Purchasing/Warehouse Supervisor or Finance Manager.

Section 2.2: Purchases of materials, supplies, equipment, inventory, capital items and professional services or construction between \$5,000 and \$10,000 may be approved by the appropriate department manager.

Section 2.3: Purchases of materials, supplies, equipment, inventory, capital items and professional services or construction between \$10,000 and \$50,000 may be submitted by a department supervisor or manager and shall be approved by the Assistant General Manager and General Manager.

Section 2.4: Purchases of materials, equipment, inventory, capital items, professional services or construction above \$50,000 shall be presented to the Board of Directors for approval.

### **Section 3: Purchase Orders**

Section 3.1: The Purchasing/Warehouse Supervisor shall control and issue purchase orders.

Section 3.2: A contract for outside services, signed by the General Manager or approved by the Board of Directors, shall serve as a purchase order and an additional purchase order is not necessary.

Section 3.3: Vendors requiring "open purchase orders" for items such as office supplies or auto parts for a specific period of time, not more than annually and within the same budget year, shall be made on purchase orders approved by the General Manager.

### **Section 4: General Inventory and Supplies**

Section 4.1: The Purchasing/Warehouse Supervisor is authorized to purchase materials which are primarily stored as inventory and supplies for operating and maintenance and general District use such as office supplies. When practical, a minimum of three (3) quotations should be obtained for all purchases unless the Board has approved the material as a "standardized item," such as meters. In order to eliminate obsolete material or supplies, there shall be regular review of all stock, and the District shall maintain only a reasonable quantity and generally limited to one year's expected requirements.

### **Section 5: Contracts for Consulting Services and Construction**

Section 5.1: For all consultants providing "as needed" consulting services for various projects or to offer assistance in-lieu of increasing staff, a review and approval process shall include, but not be limited to, experience, expertise, availability of consultant's staff, completeness and responsiveness of proposal, and cost to ensure the consultant's experience and expertise in the area of the service being provided. Consultants will be required to enter into contracts at fixed rates valid for up to a two year term and provide proof of all necessary insurances to the satisfaction of the District.

Section 5.2: Contracts for consulting services up to \$50,000; an existing "as needed" consultant may be selected to provide a proposal. If existing "as needed" consultants do not have sufficient experience, up to three (3) proposals must be obtained from experienced

and reputable professionals in the particular field. Approval criteria shall include, but not be limited to, experience, expertise, availability of consultants staff, completeness and responsiveness of proposal, and cost. The requesting department's manager shall make a recommendation for final approval by the General Manager.

Section 5.3: Contracts for consulting services between \$50,000 and \$150,000; a minimum of three (3) proposals must be obtained and may include existing "as needed" consultants. Interviews of consultants may be conducted at the discretion of the requesting department's manager. Approval criteria shall include, but not be limited to, experience, expertise, availability of consultants staff, completeness and responsiveness of proposal, and cost. The requesting department's manager shall recommend the most qualified proposal to the General Manager for Board consideration and approval.

Section 5.4: Contracts for consulting services in excess of \$150,000; a minimum of three (3) proposals must be obtained from experienced and reputable professionals in the particular field. Interviews of the consultants may be conducted at the discretion of the requesting department's manager. Approval criteria shall include, but not be limited to, experience, expertise, availability of consultants staff, completeness and responsiveness of proposal, and cost. The requesting department's manager shall recommend the most qualified proposal to the General Manager for Board consideration and approval.

Section 5.5: Construction contracts up to \$50,000; a review and approval process shall include, but not be limited to, cost, experience, expertise, availability of contractor staff, completeness and responsiveness of proposal to ensure the contractors experience and expertise in the area of the service being provided. Contractors will be required to enter into contracts and provide proof of all necessary insurances to the satisfaction of the District.

Section 5.6: Construction contracts between \$50,000 and \$500,000; a minimum of three (3) bids must be obtained with a review and approval process of the bids including, but not be limited to, cost, experience, expertise, availability of contractor staff, completeness and responsiveness of proposal to ensure the contractors experience and expertise in the area of the service being provided. The requesting department's manager shall recommend the most responsive and responsible bidder to the General Manager for Board approval.

Section 5.7: Construction contracts in excess of \$500,000 shall be publicly advertised a minimum of 48 hours at various construction plan rooms sufficient to reach qualified contractors. A review and approval process of the bids shall include, but not be limited to, cost, experience, expertise, availability of contractor staff, completeness and responsiveness of proposal to ensure the contractors experience and expertise in the area of the service being provided. The requesting department's manager shall recommend the most responsive and responsible bidder to the General Manager for Board approval.

## **Section 6: Petty Cash**

Section 6.1: Occasionally, purchases will be required from vendors or businesses that require cash payment. Such purchases may be authorized from petty cash funds by the Department Supervisor or Manager and shall be limited to individual purchases not exceeding \$150.



**Section 7: Payment**

**Section 7.1:** Prior to rendering payment, all appropriate documentation including invoice, packing slip and purchase order information shall be reviewed and approved by the Purchasing/Warehouse Supervisor or, the appropriate department supervisor and Finance Manager.

**Section 7.2:** Unless otherwise approved, all payments shall be made by warrant or Automated Clearing House (ACH) upon approval of the disbursements by the Board of Directors at a regular Board meeting.

**Section 7.3:** In special cases, upon approval of the General Manager, the District may provide partial up-front payments for materials, supplies, and equipment, inventory or capital items, not to exceed 50% of the quoted material costs.

**Section 8: Emergency Purchases**

**Section 8.1:** Notwithstanding the foregoing provisions, the General Manager, or designee, may make emergency purchases, approve service or construction contracts without compliance with the preceding sections, upon a determination that such purchase is required for the health, safety and welfare of the customers of the District, for the protection of the District's property, or if there is an immediate need or emergency which could not be reasonably foreseen. All emergency purchases and contracts shall be reported to the Board President as soon as feasible, and shall be reported to and approved by the Board at its next Board meeting.

Any and all other Resolutions, Articles or Sections of Resolutions, or Amendments in conflict herewith are hereby rescinded.

PASSED AND ADOPTED by the Board of Directors of the Vallecitos Water District at a regular meeting held on the 20<sup>th</sup> day of April, 2016, by the following roll call vote:

- AYES: ELITHARP, EVANS, HERNANDEZ, MARTIN, SANNELLA
- NOES:
- ABSTAIN:
- ABSENT:



Michael A. Sannella, President  
Board of Directors  
Vallecitos Water District

ATTEST:



Dennis O. Lamb, Secretary  
Board of Directors  
Vallecitos Water District