



EAST VALLEY WATER DISTRICT Administrative Policies & Programs

Policy Title: Purchasing / Procurement Policy

Original Approval Date:
August 9, 2011

Last Revised:
October 11, 2017

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Purpose

The purpose of this policy is to establish procedures for the acquisition of supplies, materials, equipment and services, including construction and capital improvements, for East Valley Water District (the District) pursuant to California Government Code (CGC) Section 54201 et seq.

CGC Section 54202 requires every local agency to adopt policies and procedures, including bidding regulations, governing purchases of supplies, materials, and equipment and that said purchases shall be in accordance with duly adopted policies.

CGC Section 54204 requires that if a local agency is other than a city or county, policies provided for in Section 54202 shall be adopted by means of a written rule or regulation, copies of which shall be available for public distribution.

Authorization and Delegation

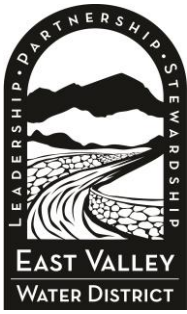
By adoption of this policy, the Board of Directors (Board) is authorizing the General Manager/Chief Executive Officer (GM/CEO), or his/her authorized representative to exercise certain duties and responsibilities that are essential for the day-to-day operation of the District.

The GM/CEO may delegate the procurement of services and materials, and the provision of public works contracts to those staff members given specific authority within this policy.

The GM/CEO delegates the authority to act as the District's Purchasing Agent to the Chief Financial Officer (CFO), or their designee.

The GM/CEO delegates the authority to procure engineering, consulting and design, and construction services for Public Works Projects to the Director of Engineering and Operations (DEO), or their designee.

The GM/CEO delegates to Program Managers and Supervisors the authority to determine specifications of goods or services needed, to solicit proper bids, and to obtain proper approvals according to the Authorization Table.



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Responsibilities

A. Purchasing Agent - the Purchasing Agent's responsibilities include:

1. Administration of the Purchasing Policy;
2. Update settings / approval paths in the District's financial software;
3. Creation of Purchase Orders (PO);
4. Review bid documents and bidding procedures;
5. Review all contracts (except Public Works);
6. Recommend revisions to purchasing procedures when necessary and keep informed of current developments in the field of public purchasing;
7. Conduct internal audits; and
8. Provide training for District staff on this policy.

B. DEO - The Director of Engineering and Operations responsibilities include:

1. Recommend revisions to purchasing procedures with respect to public contracting; and
2. Review all public works contracts.

C. Program Managers & Supervisors - the responsibilities of managers and supervisors shall include:

1. Enter into contractual obligations on behalf of the District;
2. Obtain full and open competition in accordance with prescribed policies and procedures in a manner that presents the best overall value to the District;
3. To anticipate requirements sufficiently in advance to allow adequate time to obtain goods in accordance with the best purchasing practices;
4. Identify, evaluate, and utilize purchasing methods which best meet the needs of the District (e.g. cooperative purchases, blanket purchase orders, contractual agreements, purchasing cards, etc.);



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5. Provide for the fair and equitable treatment of vendors, suppliers, and contractors;
6. Supervise the receipt and inspection of all materials, supplies, equipment, and services purchased to ensure conformance with specifications;
7. To notify vendors of purchase award when authorized by Purchasing Agent; and
8. Obtain approvals according to the Authorization Table below.

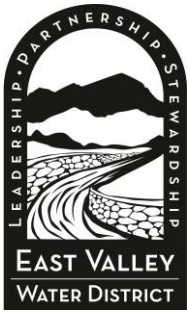
D. Authorization Table

Amount Up to	Approval Level
\$ 5,000	Department Supervisors
\$ 10,000	Department Managers
\$ 25,000	Department Heads (Executive Staff)
\$ 150,000	General Manager / CEO (CFO or DEO if CEO is absent)
> \$ 150,000	Board of Directors

The above authorization levels apply to the procurement of materials and services that are included in the current year adopted budget.

Procurement Methods

- A. Requisition/Purchase Order - Requisitions provide a mechanism for obtaining the approvals necessary for issuance of a PO. With few exceptions, a PO must be issued prior to ordering goods or signing contracts for construction or services.
 1. In general, POs will be closed at the end of each fiscal year. Purchases are expensed from the fiscal year budget in which goods are received, not the fiscal year in which POs are issued.
 2. Purchase orders representing multiple year contracts will remain open until projects are completed and Finance is notified to close the Purchase Order.
 3. Procurements that require approval by the Board do not require electronic requisitions. The Purchasing Agent will create the Purchase Order after the Board



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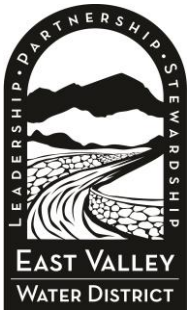
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of Directors has approved and signed the contract. The Purchase Order will then be delivered to the related Department.

4. In no case shall a contract be signed and Purchase Order issued unless sufficient funds have been budgeted and appropriated, or identified in the Capital Improvement Program reviewed with the Board during the annual budget process.
- B. Check Request - A check request can be used to initiate payment for purchases not requiring a PO, such as for purchases of less than \$5,000, and non-discretionary purchases/payments.
- C. Purchasing Card - Designated full-time employees may be assigned a Cal Card for miscellaneous purchases. The objective of the Cal Card Program is to reduce processing costs associated with low dollar expenditures. Services are not to be acquired on Cal Cards due to lack of insurance and indemnification language associated with these purchases.
 1. Each cardholder has pre-defined spending limits which may be increased temporarily or permanently with approval by an authorized manager subject to the Authorization Limits. Purchases using the Cal Card are subject to the terms and conditions of the District Cardholder Agreement.

Competitive Selection Process

- A. General - All procurements for materials, supplies, equipment, services, and construction shall employ a competitive selection process whenever practicable. All procurements of \$75,000 and over will require sealed bidding.
 1. Bids shall be awarded to the “responsive” and “responsible” bidder who submits the lowest bid that is most advantageous to the District.
 - Responsive shall mean a bidder whose bid is in conformance with the requirements of the bid solicitation, including specifications and the District’s terms and conditions. Bidders who substitute terms and conditions or who qualify their bids in such a manner as to limit their liability may be considered non-responsive.



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- Responsible refers to the ability of the bidder to successfully fulfill a contract. Prospective bidders may be requested to furnish proof of financial resources, a list of current or previous customers, and other pertinent data. Such action may be taken after receipt of bids.
2. In determining the lowest “responsible” 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; and
 - 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.
 3. 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 or manager, or the GM/CEO shall be attached to the purchase requisition or Board report.

B. Bid Requirements Table

Purchase Amount	Requirements	PO Required
\$ 0 - \$5,000	Informal Quotes	NO
\$ 5,001 - \$75,000	Informal Bids	YES
\$ 75,001 and over	RFP/Sealed Bids	YES



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C. Informal Quotes

1. 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.
2. 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

1. For all procurement of materials, supplies, equipment, services, and construction in excess of \$5,000 but less than \$75,000, at least three vendors must be contacted for bids/price quotations and the purchase awarded to the lowest, most responsive bidder.
2. Bids may be solicited from prospective bidders by written request, telephone, legal advertising or public notice (including District website). Regardless of solicitation method, all vendors must receive the same information about specifications and requirements of the product or service, and all bids submitted must be kept in confidence until the bid is awarded. Bidders may be advised that they will be notified only if they submitted the successful bid.
3. All bids received must be documented and retained by the requesting department or scanned into Tyler Content Manager.

E. Formal Bids

1. For all procurement of materials, supplies, equipment, services, and construction in excess of \$75,000, bids or proposals shall be solicited from a minimum of three vendors. A written Notice Inviting Bids (NIB) or Request for Proposals (RFP) must be used to document the specification and requirement of the product or service.



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2. The NIB or RFP must be made publicly available on the District's website and, if practicable, in a newspaper of general circulation. If the NIB/RFP is also sent directly to prospective vendors, at least three vendors shall receive the notice.
3. Vendor responses (proposals/bids) must be submitted in written form and retained on file by the manager of the initiating department. Contracts shall be awarded in a manner most beneficial to the District as further explained in the following sections.

Supplies, Equipment, and Non-Professional Services

The following procedures are applicable to the acquisition of commodities and non-professional services, and shall be used in conjunction with the Competitive Selection Processes described above. Non-Professional Services do not require professional certifications. Examples include: landscape maintenance, janitorial, and uniform cleaning.

- A. Notice Inviting Bids - The initiating department shall prepare the Notice Inviting Bids (NIB). The notice shall be published once, in a newspaper of general circulation within the District, at least fourteen calendar days before the date of bid opening.
- B. Formal Notice Inviting Bids - The Notice shall contain:
 1. A general description of the goods, services, or equipment to be purchased;
 2. A statement about where bid plans and specifications may be secured;
 - a. For tangible goods and equipment, brand standardization is allowable if deemed in the best interest of the District;
 3. Bonding requirements, if applicable; and
 4. A statement of the time and place for opening the bids.
- C. Bid Opening - Sealed bids shall be submitted to the Department requesting the bids. A written record and tabulation shall be made at the time all bids are received. Bids shall be opened by the department head in public at the date, time, and place stated in the NIB.
- D. Evaluation - A representative of the requesting department shall review all bids received for compliance with specifications. Any deviation from the specifications



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shall be fully documented, and the impact of the deviation on the performance of the bid item evaluated. The requesting department shall review its finding with the Purchasing agent.

E. Bid Award - Contracts will be awarded to the lowest responsive and responsible bidder. Approval of any bid will be in accordance with the Authorization Table. 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.

1. Project-specific contracts for maintenance and service agreements shall be issued to expire upon completion of the work unless otherwise specified in the written agreement. Contracts shall be issued for an initial term of no more than 36 months. The GM/CEO may authorize a maximum of one extension of 24 months for maintenance and service agreements.
2. If an extension to a contract or maintenance agreement causes the total cost for all years to exceed \$150,000 (even though the original total cost of the agreement was less than \$150,000), the extension shall be approved by the Board.

Professional Services

Professional service providers are those persons or firms specially trained to provide services in connection with financial, economic, accounting, engineering, administrative, or other matters involving specialized expertise or unique skills.

When selecting a vendor for professional services, cost will not be the prominent criterion in evaluating proposals. Proposals for these services will be evaluated based on a combination of factors that result in the best overall value to the District.

A. Request for Proposal (RFP) - The department responsible for monitoring the project shall prepare the RFP. The RFP should contain significant detail about the project including:

1. A precise description of the objective;
2. The services to be performed;
3. The anticipated project timeline, including:
 - a. The deadline for submittal of proposals;



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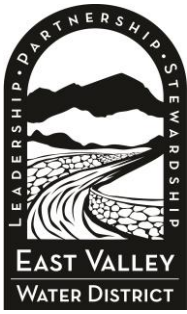
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- b. Date of proposal conference, if any;
 - c. Proposal evaluation;
 - d. Award of contract; and
 - e. Projected start and completion dates.
4. Evaluation criteria;
 5. Expected content of proposals; and
 6. Contractual requirement, including:
 - a. Prohibition against assignment;
 - b. Insurance requirements;
 - c. Compliance with federal, state and local laws, and grant related requirement, if applicable; and
 - d. Sample of District contract / agreement.
- B. Issuance of RFPs - To allow for sufficient competition, the project manager shall:
1. Post the RFP on the District website, and distribute the RFP to at least three firms engaged in performing the work requested. If deemed appropriate, the RFP may also be published in a newspaper of general circulation at least 14 days prior to the designated closing.
 2. Allow a reasonable length of time between solicitation and closing dates so potential respondents have sufficient time to prepare proposals.
 3. Post on the District website, any RFP amendments, and responses to any inquiries from potential respondents to ensure all interested firms have the same information.
- C. Proposal Receipt and Opening - Sealed proposals shall be received by the originating department, time stamped, and recorded on a list of proposals received. Proposals shall be opened in the presence of the Department Head from the initiating department. Proposals received after the time specified shall be returned to the submitter unopened.
- D. Evaluation of Proposals - The project manager shall establish a selection committee of at least three members, and establish selection criteria and a ranking system. The selection criteria should include:



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1. Completeness of the proposal;
2. Demonstrated understanding of the work to be performed;
3. Experience of the firm and its personnel relative to the required services;
4. Qualifications of the personnel to be assigned;
5. References who can be contacted to verify past performance; and
6. If appropriate, pricing for the project.

The selection committee may choose to interview all or some of the respondents to assist in coming to a consensus on the top firm.

- E. The initiating department shall recommend the top firm for award of a contract, which shall be approved in accordance with the Authorization Table.

Public Works Projects

Public Works Projects, hereafter referred to as Capital Improvement Projects (CIP) include the construction, reconstruction, erection, alteration, renovation, improvement, demolition, painting or repair of any publicly owned, leased or operated facility.

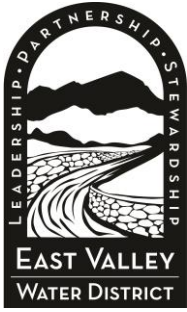
As required by law, registration with the Department of Industrial Relations for prevailing wage regulations is required for all CIP bidders. When the CIP is funded through a Federal Grant, the District must follow Federal procurement standards listed in the Code of Federal Regulations Sections 200.317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

A. Notice Inviting Bids

1. The initiating department shall prepare the Notice Inviting Bids. The notice shall be published once, in a newspaper of general circulation within the District, at least fourteen calendar days before the date of bid opening. The IFB shall also be mailed to construction trade journals at least 30 days prior to bid opening.
2. Alternately, 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.

B. Form of Notice Inviting Bids: The Notice shall contain:

1. A general description of the Project;



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2. A statement indicating where plans and specification, and bonding requirement can be obtained;
3. A statement that the District will receive sealed bids;
4. 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;
5. A statement of the time and place for opening the bids; and
6. Such other information as may be required by the District or by law.

C. Submission of Bids

1. 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 East Valley Water District, as bid security.
2. 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.

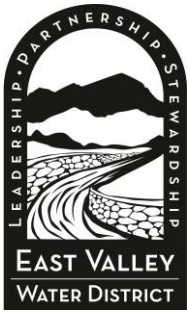
D. Opening of Bids - Bids shall be publicly opened at the time and place specified in the invitation for bids. A minimum of two members of District staff must be present at all sealed bid openings.

E. 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.

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

G. Relief of Bidders - Bids 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 mistake was made;



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- 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;
- The mistake made the bid materially different than the bidder intended it to be;
- 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; or
- A bidder who claims a mistake or forfeits its bid security shall be prohibited from participating in further bidding on the same project.

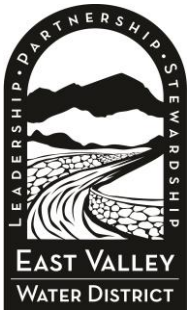
H. Performance and Payment Bonds - Any bidder to whom a contract for CIP is awarded under the District's formal competitive bidding procedures shall supply on forms satisfactory to the District, a Faithful Performance Bond in an amount equal to the total contract price.

1. For any CIP contract 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.
2. 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.

I. Insurance - Before work commences, evidence of insurance as required by the contract for CIP must be obtained, reviewed, and accepted by the DEO or their designee. A copy of the certificate of insurance will be provided to the District HR/Risk Management Department.

Exemptions from Competitive Solicitation

The competitive solicitation / bid process will not be required for the acquisition of goods and services under the following circumstances:



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- A. Non-Discretionary Purchases - These purchases/payments are not readily adaptable to the open market and competitive selection process. Non-discretionary purchases do not require the issuance of a purchase order, and payments in excess of the GM/CEO authorization limit do not require Board approval. Examples of non-discretionary purchases include, but are not limited to:
1. Bank charges and fees;
 2. Debt Service payments;
 3. Insurance premiums;
 4. Memberships, dues, and subscriptions;
 5. Pension and OPEB payments;
 6. Utilities; and
 7. Water purchases.
- 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 the authorization table.
- C. Inventory Replenishment - Purchases to replenish the District's warehouse inventory within established inventory re-order levels require no prior authorization provided that the vendor being utilized has been selected within the last twelve months as the designated vendor for the items, or class of items, to be purchased.
- D. 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.
- E. Emergency Purchases - Emergency purchases may be made without competitive bidding when unforeseen circumstances present an immediate risk of:
1. harm or hazard to the public health, safety, and welfare;
 2. damage to District property; or
 3. serious interruption of District essential services.



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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:

1. The Finance department shall be contacted as soon as possible to obtain a purchase order number;
2. A completed, properly approved purchase requisition shall be submitted within two working days, or as soon as the information is available;
3. Documentation explaining the circumstances and nature of the purchase shall be maintained by the Supervisor or Manager; and
4. 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 or Manager as determined by the authorization table.

Change Orders

Any substantial change to a purchase order or contract shall be documented as a change order.

- A. The GM/CEO may approve change orders to contracts for the procurement of supplies, equipment, contracts for professional services, and other goods and services provided:
 1. The change order is within the scope of the approved contract and the cost of the changed work does not exceed the adopted budget;
 2. The cumulative total of all change orders is within 10% of the original contract amount; and
 3. 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.



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- B. The GM/CEO or the DEO may approve change orders for Capital Improvement Projects provided that the changed work is within the scope of the project approved by the Board and the cost of the changed work does not exceed the budget for the project approved by the Board and:
1. The cumulative total for all change orders do not exceed 10% of the original contract amount; and
 2. Change orders for CIP in excess of these amounts and change orders for CIP reflecting a change in the scope of the nature of the project shall be submitted to the Board for approval.

Conflict of Interest

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 East Valley Water District is incorporated herein by reference.

Unauthorized Purchases

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 the District;
- B. Invoices without an authorized purchase order may be returned to the vendor unpaid; and
- 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.



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Review Audits

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