

Olivehurst Public Utility District



Agenda Item Staff Report

Meeting Date: 04/15/2021

Item description/summary:

Consider approving the revised OPUD Purchasing Policy

Under the current OPUD Purchasing Policy, the General Manager has authorization to approve purchases up to \$15,000 (providing the purchase wasn't subject to the competitive bid process). However, the purchasing policy does not contemplate charges over \$15,000 that were previously bid under an annual contract (like the raising iron annual contract that was passed last board meeting). The revision clarifies that the competitive bid process is not required for items over \$15,000 that were previously competitively bid under an annual contract. It would also authorize the general manager to approve purchases or work under these annual contracts up to \$50,000 provided it is for a previously budgeted item. Items that require a budget amendment or items/work that is more than \$50,000 would be subject to board approval.

The Policy was also updated to remove the "Director of Public Works" position and replaced with the "Public Works Engineer" position.

Fiscal Analysis:

N/A

Employee Feedback

Sample Motion:

Approve the revised OPUD Purchasing Policy

Prepared by:

Christopher Oliver, Public Works Engineer



Effective Date: 7/16/2015
Revision 0

OLIVEHURST PUBLIC UTILITY DISTRICT PURCHASING POLICY

1) Purpose

- a) The purpose of this policy is to provide clear direction to OPUD employees engaged in purchasing to ensure compliance with applicable statutes. The policy covers all aspects of all types of purchasing, renting, leasing or other acquisition of supplies, equipment or services at OPUD including bid thresholds, the bid process, sole source procurement, authorities and authorized purchasing amounts for all employees.
- b) The purpose is achieved through the training and education of OPUD employees using this policy as a guide and the requirement to use forms associated with this policy.

2) Scope

This policy applies to **ALL** OPUD employees. This policy applies to all purchases of materials including purchases at local retailers and purchases made on-line or over the phone. Note that this policy differs from the OPUD Procurement Policy which focuses on the safety aspects (MSDS etc.) of purchasing.

3) Responsibilities

Employees are responsible for reading and understanding the requirements of this policy. Every employee is required to report violations of this policy to their immediate supervisor.

4) References

ARTICLE 6. Public Utility Districts [20200 - 20201.5] and Chapter 2.5. Emergency Contracting Procedures [22050-22050] of the Public Contracts Code (PCC).

5) Policy

a) Definitions

“Contract” means agreements, regardless of what they may be called, for the procurement of supplies, equipment, or services.

“Cost” as used in this chapter does not include tax, freight charges or other charges not part of the cost of the items or services purchased.

“Department” includes any sub-organization of District, agency, committee, or board created by the District which requires supplies, equipment, or services pursuant to this chapter.

“Equipment” means procured items which are maintained on inventory as fixed assets. These items are durable and have a fixed, predetermined life expectancy.

“Invitation for bids” means documents, whether attached or incorporated by reference, utilized for soliciting bids.

“Procurement” means the buying, purchasing, renting, leasing or other acquisition of supplies, equipment, or services. It also includes the definition of requirements (specifications), the selection and solicitation of sources, the preparation and award of a contract, and the administration of the contract.

“Professional services” means work performed by specially trained and experienced persons, firms or corporations rendering professional services and advice such as accounting, financial, legal, medical, engineering, architectural, environmental, economic, real estate, insurance, lobbying, public relations, code publication or similar services.

“Request for proposal” means documents, whether attached or incorporated by reference, utilized for soliciting proposals.

“Responsible vendor” means a person who has the capacity in all respects to perform fully the contract requirements, and the experience, tenacity, perseverance, integrity, reliability, capacity, facilities, equipment and credit which will assure good faith performance.

“Responsive vendor” means a person who has submitted a bid which conforms in all material respects to the requirements set forth in the invitation for bids.

“Services” means the furnishing of labor, time or effort (sometimes parts are included) to perform or complete a designated task. Precise specifications shall be delineated in the contract.

“Supplies” means property, including but not limited to materials, required to perform a department’s function. It can mean office or departmental supplies.

b) Award of Contracts

For materials purchase at or exceeding \$10,000 for material, and every complete project for new construction or project for any alteration, maintenance, or repair, if the costs of materials, supplies and labor exceed fifteen thousand dollars (\$15,000), shall be let to the lowest responsible bidder. The board shall adopt plans and specifications, strain sheets, and working details and shall advertise for bids for the project in accordance with the plans and specifications so adopted. Notice inviting bids for all projects shall be published in a newspaper in the district at least ten calendar days (except for public works construction projects, for which the notice period shall be 30 days) prior to the time specified for receiving bids with the exception of the following:

- i. Purchases less than \$10,000 for materials or less than \$15,000 for materials and labor pursuant to section d
- ii. Sole source procurement pursuant to section e
- iii. Emergency procurement pursuant to section f
- iv. Cooperative purchasing pursuant to section g

v. Contracts for Professional Services as defined in section a

vi. Used vehicle purchases pursuant to section i

c) Administrative Controls

Regardless of whether a purchase is required to undergo the competitive sealed bid process, the following administrative controls will ensure checks and balances within the District's purchasing system.

Notwithstanding the OPUD procurement policy or the requirements set forth in section b above, certain positions within the District shall have the authority to make purchases up to fixed amounts set by this policy. The limits for various positions within the District are set in Exhibit A.

d) Purchases Less Than \$10,000 for Materials or Less Than \$15,000 for Materials and Labor

Purchases in this category do not meet the District's threshold for requiring a competitive sealed bid process. However, they are subject to administrative controls outlined in section c above. Whenever possible, District personnel shall obtain 3 or more proposals, quotes, etc. for materials or contracts totaling over \$1,000.

e) Sole Source Procurement

For purchases of \$10,000 or greater for materials and/or \$15,000 for materials and labor where the OPUD Board of Directors determines, based upon staff conducting a good faith review of available sources or staff recommendation of the District's need for unique or custom goods or services, that there is only one source for the required supply, service or material, the OPUD Board of Directors may approve by 4/5 vote a sole source purchase without a competitive bid process.

f) Emergency Procurement

Notwithstanding any other provisions of this chapter, the OPUD Board of Directors, with a 4/5 vote, may authorize the General Manager or others to make emergency procurement of supplies, equipment, services or construction items when there exists a threat to public health, welfare or safety; provided, that such emergency procurement shall be made with sufficient competition as is practicable under the circumstances. The staff shall provide evidence that the emergency exists and is sufficient to require this action. The evidence shall be recorded into the meeting minutes at the time the Board votes (4/5 approval required) on the emergency action. If the Board orders any action, the Board shall review the emergency action at its next regularly scheduled meeting and, except as specified below, at every regularly scheduled meeting thereafter until the action is terminated, to determine, by a 4/5 vote, that there is a need to continue the action. If the General Manager or others with authority orders any action, the Board shall initially review the emergency action not later than seven days after the action, or at its next regularly scheduled meeting if that meeting will occur not later than 14

days after the action, and at least at every regularly scheduled meeting thereafter until the action is terminated, to determine, by a 4/5 vote, that there is a need to continue the action, unless the General Manager or other person with authority has terminated that action prior to the governing body reviewing the emergency action and making a determination. When the Board reviews the emergency action, it shall terminate the action at the earliest possible date that conditions warrant so that the remainder of the emergency action may be completed by giving notice for bids to let contracts.

g) Cooperative Purchasing (Government Agency “Piggybacking”)

The District may participate in, use, sponsor, conduct or administer a cooperative purchasing agreement for the procurement of any supplies, equipment, or service with one or more public agencies in accordance with an agreement entered into between the participants. Such cooperative purchasing may include, but is not limited to, joint or multiparty contracts between public agencies and open-ended state and/or federal public agency contracts which are made available to the District.

h) Competitive Sealed Bid Process

i. District contracts for supplies, equipment, or services with value of \$10,000 or greater for materials and/or \$15,000 for materials and labor shall be awarded by competitive sealed bidding except as otherwise provided in Section b above.

ii. Public Notice. Public notice of the invitation for bids shall be given at least 10 calendar days prior to the date set forth therein for the opening of bids. Such notice shall include publication at least once in a newspaper of general circulation within the District. This notice shall state the place, date and time of bid opening.

iii. Invitation for Bids. An invitation for bids shall be issued to vendors who request such and shall include specifications and all contractual terms and conditions applicable to the procurement. Prior to the invitation for bid, the requesting department may contact respective vendors to obtain specific product/service information, product demonstration/evaluation/testing, etc.

iv. Bid Opening. Bids shall be opened publicly in the presence of 1 or more witnesses at the time and place designated in the invitation for bids. The amount of each bid, and such other relevant information as the District deems appropriate, together with the name of each bidder shall be recorded; this record, as well as each bid, shall be open to public inspection after the award of the contract. Generally, the bid openings will coincide with a regularly scheduled OPUD Board of Directors meeting on the third Thursday of each month.

v. Bid Acceptance and Bid Evaluation. Bids shall be unconditionally accepted without alteration or correction, except as authorized in this chapter. Bids shall be evaluated based on the requirements set forth in the invitation for bids, which may include criteria to determine acceptability such as inspection, testing, quality, workmanship, delivery and suitability for a particular purpose. Those criteria that will affect the bid price and be considered in the

evaluation for award shall be objectively measurable, such as discounts, transportation costs, and total or life cycle costs.

vi. Correction or Withdrawal of Bids—Cancellation of Awards. Correction or withdrawal of inadvertently erroneous bids before or after bid opening, or cancellation of awards or contracts based on such mistakes, may be permitted where appropriate. Prior to bid opening, the bidder may modify or withdraw a bid by written notice provided it is received by the District prior to the time set for bid opening. After bid opening, corrections in bids or withdrawals of bids shall be permitted only to the extent that the bidder can show by clear and convincing evidence that the bidder made a material mistake of fact that is evident on the face of the bid. Decisions to permit the correction or withdrawal of bids, or to cancel awards or contracts based on bid mistakes, shall be supported by a written recommendation made by the District and approved by the OPUD Board of Directors.

vii. Award. The contract shall be awarded with reasonable promptness by appropriate written notice to the lowest responsible and responsive bidder whose bid meets the requirements and specifications set forth in the invitation for bids.

i) Used Vehicle Purchase

The District has determined that in many instances it is feasible to purchase low-mileage, late model, warrantied, used vehicles rather than brand new vehicles. While a significant amount of money can be saved in purchasing used vehicles, it is always incumbent upon the District to ensure that it is obtaining the best value for its money. As such, the following procedure is to be used in the purchase of used District vehicles. It is nearly impossible to write a competitive specification for a used vehicle. It is therefore the intent of this section to provide a fair and equitable method of purchasing a used vehicle without using the competitive bid process.

The following procedures are to be used in the purchase of a used District vehicle:

Vehicle criteria are established. Criteria shall be based on required use, existing vehicle specifications and funds available for purchase. In most instances, the criteria shall be established and/or approved by the District Engineer. The District Engineer or department representative locates a suitable used vehicle at a selected vendor. The vendor completes the required paperwork, identifying the features, warranty and price of the subject vehicle. After the vendor has completed the price quote on the vehicle, the vehicle shall inspected for mechanical soundness. If determined to be mechanically sound, the District Engineer must develop a "Kelley Blue Book" comparison on the subject vehicle. The vehicle may be purchased if: (1) the vehicle passes inspection; (2) a Kelley Blue Book comparison supports the price quote. The selected vehicle may now be purchased by following the guidelines in this purchasing policy with regards to spending authorizations required. Purchasing will prepare all paperwork necessary to take ownership of the vehicle and relinquish ownership of the trade-in vehicle.

Purchasing Table Summary

Amount	Competitive Bid Process	Authorization Required
Up to \$1,000	Not Required	Any OPUD Personnel
\$1,001 to \$5,000	Not Required	Department Manager
\$5,001 to \$10,000	Not Required*	Public Works Engineer
\$10,001 to \$14,499	Not Required*	General Manager
\$15,000 and up	Required**	Bid Process – Board Approval***

*Competitive bid process IS required for material purchases at or over \$10,000 or material and labor contracts at or over \$15,000.

**Competitive bid process is not required for work that falls under previously bid annual contracts.

***General Manager is authorized for previously budgeted purchases of up to \$50,000 for work that falls under a previously bid annual contract.



Olivehurst Public Utility District
Purchasing Form

Item Description:

Purchasing method: Credit Card Telephone Online In-Store Other (explain)

Accounting Budget Code:

Vendor Name:

Address:

City: State: Zip Code:

Phone: Email:

Item or service \$1,000 or less? **Yes** – Signature:

No – go to next line

Item or service \$5,000 or less? **Yes** – Dept Manager Signature:

No – got to next line

Item or service less than \$10,000?

Yes – Director of Public Works Signature:

No – go to next line

Item or service \$14,499 or less?

Yes – General Manager Signature:

Total cumulative purchases through this vendor/service provider this fiscal year:

\$

Note:if the currently proposed purchase will result in the cumulative total for the current fiscal year exceeding the limits for the competitive bidding process (\$10,000/\$15,000), the purchase must be made via the competitive bidding process.

No – Must use competitive sealed bid process from section h above.

Bid Specification Approval Date: Request for Bid date:

Bid Opening Date: Award Date District Clerk Initials: