

Sacramento Suburban Water District

Procurement Policy

Adopted: September 20, 2004

Approved without changes on October 17, 2022

100.00 Purpose of the Policy

This document sets forth the policy of the Sacramento Suburban Water District concerning its purchases or procurement of materials (including supplies, inventory and equipment) and trade services. This Policy is adopted in accordance with the provisions of Article 7, Chapter 5, Part 1, Division 2 of Title 5 of the California Government Code (commencing with Section 54201).

The primary purpose of this Policy is to provide guidance for the purchase of materials and trade services with the objective that they will be available at the proper time, in the proper place, in the proper quantity, in the proper quality, and at a competitive price, consistent with the anticipated needs of the District.

When used in this Policy, the term “procurement,” “purchase,” or “purchases” includes the purchase, lease or rental of materials and/or trade services.

When used in this Policy, the term “trade services” means services provided to the District other than those provided by licensed contractors performing construction of public works. Public works construction services are covered under District Policy PL – Eng. 002, “Public Works Contracting Policy.”

200.00 Policy**200.10 Authority**

The General Manager of the District has the authority to make purchases, sign contracts and otherwise encumber the District for the acquisition of materials (including supplies, inventory and equipment) or trade services, within the limitations of the adopted annual Budget in accordance with the District’s Budget Policy (PL – Fin 012). Board approval of expenditures is required when amounts exceed the purchasing authority of the General Manager. The General Manager has the authority to appoint one or more designees to act as the District’s purchasing agent and may delegate his/her authority to District staff within established procedures and controls.

All District material or trade services purchases, excepting those made under District Policy PL – Eng. 002, “Public Works Contracting Policy,” will be made in accordance with this Policy.

Purchases from loan and/or grant funds will be approved in accordance with the sponsoring agency's contract or grant procedures, in addition to the requirements of this Policy to the extent they do not conflict with the loaning or granting agency's requirements.

200.20 Purchases of Materials and Trade Services Up To \$100,000

For non-emergency purchases or other encumbrances up to \$100,000 per annum per vendor the General Manager or designee will have the authority to make the purchase without the prior authorization of the Board of Directors and without following the procedures described in Section 200.30 of this Policy. Purchases under this section may be made by negotiation, requests for proposal/qualifications or competitive bid at the General Manager's discretion, provided that the method chosen is reasonable and ensures that the goods or services are procured from a responsible vendor at a price that is fair to the District and its ratepayers. The General Manager has the authority to determine which purchasing process is appropriate.

For emergency purchasing guidance, see Section 200.50.

Irrespective of monetary or other limitations specified in this section, the Board of Directors may, at its discretion, direct the manner in which a specific purchase will be made.

200.30 Purchases of Materials and Trade Services in Excess of \$100,000

Except as otherwise specified herein, all purchases of materials and trade services where the estimated contractual amount is in excess of \$100,000, or the estimated cumulative amount per annum per vendor will exceed \$100,000, will be made by a competitive process in the following manner.

An RFQ or RFP inviting bids for such purchases or trade services will be sent to at least three qualified bidders as determined by the District, at least 10 days prior to the date designated for receipt of responses to the RFQ or RFP. If there are not three qualified bidders, then staff shall prepare a memorandum to the General Manager (and retained in the project file) describing the nature of the work and reason that fewer than three qualified bidders were solicited to provide the materials or services.

For trade services, selection criteria will be established by the District, which may be based solely on qualifications of the candidate(s). The bidder with the highest score in accordance with the scoring criteria stated in the RFP/RFQ shall be selected.

For material purchases, the responsible and responsive bidder providing the lowest cost bid shall be selected.

A written contract will be executed for all such purchases, preferably a contract prepared by the District.

The General Manager may determine and declare a bidder not to be a responsible bidder

upon consideration of the following factors:

- (a) The bidder's record of performance on previous contract(s) or service(s), including the number and dollar amount of change orders;
- (b) The bidder's previous and existing compliance with laws and ordinances relating to the contract or service;
- (c) The bidder's ability, capacity, and skill to perform the work or provide the service required;
- (d) Whether the bidder has the facilities to perform the work or provide the service promptly, or within the time specified, without delay or interference;
- (e) The sufficiency of the financial resources of the bidder to perform the work or provide the service;
- (f) The ability of the bidder to provide future maintenance and service (if required) of the commodity purchased; and
- (g) The character, integrity, reputation, judgment, experience, and efficiency of the bidder.

Upon determination that a bidder is not a responsible bidder, the General Manger will transmit to the bidder a statement of the basis for such determination, and the bidder will be given a reasonable opportunity to refute the basis for such determination, prior to awarding the contract to a responsible bidder.

Once notified, a non-responsible bidder may appeal the District's proposed determination of disqualification. The District will provide a two-tiered appeal process, consisting of an initial appeal to (1) the General Manager, and (2) if dissatisfied with the General Manager's decision, to the Board of Directors or a committee of Directors assigned by the Board President. The Board of Directors' ruling on a disqualification appeal is final.

200.40 General Purchasing Guidelines

- (a) Purchases made with the District's Purchasing Card (Cal Card) shall conform to this Policy and Policy PL Fin 006 "Purchasing Card Policy."
- (b) Purchases made under this Policy shall be pre-authorized in accordance with District Procedures.
- (c) Employees not designated under a signed authorization issued by the General Manager or his/her designee shall not encumber the District for materials or trade services without prior, written authorization from the General Manager or his/her designee.

- (d) Sales, Use, and other excise taxes shall be paid when required by State or Federal law.
- (e) Once materials or trade services received by the District have been confirmed to be acceptable and an appropriate invoice has been received, the District shall process the invoice, obtain the necessary approvals and pay for the materials or trade services within 30 days of receipt of invoice. If the invoice received is not approved, the District will provide notification of the deficiencies to the vendor within two weeks of receipt of invoice.
- (f) All orders and invoices received by the District must be approved within the terms and conditions set forth by the General Manager in appropriately established purchasing procedures and controls before payment is made.
- (g) The General Manager may establish one or more imprest (cash) accounts for the purposes of paying vendors or reimbursing employees for District expenditures of materials or trade services costing less than \$500. Appropriate controls and procedures will be established by the General Manager or his/her designee.
- (h) All District purchases shall be made for District purposes only. Staff are prohibited from using District resources of any kind for personal purchases.

200.50 Emergency Purchases

In case of emergency, where a purchase has not been authorized by the Board of Directors or this Policy requires such purchase to be made by competitive process or RFQ or RFP, and the General Manager has determined that the best interests of the District require that such purchase be made before the Board of Directors can meet to authorize such purchase, the General Manager or designee is authorized to make such purchase by negotiation after first obtaining the written or verbal consent of **two members** of the Board of Directors, one of who should be the Board President unless he or she is unavailable. The General Manager will thereafter promptly report in writing to the Board of Directors at the next regularly scheduled meeting of the Board of Directors the nature and amount of the purchase and the emergency circumstances justifying such purchase.

200.60 Direct Award Approval

Competitive bidding in accordance with section 200.30 generally is required for purchases of materials or trade services greater than \$100,000. However, in certain situations, the District may benefit from waiving required competitive bidding and negotiating a materials or trade services agreement directly with a single service provider or vendor. Examples of such situations include:

- a) Selecting a consultant or service provider based on unique experience, ability and/or knowledge.

- b) Purchasing replacement equipment parts where doing so from other than the original equipment manufacturer or other select manufacturer could adversely impact a warranty or ongoing maintenance.
- c) Purchasing new or replacement equipment or work which must integrate with existing assets and where it is not reasonably available from a source other than the service provider or vendor who supplied the existing asset or where equipment or operations compatibility concerns compel a purchase from a particular manufacturer.

In these situations, and before a contract is issued by the District, the General Manager must approve the waiver. To make a waiver request, a justification shall be prepared by the employee with authority to make the purchase or enter into the contract to explain the reasons for waiving competitive bidding and sent to the General Manager. At minimum, the justification shall address the economics, operating efficiencies, and any legal considerations of using a Direct Award approach.

The General Manager shall review the justification and prepare a written reply to the requesting employee indicating approval or disapproval of the request.

The employee responsible for issuing a contract under an approved Direct Award request should ensure that a copy of the request/justification and General Manager's reply is retained in the respective project file.

200.70 Acquisitions of Real Property Interests

When the acquisition of a real property interest is being considered, the General Manager must comply with the following process:

- (a) The Board of Directors must be informed in writing, in advance of the intended acquisition, of its estimated cost (including purchase price, transaction costs, and required or prudent site assessments and studies), known or suspected environmental concerns, the District purpose and public necessity for purchasing the real property interest, and the need for any budget augmentation for the purchase. This may be done at annual Budget time or at any point throughout the year.
- (b) After Board approval in principle of the proposed purchase of the real property interest, staff is authorized to expend District resources on site studies, professional assistance and other studies/consultation.
- (c) If staff proposes to move forward with a purchase of an interest in real property after performing appropriate due diligence, the Board of Directors must first provide final approval of the acquisition.
- (d) After such Board approval, the General Manager may proceed to close on the purchase.
- (e) Nothing in this section is intended to limit the General Manager's authority to accept easements and other interests in real property that are necessary for a District public works project and that are donated or granted as a condition of accepting the work or project.

300.00 Policy Review

This Policy shall be reviewed by the Board of Directors at least biennially.