

RESOLUTION NO. 2019-410

A RESOLUTION OF THE BOARD OF SOUTH SAN LUIS OBISPO COUNTY SANITATION DISTRICT AMENDING THE ADOPTED POLICIES AND PROCEDURES FOR THE EXPENDITURE OF DISTRICT FUNDS FOR SUPPLIES, EQUIPMENT, CONSTRUCTION, AND SERVICES AS SET FORTH IN RESOLUTION NO. 2010-274 AND AMENDED IN RESOLUTION NO. 2014-314 AND NO. 2016-353

ARTICLE I

Adoption of Purchasing and Construction Policies

- 1.1 **Statutory Authority:** These policies and procedures are adopted pursuant to the Government Code Section 54201 (l), et seq., and the Public Contract Code Section 22000 et seq. ("Uniform Public Construction Cost Accounting Act") in order to establish an efficient procedure for the purchase of supplies, equipment and contracting for work and services.
- 1.2 **Board Findings and Declaration:** The Board finds and declares that placing all of these policies in one procedural set of guidelines will make these procedures clearer and easier to find. Furthermore, it is the intent of the Board in enacting these procedures to achieve the following objectives:
- A. To establish an efficient procedure for the purchase of supplies, equipment, and services at the lowest possible cost;
 - B. To assure that all supplies, equipment, construction and services at the plant are of sufficient quality to assure the efficient running of the plant;
 - C. To exercise positive financial control over purchases;
 - D. To clearly define authority for the purchase of supplies and equipment and for contracting for outside services and construction;
 - E. To assure as full and open competition as possible on all purposes;
 - F. Fitness and quality being equal, a preference may be granted to local vendors for the purchase of materials, supplies and services with a bid price less than \$45,000. The District may provide a preference to each qualified local vendor if the bid of a local qualified vendor does not exceed the lowest bid or price quoted by other vendors by more than five percent. To qualify as a local vendor, a business must have all current applicable city licenses and permits, must maintain its primary office and/or place of business within district boundaries. This preference is not applicable to any materials, supplies or services for which formal bids are required pursuant to statutory or California common law.

ARTICLE II
Purchase of Supplies and Equipment
District Manager Duties

- 2.0** The Board of Directors of the District shall approve all contracts for services and/or supplies and equipment in excess of \$30,000.00.
- 2.1** The District Administrator or Plant Superintendent, as the case may be, shall be the purchasing authority whose functions shall include the following powers and duties:
- A. To purchase or contract for supplies and equipment required by the District in accordance with the purchasing procedures outlined herein.
 - B. To negotiate and recommend execution of contracts for the purchase of supplies and equipment.
 - C. To ensure as full and open competition as possible on all purchases.
 - D. To inspect supplies and equipment delivered, as well as contractual services performed, to determine their conformance with the specifications set forth in the purchase orders and contracts.
 - E. To sell surplus supplies and equipment to interested private and/or public agencies or vendors.
 - F. To keep informed of current developments in the field of purchasing, prices, market conditions and new products.
 - G. To maintain a bidders' list, vendors' catalog file and records.
 - H. To develop and prescribe administrative policies, forms, and files as may be reasonably necessary for the internal management and operation of these purchasing procedures.
- 2.2 Exemptions From Policies**
- A. **Emergencies:** The purchasing procedures described above may be dispensed with at the discretion and judgment of the purchasing authority in the best interest of the District when the Board of Directors adopts a resolution by two-thirds vote declaring that it is in the public interest and necessity to demand an immediate expenditure of public funds to safeguard life, health, or property.
 - B. **Single Source:** When the Board of Directors adopts a finding that there is only a single source of procurement and that the purchase is for the sole purpose of duplicating or replacing supplies, equipment, or material which is in use.
 - C. **Deliveries Under Annual or Biannual Contracts:** When the Board of Directors has contracted for services or supplies on an annual or other regular basis, the payment for delivery of such services or supplies upon delivery is exempt from the need for additional authority for payment. This exemption does not apply to the actual

negotiation or contracting for services or delivery of supplies.

2.3 Supplies and Equipment - District purchases under \$2,500.00

- A. The Plant Superintendent shall act as purchasing agent for the District in connection in obtaining materials, supplies, and equipment with a cost of **\$2,500.00** or less.
- B. Open Accounts:
 - 1. The Plant Superintendent shall maintain a list of all open accounts with suppliers on which employees of the District have the ability to sign for purchases. The list of open accounts shall be approved by the District Administrator.
 - 2. The Plant Superintendent shall maintain a list of all employees with the ability to sign on open accounts and such list shall be approved by the District Administrator.
 - 3. No employee shall sign on an open account without prior approval of the District Administrator.
- C. In regards to the purchases of supplies or equipment with a cost of **\$300.00** or more, a "purchase order" shall be used.
 - 1. District employees shall submit a requisition for any required supplies, equipment, or services with an anticipated cost in excess of **\$300.00** on a form approved by the District Administrator.
 - 2. If the requisition is approved by the Plant Superintendent, the Plant Superintendent shall seek the most favorable terms and price for the approved requisition either through comparative pricing or competitive bidding, whichever method the Plant Superintendent deems most appropriate under the circumstances. To the extent possible, the Plant Superintendent will review at least two quotations to ensure that the products or supplies purchased are of a quality suitable for the District's purposes and to obtain the lowest price available.
 - 3. Once the Plant Superintendent has determined the most advantageous price or bid, as the case may be, for the requisition, he/she shall issue a purchase order which will constitute a formal offer by the District to purchase the supplies, equipment, or to procure the service for the price and terms indicated therein.
- D. Except in cases of emergency or in cases where specific authority has been first obtained from the District Administrator, the Plant Superintendent shall not purchase supplies or equipment unless there exists an unencumbered appropriation in the fund account against which the purchase is to be charged.

2.4 Supplies and Equipment - District purchases under \$15,000.00

The District Administrator shall act as purchasing agent for the District in connection with the obtaining of supplies, equipment, or services with costs in excess of **\$2,500.00** but not

more than **\$15,000.00**.

- A. The purchase of supplies and equipment with a value of **\$2,500.00** to **\$15,000.00** may be made by the District Administrator in the open market pursuant to the procedure hereinafter proscribed:
 - 1. The District Administrator or his/her designee shall solicit quotations for the purchase of all such goods and supplies. Said quotations may be solicited by telephone or in writing.
 - 2. Open market purchases shall, whenever possible, be based on at least three written quotations approved by the District Administrator and shall be awarded to the supplier submitting the lowest responsive quote.
 - a. Single Source Items: If the District Administrator determines that there is a single source of procurement and that the purchase of the supplies or equipment is for the sole purpose of duplicating or replacing supplies, equipment, or material which is in use, the requirement of obtaining competitive quotations shall not be required.

2.5 Supplies and Equipment - District Purchases over \$15,000.00 and less than \$60,000.00

- A. For the purposes of this section, the District Administrator shall be the purchasing agent for the District in connection with supplies, equipment, and services with a cost in excess of **\$15,000.00**, but not more than **\$60,000.00**.
- B. The District Administrator and/or his/her designee shall solicit quotations for all goods and supplies with a cost of more than **\$15,000.00** and less than **\$60,000.00**. Said quotations may be solicited by telephone or in writing.
 - 1. Open market purchases shall, whenever possible, be based upon at least three written quotations approved by the District and shall be awarded to the entity submitting the lowest responsive quote. The Board of Directors of the District shall approve all purchases in excess of **\$15,000.00** and less than **\$60,000.00**.
 - a. Exception: When the District Administrator determines that it is reasonably necessary to purchase equipment and supplies on an expedited basis, the District Administrator may do so, but only on approval by the Chairman of the Board of Directors obtained prior to the actual purchase.

2.6 Supplies and Equipment -District Purchases over \$60,000.00 and less than \$200,000.00 – Informal Bidding Process

- A. For the purposes of this section, the District Administrator shall be the purchasing agent for the District in connection with supplies, equipment, and services with costs in excess of **\$60,000.00**, but not more than **\$200,000.00**.
- B. Public projects, as defined by the Uniform Public Construction Cost Accounting Act (Act) and in accordance with the limits listed in Section 22032 of the Public Contract Code, may be let to contract by informal procedures as set forth in Section 22032, et

seq., of the Code.

- C. A list of contractors shall be developed and maintained in accordance with the provisions of Section 22034 of the Public Contract Code and criteria promulgated from time to time by the California Uniform Construction Cost Accounting Commission.

D. Notice Inviting Informal Bids:

Where a public project is to be performed, which is subject to the provisions of the Act, a notice inviting informal bids may be mailed to all contractors for the category of work to be bid and shall be mailed to all construction trade journals as specified by the California Uniform Construction Cost Accounting Commission in accordance with Section 22036 of the Public Contract Code. Additional contractors and/or construction trade journals may be notified at the discretion of the District Administrator and/ or his/her designee, provided however:

1. If there is no list of qualified contractors maintained by the District for the particular category of work to be performed, the notice inviting bids shall be sent only to the construction trade journals specified by the Commission.
2. If the product or service is proprietary in nature such that it can be obtained only from a certain contractor or contractors, the notice inviting informal bids may be sent exclusively to such a contractor or contractors.

- E. The District Administrator is authorized to award informal contracts pursuant to this section.

2.7 Supplies and Equipment - District Purchases over \$200,000.00 - Formal Competitive Bidding/Notice

Except as otherwise provided in these procedures, purchases and contracts for supplies and equipment subject to the two-hundred thousand-dollar contract limitations of the Uniform Public Construction Cost Accounting Act (or an amount specified in a subsequent statute), shall be by written contract with the lowest responsible bidder pursuant to the procedures prescribed herein.

A. Notice of Inviting Bids:

1. Notices inviting bids shall include, but not be limited to, the following:
 - a. The notice shall distinctly state the supplies and equipment to be purchases;
 - b. The location and deadline for submission of bids;
 - c. The location where bid blanks and specifications may be secured;
 - d. The date, time, and place assigned for the opening of sealed bids;
 - e. The type and character of bidder's security required, if any;
 - f. Notice that the District reserves the right to waive minor irregularities in the bid.

- g. Notice that no bidder can withdraw his/her bid for a period of 60 days after the date set for the award of the contract.
 - h. Notice that a successful bidder can substitute securities for performance retention pursuant to Public Contract Code Section 22300.
- 2. Notices inviting bids shall be published at least twice, not less than 5 days apart, in a newspaper of general circulation, printed and published in the District, or if there is none, the notice shall be posted in at least three public places in the District that have been designated by the District Board of Directors as places for posting such notice.
 - 3. The first publication or posting of the notice shall be at least ten days before the date of opening bids.

B. Supplies and Equipment Bids - Security Requirements:

Bidder's security may be required when deemed necessary. Bidders shall be entitled to the return of any bid security within 60 days from the time the award is made. A successful bidder shall forfeit his/her bid security, however, upon refusal or failure to execute a contract within 15 days after notice of award of the contract unless the district is responsible for the delay. The contract may be awarded to the next lowest responsible bidder upon the refusal or failure of the successful bidder to execute the contract within the time herein prescribed.

C. Bids Opening:

Sealed bids shall be opened in public at a time and place stated in the notice of inviting bids. A tabulation of all bids received shall be made available for public inspection until the award of the contract.

D. Bid Rejection:

The District may reject:

- 1. Any bid that fails to meet the bidding requirements in any respect; or
- 2. All bids, for any reason whatsoever, and may readvertise for new bids;
- 3. All bids, and adopt by two-thirds vote, a resolution declaring that the materials or supplies can be furnished at a lower price in the open market and the District may purchase the materials or supplies as stated in the resolution in order to take advantage of the lower cost.

E. Contract Award:

Contracts shall be awarded at the next regularly scheduled meeting after the date set for opening bids to the lowest responsible bidder except as follows:

- 1. If two or more bids are the same and the lowest, the District Board may accept the one it chooses.

2. If no bids are received, the District Board may order the supplies and equipment purchased without further bid.

F. Determination of Lowest Responsible Bidder:

In addition to the bid or quotation price, criteria for determining the lowest responsible bid or quotation, shall include, but not be limited to, the following:

1. The character, integrity, reputation, judgment, experience and efficiency of the bidder (this may include an analysis of previous dealings with the District or other public agencies);
2. The ability of the bidder to provide the supplies, equipment or services required, within the time specified, without delay or interference;
3. The ability of the bidder to provide future maintenance, repair parts and replacement of purchased equipment or supplies; and
4. Compliance by the bidder with Federal Acts, Executive Orders, and State Statutes.

Upon motion of Director Austin, seconded by Director Ray Russom, and on the following roll call vote, to wit:


AYES: Austin, Ray Russom, Lee

NOES:

ABSENT:

ABSTAINING:

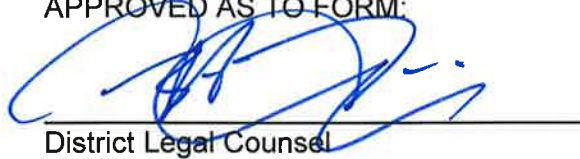
The forgoing Resolution is hereby adopted this 6th day of Nov 2016.


Chairman

ATTEST:


District Administrator

APPROVED AS TO FORM:


District Legal Counsel