

WEST BAY SANITARY DISTRICT
PURCHASING POLICY
APPROVED MAY 26, 2010
Revised April 14, 2021

Purpose

These procedures have been prepared to establish and clearly define the responsibilities of each employee and department of the West Bay Sanitary District (“District”) related to purchasing to maintain centralized control over the purchase of goods or services, create efficiencies to pay invoices timely, and ensure goods and services are procured fairly at the “best value” on the basis of competitive prices, quality, suitability, timeliness, and/or related considerations. This Purchasing Policy is intended to comply with Government Code section 54201 et seq., applicable state and federal laws and rules, and the terms and conditions of any grant or gift that is consistent with the law.

Section 1. Procedure for Purchase of Goods/Services

An employee (“Requester”) who needs to obtain goods or services in order to conduct the District’s business shall adhere to the following procedure:

1. Determine exactly what is needed. Prudent purchasing requires requests be made only for those goods or services that are necessary.
2. Prepare an electronic purchase requisition in the MicroIX Workflow Module (Workflow) System to obtain goods or services. The requisition must include:
 - a. Detailed description of the purchase or service
 - Goods or services to be purchased.
 - b. Vendor information
 - All vendors must be pre-authorized by the Finance Department.
 - Vendor name, address and telephone number.
 - A Request for Taxpayer ID, federal form W-9 is required for new vendors
 - c. Reason and Justification for purchase;
 - Purpose of goods or services to be purchased.
 - d. Transaction details, including price, sales tax, when applicable, budget coding, including general ledger account and department
 - e. Attachments
 - Quote, three (3) quotes for items over \$5,000.
 - Additional information as may be required by this Purchasing Policy, or the Supervisor, Department Manager, or by the District Manager.
 - All backup supporting documents must be attached, including required quotes, as well as additional information as may be required by this Purchasing Policy, or by the Supervisor, Department Manager, or District Manager.
 - f. Submit requisition. The requisition will automatically go to Supervisor, Department Manager, or District Manager, as required by the Policy.

3. All purchases, other than with a petty cash or credit card, purchases must be initiated by a purchase requisition.

Section 2. Division of Responsibility

A. No orders may be placed for goods or services, and no purchase order shall be valid without prior approval of the Supervisor, Department Manager, or District Manager, or their respective designated agent as specified herein.

For the purposes of this section, the responsibilities of Supervisor or Department Manager may be assumed and carried out by employees in the designated positions within the operating departments, as follows:

- | | |
|----------------------------------|---------------------------------|
| 1. Administrative and General: | Office & Communications Manager |
| 2. Collection System: | Operations Superintendent |
| 3. Flow Equalization Facilities: | Operations Superintendent |
| 4. Water Quality: | Water Quality Manager |
| 5. Capital and IT: | Projects & IT Manager |

B. Supervisor and/or Department Manager

The Supervisor and/or Department Manager authorizing the purchase requisition shall adhere to all of the following procedures:

1. Maintain list of qualified vendors acceptable to the District.
2. Determine the goods or services requested are appropriate and will accomplish the proposed purpose and meet specifications when required.
3. Determine if the requirements of this policy have been met.
4. Determine the goods or services requested do not exceed the District's inventory requirements.
5. Authorize purchase requisition.
 - a. Requisition will automatically be sent to Department Manager, if required for approval.
6. When the invoice is received, determine the goods or services have been received in good order and in accordance with specifications.
7. Stamp invoice approved, sign, indicate PO number, and submit invoice or a packing slip signed by the receiver of goods to the Work Flow module and Finance Department. A completed purchasing transaction for goods and services is defined as an authorized purchase requisition, an approved purchase order, and a signed invoice with the words "okay to pay". The Finance Department will verify all purchasing packages are complete prior to issuing payments.
8. Requester and or Department Manager will notify Finance Department of any shortages or damages.
9. Approve any invoices up to approved limits.
 - a. Supervisors may approve purchases up to \$999.99.
 - b. Department Managers may approve purchases up to \$4,999.99

C. District Manager

The District Manager authorizing the purchase requisition shall adhere to all of the following procedures:

1. Determine the goods or services requested are necessary to conduct the District's business.
2. Determine the purchasing procedures set forth in this policy have been adhered to.
3. Approve all purchases of \$15,000.00 or greater, subject to authorization of the Board of Directors consistent with this policy.

D. Finance Department

The Finance Department shall adhere to the following procedures:

1. Determine availability of funds.
2. Determine that purchase requisitions and purchase orders have been prepared and authorized in accordance with this policy.
3. Audit for a complete purchasing transaction and pay all authorized and approved invoices once the full transaction has been completed.
4. Advise the District Manager of any discrepancies between purchase orders and invoices prior to payment.

Purchase Orders issued by the District for goods or services must be approved by the Department Manager or the District Manager, depending on the approval dollar limits, prior to ordering of goods and/or services in order to be valid, unless purchased through a pre-approved Open Purchase Order, pre-approved account (eg. Home Depot, Chevron, or District Credit Card) or during extremely urgent or emergency conditions. Any purchase order, which does not meet this requirement, shall not be processed (nor any related invoice paid) and brought to the attention of the District Board at the next regularly scheduled meeting.

Section 3. Purchasing Cycle

Purchase of goods or services shall be made only after a purchase order is authorized according to this policy or an agreement is entered into by an authorized District representative (the District Manager or assignee).

- A. If not budgeted, the District Manager shall request Board authorization to purchase any capital item, including tools, equipment, furniture or fixtures costing in excess of \$15,000.00 or having an estimated life of three years or more and be capitalized according to standard accounting practices.
- B. The purchase value shall include all cost pursuant to their utilization of an item for its intended purpose, including taxes, freight, modification, interest, and any other relevant costs. No Contract or purchase shall be subdivided to avoid the requirements of these purchasing procedures.**

Section 4. Purchasing Approval Limits for Materials/Supplies/Equipment/Goods.

1. Small Purchases to \$199.99:

- a. Small Purchases will usually be made with petty cash, require a Petty Cash Receipt, in lieu of a purchase requisition or purchase order.
- b. The petty cash receipt must be signed by the employee receiving the petty cash and the employee's immediate manager.
- c. The petty cash must be balanced periodically and shall be maintained by the Petty Cash Custodian and the Finance Manager.

***** PURCHASES MADE UNDER SECTION 4 (2)(3)(4)(5)(6) MUST MEET THE REQUIREMENTS OF SECTION 1, 2 AND 3 OF THIS POLICY.*****

2. Purchases of \$00.01 to \$4,999.99:

- a. Must be placed with a qualified vendor.
- b. Purchases must have the appropriate approval by Department Manager, before purchase:
 - Petty cash must have an approved Petty Cash Receipt.
 - District Credit Card purchases do not require prior approval but are limited to purchasing limits of this policy
 - All other purchases and services require an approved purchase requisition and purchase order, unless for a routine services approved by the District Manager or via Open Purchase Order.

3. Purchases of \$5,000.00 to \$14,999.99:

- a. At least three informal prices will be obtained from qualified vendors. Written or electronic quotes shall be secured and attached to the purchase requisition.
- b. Availability of funds is required.
- c. Simple, concise specifications may be furnished to the Administration Office for obtaining quotes.
- d. Purchases require District Manager approval prior to issuance of the purchase order.
- e. Purchases or payments in this price category can be made by District Credit Card if approved and deemed beneficial to the District by the District Manager.
- f. These purchases/payments must be specifically reported to the District Board in the first instance or coded as paid by District Credit Card in the Board packet's monthly Financial Activity Report.

4. Purchases of \$15,000.00 to \$24,999.99:
 - a. Purchase must be approved through adoption of the budget or directly in advance by the District Board.
 - b. Written specifications shall be required prior to purchase.
 - c. Written quotes shall be solicited from three or more qualified vendors whenever possible.
 - d. Availability of funds is required.
 - e. The District Manager, prior to issuance of a purchase order, shall approve purchase to the qualified vendor with the lowest quote.
 - f. Purchase shall be reported to the District Board at via the subsequent monthly Financial Activity Report.
 - g. Should the District Manager determine the lowest quote(s) is (are) unresponsive, the District Manager shall ask the District Board to ratify the District Manager's determination prior to purchase.
 - h. The District Manager shall report to the District Board all purchases made pursuant to this subsection (Section 4 (4)) at the first regular Board Meeting following the purchase.

5. Purchases of \$25,000.00 or more:
 - a. Purchase must go through the competitive bid process and be approved by the District Board to go to bid, unless purchased through a Cooperative Purchase Agreement, or Piggyback purchase as outlined in Section 7.
 - b. Written specifications shall be required prior to obtaining bids (except sole source items such as; Flygt Pumps and parts, Ultrasonic Hydro Rangers, ISAC systems and components).
 - c. Formal Invitation to Bid, Request for Proposal, or Request for Quotes shall be solicited from multiple qualified vendors.
 - d. Availability of funds is required.
 - e. The District Manager shall evaluate all bids, proposals, or quotes received and recommend the Best Value. Best Value shall mean the bidder who meets the best interests of the District as determined by the District Manager. The District Board 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 shall authorize District Manager to award the bid to the best value vendor.

Materials Supplies Equipment or Goods - Contract Summary Table

Amount	Contract Requirement	Authorization
<\$5,000	Quotes not required	General Manager
>\$5,000 - <\$15,000 budgeted	Informal Quotes*	General Manager
>\$5,000 - <\$15,000 unbudgeted	Informal Quotes*	General Manager with Board of Directors' Prior Approval
>\$15,000 - <\$25,000 budgeted	Formal Written Quotes*	General Manager with report to Board of Directors
>\$15,000 - <\$25,000 unbudgeted	Formal Written Quotes*	General Manager with Board of Directors' Prior Approval
≥\$25,000	Competitive Bid Process	Board of Directors' Prior Approval

* After appropriate price comparisons

Section 5. Receipt of Purchases

1. When products are received, attach packing slip to Purchase order
 - a. All goods received must be listed on the invoice. A packing list may be used for this purpose.
 - b. All shortages must be noted on the invoice or packing slip, which is attached to the original approved Purchase Order.
 - c. The invoice must be provided to the District's Finance Department for payment.
 - d. The District employee receiving the goods must clearly print their name on the invoice.
 - e. For receipt of services delineated as Repairs and Maintenance in the District Budget, the Supervisor or District Manager shall provide the Finance Department with a signed "Services Receipt" indicating that the work has been completed to their satisfaction.
 - f. All receipts, packing slips (when applicable), invoices, and "Service Receipts" must be uploaded to the Work Flow module prior to the payments being made.

Section 6. District's Construction Related Contracts

- A. For purposes of this policy, the District's construction related contracts are defined as involving the construction, reconstruction, alteration, enlargement, renewal or replacement of any District owned, leased, or operated facility under Public Contract Code §§ 22002, 20800 et seq. Contracts for maintenance work to keep, operate and maintain District's property or facilities are governed by Public Contract Code section 22002(d).

1. Construction Contracts of less than \$15,000: General Manager may approve the contract unless it is not a budgeted item in which case, prior approval by the District Board is required.
 2. Construction Contracts of \$15,000.00 or more:
 - a. Contract requires formal bid process in compliance with the public contract laws.
 - b. Contract must be approved and bid awarded by the District Board.
 - c. Applicable provisions of the Health and Safety Code and the Government Code of the State of California must be followed.
 - d. Availability of funds is required for prior to the “award of bid” to be recommended recommendation is made to the District Board and purchase order issued.
 - e. Should the District Manager determine that the lowest bid(s) is (are) unresponsive, the District Manager shall ask the District Board to ratify the District Manager’s determination prior to purchase.
- B. Maintenance contracts:
1. Under \$25,000 - General Manager may approve the contract unless it is not a budgeted item in which case, prior approval by the District Board is required.
 2. If more than \$25,000 – Contract is subject to a competitive bidding process and must be approved and bid awarded by the District Board.

Public Works Construction Contract - Contract Summary Table

Amount	Contract Requirement	Authorization
<\$15,000 budgeted	Informal Quotes*	General Manager
<\$15,000 unbudgeted	Informal Quotes*	General Manager with Board of Directors’ Prior Approval
>\$15,000	Competitive Bid Process	Board of Directors’ Prior Approval
>\$15,000 emergency	Public Contract Code §22050 and Board Resolution process	General Manager with Board of Director approval at next regular meeting
≤\$25,000 budgeted Maintenance	Informal Quotes*	General Manager
>\$25,000 budgeted or unbudgeted Maintenance	Competitive Bid Process	Board of Directors’ Prior Approval

* After appropriate price comparisons

Section 7. Exceptions to Competitive Procurement Process.

In the event any of the following exceptions to the competitive procurement process are used, the recommendation will be documented in writing and approved by the General Manager if required for the purchase, and by the Board of Directors for purchases requiring Board approval

A. Sole Source Procurement

1. This policy grants authority to the General Manager to enter into non-competitive contract, also known as sole source procurement, when one or more of the following conditions exist:
 - a. The item is available only from a single source: a preferred brand, like material, etc., to be procured; or
 - b. The commodity is unique, including, but not limited to, acquisition of data processing, telecommunications and word processing equipment, goods and services; or
 - c. The purchase of a specific brand name, make or model is necessary to match existing District equipment or facilitate effective maintenance and support; or
 - d. When it is in the best interest of the District to extend or renew a contract from a previous contract period, based on satisfactory service, reasonable prices, avoidance of start-up costs, avoidance of interruptions to District business, or good business practices.
2. The District must document why a particular item is unique, or why the individual or firm it has selected has the unique capability required, and the consequences if the sole source procurement is not made. Documentation must be retained for audit purposes.

B. Emergency Purchases

1. The District Manager shall make all emergency purchases in accordance with Public Contract Code Section 22050 et seq., and District Board Resolution 1253 (95):

The General Manager may deem an emergency exists which requires an immediate and serious need for materials, supplies, equipment, goods, services, or construction that cannot be met through normal procurement methods, the lack of which would seriously threaten any of the following:

 - a. Essential services or operation of the District;
 - b. The preservation or protection of property;
 - c. The public health, safety, or welfare; or
 - d. Economic health of the District.
2. All emergency purchases which would otherwise require formal solicitation must consult with the Board President and be submitted to the Board of Directors for ratification by resolution at the next regular Board meeting after the emergency procurement has been made. Such resolution shall state the facts constituting the emergency.

C. Cooperative and Piggyback Contracts

When the services or supplies are obtained by cooperative procurements or “piggyback” on the competitive procurement process of another agency, the District shall have the authority to join with other public jurisdictions in cooperative purchasing plans, programs or pricing agreements. The District may also contract for services and supplies at a price established by competitive procurement by another public jurisdiction in substantial compliance with that public agency’s competitive procurement process. The District may also contract with any federal, state, municipality or other public agency.

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 when it is recommended by the District Manager and approved by District Board that it is the Best Value and in the District’s best interest. Sections 4 and 6 do not apply to this subsection.

Cooperative Purchase Agreements can be utilized to provide financial benefits to the District when purchasing, equipment, furniture, vehicles etc. Recognized cooperative purchase agreements such as Sourcewell cooperative, California Multiple Award Schedules (CMAS), General Services Administration (GSA), California State Bids, or other multi-government agency agreements can be used in place of the formal invitation to bid process when it is advantageous to the District.

D. State/Federal Funding Rules.

In the event grant or state or federal funding is utilized, the grant or state or federal awarding agency or pass-through entity expressly authorizes noncompetitive proposals in response to a written request from the District.

E. Impractical/Impossible. When competitive procurement would fail to produce an advantage or when the procurement process is undesirable, impractical, or impossible. Examples include situations when the services or supplies are to be performed in partnership with other public agencies or nonprofit organizations; or are to be paid for with private funds.

Section 8. Professional Services.

The General Manager may enter into a contract for professional services under the following guidelines:

- A. Expert and professional services are provided by independent consultants which involve extended analysis, personal expertise, the exercise of discretion and independent judgment in their performance, which are of an advisory nature, such as financial advisors, auditors, grant writers, program specialists, labor consultants and negotiators, investigators, certified laboratories, attorneys, environmental consultants, appraisers, architects, landscape architects, surveyors, engineers, design professionals, and construction management firms.
- B. Except as provided in subparagraph (C), when selecting professional or consulting consultants, the District representatives evaluating the proposals will consider the

consultant’s demonstrated experience and competence, insurability, understanding of the scope of work, financial ability, resources to perform the work, willingness to cooperate with District representatives and other consultants, and proposed methods to ensure timely and acceptable performance and management of the work. An award of a contract will be made to a qualified consultant whose proposal will be most advantageous to the District, with price and other factors considered.

- C. The selection for professional services of private architectural, landscape architectural, engineering, environmental, land surveying, or construction project management firms will be on the basis of demonstrated competence and on the professional qualifications necessary for the satisfactory performance of the services required, pursuant to Government Code Section 4526.
- D. Authorization Limits.
 - 1. If the amount is less than \$25,000, then the General Manager may contract with a qualified consultant based on the General Manager’s discretion;
 - 2. If the amount or cumulative amount in a fiscal year is \$25,000 or more, prior approval of District’s Board of Directors is required.

Professional Services - Contract Summary Table

Amount	Authorization
<\$25,000	General Manager
≥\$25,000	General Manager with Board of Directors’ Prior Approval