

FLORIN RESOURCE CONSERVATION DISTRICT

ADOPTED BY FRCD RESOLUTION NO. 07.18.23.02

PURCHASE OF GOODS AND SERVICES FROM OUTSIDE VENDORS POLICY

Purpose of the Policy: The purpose of this policy is to establish the Florin Resource Conservation District (District) officers' authority and procedural requirements for the purchase of goods and services. All purchases and contracts for goods and services required by the District shall be made in accordance with this policy.

Section 1. Goods and services shall be acquired as economically as possible to exercise positive financial control over purchases so as to provide the best overall value to the District.

Section 2. Before a contract is signed by any District representative or is brought to the District Board of Directors (Board) as an agenda item, the contract must:

- (1) Include appropriate insurance and indemnification provisions reviewed by District Legal Counsel;
- (2) Be approved as to form by District Legal Counsel;
- (3) Be approved as to budget availability and purchasing procedural compliance by the General Manager or Finance Manager; and
- (4) Be signed by the other party unless it's a contract that must go before the Board and requires the other party to acquire payment and/or performance bonds. In this case, the contract shall be taken to the Board unsigned by either party.

Section 3. Each contract entered into under the policy shall be filed with the Finance Supervisor and shall be retained in accordance with the District's adopted retention policy.

Section 4. Each contract entered into under this policy for an amount exceeding \$3,000 shall be accompanied by a Purchase Order (P.O.) showing the selected vendor, the goods or services to be provided, and the approval date for the award and/or contract.

Section 5. It is against District policy to split into smaller orders the purchase of goods or services for the purpose of evading the competitive bidding provisions of this policy.

Section 6. The General Manager or the Board may reject any or all bids received as part of the bidding process.

Section 7. General procedures and rules for purchasing goods or services is as follows:

- (a) *Petty Cash Purchases (Items Costing \$100 or Less):* For purchases of items costing \$100 or less, a "petty cash voucher" form shall be used to document petty cash purchases when they are made.

(b) *Minor Purchases (Items Costing More than \$100, But Less than \$5,000)*: For purchases of items costing more than \$100, but less than \$3,000, vendors may be asked to provide pricing for the District's consideration, and for the District's determination to proceed with the vendor.

(c) *Intermediate Purchases (Items Costing from \$5,000 to \$50,000)*: For purchases of items costing from \$5,000 to \$50,000, District staff shall:

- i. Solicit bidding or quotation by written or verbal request (via telephone, fax, e-mail, or mail) from at least three vendors, or justify why such quotations were not possible;
- ii. The District shall select the vendor quoting the lowest responsive, responsible quotation. If another vendor is selected, the reasons for not selecting the vendor with the lowest quote (i.e., quality) should be recorded on the purchase order or otherwise.
- iii. Award of contracts. A purchase order shall be used as the form of contract and must be approved by the General Manager. The General Manager shall review the purchase order terms and conditions, the availability of budgeted funds to cover the purchase order and compliance with proper purchasing procedures. District Legal Counsel shall review the contract if substantive exceptions have been taken to the standard terms and conditions prior to both parties executing the purchase order.
- iv. A multiple year agreement with a total cost that is projected to cost \$5,000 to \$50,000 over the term of the agreement shall be governed by the same procedures above.
- v. For contracts valued at more than \$5,000 but less than \$50,000, the General Manager may approve change orders or contract amendments. Change orders more than 10% of the original contract must be reported to the Board at the next regular Board meeting. In the event that the change order and the original contract amount exceeds the General Managers signing authority of \$50,000, the change order must be approved by the Board.

(d) *Major Purchases (Items Costing more than \$50,000)*: For purchases of items costing more than \$50,000, District staff shall:

- i. Solicit bidding or quotation by written request (via fax, e-mail, or mail) from at least three vendors;
- ii. The District shall select the lowest responsive, responsible bidder. If two (2) or more bids received are for the same total, amount or

unit price and quality, service and delivery being equal, the General Manager or District Board may accept the one it chooses, or accept the lowest good faith offer by negotiation with the tied bidders. All purchases must be in conformance with the approved District budget;

- iii. Award of contract. A contract shall be used as the form of agreement and the contract must be approved by the Board. District staff shall prepare a contract detailing the selected vendor and the goods or services to be provided. The contract shall be signed by the other party. District Legal Counsel shall review the contract if the other party takes any exceptions to the standard terms and conditions of the contract. District staff shall prepare a staff report that identifies the availability of budgeted funds for the purchase, and staff shall take the contract to the Board for approval authorizing the General Manager to execute the contract. Board approval may be by either adoption of a resolution or approval of a motion;
- iv. After Board approval, District staff shall complete the execution of the contract by having the General Manager sign the contract and accompanied by a purchase order.
- v. A multiple year agreement with a total cost that is projected to cost more than \$50,000 over the term of the agreement shall be governed by the same procedures above.
- vi. For contracts valued more than \$50,000, the General Manager may approve change orders. All change orders that exceed 10% of the original contract must be approved by the Board.

Section 8. Sole Source Procurement:

- (a) A sole source procurement is defined as any contract entered into without a competitive process, based on a justification that:
 - i. Only one known source exists for supplies or services as determined by documented research; or
 - ii. No other reasonable alternative source exists that meets the Districts requirements; or
 - iii. Only one source meets the business needs of the District (e.g., compatibility, unique feature to meet District's business need, etc.);
- (b) When the service can be obtained from only one (1) source which has been reviewed and approved in writing by the General Manager for purchases up to \$50,000, or the Board for purchases costing more than \$50,000 or when in the judgment of the General Manager or Board, that compliance with the procurement

procedures are not in the best interest of the District, the procurement must be accompanied by written justification. The justification may require the requestor to provide information such as:

- i. A description of the unique features that prohibit competition;
- ii. Documented research conducted to verify the vendor as the only known source;
- iii. A description of the marketplace to include distributors, dealers, resellers, etc.;
- iv. Known compatibility issues; and/or
- v. Timing issues.

Section 9. Emergency Purchases

(a) In an emergency, defined as a situation where there is an immediate threat to life or property or where there is, or would be, a disruption of a vital public service;

(b) An emergency purchase must be approved verbally by the General Manager or, if he/she is not available, by other management personnel. When an emergency purchase is made, the purchase order for the transaction shall be prepared and approved the next working day (according to the procedures described above). Any such purchase order shall include documentation certifying the emergency.

(c) For emergency purchase exceeding \$50,000, a full accounting of such emergency expenditures by the General Manager will be reported to the Board at the next regular board meeting and the budget and/or reserve adjustment recommendation of the General Manager will be presented to the Board for discussion and approval.