

OTAY WATER DISTRICT  
FINANCE, ADMINISTRATION AND COMMUNICATIONS  
COMMITTEE MEETING  
and  
SPECIAL MEETING OF THE BOARD OF DIRECTORS

2554 SWEETWATER SPRINGS BOULEVARD  
SPRING VALLEY, CALIFORNIA  
BOARDROOM

**MONDAY**  
**DECEMBER 17, 2007**  
**11:30 A.M.**

This is a District Committee meeting. This meeting is being posted as a special meeting in order to comply with the Brown Act (Government Code Section §54954.2) in the event that a quorum of the Board is present. Items will be deliberated, however, no formal board actions will be taken at this meeting. The committee makes recommendations to the full board for its consideration and formal action.

**AGENDA**

1. ROLL CALL
2. PUBLIC PARTICIPATION – OPPORTUNITY FOR MEMBERS OF THE PUBLIC TO SPEAK TO THE BOARD ON ANY SUBJECT MATTER WITHIN THE BOARD'S JURISDICTION BUT NOT AN ITEM ON TODAY'S AGENDA

**DISCUSSION ITEMS**

3. APPROVE THE PURCHASE OF A STORAGE AREA NETWORK AND TAPE LIBRARY FOR \$126,000 FROM LOGICALIS, INC. (STEVENS/JENKINS) [5 minutes]
4. APPROVE PROPOSED AMENDMENTS TO THE DISTRICT'S PURCHASING MANUAL (DOBRAWA) [10 minutes]
5. REVIEW OF THE WINTER 2007 CUSTOMER PIPELINE NEWSLETTER (WATTON/DAN CRUZ) [10 minutes]
6. ADJOURNMENT

**BOARD MEMBERS ATTENDING:**

Mark Robak, Chair  
Larry Breitfelder

All items appearing on this agenda, whether or not expressly listed for action, may be deliberated and may be subject to action by the Board.

If you have any disability which would require accommodation in order to enable you to participate in this meeting, please call the District Secretary at 670-2280 at least 24 hours prior to the meeting.

#### Certification of Posting

I certify that on December 13, 2007 I posted a copy of the foregoing agenda near the regular meeting place of the Board of Directors of Otay Water District, said time being at least 24 hours in advance of the meeting of the Board of Directors (Government Code Section §54954.2).

Executed at Spring Valley, California on December 13, 2007.

  
\_\_\_\_\_  
Susan Cruz, District Secretary



# AGENDA ITEM 3

## STAFF REPORT

TYPE MEETING:	Regular Board	MEETING DATE:	January 16, 2008
SUBMITTED BY:	William Jenkins, IT Operations Manager <i>WJ</i>	W.O./G.F.NO:	Div.No. All
APPROVED BY: (Chief)	Geoffrey Stevens <i>GS</i> , Chief Information Officer		
APPROVED BY: (Asst. GM):	German Alvarez <i>GA</i> , Assistant General Manager, Administration and Finance		
SUBJECT:	Change of Vendor for Purchase of Storage Area network and Tape Library		

### GENERAL MANAGER'S RECOMMENDATION:

That the Board approve the purchase of a Storage Area Network and Tape Library for \$126,000 from Logicalis Inc.

### COMMITTEE ACTION: \_\_\_\_\_

See Attachment A.

### PURPOSE:

To purchase a Storage Area Network and Tape Library.

### ANALYSIS:

In May 2007, the Board approved the purchase of a Storage Area Network and Tape Library for the District at a cost of \$177,000 (including tax and shipping) from Softchoice Inc., a vendor of IT products. Because the market for technology has changed rapidly over the last five months, and before we finalized the purchase agreements, staff solicited a second round of bids. There was no change in either purpose or scope of the project, only a desire to ensure we are getting accurate pricing. To our satisfaction we learned that we are now able to purchase the identical equipment at a savings of \$51,000 but need to purchase it from a different vendor than the one specifically requested in the June 2007 staff report. Consequently this current staff report asks the Board for approval to purchase the originally authorized equipment but from a different vendor than the one previously recommended.

Specifically, the Information Technology Department obtained WSCA pricing from SoftChoice Inc. in March 2007 for purchase of a new Storage Area Network and Tape Library system for \$177,000 including taxes and shipping. IT and Purchasing obtained three new quotes. The lowest bid for the same equipment is now \$126,000 including taxes and shipping from Logicalis Inc. Consequently staff now recommends purchasing this equipment from this less expensive vendor for \$126,000.

**FISCAL IMPACT:**

CIP 2353 is budgeted at \$365,000 for FY 2008. Current expenditures are \$53,340. With this expense of \$126,000, total expenditures will be \$179,340. The Program Manager has determined that the budget is sufficient to support the project.

**STRATEGIC GOAL:**

Strategy: Customer Satisfaction

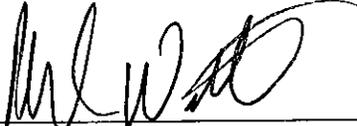
Goal: Improve customer service by expanding employee access to OIS information.

Objective: 1.1.3.1

Provide secure and protected use of OIS information to employees on a 24 hour and mobile basis.

**LEGAL IMPACT:**

NA

  
\_\_\_\_\_  
General Manager



# AGENDA ITEM 4

## STAFF REPORT

TYPE MEETING:	Regular Board	MEETING DATE:	January 16, 2008
SUBMITTED BY:	Stephen Dobra, <i>[Signature]</i> Purchasing Manager	W.O./G.F. NO:	DIV. NO. All
APPROVED BY: (Chief)	Rom Sarno, <i>[Signature]</i> Chief, Administrative Services		
APPROVED BY: (Asst. GM):	German Alvarez, <i>[Signature]</i> Assistant General Manager, Finance and Administration		
SUBJECT:	AMENDMENTS TO THE DISTRICT'S PURCHASING MANUAL		

### GENERAL MANAGER'S RECOMMENDATION:

That the Board amend the District's Purchasing Manual as identified in "Attachment B" to:

1. Reflect the change in the District's Code of Ordinances related to the purchase of materials, supplies and services during declared emergencies made on June 6, 2007.
2. Establish a category of authorized purchase that exceed the General Manager's authority; provide the General Manager with the authority to declare minor assets as surplus; accommodate changes in position, department and division titles; and make other minor changes needed for clarification, grammar and formatting.

### COMMITTEE ACTION: \_\_\_\_\_

See "Attachment A".

### PURPOSE:

To request that the Board amend the District's Purchasing Manual as presented in "Attachment B" to:

1. Reflect changes to the District's Code of Ordinances authorizing the General Manager to make purchases during declared emergencies,
2. Address routine purchases that exceed the General Manager's purchasing authority,

3. Authorize the General Manager to declare minor assets as surplus, and
4. Clarify existing procedures, and reflect changes to department and position titles.

**ANALYSIS:**

As a municipal water district, the Board of Directors establishes the operational guidelines and procedures with respect to purchasing the materials, equipment, and services necessary to conduct the District's business. These procedures are defined and published in the District's Purchasing Manual.

On June 6, 2007 the Board amended the District's Code of Ordinances to provide for the purchase of materials, supplies and services during times of declared emergency. The proposed amendment to the Purchasing Manual reflects the change to the Code of Ordinance.

Other recommended changes to the Purchasing Manual include:

1. Creating a category of authorized purchase that exceed the General Manager delegated authority.
2. Delegating authority to the General Manager to declare minor assets (items with an acquisition cost of \$5,000 or less) as surplus.
3. Making other minor changes to the document that clarify existing procedure and policy, correct grammar and formatting, and reflect existing changes to employee, division, and department titles.

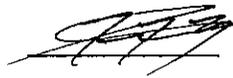
The current Purchasing Manual does not address the issue of routine, sole source purchases that are necessary for the daily operation of the District. Identified in this category are the District's gas and electric utility expense and water purchases. The monthly value for these purchases exceeds the General Manager's delegated signatory authority but historically have not been presented to the Board for approval. Creating a category of Board approved purchases that exceed the delegated signatory of the General Manager will address this issue.

On July 12, 2005, the Board amended Section 12 of the Purchasing Manual changing the procedure for the declaration and disposal of surplus materials, supplies, and equipment. One of the

amendments made to this section was the creation of a "Minor Asset" category of District property where the acquisition cost of this property is equal to or less than \$5,000.00. The amendment authorizes the General Manager to declare these minor assets as scrap or trash. The proposed amendment will authorize the General Manager to also declare these items as surplus when necessary, eliminating the need to bring these items to the Board for declaration. Disposal of these items will continue to be made in accordance with existing Board procedures, guidelines and direction.

Other changes to the manual such as correction to grammar and formatting are intended to make the document conform to desired standards and provide clarification to existing procedures and guidelines.

**FISCAL IMPACT:**



Approving the recommended changes to the purchasing manual will have no negative fiscal impact.

**STRATEGIC GOAL:**

Ensure financial health through formalized policies, prudent investing, and efficient operations.

**LEGAL IMPACT:** \_\_\_\_\_

None

  
\_\_\_\_\_  
**General Manager**

Attachment A - Committee Action  
Attachment B - Amended Purchasing Manual

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# OTAY WATER DISTRICT PURCHASING MANUAL

Revised January 2008

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## Section 1 – Mission Statement

### 1.0 PURPOSE:

To provide an understanding of the basic goal of the purchasing function within the Otay Water District.

### 1.1 MISSION STATEMENT:

To provide for the procurement, storage and distribution of all supplies, equipment and services for the District using progressive purchasing techniques, methods and stringent controls while seeking the highest cost savings for the customers of the District.

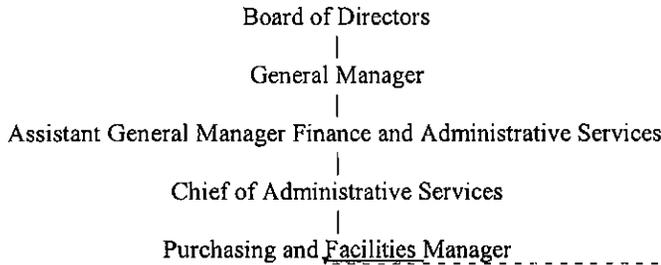
## Section 2 – Organization

### 2.0 PURPOSE:

To provide an understanding of the Purchasing Division’s organization and its relationship within the Otay Water District.

### 2.1 STATEMENT:

The Purchasing and Facilities Manager directs the Purchasing and Facilities Division. The Purchasing and Facilities Manager reports to the Chief of Administrative Services, who in turn reports to the Assistant General Manager over Finance and Administration, who in turn reports to the General Manager. The General Manager reports to the Board of Directors.



### 2.2 RESPONSIBILITIES:

**2.2.1 Board of Directors** – Ultimate authority regarding the purchasing policies, practices and guidelines of the District rests with the Board of Directors. It is the Board’s responsibility to establish policy and direction regarding purchasing functions in accordance with the District’s Code of Ordinances.

**2.2.2 General Manager** – The General Manager is responsible, in accordance with the District’s Code of Ordinances, for ensuring that the District complies with Board direction regarding the purchasing function.

**2.2.3 Assistant General Manager of Finance and Administrative Services** – It is the Assistant General Manager’s responsibility to oversee and administer the Finance, Information Technology and Administrative Services Departments and to insure that the directions of the General Manager are carried out.

**2.2.4 Chief of Administrative Services** – It is the Chief’s responsibility to administer the District’s Purchasing and Facilities Division as directed by the Assistant General Manager of Finance and Administrative Services.

**2.2.5 Purchasing and Facilities Manager** – It is the Manager’s responsibility to manage the Purchasing and Facilities Division as directed by the Chief of Administrative Services and to:

- a. Develop objectives, policies, programs and procedures for the negotiation and the acquisition of materials, supplies, equipment and services for the District.

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- b. Coordinate purchasing policies throughout the District.
- c. Disseminate to other departments purchasing information designed to promote efficient operations.
- d. Negotiate and approve assigned purchase orders in the best interest of the District.
- e. Make purchases for the District in such a manner so as to maximize the value received for monies expended.
- f. Arrange for the sale or disposal of materials and supplies declared surplus by the Board of Directors.
- g. Maintain inventory levels at a satisfactory operating level.
- h. Work with District departments to promote vendor/seller relations.
- i. Work with District Departments and Committees establishing standardization of workmanship, materials and supplies used throughout the District.
- j. Protect the District's interest in matters concerning charges related to the purchasing of materials, supplies and services.

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## Section 3 – Purchasing Policy

### 3.0 PURPOSE:

To provide an understanding of the purchasing function and to establish and present the purchasing policies within the Otay Water District.

### 3.1 GENERAL:

Purchasing is fundamental to the operation of the District. It means the acquisition of goods and services in exchange for an acceptable price or consideration. A purchase may be in the simplest form or it may involve the development of lengthy written agreements. Every purchase involving the transfer of goods or services is a contract. As a contract, there are considerations as to the nature of the purchase, its value, timing, method of payment, delivery, and other conditions that must be addressed. For this reason, it is the District's policy to rest the responsibility and authority to purchase within the Purchasing and Facilities Division (Purchasing Department).

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### 3.2 POLICIES:

a. General Policy: All purchases and requests for pricing or repair services shall be made in accordance with applicable laws and the District's Purchasing Manual, policies, and procedures.

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b. Open Door Policy: The Purchasing Department shall maintain an "Open Door" policy with all salespeople desiring to sell goods or services to the District.

c. Interviews with Salespeople: If it is necessary for staff, other than Purchasing Department personnel, to interview salespeople regarding details of their products, requests for such visits should be made through the Purchasing Department. In interviews with salespeople, no one except the Purchasing Department may comment on the preference for any product, or give any information regarding performance or price.

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d. Correspondence with Suppliers: All correspondence with suppliers must be processed through the Purchasing Department unless it is technical in nature and makes no references towards purchasing.

e. Negotiated Changes: Unless authorized by the General Manager, the Purchasing Department will negotiate all changes to purchases.

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f. Authority to Question: In order to serve the best interest of the District, the Purchasing Department shall have the authority to question all requests for purchases regarding quantity, quality, timing, and specifications.

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g. Approval of Gratis Materials and Samples: The Purchasing Department must approve all gratis materials, supplies or services submitted to the District as samples or tests prior to their acceptance.

h. Conflict of Interest: Employees are required to disclose to the Purchasing Department any conflict of interest in the selection or recommendation for selection of District vendors, suppliers, or consultants. All contracts shall contain language, as approved by the District's legal counsel, requiring Vendors, Suppliers, and Consultants to disclose any actual and potential

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conflicts of interest that exist between the Vendor, Supplier, or Consultant and the District, its representatives, agents, Board of Directors, and employees.

## Section 4 – Purchasing Guidelines

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### 4.0 PURPOSE:

To provide guidelines and protocol for the standardized application of purchasing activities within the Otay Water District.

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### 4.1 GENERAL:

To a large extent, the Purchasing and Facilities Division's (Purchasing Department) performance will be measured by how well it satisfies the needs of various departments within the District. It is essential that there be mutual cooperation between District departments to ensure that a condition of confidence exists. For this reason the following standardized guidelines and protocols have been established.

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#### 4.1.1 Guidelines and Protocol:

- a. Departments will keep the Purchasing Department informed of their current and anticipated activities.
- b. Overlapping duties regarding purchases will be clearly defined in the best interest of the District.
- c. If the material or equipment requested is not readily available or its price is such that significant savings can be realized through alternatives, the alternative that is in the best interest of the District shall be selected.
- d. Policies and procedures of the District's Purchasing Manual will be followed.
- e. The Purchasing Department will notify interested departments on matters related to shortages, new products, discontinued products or anything else that directly affects the performance of the interested department, the Purchasing Department, or the District.

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### 4.2 VENDOR INVOLVEMENT

Through the Purchasing Department's contact with vendors, it is in a position to develop or diminish the District's reputation and/or vendor/District relationships. The District promotes a fair and aggressive purchasing manner that results in positive vendor relationships. To accomplish this, the District has established the following standardized guidelines and protocols.

#### 4.2.1 Guidelines and Protocol:

- a. All competition between suppliers is to be kept open and fair.
- b. Advantages through vendor errors shall be declined.
- c. Revision of bids after submission shall not be accepted.
- d. Materials not strictly up to specification that may be usable without sacrifice shall be reviewed.

e. Bids shall only be solicited from those vendors with whom the District intends to do business.

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f. The District shall not be obligated to any particular vendor.

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g. Vendor locations may be visited to promote product and vendor knowledge.

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h. Transactions and communications with vendors shall be truthful yet shall not divulge sensitive or confidential information related to competition.

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i. Vendor questions, calls or correspondence shall be answered promptly and in a manner that maintains fair competition.

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## Section 5 – Legal Considerations Regarding Purchasing

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### 5.0 PURPOSE:

To provide understanding and direction related to legal considerations within the purchasing function of the Otay Water District.

### 5.1 GENERAL:

The District has designated that the Purchasing and Facilities Manager has the authority to act fiducially as its agent with regard to the purchase of materials, supplies, and services. This designation is referred to as Law of Agency. As such, the Purchasing and Facilities Manager binds the District to whatever buying decision is made and makes the District responsible for any purchase order issued under his/her limits of authority. In addition to acting in the best interest of the District, the Purchasing and Facilities Manager must ensure that various Federal and State statutes governing purchasing and interstate commerce are complied with. For these reasons, consultation with the District's legal counselor shall be made whenever there is a question concerning anti-trust implications, warranty, risk of loss and rights and remedies of the District.

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## Section 6 – Types of Purchases

### 6.0 PURPOSE:

To provide standardized procedures for the purchase of consulting, construction, materials, goods, and services within the Otay Water District.

### 6.1 GENERAL:

The District recognizes the varying levels of complexity within the purchasing function and the need to establish standardized procedures to administer the various types of purchases made within the District.

### 6.2 PROCEDURES:

#### 6.2.1 Construction Services (Public Works):

The General Manager, or his/her designee, may award purchase orders/contracts for construction services that are within the authorization limit of the General Manager as set by the Board of Directors. Competitive pricing of construction purchases must be in accordance with the bidding and pricing procedures of the District as outlined in Section 7.2.3 (Pricing/Bidding Requirements) of this manual. Award shall be made to the responsive and responsible bidder who has submitted the lowest bid meeting the requirements and criteria set forth in the invitation to bid. For construction contracts exceeding staff's limit of authorization, a summary of bids together with staff's recommendation for award or possible rejection of bids must be presented to the Board of Directors of the District at a board meeting. Should an award be made, the Board of Directors will authorize staff to execute a contract on behalf of the District. After approval as to form and legality by the District's legal counsel, the successful bidder and the District's representative will sign the contract. A copy of the executed contract shall be promptly provided to the Finance Department for proper accounting review. If after notification, the successful bidder fails to execute the contract within ten (10) days, the bid deposit, made in cash, cashier's check, certified check, or bid bond will be forfeited.

#### 6.2.2 Professional Consulting:

The General Manager, or his/her designee, may award purchase orders/contracts for professional consulting services that are within the authorization limits as set by the Board of Directors. Professional Consulting Services are defined as architectural, Engineering, Environmental and any other service as identified within the California Government Code § 4525-4529. Competitive pricing of consulting services must be in accordance with the bidding and pricing procedures of the District as outlined in Section 7.2.4a (Pricing/Bidding Requirements) of this manual. Award shall be made to the consultant whose response to a request for proposal best meets the District's needs. At the discretion of the Board of Directors or the General Manager, the review of submitted proposals may be made by the a Committee established by the Board or the General Manager. For professional consulting contracts exceeding the General Manager's limit of authorization, a summary of bids together with staff's recommendation for award must be presented to the Board of Directors of the District at a board meeting. Should an award be made, the Board of Directors will authorize staff to execute a contract on behalf of the District. After approval as to form and legality by the District's legal counsel, the successful bidder and the District's representative will sign the contract. A copy of the executed contract shall be promptly provided to the Finance Department for proper accounting review.

#### 6.2.3 Cooperative/ Joint Purchases:

The Purchasing and Facilities Manager, subject to the approval of the District's General Manager, may combine District purchases with the purchases of other agencies in order to best serve the District

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provided the value of the purchase is within the General Manager's Board authorized approval limit. Should the value of the purchases exceed the authorization limit of the General Manager, approval to purchase must be made by the Board of Directors of the District. At a formal meeting of the Board of Directors of the District, staff will present a request for authorization to combine the District's purchases with those of another agency. If approved, the Board will authorize staff to execute a purchase order/contract on behalf of the District. After approval as to form and legality by the District's Legal Counsel, the purchase order/contract shall be executed.

6.2.4 Emergency Purchases:

In the event of a catastrophic emergency, the guidelines and requirements as set forth in California state statute and in the District's Code of Ordinance shall prevail over those stated herein.

6.2.5 Materials, Goods, Services, and General Consulting:

Purchases of materials, goods and services, the value of which are within the limits authorized by the Board of Directors, may be made by the District's General Manager or his/her designee. Competitive pricing for materials, goods and services must be in accordance with the bidding and pricing procedures of the District as outlined in Section 7.2.2, 7.2.4, 7.2.5, and 7.2.6 (Pricing/Bidding Requirements) of this manual as applicable. Purchases shall be made from the bidder whose bid best meets the District's requirements and needs as set forth in the invitation to bid or request for quotation. The Board of Directors of the District must authorize purchases exceeding the General Manager's authorized approval limit. At a meeting of the Board of Directors, a summary of bids together with staff's recommendation for the award of a contract/purchase order or the rejection of bids shall be presented. Should an award be made, the Board of Directors of the District will authorize staff to execute a purchase order/contract on behalf of the District.

6.2.6 Petty Cash:

The primary purpose of petty cash funds is to reduce costs associated with purchases and expenses in accordance with the District's financial policies.

6.2.7 Sole Source Purchases:

Other than contracts for construction, alteration or repair of District facilities, a contract may be awarded for materials, goods, services, or general consulting without competition when the District's General Manager or the Board of Directors determines that either the product is designated to match others in use on a particular public improvement, is a unique or novel product application required to be used in the public interest, or where only one brand or trade name is known. Sole source purchases may be made by the District's General Manager provided the value of the purchase is within the limits authorized for the General Manager by the Board of Directors of the District and the reason for the sole source authorization is documented by the General Manager and retained in accordance with District's record's retention policy. The Board of Directors of the District must authorize sole source purchases exceeding the General Manager's authorized limit. At a meeting of the Board of Directors, staff will present the bid submitted together with a recommendation requesting an award of purchase order/contract to the vendor identified as the sole source. Should an award be made, the Board will authorize staff to execute a purchase order/contract on behalf of the District.

6.2.8 Blanket Purchase Orders:

Blanket purchase orders are issued to reduce administrative and operational costs, inventories and paperwork and may be issued for regularly purchased materials, supplies and services. Should a blanket purchase order be issued, the order shall include a description of each material, supply and/or

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service requested, a unit price for each, the period of time the order shall be in effect, and a statement obligating the vendor to deliver all or a specified part of the District's usage requirement upon receipt of an authorized release from the District. Not included on the blanket purchase order are specific quantities. Instead of specific quantities, the blanket purchase order shall list an estimate of the quantity of each item that will be used for the period to which the blanket purchase order refers. Blanket purchase orders may not be issued for a period of time exceeding one year unless authorized by the General Manager.

6.2.8.1 Guidelines for Issuing Blanket Purchase Orders:

- a. Blanket purchase orders may only be issued, changed, or revoked by the Purchasing and Facilities Manager or the General Manager.
- b. Competitive pricing and vendor selection for blanket purchase orders shall be in accordance with the policies and guidelines as set forth in this manual.
- c. The Board of Directors must authorize blanket purchase orders exceeding the General Manager's authorization limit. At a formal meeting of the Board of Directors, a summary of the requested blanket purchase order(s) shall be presented. The summary shall include a description of the materials, supplies, and services required, and total order pricing. Should the Board approve the blanket order(s), they will authorize staff to issue a blanket purchase order on behalf of the District.

6.2.8.2 Guidelines for the Use of Blanket Purchase Orders:

- a. The supervisor of the employee receiving materials, services, and/or goods released against a blanket purchase order will write the account code/work order information, sign (attesting that the release is authorized and that all goods/materials/services were received and accepted) and forward the receiving (packing slips) document to the Finance Department. Processed shipping documents (coded and signed) must be submitted to the Finance Department no later than the end of next workday from the date items were received.
- b. In the event that invoiced unit pricing exceeds the unit price indicated on the blanket purchase order, Purchasing will contact the vendor requesting that a corrected invoice be sent to the District and notify them that payment will be withheld pending the receipt of the corrected invoice.
- c. Should the ordering individual wish the warehouse to take delivery of items released under a blanket purchase order, notification must be given to warehouse staff. Said notification should be made by written memorandum or through e-mail or other electronic form and must include information on the purchase order number assigned to the purchase, what and when goods are to be delivered, and who will ultimately receive the goods.

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## Section 7 – Pricing/Bidding Requirements

### 7.0 PURPOSE:

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To provide requirements, policies, and guidelines for the pricing/bidding of purchases within the Otay Water District.

### 7.1 GENERAL:

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It is the District's policy to request competitive quotations from responsible vendors for all purchase items priced at more than \$5,000. Pricing, although important, is not the only factor in determining the overall cost and value of a product. Quality, service and delivery are factors that must also be considered when comparing quotations. It is by weighing these factors that an intelligent decision can be made to purchase the product with the greatest value for the least overall price.

### 7.2 REQUIREMENTS:

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#### 7.2.1 Formal Advertising:

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Public work purchases, as defined in the State of California's government and contract code, equal to or exceeding \$35,000 must be formally advertised. Solicitations shall be advertised in a newspaper of general circulation at least one, a minimum of ten (10) calendar days prior to the date of the bid opening. Solicitations must contain a brief description of the goods or services required, state where prospective bidders may obtain plans and specifications and make any required deposits, state the time and place of the bid opening, and state that the District reserves the right to reject one or all bids.

#### 7.2.2 Quotations:

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For purchases greater than \$5,000, excluding public work purchases exceeding \$35,000 that require formal advertising and bidding, a minimum of three competitive quotations must be obtained. Quotations received may be in written or oral form. Should oral quotations be received, written documentation must be made identifying the bidder's name, contact name, telephone number, the date of the quotation and the price bid. Should three quotations not be obtainable, documentation in the form of a notation of memorandum must be provided and attached to the purchase requisition. Where only one price is obtainable, the actions taken to obtain competitive pricing shall be documented and attached to the purchase requisition and the purchase may be made and the requirements of this section shall be satisfied.

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#### 7.2.3 Public Work - Construction

Public work purchases equal to or exceeding \$35,000 in value must be formally advertised and sealed bids received.

The Purchasing and Facilities Manager or the General Manager's designee, in conjunction with the project manager, and where appropriate, the District's legal counsel, shall publicly open all sealed bids and tabulate the results. The bid tabulation, along with a recommendation for award contract or possible rejection of bids, shall be forwarded to the District's General Manager.

In the event that the value of the purchase exceeds the General Manager's signatory authority, a summary of bids shall be presented together with staff's recommendation for an award of contract or

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possible rejection of bids to the Board of Directors of the District during a formal board meeting. The Board of Directors will then authorize the execution of the contract on behalf of the District.

Award shall be made to the responsive and responsible bidder who has submitted the lowest bid meeting the requirements and criteria set forth in the invitation to bid. After approval as to form and legality of the contract documents by legal counsel, the successful bidder and the appropriate District representative(s) shall execute the contract. A copy of the executed contract shall be promptly provided to the Finance Department for proper accounting review.

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7.2.4 Request for Proposals:

a. For the Solicitation of Professional Consulting:

The General Manager, or his/her designee, will establish a review panel to evaluate and rank submittals (proposals) using criteria published in the Request for Proposals package. Documents, invitations, and evaluation of submittals for professional consulting services shall be made in compliance with Government Code Section 4526-4529 and District Policy #21 – Policy for Selection of Professional Consultants.

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b. For the Solicitation of General Consulting and Services:

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The General Manager, or his/her designee, shall determine the method for soliciting and evaluating proposals for general consulting and services. The request for proposal must in written form and must provide sufficient information to clearly identify the work required and provide respondents with a clear understanding of the District's needs, work specifications, expectations and the criteria that will be used to evaluate submittals.

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7.2.5 Two Step Bidding:

Where it is considered impractical to initially prepare a purchase description to support an award on price, a request for proposals may be issued requesting the submission of not priced technical proposals. This will be followed by an invitation for bids limited to those bidders whose technical proposals meet the requirements set forth in the first invitation.

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7.2.6 Purchases Exempt from Competitive Pricing:

a. The following contract/purchases are exempt from competitive pricing (Ref: California Contracting Code 10335-10381):

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Contracts:

1. With Federal, State or Local Agencies,
2. For temporary labor contracts for time-limited employment needs,
3. For services that can only be performed by a public agency,
4. For the sole purpose of obtaining expert witness for litigation, and
5. That are for legal defense, legal advice, or legal services.

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7.2.7 Emergency Purchases:

During times when the General Manager has declared an emergency, where the immediate acquisition of materials, goods, and services is required, the purchase of needed materials, goods, and services shall be made in accordance with California state statutes and per the District's Code of Ordinances.

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7.2.8 Board Authorized Purchases Exceeding the General Manager's Authority:

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a. The General Manager or his/her Designee is authorized to exceed his/her delegated purchasing authority and purchase the following goods and services without regard to cost.

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1. Gas and electric utility for the operation of the District
2. Water

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## Section 8 – Change Orders

### 8.0 PURPOSE:

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To provide guidelines for the initiation and approval of contract change orders within the Otay Water District.

### 8.1 GENERAL:

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Change orders may be initiated by the contractor/vendor or by the District. The District's General Manager or his/her designee must approve change orders as defined in the District's Code of Ordinances, Section 2.01e. The Board must approve change orders exceeding the General Manager's authorized limit. Only written change orders are allowed.

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## Section 9 – Authorization to Purchase – Signatory Authority

### 9.0 PURPOSE:

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To provide guidelines and protocol for establishing signatory authority for the approval of purchases within the Otay Water District.

### 9.1 GENERAL:

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The Board of Directors of the District has sole signatory (ability to sign contracts and approve purchases) authority within the Otay Water District. The Board may, at a regularly scheduled board meeting, establish signatory authorization limit(s) for the General Manager as defined in the District's Code of Ordinances, Section 2.01c-e. The General Manager at his/her discretion may delegate his/her signatory authority, as he/she deems necessary. Other than as identified in Section 7.2.8 of this Manual, "Board Authorized Purchases Exceeding the General Managers Authority", delegated authorization limits may not exceed those established by the Board for the General Manager. Delegated authorization must be documented in the form of a memorandum, signed by the General Manager. Included in the memorandum must be a listing of individuals and/or job classification to whom signatory and purchase approval authority has been delegated and the maximum dollar value(s) of said authority. Copies of the memorandum shall be provided to the District's senior management team and to the Purchasing and Facilities Manager. The General Manager at his/her discretion may allow the Assistant General Managers to delegate their signatory authority, as they deem necessary within their departments.

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## Section 10 – Documentation of Purchases

### 10.0 PURPOSE:

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To provide standardized guidelines and procedures for documenting the authorization, pricing and award of contracts within the Otay Water District. All purchases exceeding petty cash limit, excluding purchases identified as exempt from this requirement under "Purchases Exempt from Purchase Order Requirement", shall be required to be documented as prescribed herein.

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### 10.1 GENERAL:

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As a public agency, the fundamental practice of documenting purchases must be followed. The documentation must provide a record of vendor name, address, contact and telephone number, pricing, authorized purchase approval(s), terms and conditions, consideration, placement of order, receipt of order and authorization of payment. Documentation will be made on a "purchase requisition" form (printed or electronic) together with a purchase order/contract (printed or electronic).

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### 10.2 PROCEDURE:

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a. A "Purchase Requisition" (requisition) form is an internal control document. It shall be used to record vendor name, address, contact and telephone number, authorized purchase approval(s), pricing, quantities and special terms and conditions. Documentation of competitive pricing may be in the form of a memorandum or note attached to the requisition. For purchases requiring the use of formal bidding/advertising, the bids received will be retained in accordance with the District's record retention policy. The requisition may be in written or electronic form provided that it is standardized, and immutable.

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b. When complete, the requisition will be used to produce a purchase order/contract. A copy of the completed purchase requisition will be retained in accordance with the District's record retention policy.

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c. The purchase order/contract represents a written agreement between the District and the Vendor. In addition to identifying the District and Vendor, it is used to document terms and conditions.

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d. The purchase order/contract will be in a form as approved by the District's legal counsel.

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e. The purchase order form shall be the used as the District's primary contract document for material, service, and supply purchases. Typically, purchases of professional engineering services, consulting and major construction require contracts in a form other than a purchase order. In the event a contract in a form other than a purchase order is used, the District's counsel shall approve it as to form. A purchase order may be issued for control purposes to supplement a contract. In this event, the purchase order will reference the contract document as representing the agreement between the District and vendor.

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#### 10.2.1 Purchases Exempt from Purchase Order Requirement:

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a. The Board has identified the following purchases as exempt from the requirement of a written purchase order/contract:

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1. Travel and meeting advances and reimbursements,

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2. Purchases less than the petty cash limit,
3. Prepaid travel expenses, i.e., airfare and hotel,
4. Utilities,
5. Television and satellite service,
6. Meal reimbursements,
7. Telephone usage charges, including wireless telephones and pagers,
8. Postage,
9. Classified, legal, and display advertising,
10. Petty Cash purchases,
11. Mileage reimbursement,
12. Memberships and dues,
13. Subscriptions and books,
14. Permits and fees,
15. Customer refunds,
16. District credit card reimbursements,
17. Employee awards, incentives,
18. Employee educational reimbursements,
19. Seminars and training,
20. Purchases made utilizing Cal Card,
21. Contracts or letters of agreement as approved by the General Manager or the Board of Directors.

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- b. Completed purchase requisitions may be required, as determined by the General Manager or his/her designee.

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## Section 11 – Special Considerations

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### 11.0 Exceptions to Purchasing Procedures:

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In specific instances, such as Federal Grants and Assessment Districts, there may be specific requirements in the contract or ordinance relating to the expenditure of such funds. The conditions of such agreements and ordinances shall take precedence over the procedures established in this manual.

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### 11.1 Bonding:

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a. In addition to any required bid deposit or bond, all construction contracts in excess of \$35,000 shall require:

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- 1) A PERFORMANCE BOND in the amount of 100% of the contract price, and
- 2) A LABOR AND MATERIALS BOND in the amount of not less than 50% of the contract price.

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b. For construction contracts under \$35,000, bonding shall be in accordance with District Policy No. 31, Encouraging Disadvantaged Business Enterprise Firms.

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### 11.2 Encouraging Emerging Business Enterprise:

The District's purchasing practices shall reflect the requirements set forth in District Policy No. 31, Encouraging Disadvantaged Business Enterprise Firms.

### 11.3 Insurance:

#### a. General, Automobile, and Errors and Omissions:

All contracts shall have a requirement for general, automobile, and errors and omissions insurance as applicable to the type of service or work contemplated. The amount and type of insurance required for each type of contract shall be at the discretion of the General Manager in an amount so as to indemnify the District from loss.

#### b. Workers' Compensation:

All public works contracts shall have a requirement for workers' compensation insurance in an amount as required by law. Additionally, all non-public works contracts shall require workers' compensation insurance coverage in an amount sufficient to indemnify the District from loss.

### 11.4 Invoicing:

Financial obligations of the District are normally settled on a Net 30 day payment basis. All invoices submitted to the District must include:

- 1) The vendor's name, business address and date,
- 2) The District's purchase order/contract number and the vendor's invoice number,
- 3) The shipment date and/or the date of service,
- 4) The terms of sale and applicable payment discounts,

- 5) An itemized description of materials purchased or services performed, including quantities, unit prices, discounts, extensions, and other charges as specified in the purchase order/contract,
- 6) Sales and other taxes and freight charges, itemized separately or as specified by the District.

11.5 Receiving, Inspection and Acceptance:

a. All materials, supplies or services furnished shall be exactly as specified, free from all defects and shall be subject to inspection and testing by the District. The method of inspection to be used in any particular procurement shall be commensurate with the specific quality and specification requirements. The Purchasing and Facilities Manager shall be notified immediately if any materials, supplies or services do not conform to specification. In such cases, the Purchasing and Facilities Manager shall take appropriate action to protect the interests of the District.

b. Receiving shall be documented on the receiving copy of the purchase order or other electronic form. When all materials, supplies and/or services have been received, the receiving staff will forward the vendor's shipping document(s) to the Finance Department and indicate (in writing or electronically) that the materials, supplies and/or services have been accepted and that the purchase order is authorized for payment.

11.6 Specifications:

a. All purchases of materials, supplies and services shall meet the requirements as published by the District in "Standard Specifications for Water and Sewer Construction".

b. The requesting person shall define specifications for materials, supplies and services not addressed by the above referenced publication. The specification shall include information such as brand or trade names, description of material or method of manufacture, description of performance, purpose and use, physical and chemical properties, and any other information needed so as to give the purchasing department enough information to purchase correctly. For purchases requiring a written specification, it shall be the requisitioning staff's responsibility to provide a complete specification document.

c. All specifications shall be drafted so as to assure the maximum practicable competition for the District's needs.

11.7 Inventory:

General Manager or his/her designee shall identify District property to be inventoried and shall insure that periodic inventory reconciliation is performed.

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## Section 12 – Disposal of Surplus Property

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### 12.0 PURPOSE:

To provide a standardized method for disposing of materials, supplies and other property, excluding real property, that is surplus to the needs of the District.

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### 12.1 GENERAL:

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a. It is staff's responsibility to keep the District's inventories as low as possible and to standardize materials, supplies and equipment used so as to minimize the number of articles carried in stock while ensuring that District operations, functions, and requirements can be effectively met.

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b. To accomplish this, the District's General Manager shall not less than annually develop an inventory of property that is surplus to the District's needs and present it to the Board of Directors at a regularly scheduled board meeting. At a minimum, the information provided shall include the quantity and description of the surplus property and a proposed method for said property's disposal. The General Manager or his/her designee may declare items to be trash, scrap, or, for items for which the acquisition cost was \$5000.00 or less, as surplus and authorized for disposal. Where the acquisition cost of an item exceeded \$5000.00, only the Board of Directors may declare the property, as, surplus and authorized for disposal.

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c. The General Manager or his/her designee shall have authority to declare District property as trash or scrap and for items for which the acquisition cost was \$5000.00 or less, as surplus. For purposes of this section, "trash" is defined as an item that has no value to the District or in the market place and "scrap" is defined as an item that has no value to the District but may have a nominal value in the market place as a raw or scrap material or for a purpose other than its originally intended use. The General Manager shall inform the Board, through the General Manager's report presented during a regular board meeting, of any declaration of trash or scrap when the acquisition cost of the item was greater than \$5,000.

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### 12.2 PROCEDURE:

Once property has been declared surplus it shall be the responsibility of the Purchasing and Facilities Manager, in a manner provided herein and approved by the General Manager, to dispose of the surplus property. All property shall be disposed of "as is-where is", with no warranty or guarantee as to serviceability or usability and where applicable, paid in full in U.S. currency prior to delivery. District property tags shall be removed from the surplus property prior to its disposal.

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#### 12.2.1 Auction Sale:

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a. Disposal of surplus property may be accomplished through auction sale.

- 1) *Through consignment* of items to a vendor, a private auctioneer, licensed and bonded to do business in San Diego County, to sell on behalf of the District. Where authorized by the General Manager, the Purchasing and Facilities Manager shall enter into an agreement with the vendor that has the potential of generating the most market interest and, therefore, the highest net proceeds for the District. The consignment vendor shall, at its expense, advertise the item for sale and shall accept offers for the District, with the District having final acceptance authority.

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- 2) *By advertising* for sale in a newspaper of general circulation or in any other manner approved by the General Manager. Newspaper ads shall be placed at least two (2) weeks prior to the sale date and shall identify the property for sale. Sealed bids will be solicited unless otherwise directed by the Purchasing and Facilities Manager and the property will be sold to the highest bidder.

Bid security shall be provided by requiring that a ten percent (10%) guarantee accompany each bid or aggregated bid. Such bid security shall be in the form of a certified check, cashier's check, or money order payable to the order of the District. Payment of the balance of the total bid must be made by the successful bidder within twenty-four (24) hours after the award. In the event the successful bidder fails to pay the balance of his bid, the bid security will be forfeited and the award will be made to the next highest responsible bidder.

The successful bidder shall be responsible for all required permits, fees and licenses. The property shall be removed from District premises in a time frame established by the Purchasing and Facilities Manager.

- 3) *By participation in a joint municipal/public agency public auction.* Where authorized by the General Manager, the District may dispose of surplus property through participation in a joint municipal/public agency auction.

- 4) *By sale to District Employees.* Where authorized by the General Manager, the District may dispose of surplus property by sale to District employees through a sealed bid process.

a) The General Manager or the Purchasing and Facilities Manager shall ascertain the fair market value of such property and shall post a description of the property together with its fair market value at the District's business and field offices and shall therein invite the employees to submit sealed informal bids. No bid shall be accepted which is below the stated fair market value for said property. Award shall be made to the highest bidder.

b) The Board of Directors, the General Manager and any employee designated by the General Manager, shall be excluded from bidding and shall not be allowed to purchase such surplus property.

c) Any employee purchasing such property must certify to the District that such property purchased is for the sole use of the employee and not for resale. Sale of, or gift of said property within one year from the date of purchase may constitute grounds for immediate employee termination.

d) The successful bidder shall be responsible for all required permits, fees and licenses. The property shall be removed from District premises in a time frame established by the Purchasing and Facilities Manager.

#### 12.2.2 Sale to Federal, State, and Local Municipalities and Governmental Agencies:

- a) Where it is in the best interest of the public, surplus property may be sold by the Purchasing and Facilities Manager to municipalities and government agencies in accordance with the following

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guidelines. The Purchasing and Facilities Manager shall give preference to local governmental agencies located within the District's boundary.

1) If the estimated fair market value, as determined by the Purchasing and Facilities Manager, does not exceed \$10,000, a negotiated sale may be conducted with the governmental agency and sale of the item concluded at the price determined to be a fair and reasonable market price for the item.

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2) If the estimated fair market value, as determined by the Purchasing and Facilities Manager, is greater than \$10,000 but does not exceed \$50,000, the General Manager's approval shall be obtained prior to any sale. Information provided to the General Manager shall, at a minimum, identify the government entity, the rationale behind the sale at the value, and the manner in which the fair market value was determined.

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3) If the estimated fair market value, as determined by the Purchasing and Facilities Manager, is greater than \$50,000, Board approval shall be obtained prior to any sale. Information provided to the Board shall, at a minimum, identify the government entity, the rationale behind the sale at that value, and the manner in which the fair market value was determined.

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### 12.2.3 Sale to Republic of Mexico, U.S. Municipalities and Government Agencies:

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a. When the District has declared items surplus to its needs and the Purchasing and Facilities Manager has determined that the item(s) should be sold in accordance with the guidelines contained herein, such item(s) may be sold to Republic of Mexico, U.S. municipalities and/or government agencies under the following guidelines:

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1) Prior to consummating any sale to a Republic of Mexico, U.S. municipality and/or governmental agency, the Purchasing and Facilities Manager shall ensure that right of first refusal for known requirements is offered to local governmental agencies.

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2) The Republic of Mexico, U.S. municipality and/or governmental agency shall forward to the Purchasing and Facilities Manager, a written official request which provides the following information:

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a. Name and address of municipality or governmental agency.

b. Name and telephone number of responsible official who can consummate a resulting sale agreement and sign appropriate sale documents.

c. Description and quantity of surplus property items desired.

d. Statement as to how the items requested will be used by the requesting municipality or governmental agency.

3) If the estimated fair market value, as determined by the Purchasing and Facilities Manager, does not exceed \$50,000, the General Manager's approval shall be obtained. Information provided to the General Manager shall, at a minimum, identify the government entity, the rationale behind the sale at that value, and the manner in which the fair market value was determined.

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4) If the estimated fair market value, as determined by the Purchasing and Facilities Manager, is greater than \$50,000, Board approval shall be obtained. Information provided to the Board shall, at a minimum, identify the government entity, the rationale behind the sale at that value, and the manner in which the fair market value was determined.

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12.2.4 Donation of District Surplus Property to Municipalities, Governmental Agencies, and Charitable Organizations:

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a. Where it is in the best interest of the public, surplus District property of no or De Minimus value, where proceeds of the sale of the property will be less than the cost of the sale of the property, may be donated under the following guidelines to municipalities, governmental agencies, and charitable organizations in lieu of discarding such property:

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b. The District's Purchasing and Facilities Manager shall first assess the value of the item and the cost of disposal and make a determination that the item has no value or De Minimus value.

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c. The requesting municipality, public agency, or charitable organization shall forward to the Purchasing and Facilities Manager a written donation request, approved by its governing board or chief operating officer, which includes the following minimum information:

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1. Name and address of municipality, agency, or charitable organization.
2. Name and telephone number of responsible official who will accept the donation, if approved, and sign appropriate donation documents.
3. Description and quantity of surplus property items desired.
4. Statement as to how the items requested will be used by the requesting public agency.
5. Proof of charitable status (501 (C)) organizations as applicable.

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d. Donation of surplus items requested shall be made to requesting entities giving priority to entities as follows:

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1. Public agencies within the District's boundary
2. Public agencies outside of the District's boundary
3. Charitable organizations within the District's boundary
4. Charitable organizations outside of the District's boundary

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e. Donation of District owned surplus property of no or De Minimus value may be approved by the Purchasing and Facilities Manager when the estimated total fair market value of the donation, as determined by the Purchasing and Facilities Manager, does not exceed either \$25 per item or \$500 per lot.

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f. Donation of District owned surplus property of no or De Minimus value may be approved by the General Manager when the estimated total fair market value, as determined by the Purchasing and Facilities Manager, does not exceed \$10,000.

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g. Donation of District owned surplus property of no or De Minimus value, where the total estimated fair market value of the donation, as determined by the Purchasing and Facilities Manager, exceeds \$10,000 shall be made by the Board.

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h. For the purpose of this policy, charitable organizations shall mean a non-profit organization exempt from taxation under the provisions of the Internal Revenue Code, 26 U.S.C. 501 (C), whose primary purpose is public service or a Republic of Mexico registered public organization promoting economic and social well-being in the border region.

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i. In consideration for the donation and as a condition of transfer, the recipient of the donated surplus shall execute a release and indemnification agreement satisfactory to the District's General Counsel.

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12.2.5 Exchange or Trade-In:

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Where deemed by the Purchasing and Facilities Manager to be in the best interest of the District, the surplus property may be exchanged or traded in on new supplies and equipment. Trade-in values must be documented and retained in accordance with the District's records retention policy.

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12.2.6 Disposal as Scrap:

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In the case of surplus property that has been determined by the General Manager or their designee to be trash or scrap with no or De Minimus value, and where no governmental or non-profit organization expresses interest in the item, the Purchasing and Facilities Manager may dispose of the property in any manner deemed appropriate. Where property is disposed of as scrap, full records of such disposal shall be kept.

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## Section 13 – Cal Card Credit Cards

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### 13.0 PURPOSE:

To provide procedures and guidelines for the standardized use of Cal-Card credit card program (Cal-Card) within the District.

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### 13.1 GUIDELINES:

- a. Use of Cal-Card shall be limited to appropriate purchases as defined herein.
- b. Purchases utilizing Cal-Card shall be made in accordance with this policy and established purchasing procedures and guidelines as defined in the District's Purchasing Manual. This includes, but is not limited to complying with the District's requirements related to authorization and pricing/ bidding.
- c. The intent of utilizing Cal-Card is to:
  1. Reduce costs associated with the accounts payable function.
  2. Reduce payment time to District suppliers.
  3. Provide a means to take advantage of time sensitive price discounts.
  4. Enhance District operations and reduce cost.
  5. Reduce dependency on petty cash disbursements.
  6. Provide for expedient purchases during emergencies.

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### 13.2 DEFINITIONS:

- a. Cal-Card Program: A system developed by the State of California (under Governor Wilson's Executive Order W-73-94) designed to facilitate public credit card purchases up to \$50,000.
- b. I.M.P.A.C. Government Services (IMPAC): Credit Card provider contracted with the State of California, through a Master Service Agreement, to provide Visa Credit Card service; maintain master file and account for each card holder; send monthly statements to each cardholder, approving official, and agency or district accounting office.
- c. District Representative: The District's contact person for program and accounting office functions; determines which District personnel receives cards; establishes card limits including purchase restrictions; establishes District's procedures and guidelines for participation in the Cal-Card Program.
- d. Cardholder: Person(s) designated by the District's Representative as being authorized to make purchases using the Cal-Card Program within District procedures and guidelines.
- e. Approving Official: Person(s) designated by the District's Representative to review, approve, and/or certify monthly cardholder billing statements and adherence to District purchasing and budgetary procedures; forwards monthly statements to the District's accounting office.

f. Accounting Office Representative: Person designated within the District to receive and process credit card statements and documentation.

g. Credit Card Limit: The transaction and spending limit established by the District Representative for a Cardholder.

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- Appropriate Purchase(s): The purchase of goods and/or services using Cal-Card that are within the signatory authority of the General Manager and categorized as one of the following:¶
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- <#>Exempt from the requirement of a purchase order/contract¶
- <#>Made under the auspices of a blanket purchase order¶
- <#>Documented and approved through a purchase requisition and issued a valid purchase order number¶
- <#>Made under an emergency declared by authority of the General Manager. ¶
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13.3 PROCEDURE:

Purchases made utilizing Cal-Card shall comply with the District's requirements, guidelines and procedures as defined within the District's Purchasing Manual.

13.4 APPROPRIATE PURCHASES:

a. The General Manager or his/her designee shall determine which goods and services are appropriate for purchase using Cal-Card and may, in the best interest of the District, restrict where, when and how the Cal-Card is utilized. The value of a purchase made using Cal-Card is limited to the signatory authority of the General Manager and must be categorized as one of the following:

1. Exempt from the requirement of a purchase order/contract.
2. Made under the auspices of a blanket purchase order.
3. Documented and approved in a form approved by the General Manager.
4. Made under an emergency declared by authority of the General Manager.

13.5 RESPONSIBILITIES:

13.5.1 District's Representative:

a. The General Manager or his/her designee is the District's Representative relative to the Cal-Card program.

b. The District's Representative shall be responsible, for:

1. Completion and processing of State required documentation for participation in the Cal-Card program,
2. Establishment of credit card limits (Credit card limits shall not exceed the purchasing authority of the General Manager as granted by the Board of Directors and those limits established by the General Manager under his/her Signatory Authority Delegation Schedule),
3. Identification of Cardholders, Approving Officials, and Accounting Office Representative,
4. Overseeing of the Cal-Card Program within the District,
5. Insuring adherence to the District's purchasing policies, procedures and practice.

13.5.2 Cardholder:

a. The Cardholder shall be responsible for:

1. Adhering to the procedures and guidelines set herein,
2. Reviewing his/her monthly statements for accuracy,

3. Retaining, reconciling, and attaching sales slips and, when applicable, approved requisitions to his/her monthly statement,
4. Providing and documenting account code information on monthly statements by transaction,
5. Submitting his/her reconciled statement, with attachments, to his/her Approving Official in a timely manner.

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13.5.3 Approving Official:

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- a. The Approving Official shall be responsible for:
1. Adhering to the procedures and guidelines set herein,
  2. Reviewing and approving for payment the monthly statements for those cardholders under his/her supervision,
  3. Insuring that all information required for payment, including account coding, of monthly statements is provided to the Finance Department,
  4. Requesting additional documentation if necessary,
  5. Forwarding all statements to the Finance Department in a timely manner.

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13.5.4 Finance Department Representative:

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- a. The Finance Department Representative shall be responsible for:
1. Adhering to the procedures and guidelines set herein,
  2. Receiving consolidated monthly statements,
  3. Receiving reconciled statements from Approving Officials,
  4. Reconciling statements in accordance with District procedures and policies governing the accounts payable function.

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Appendix

1. Otay Water District Board of Directors Policy No. 21
2. Otay Water District Board of Directors Policy No. 31
3. Otay Water District Memorandum – Signatory Authority Delegation (Revised as necessary by the General Manager)

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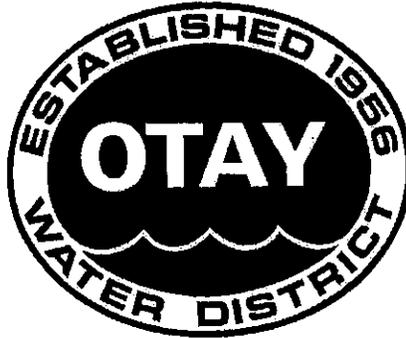
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OTAY WATER DISTRICT  
PURCHASING MANUAL

Revised January 2008

**Otay Water District Purchasing Manual**  
Rev 1/2008

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## **Section 1 – Mission Statement**

### **1.0 PURPOSE:**

To provide an understanding of the basic goal of the purchasing function within the Otay Water District.

### **1.1 MISSION STATEMENT:**

To provide for the procurement, storage and distribution of all supplies, equipment and services for the District using progressive purchasing techniques, methods and stringent controls while seeking the highest cost savings for the customers of the District.

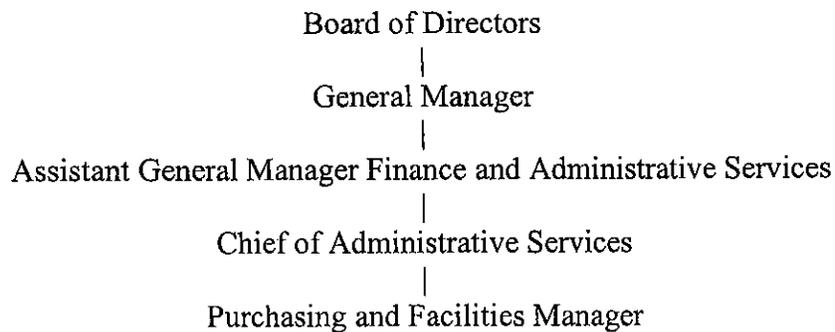
## Section 2 – Organization

### 2.0 PURPOSE:

To provide an understanding of the Purchasing Division’s organization and its relationship within the Otay Water District.

### 2.1 STATEMENT:

The Purchasing and Facilities Manager directs the Purchasing and Facilities Division. The Purchasing and Facilities Manager reports to the Chief of Administrative Services, who in turn reports to the Assistant General Manager over Finance and Administration, who in turn reports to the General Manager. The General Manager reports to the Board of Directors.



### 2.2 RESPONSIBILITIES:

2.2.1 Board of Directors – Ultimate authority regarding the purchasing policies, practices and guidelines of the District rests with the Board of Directors. It is the Board’s responsibility to establish policy and direction regarding purchasing functions in accordance with the District’s Code of Ordinances.

2.2.2 General Manager – The General Manager is responsible, in accordance with the District’s Code of Ordinances, for ensuring that the District complies with Board direction regarding the purchasing function.

2.2.3 Assistant General Manager of Finance and Administrative Services – It is the Assistant General Manager’s responsibility to oversee and administer the Finance, Information Technology and Administrative Services Departments and to insure that the directions of the General Manager are carried out.

2.2.4 Chief of Administrative Services – It is the Chief’s responsibility to administer the District’s Purchasing and Facilities Division as directed by the Assistant General Manager of Finance and Administrative Services.

2.2.5 Purchasing and Facilities Manager – It is the Manager’s responsibility to manage the Purchasing and Facilities Division as directed by the Chief of Administrative Services and to:

- a. Develop objectives, policies, programs and procedures for the negotiation and the acquisition of materials, supplies, equipment and services for the District.

- b. Coordinate purchasing policies throughout the District.
- c. Disseminate to other departments purchasing information designed to promote efficient operations.
- d. Negotiate and approve assigned purchase orders in the best interest of the District.
- e. Make purchases for the District in such a manner so as to maximize the value received for monies expended.
- f. Arrange for the sale or disposal of materials and supplies declared surplus by the Board of Directors.
- g. Maintain inventory levels at a satisfactory operating level.
- h. Work with District departments to promote vendor/seller relations.
- i. Work with District Departments and Committees establishing standardization of workmanship, materials and supplies used throughout the District.
- j. Protect the District's interest in matters concerning charges related to the purchasing of materials, supplies and services.

## Section 3 – Purchasing Policy

### 3.0 PURPOSE:

To provide an understanding of the purchasing function and to establish and present the purchasing policies within the Otay Water District.

### 3.1 GENERAL:

Purchasing is fundamental to the operation of the District. It means the acquisition of goods and services in exchange for an acceptable price or consideration. A purchase may be in the simplest form or it may involve the development of lengthy written agreements. Every purchase involving the transfer of goods or services is a contract. As a contract, there are considerations as to the nature of the purchase, its value, timing, method of payment, delivery, and other conditions that must be addressed. For this reason, it is the District's policy to rest the responsibility and authority to purchase within the Purchasing and Facilities Division (Purchasing Department).

### 3.2 POLICIES:

- a. General Policy: All purchases and requests for pricing or repair services shall be made in accordance with applicable laws and the District's Purchasing Manual, policies, and procedures.
- b. Open Door Policy: The Purchasing Department shall maintain an "Open Door" policy with all salespeople desiring to sell goods or services to the District.
- c. Interviews with Salespeople: If it is necessary for staff, other than Purchasing Department personnel, to interview salespeople regarding details of their products, requests for such visits should be made through the Purchasing Department. In interviews with salespeople, no one except the Purchasing Department may comment on the preference for any product, or give any information regarding performance or price.
- d. Correspondence with Suppliers: All correspondence with suppliers must be processed through the Purchasing Department unless it is technical in nature and makes no references towards purchasing.
- e. Negotiated Changes: Unless authorized by the General Manager, the Purchasing Department will negotiate all changes to purchases.
- f. Authority to Question: In order to serve the best interest of the District, the Purchasing Department shall have the authority to question all requests for purchases regarding quantity, quality, timing, and specifications.
- g. Approval of Gratis Materials and Samples: The Purchasing Department must approve all gratis materials, supplies or services submitted to the District as samples or tests prior to their acceptance.
- h. Conflict of Interest: Employees are required to disclose to the Purchasing Department any conflict of interest in the selection or recommendation for selection of District vendors, suppliers, or consultants. All contracts shall contain language, as approved by the District's legal counsel, requiring Vendors, Suppliers, and Consultants to disclose any actual and potential

conflicts of interest that exist between the Vendor, Supplier, or Consultant and the District, its representatives, agents, Board of Directors, and employees.

## Section 4 – Purchasing Guidelines

### 4.0 PURPOSE:

To provide guidelines and protocol for the standardized application of purchasing activities within the Otay Water District.

### 4.1 GENERAL:

To a large extent, the Purchasing and Facilities Division's (Purchasing Department) performance will be measured by how well it satisfies the needs of various departments within the District. It is essential that there be mutual cooperation between District departments to ensure that a condition of confidence exists. For this reason the following standardized guidelines and protocols have been established.

#### 4.1.1 Guidelines and Protocol:

- a. Departments will keep the Purchasing Department informed of their current and anticipated activities.
- b. Overlapping duties regarding purchases will be clearly defined in the best interest of the District.
- c. If the material or equipment requested is not readily available or its price is such that significant savings can be realized through alternatives, the alternative that is in the best interest of the District shall be selected.
- d. Policies and procedures of the District's Purchasing Manual will be followed.
- e. The Purchasing Department will notify interested departments on matters related to shortages, new products, discontinued products or anything else that directly affects the performance of the interested department, the Purchasing Department, or the District.

### 4.2 VENDOR INVOLVEMENT

Through the Purchasing Department's contact with vendors, it is in a position to develop or diminish the District's reputation and/or vendor/District relationships. The District promotes a fair and aggressive purchasing manner that results in positive vendor relationships. To accomplish this, the District has established the following standardized guidelines and protocols.

#### 4.2.1 Guidelines and Protocol:

- a. All competition between suppliers is to be kept open and fair.
- b. Advantages through vendor errors shall be declined.
- c. Revision of bids after submission shall not be accepted.
- d. Materials not strictly up to specification that may be usable without sacrifice shall be reviewed.

- e. Bids shall only be solicited from those vendors with whom the District intends to do business.
- f. The District shall not be obligated to any particular vendor.
- g. Vendor locations may be visited to promote product and vendor knowledge.
- h. Transactions and communications with vendors shall be truthful yet shall not divulge sensitive or confidential information related to competition.
- i. Vendor questions, calls or correspondence shall be answered promptly and in a manner that maintains fair competition.

## **Section 5 – Legal Considerations Regarding Purchasing**

### **5.0 PURPOSE:**

To provide understanding and direction related to legal considerations within the purchasing function of the Otay Water District.

### **5.1 GENERAL:**

The District has designated that the Purchasing and Facilities Manager has the authority to act fiducially as its agent with regard to the purchase of materials, supplies, and services. This designation is referred to as Law of Agency. As such, the Purchasing and Facilities Manager binds the District to whatever buying decision is made and makes the District responsible for any purchase order issued under his/her limits of authority. In addition to acting in the best interest of the District, the Purchasing and Facilities Manager must ensure that various Federal and State statutes governing purchasing and interstate commerce are complied with. For these reasons, consultation with the District's legal counselor shall be made whenever there is a question concerning anti-trust implications, warranty, risk of loss and rights and remedies of the District.

## **Section 6 – Types of Purchases**

### **6.0 PURPOSE:**

To provide standardized procedures for the purchase of consulting, construction, materials, goods, and services within the Otay Water District.

### **6.1 GENERAL:**

The District recognizes the varying levels of complexity within the purchasing function and the need to establish standardized procedures to administer the various types of purchases made within the District.

### **6.2 PROCEDURES:**

#### **6.2.1 Construction Services (Public Works):**

The General Manager, or his/her designee, may award purchase orders/contracts for construction services that are within the authorization limit of the General Manager as set by the Board of Directors. Competitive pricing of construction purchases must be in accordance with the bidding and pricing procedures of the District as outlined in Section 7.2.3 (Pricing/Bidding Requirements) of this manual. Award shall be made to the responsive and responsible bidder who has submitted the lowest bid meeting the requirements and criteria set forth in the invitation to bid. For construction contracts exceeding staff's limit of authorization, a summary of bids together with staff's recommendation for award or possible rejection of bids must be presented to the Board of Directors of the District at a board meeting. Should an award be made, the Board of Directors will authorize staff to execute a contract on behalf of the District. After approval as to form and legality by the District's legal counsel, the successful bidder and the District's representative will sign the contract. A copy of the executed contract shall be promptly provided to the Finance Department for proper accounting review. If after notification, the successful bidder fails to execute the contract within ten (10) days, the bid deposit, made in cash, cashier's check, certified check, or bid bond will be forfeited.

#### **6.2.2 Professional Consulting:**

The General Manager, or his/her designee, may award purchase orders/contracts for professional consulting services that are within the authorization limits as set by the Board of Directors. Professional Consulting Services are defined as architectural, Engineering, Environmental and any other service as identified within the California Government Code § 4525-4529. Competitive pricing of consulting services must be in accordance with the bidding and pricing procedures of the District as outlined in Section 7.2.4a (Pricing/Bidding Requirements) of this manual. Award shall be made to the consultant whose response to a request for proposal best meets the District's needs. At the discretion of the Board of Directors or the General Manager, the review of submitted proposals may be made by the a Committee established by the Board or the General Manager. For professional consulting contracts exceeding the General Manager's limit of authorization, a summary of bids together with staff's recommendation for award must be presented to the Board of Directors of the District at a board meeting. Should an award be made, the Board of Directors will authorize staff to execute a contract on behalf of the District. After approval as to form and legality by the District's legal counsel, the successful bidder and the District's representative will sign the contract. A copy of the executed contract shall be promptly provided to the Finance Department for proper accounting review.

#### **6.2.3 Cooperative/ Joint Purchases:**

The Purchasing and Facilities Manager, subject to the approval of the District's General Manager, may combine District purchases with the purchases of other agencies in order to best serve the District

provided the value of the purchase is within the General Manager's Board authorized approval limit. Should the value of the purchases exceed the authorization limit of the General Manager, approval to purchase must be made by the Board of Directors of the District. At a formal meeting of the Board of Directors of the District, staff will present a request for authorization to combine the District's purchases with those of another agency. If approved, the Board will authorize staff to execute a purchase order/contract on behalf of the District. After approval as to form and legality by the District's Legal Counsel, the purchase order/contract shall be executed.

#### 6.2.4 Emergency Purchases:

In the event of a catastrophic emergency, the guidelines and requirements as set forth in California state statute and in the District's Code of Ordinance shall prevail over those stated herein.

#### 6.2.5 Materials, Goods, Services, and General Consulting:

Purchases of materials, goods and services, the value of which are within the limits authorized by the Board of Directors, may be made by the District's General Manager or his/her designee. Competitive pricing for materials, goods and services must be in accordance with the bidding and pricing procedures of the District as outlined in Section 7.2.2, 7.2.4, 7.2.5, and 7.2.6 (Pricing/Bidding Requirements) of this manual as applicable. Purchases shall be made from the bidder whose bid best meets the District's requirements and needs as set forth in the invitation to bid or request for quotation. The Board of Directors of the District must authorize purchases exceeding the General Manager's authorized approval limit. At a meeting of the Board of Directors, a summary of bids together with staff's recommendation for the award of a contract/purchase order or the rejection of bids shall be presented. Should an award be made, the Board of Directors of the District will authorize staff to execute a purchase order/contract on behalf of the District.

#### 6.2.6 Petty Cash:

The primary purpose of petty cash funds is to reduce costs associated with purchases and expenses in accordance with the District's financial policies.

#### 6.2.7 Sole Source Purchases:

Other than contracts for construction, alteration or repair of District facilities, a contract may be awarded for materials, goods, services, or general consulting without competition when the District's General Manager or the Board of Directors determines that either the product is designated to match others in use on a particular public improvement, is a unique or novel product application required to be used in the public interest, or where only one brand or trade name is known. Sole source purchases may be made by the District's General Manager provided the value of the purchase is within the limits authorized for the General Manager by the Board of Directors of the District and the reason for the sole source authorization is documented by the General Manager and retained in accordance with District's record's retention policy. The Board of Directors of the District must authorize sole source purchases exceeding the General Manager's authorized limit. At a meeting of the Board of Directors, staff will present the bid submitted together with a recommendation requesting an award of purchase order/contract to the vendor identified as the sole source. Should an award be made, the Board will authorize staff to execute a purchase order/contract on behalf of the District.

#### 6.2.8 Blanket Purchase Orders:

Blanket purchase orders are issued to reduce administrative and operational costs, inventories and paperwork and may be issued for regularly purchased materials, supplies and services. Should a blanket purchase order be issued, the order shall include a description of each material, supply and/or

service requested, a unit price for each, the period of time the order shall be in effect, and a statement obligating the vendor to deliver all or a specified part of the District's usage requirement upon receipt of an authorized release from the District. Not included on the blanket purchase order are specific quantities. Instead of specific quantities, the blanket purchase order shall list an estimate of the quantity of each item that will be used for the period to which the blanket purchase order refers. Blanket purchase orders may not be issued for a period of time exceeding one year unless authorized by the General Manager.

#### 6.2.8.1 Guidelines for Issuing Blanket Purchase Orders:

- a. Blanket purchase orders may only be issued, changed, or revoked by the Purchasing and Facilities Manager or the General Manager.
- b. Competitive pricing and vendor selection for blanket purchase orders shall be in accordance with the policies and guidelines as set forth in this manual.
- c. The Board of Directors must authorize blanket purchase orders exceeding the General Manager's authorization limit. At a formal meeting of the Board of Directors, a summary of the requested blanket purchase order(s) shall be presented. The summary shall include a description of the materials, supplies, and services required, and total order pricing. Should the Board approve the blanket order(s), they will authorize staff to issue a blanket purchase order on behalf of the District.

#### 6.2.8.2 Guidelines for the Use of Blanket Purchase Orders:

- a. The supervisor of the employee receiving materials, services, and/or goods released against a blanket purchase order will write the account code/work order information, sign (attesting that the release is authorized and that all goods/materials/services were received and accepted) and forward the receiving (packing slips) document to the Finance Department. Processed shipping documents (coded and signed) must be submitted to the Finance Department no later than the end of next workday from the date items were received.
- b. In the event that invoiced unit pricing exceeds the unit price indicated on the blanket purchase order, Purchasing will contact the vendor requesting that a corrected invoice be sent to the District and notify them that payment will be withheld pending the receipt of the corrected invoice.
- c. Should the ordering individual wish the warehouse to take delivery of items released under a blanket purchase order, notification must be given to warehouse staff. Said notification should be made by written memorandum or through e-mail or other electronic form and must include information on the purchase order number assigned to the purchase, what and when goods are to be delivered, and who will ultimately receive the goods.

## **Section 7 – Pricing/Bidding Requirements**

### **7.0 PURPOSE:**

To provide requirements, policies, and guidelines for the pricing/bidding of purchases within the Otay Water District.

### **7.1 GENERAL:**

It is the District's policy to request competitive quotations from responsible vendors for all purchase items priced at more than \$5,000. Pricing, although important, is not the only factor in determining the overall cost and value of a product. Quality, service and delivery are factors that must also be considered when comparing quotations. It is by weighing these factors that an intelligent decision can be made to purchase the product with the greatest value for the least overall price.

### **7.2 REQUIREMENTS:**

#### **7.2.1 Formal Advertising:**

Public work purchases, as defined in the State of California's government and contract code, equal to or exceeding \$35,000 must be formally advertised. Solicitations shall be advertised in a newspaper of general circulation at least one, a minimum of ten (10) calendar days prior to the date of the bid opening. Solicitations must contain a brief description of the goods or services required, state where prospective bidders may obtain plans and specifications and make any required deposits, state the time and place of the bid opening, and state that the District reserves the right to reject one or all bids.

#### **7.2.2 Quotations:**

For purchases greater than \$5,000, excluding public work purchases exceeding \$35,000 that require formal advertising and bidding, a minimum of three competitive quotations must be obtained. Quotations received may be in written or oral form. Should oral quotations be received, written documentation must be made identifying the bidder's name, contact name, telephone number, the date of the quotation and the price bid. Should three quotations not be obtainable, documentation in the form of a notation of memorandum must be provided and attached to the purchase requisition. Where only one price is obtainable, the actions taken to obtain competitive pricing shall be documented and attached to the purchase requisition and the purchase may be made and the requirements of this section shall be satisfied.

#### **7.2.3 Public Work - Construction**

Public work purchases equal to or exceeding \$35,000 in value must be formally advertised and sealed bids received.

The Purchasing and Facilities Manager or the General Manager's designee, in conjunction with the project manager, and where appropriate, the District's legal counsel, shall publicly open all sealed bids and tabulate the results. The bid tabulation, along with a recommendation for award contract or possible rejection of bids, shall be forwarded to the District's General Manager.

In the event that the value of the purchase exceeds the General Manager's signatory authority, a summary of bids shall be presented together with staff's recommendation for an award of contract or

possible rejection of bids to the Board of Directors of the District during a formal board meeting. The Board of Directors will then authorize the execution of the contract on behalf of the District.

Award shall be made to the responsive and responsible bidder who has submitted the lowest bid meeting the requirements and criteria set forth in the invitation to bid. After approval as to form and legality of the contract documents by legal counsel, the successful bidder and the appropriate District representative(s) shall execute the contract. A copy of the executed contract shall be promptly provided to the Finance Department for proper accounting review.

#### 7.2.4 Request for Proposals:

##### a. For the Solicitation of Professional Consulting:

The General Manager, or his/her designee, will establish a review panel to evaluate and rank submittals (proposals) using criteria published in the Request for Proposals package. Documents, invitations, and evaluation of submittals for professional consulting services shall be made in compliance with Government Code Section 4526-4529 and District Policy #21 – Policy for Selection of Professional Consultants.

##### b. For the Solicitation of General Consulting and Services:

The General Manager, or his/her designee, shall determine the method for soliciting and evaluating proposals for general consulting and services. The request for proposal must in written form and must provide sufficient information to clearly identify the work required and provide respondents with a clear understanding of the District's needs, work specifications, expectations and the criteria that will be used to evaluate submittals.

#### 7.2.5 Two Step Bidding:

Where it is considered impractical to initially prepare a purchase description to support an award on price, a request for proposals may be issued requesting the submission of not priced technical proposals. This will be followed by an invitation for bids limited to those bidders whose technical proposals meet the requirements set forth in the first invitation.

#### 7.2.6 Purchases Exempt from Competitive Pricing:

- a. The following contract/purchases are exempt from competitive pricing (Ref: California Contracting Code 10335-10381):

Contracts:

1. With Federal, State or Local Agencies,
2. For temporary labor contracts for time-limited employment needs,
3. For services that can only be performed by a public agency,
4. For the sole purpose of obtaining expert witness for litigation, and
5. That are for legal defense, legal advice, or legal services.

### 7.2.7 Emergency Purchases:

During times when the General Manager has declared an emergency, where the immediate acquisition of materials, goods, and services is required, the purchase of needed materials, goods, and services shall be made in accordance with California state statutes and per the District's Code of Ordinances.

### 7.2.8 Board Authorized Purchases Exceeding the General Manager's Authority:

- a. The General Manager or his/her Designee is authorized to exceed his/her delegated purchasing authority and purchase the following goods and services without regard to cost.
  1. Gas and electric utility for the operation of the District
  2. Water

## Section 8 – Change Orders

### 8.0 PURPOSE:

To provide guidelines for the initiation and approval of contract change orders within the Otay Water District.

### 8.1 GENERAL:

Change orders may be initiated by the contractor/vendor or by the District. The District's General Manager or his/her designee must approve change orders as defined in the District's Code of Ordinances, Section 2.01e. The Board must approve change orders exceeding the General Manager's authorized limit. Only written change orders are allowed.

## **Section 9 – Authorization to Purchase – Signatory Authority**

### **9.0 PURPOSE:**

To provide guidelines and protocol for establishing signatory authority for the approval of purchases within the Otay Water District.

### **9.1 GENERAL:**

The Board of Directors of the District has sole signatory (ability to sign contracts and approve purchases) authority within the Otay Water District. The Board may, at a regularly scheduled board meeting, establish signatory authorization limit(s) for the General Manager as defined in the District's Code of Ordinances, Section 2.01c-e. The General Manager at his/her discretion may delegate his/her signatory authority, as he/she deems necessary. Other than as identified in Section 7.2.8 of this Manual, "Board Authorized Purchases Exceeding the General Managers Authority", delegated authorization limits may not exceed those established by the Board for the General Manager. Delegated authorization must be documented in the form of a memorandum, signed by the General Manager. Included in the memorandum must be a listing of individuals and/or job classification to whom signatory and purchase approval authority has been delegated and the maximum dollar value(s) of said authority. Copies of the memorandum shall be provided to the District's senior management team and to the Purchasing and Facilities Manager. The General Manager at his/her discretion may allow the Assistant General Managers to delegate their signatory authority, as they deem necessary within their departments.

## Section 10 – Documentation of Purchases

### 10.0 PURPOSE:

To provide standardized guidelines and procedures for documenting the authorization, pricing and award of contracts within the Otay Water District. All purchases exceeding petty cash limit, excluding purchases identified as exempt from this requirement under “Purchases Exempt from Purchase Order Requirement”, shall be required to be documented as prescribed herein.

### 10.1 GENERAL:

As a public agency, the fundamental practice of documenting purchases must be followed. The documentation must provide a record of vendor name, address, contact and telephone number, pricing, authorized purchase approval(s), terms and conditions, consideration, placement of order, receipt of order and authorization of payment. Documentation will be made on a “purchase requisition” form (printed or electronic) together with a purchase order/contract (printed or electronic).

### 10.2 PROCEDURE:

- a. A “Purchase Requisition” (requisition) form is an internal control document. It shall be used to record vendor name, address, contact and telephone number, authorized purchase approval(s), pricing, quantities and special terms and conditions. Documentation of competitive pricing may be in the form of a memorandum or note attached to the requisition. For purchases requiring the use of formal bidding/advertising, the bids received will be retained in accordance with the District’s record retention policy. The requisition may be in written or electronic form provided that it is standardized, and immutable.
- b. When complete, the requisition will be used to produce a purchase order/contract. A copy of the completed purchase requisition will be retained in accordance with the District’s record retention policy.
- c. The purchase order/contract represents a written agreement between the District and the Vendor. In addition to identifying the District and Vendor, it is used to document terms and conditions.
- d. The purchase order/contract will be in a form as approved by the District’s legal counsel.
- e. The purchase order form shall be the used as the District’s primary contract document for material, service, and supply purchases. Typically, purchases of professional engineering services, consulting and major construction require contracts in a form other than a purchase order. In the event a contract in a form other than a purchase order is used, the District’s counsel shall approve it as to form. A purchase order may be issued for control purposes to supplement a contract. In this event, the purchase order will reference the contract document as representing the agreement between the District and vendor.

#### 10.2.1 Purchases Exempt from Purchase Order Requirement:

- a. The Board has identified the following purchases as exempt from the requirement of a written purchase order/contract:
  1. Travel and meeting advances and reimbursements,

2. Purchases less than the petty cash limit,
  3. Prepaid travel expenses, i.e., airfare and hotel,
  4. Utilities,
  5. Television and satellite service,
  6. Meal reimbursements,
  7. Telephone usage charges, including wireless telephones and pagers,
  8. Postage,
  9. Classified, legal, and display advertising,
  10. Petty Cash purchases,
  11. Mileage reimbursement,
  12. Memberships and dues,
  13. Subscriptions and books,
  14. Permits and fees,
  15. Customer refunds,
  16. District credit card reimbursements,
  17. Employee awards, incentives,
  18. Employee educational reimbursements,
  19. Seminars and training,
  20. Purchases made utilizing Cal Card,
  21. Contracts or letters of agreement as approved by the General Manager or the Board of Directors.
- b. Completed purchase requisitions may be required, as determined by the General Manager or his/her designee.

## Section 11 – Special Considerations

### 11.0 Exceptions to Purchasing Procedures:

In specific instances, such as Federal Grants and Assessment Districts, there may be specific requirements in the contract or ordinance relating to the expenditure of such funds. The conditions of such agreements and ordinances shall take precedence over the procedures established in this manual.

### 11.1 Bonding:

- a. In addition to any required bid deposit or bond, all construction contracts in excess of \$35,000 shall require:
  - 1) A PERFORMANCE BOND in the amount of 100% of the contract price, and
  - 2) A LABOR AND MATERIALS BOND in the amount of not less than 50% of the contract price.
- b. For construction contracts under \$35,000, bonding shall be in accordance with District Policy No. 31, Encouraging Disadvantaged Business Enterprise Firms.

### 11.2 Encouraging Emerging Business Enterprise:

The District's purchasing practices shall reflect the requirements set forth in District Policy No. 31, Encouraging Disadvantaged Business Enterprise Firms.

### 11.3 Insurance:

- a. General, Automobile, and Errors and Omissions:

All contracts shall have a requirement for general, automobile, and errors and omissions insurance as applicable to the type of service or work contemplated. The amount and type of insurance required for each type of contract shall be at the discretion of the General Manager in an amount so as to indemnify the District from loss.

- b. Workers' Compensation:

All public works contracts shall have a requirement for workers' compensation insurance in an amount as required by law. Additionally, all non-public works contracts shall require workers' compensation insurance coverage in an amount sufficient to indemnify the District from loss.

### 11.4 Invoicing:

Financial obligations of the District are normally settled on a Net 30 day payment basis. All invoices submitted to the District must include:

- 1) The vendor's name, business address and date,
- 2) The District's purchase order/contract number and the vendor's invoice number,
- 3) The shipment date and/or the date of service,
- 4) The terms of sale and applicable payment discounts,

- 5) An itemized description of materials purchased or services performed, including quantities, unit prices, discounts, extensions, and other charges as specified in the purchase order/contract,
- 6) Sales and other taxes and freight charges, itemized separately or as specified by the District.

#### 11.5 Receiving, Inspection and Acceptance:

- a. All materials, supplies or services furnished shall be exactly as specified, free from all defects and shall be subject to inspection and testing by the District. The method of inspection to be used in any particular procurement shall be commensurate with the specific quality and specification requirements. The Purchasing and Facilities Manager shall be notified immediately if any materials, supplies or services do not conform to specification. In such cases, the Purchasing and Facilities Manager shall take appropriate action to protect the interests of the District.
- b. Receiving shall be documented on the receiving copy of the purchase order or other electronic form. When all materials, supplies and/or services have been received, the receiving staff will forward the vendor's shipping document(s) to the Finance Department and indicate (in writing or electronically) that the materials, supplies and/or services have been accepted and that the purchase order is authorized for payment.

#### 11.6 Specifications:

- a. All purchases of materials, supplies and services shall meet the requirements as published by the District in "Standard Specifications for Water and Sewer Construction".
- b. The requesting person shall define specifications for materials, supplies and services not addressed by the above referenced publication. The specification shall include information such as brand or trade names, description of material or method of manufacture, description of performance, purpose and use, physical and chemical properties, and any other information needed so as to give the purchasing department enough information to purchase correctly. For purchases requiring a written specification, it shall be the requisitioning staff's responsibility to provide a complete specification document.
- c. All specifications shall be drafted so as to assure the maximum practicable competition for the District's needs.

#### 11.7 Inventory:

General Manager or his/her designee shall identify District property to be inventoried and shall insure that periodic inventory reconciliation is performed.

## Section 12 – Disposal of Surplus Property

### 12.0 PURPOSE:

To provide a standardized method for disposing of materials, supplies and other property, excluding real property, that is surplus to the needs of the District.

### 12.1 GENERAL:

- a. It is staff's responsibility to keep the District's inventories as low as possible and to standardize materials, supplies and equipment used so as to minimize the number of articles carried in stock while ensuring that District operations, functions, and requirements can be effectively met.
- b. To accomplish this, the District's General Manager shall not less than annually develop an inventory of property that is surplus to the District's needs and present it to the Board of Directors at a regularly scheduled board meeting. At a minimum, the information provided shall include the quantity and description of the surplus property and a proposed method for said property's disposal. The General Manager or his/her designee may declare items to be trash, scrap, or, for items for which the acquisition cost was \$5000.00 or less, as surplus and authorized for disposal. Where the acquisition cost of an item exceeded \$5000.00, only the Board of Directors may declare the property, as surplus and authorized for disposal.
- c. The General Manager or his/her designee shall have authority to declare District property as trash or scrap and for items for which the acquisition cost was \$5000.00 or less, as surplus. For purposes of this section, "trash" is defined as an item that has no value to the District or in the market place and "scrap" is defined as an item that has no value to the District but may have a nominal value in the market place as a raw or scrap material or for a purpose other than its originally intended use. The General Manager shall inform the Board, through the General Manager's report presented during a regular board meeting, of any declaration of trash or scrap when the acquisition cost of the item was greater than \$5,000.

### 12.2 PROCEDURE:

Once property has been declared surplus it shall be the responsibility of the Purchasing and Facilities Manager, in a manner provided herein and approved by the General Manager, to dispose of the surplus property. All property shall be disposed of "as is-where is", with no warranty or guarantee as to serviceability or usability and where applicable, paid in full in U.S. currency prior to delivery. District property tags shall be removed from the surplus property prior to its disposal.

#### 12.2.1 Auction Sale:

- a. Disposal of surplus property may be accomplished through auction sale.
  - 1) *Through consignment* of items to a vendor, a private auctioneer, licensed and bonded to do business in San Diego County, to sell on behalf of the District. Where authorized by the General Manager, the Purchasing and Facilities Manager shall enter into an agreement with the vendor that has the potential of generating the most market interest and, therefore, the highest net proceeds for the District. The consignment vendor shall, at its expense, advertise the item for sale and shall accept offers for the District, with the District having final acceptance authority.

- 2) *By advertising* for sale in a newspaper of general circulation or in any other manner approved by the General Manager. Newspaper ads shall be placed at least two (2) weeks prior to the sale date and shall identify the property for sale. Sealed bids will be solicited unless otherwise directed by the Purchasing and Facilities Manager and the property will be sold to the highest bidder.

Bid security shall be provided by requiring that a ten percent (10%) guarantee accompany each bid or aggregated bid. Such bid security shall be in the form of a certified check, cashier's check, or money order payable to the order of the District. Payment of the balance of the total bid must be made by the successful bidder within twenty-four (24) hours after the award. In the event the successful bidder fails to pay the balance of his bid, the bid security will be forfeited and the award will be made to the next highest responsible bidder.

The successful bidder shall be responsible for all required permits, fees and licenses. The property shall be removed from District premises in a time frame established by the Purchasing and Facilities Manager.

- 3) *By participation in a joint municipal/public agency public auction.* Where authorized by the General Manager, the District may dispose of surplus property through participation in a joint municipal/public agency auction.
- 4) *By sale to District Employees.* Where authorized by the General Manager, the District may dispose of surplus property by sale to District employees through a sealed bid process.
  - a) The General Manager or the Purchasing and Facilities Manager shall ascertain the fair market value of such property and shall post a description of the property together with its fair market value at the District's business and field offices and shall therein invite the employees to submit sealed informal bids. No bid shall be accepted which is below the stated fair market value for said property. Award shall be made to the highest bidder.
  - b) The Board of Directors, the General Manager and any employee designated by the General Manager, shall be excluded from bidding and shall not be allowed to purchase such surplus property.
  - c) Any employee purchasing such property must certify to the District that such property purchased is for the sole use of the employee and not for resale. Sale of, or gift of said property within one year from the date of purchase may constitute grounds for immediate employee termination.
  - d) The successful bidder shall be responsible for all required permits, fees and licenses. The property shall be removed from District premises in a time frame established by the Purchasing and Facilities Manager.

#### 12.2.2 Sale to Federal, State, and Local Municipalities and Governmental Agencies:

- a. Where it is in the best interest of the public, surplus property may be sold by the Purchasing and Facilities Manager to municipalities and government agencies in accordance with the following

guidelines. The Purchasing and Facilities Manager shall give preference to local governmental agencies located within the District's boundary.

- 1) If the estimated fair market value, as determined by the Purchasing and Facilities Manager, does not exceed \$10,000, a negotiated sale may be conducted with the governmental agency and sale of the item concluded at the price determined to be a fair and reasonable market price for the item.
- 2) If the estimated fair market value, as determined by the Purchasing and Facilities Manager, is greater than \$10,000 but does not exceed \$50,000, the General Manager's approval shall be obtained prior to any sale. Information provided to the General Manager shall, at a minimum, identify the government entity, the rationale behind the sale at the value, and the manner in which the fair market value was determined.
- 3) If the estimated fair market value, as determined by the Purchasing and Facilities Manager, is greater than \$50,000, Board approval shall be obtained prior to any sale. Information provided to the Board shall, at a minimum, identify the government entity, the rationale behind the sale at that value, and the manner in which the fair market value was determined.

#### 12.2.3 Sale to Republic of Mexico, U.S. Municipalities and Government Agencies:

- a. When the District has declared items surplus to its needs and the Purchasing and Facilities Manager has determined that the item(s) should be sold in accordance with the guidelines contained herein, such item(s) may be sold to Republic of Mexico, U.S. municipalities and/or government agencies under the following guidelines:
  - 1) Prior to consummating any sale to a Republic of Mexico, U.S. municipality and/or governmental agency, the Purchasing and Facilities Manager shall ensure that right of first refusal for known requirements is offered to local governmental agencies.
  - 2) The Republic of Mexico, U.S. municipality and/or governmental agency shall forward to the Purchasing and Facilities Manager, a written official request which provides the following information:
    - a. Name and address of municipality or governmental agency.
    - b. Name and telephone number of responsible official who can consummate a resulting sale agreement and sign appropriate sale documents.
    - c. Description and quantity of surplus property items desired.
    - d. Statement as to how the items requested will be used by the requesting municipality or governmental agency.
  - 3) If the estimated fair market value, as determined by the Purchasing and Facilities Manager, does not exceed \$50,000, the General Manager's approval shall be obtained. Information provided to the General Manager shall, at a minimum, identify the government entity, the rationale behind the sale at that value, and the manner in which the fair market value was determined.
  - 4) If the estimated fair market value, as determined by the Purchasing and Facilities Manager, is greater than \$50,000, Board approval shall be obtained. Information provided to the Board shall, at a minimum, identify the government entity, the rationale behind the sale at that value, and the manner in which the fair market value was determined.

12.2.4 Donation of District Surplus Property to Municipalities, Governmental Agencies, and Charitable Organizations:

- a. Where it is in the best interest of the public, surplus District property of no or De Minimus value, where proceeds of the sale of the property will be less than the cost of the sale of the property, may be donated under the following guidelines to municipalities, governmental agencies, and charitable organizations in lieu of discarding such property:
- b. The District's Purchasing and Facilities Manager shall first assess the value of the item and the cost of disposal and make a determination that the item has no value or De Minimus value.
- c. The requesting municipality, public agency, or charitable organization shall forward to the Purchasing and Facilities Manager a written donation request, approved by its governing board or chief operating officer, which includes the following minimum information:
  1. Name and address of municipality, agency, or charitable organization.
  2. Name and telephone number of responsible official who will accept the donation, if approved, and sign appropriate donation documents.
  3. Description and quantity of surplus property items desired.
  4. Statement as to how the items requested will be used by the requesting public agency.
  5. Proof of charitable status (501 (C)) organizations as applicable.
- d. Donation of surplus items requested shall be made to requesting entities giving priority to entities as follows:
  1. Public agencies within the District's boundary
  2. Public agencies outside of the District's boundary
  3. Charitable organizations within the District's boundary
  4. Charitable organizations outside of the District's boundary
- e. Donation of District owned surplus property of no or De Minimus value may be approved by the Purchasing and Facilities Manager when the estimated total fair market value of the donation, as determined by the Purchasing and Facilities Manager, does not exceed either \$25 per item or \$500 per lot.
- f. Donation of District owned surplus property of no or De Minimus value may be approved by the General Manager when the estimated total fair market value, as determined by the Purchasing and Facilities Manager, does not exceed \$10,000.
- g. Donation of District owned surplus property of no or De Minimus value, where the total estimated fair marker value of the donation, as determined by the Purchasing and Facilities Manager, exceeds \$10,000 shall be made by the Board.
- h. For the purpose of this policy, charitable organizations shall mean a non-profit organization exempt from taxation under the provisions of the Internal Revenue Code, 26 U.S.C. 501 (C), whose primary purpose is public service or a Republic of Mexico registered public organization promoting economic and social well-being in the border region.

- i. In consideration for the donation and as a condition of transfer, the recipient of the donated surplus shall execute a release and indemnification agreement satisfactory to the District's General Counsel.

#### 12.2.5 Exchange or Trade-In:

Where deemed by the Purchasing and Facilities Manager to be in the best interest of the District, the surplus property may be exchanged or traded in on new supplies and equipment. Trade-in values must be documented and retained in accordance with the District's records retention policy.

#### 12.2.6 Disposal as Scrap:

In the case of surplus property that has been determined by the General Manager or their designee to be trash or scrap with no or De Minimus value, and where no governmental or non-profit organization expresses interest in the item, the Purchasing and Facilities Manager may dispose of the property in any manner deemed appropriate. Where property is disposed of as scrap, full records of such disposal shall be kept.

## Section 13 – Cal Card Credit Cards

### 13.0 PURPOSE:

To provide procedures and guidelines for the standardized use of Cal-Card credit card program (Cal-Card) within the District.

### 13.1 GUIDELINES:

- a. Use of Cal-Card shall be limited to appropriate purchases as defined herein.
- b. Purchases utilizing Cal-Card shall be made in accordance with this policy and established purchasing procedures and guidelines as defined in the District's Purchasing Manual. This includes, but is not limited to complying with the District's requirements related to authorization and pricing/ bidding.
- c. The intent of utilizing Cal-Card is to:
  1. Reduce costs associated with the accounts payable function,
  2. Reduce payment time to District suppliers,
  3. Provide a means to take advantage of time sensitive price discounts,
  4. Enhance District operations and reduce cost,
  5. Reduce dependency on petty cash disbursements,
  6. Provide for expedient purchases during emergencies.

### 13.2 DEFINITIONS:

- a. Cal-Card Program: A system developed by the State of California (under Governor Wilson's Executive Order W-73-94) designed to facilitate public credit card purchases up to \$50,000.
- b. I.M.P.A.C. Government Services (IMPAC): Credit Card provider contracted with the State of California, through a Master Service Agreement, to provide Visa Credit Card service; maintain master file and account for each card holder; send monthly statements to each cardholder, approving official, and agency or district accounting office.
- c. District Representative: The District's contact person for program and accounting office functions; determines which District personnel receives cards; establishes card limits including purchase restrictions; establishes District's procedures and guidelines for participation in the Cal-Card Program.
- d. Cardholder: Person(s) designated by the District's Representative as being authorized to make purchases using the Cal-Card Program within District procedures and guidelines.
- e. Approving Official: Person(s) designated by the District's Representative to review, approve, and/or certify monthly cardholder billing statements and adherence to District purchasing and budgetary procedures; forwards monthly statements to the District's accounting office.

- f. Accounting Office Representative: Person designated within the District to receive and process credit card statements and documentation.
- g. Credit Card Limit: The transaction and spending limit established by the District Representative for a Cardholder.

### 13.3 PROCEDURE:

Purchases made utilizing Cal-Card shall comply with the District's requirements, guidelines and procedures as defined within the District's Purchasing Manual.

### 13.4 APPROPRIATE PURCHASES:

- a. The General Manager or his/her designee shall determine which goods and services are appropriate for purchase using Cal-Card and may, in the best interest of the District, restrict where, when and how the Cal-Card is utilized. The value of a purchase made using Cal-Card is limited to the signatory authority of the General Manager and must be categorized as one of the following:
  - 1. Exempt from the requirement of a purchase order/contract,
  - 2. Made under the auspices of a blanket purchase order,
  - 3. Documented and approved in a form approved by the General Manager,
  - 4. Made under an emergency declared by authority of the General Manager.

### 13.5 RESPONSIBILITIES:

#### 13.5.1 District's Representative:

- a. The General Manager or his/her designee is the District's Representative relative to the Cal-Card program.
- b. The District's Representative shall be responsible, for:
  - 1. Completion and processing of State required documentation for participation in the Cal-Card program,
  - 2. Establishment of credit card limits (Credit card limits shall not exceed the purchasing authority of the General Manager as granted by the Board of Directors and those limits established by the General Manager under his/her Signatory Authority Delegation Schedule),
  - 3. Identification of Cardholders, Approving Officials, and Accounting Office Representative,
  - 4. Overseeing of the Cal-Card Program within the District,
  - 5. Insuring adherence to the District's purchasing policies, procedures and practice.

#### 13.5.2 Cardholder:

- a. The Cardholder shall be responsible for:
  - 1. Adhering to the procedures and guidelines set herein,
  - 2. Reviewing his/her monthly statements for accuracy,

3. Retaining, reconciling, and attaching sales slips and, when applicable, approved requisitions to his/her monthly statement,
4. Providing and documenting account code information on monthly statements by transaction,
5. Submitting his/her reconciled statement, with attachments, to his/her Approving Official in a timely manner.

13.5.3 Approving Official:

- a. The Approving Official shall be responsible for:
  1. Adhering to the procedures and guidelines set herein,
  2. Reviewing and approving for payment the monthly statements for those cardholders under his/her supervision,
  3. Insuring that all information required for payment, including account coding, of monthly statements is provided to the Finance Department,
  4. Requesting additional documentation if necessary,
  5. Forwarding all statements to the Finance Department in a timely manner.

13.5.4 Finance Department Representative:

- a. The Finance Department Representative shall be responsible for:
  1. Adhering to the procedures and guidelines set herein,
  2. Receiving consolidated monthly statements,
  3. Receiving reconciled statements from Approving Officials,
  4. Reconciling statements in accordance with District procedures and policies governing the accounts payable function.

## Appendix

1. Otay Water District Board of Directors Policy No. 21
2. Otay Water District Board of Directors Policy No. 31
3. Otay Water District Memorandum –Signatory Authority Delegation (Revised as necessary by the General Manager)

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# **Amendments to the Purchasing Manual**

**Finance, Administration and  
Communications Committee  
December 17, 2007**

# Proposed Amendments

- Add the Following Categories:
  - Emergency Purchases
  - Authorized Purchases Exceeding the General Manager's Authority
- Authorize the General Manager to Declare Minor Assets as Surplus
- Other Changes

# Emergency Purchases

- Needed to accommodate changes to the District's Code of Ordinances, Section 2.01-H.

(Code of Ordinance Section 2.01-H provides the General Manager with expanded purchasing authority during emergencies).

# Authorized Purchases Exceeding the General Manager's Authority

- Necessary to address routine operational purchases:
  - Gas and Electric Utility
  - Water

# **Authorize General Manager to Declare Minor Assets as Surplus**

- Authorizes General Manager to declare minor assets (acquisition cost equal to or less than \$5,000) as surplus to:
  - Accommodate operational and routine disposal of low cost items
  - Reduce time & cost for disposal of minor assets

# Other Changes

Made to reflect the District's changes in:

- Titles
  - Position
  - Department
  - Division
- Modify or Correct Grammar, Formatting

Questions?



# AGENDA ITEM 5

## STAFF REPORT

TYPE MEETING:	Finance, Administration and Communications Committee	MEETING DATE:	12/17/07
SUBMITTED BY:	Armando Buelna <sup>Ab</sup> Communications Officer	W.O./G.F. NO:	DIV. NO. All
APPROVED BY:			
SUBJECT:	Review of the Winter 2008 Customer Pipeline Newsletter		

### GENERAL MANAGER'S RECOMMENDATION:

That the Finance, Administration and Communications Committee review the winter 2008 Customer Pipeline Newsletter.

### PURPOSE:

To give the Finance, Administration, and Communications Committee the opportunity to review and comment on the winter 2008 Customer Pipeline Newsletter.

### BACKGROUND:

The Customer Pipeline newsletter is an important communications vehicle to engage the public and disseminate information important to customers about district programs and services. It serves to increase visibility and transparency of district's actions and to promote understanding and confidence in their water service provider.

Topics for newsletters include announcements of new or enhanced programs or services, water conservation tips and water wise landscaping advice, classes and events at the Water Conservation Garden, awards, project updates, scholarship announcements, or other district happenings.

Customer Pipeline Newsletters are produced quarterly and are included with customer bills. A page in each newsletter is reserved for water conservation information and announcements. Due to the growing Hispanic population, a page is also reserved for Spanish language translations.

The Customer Pipeline Newsletter is well read. The 2006 Customer Satisfaction and Awareness Survey noted that readership in the newsletter is also increasing.

The 2006 survey found that 22 percent of customers read the newsletter "every time" it is included with their bill, a ten percent increase from the 2005 survey. The survey also found that customers who read the newsletter "most times" also increased from 18 percent to 26 percent. In total, 80 percent of customers read the Pipeline newsletter sometimes, most times, or every time it is included with their bill. Only 20 percent indicate they never read the newsletter.

The customer newsletter is printed in two colors (blue and black) and distributed to approximately 49,000 customer accounts each month (at a cost of \$0.08/each for a 17" x 11" two color sheet, or approximately \$3,920.00 each quarter plus tax and shipping). If we change to a four-color format (full color), the printing cost would be \$0.10 each or \$4,900.00 per edition.

**FISCAL IMPACT:** 

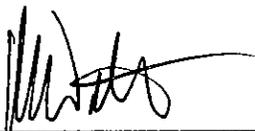
Printing expenses for Customer Pipeline Newsletters is included in the Purchasing Division's printing budget (523301-2231). Graphic design costs for developing the customer newsletters is in the Marston+Marston Inc. contract budgeted in the General Manager's Outside Services account (526101-1211).

**STRATEGIC GOAL:**

Enhance Customer Satisfaction and Outreach.

**LEGAL IMPACT:** \_\_\_\_\_

None.

  
\_\_\_\_\_  
**General Manager**

Attachment A - Committee Action Statement  
Attachment B - Draft 2008 Winter Customer Pipeline Newsletter



## ATTACHMENT A

<b>SUBJECT/PROJECT:</b>	Review of Winter 2008 Customer Pipeline Newsletter
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### COMMITTEE ACTION:

### NOTE:

The "Committee Action" is written in anticipation of the Committee moving the item forward for board approval. This report will be sent to the Board as a committee approved item, or modified to reflect any discussion or changes as directed from the committee prior to presentation to the full board.

## Acepte el Reto de los 20 Galones – Ahorre agua desde hoy

El estado de clima seco de todo el oeste de Estados Unidos está afectando seriamente el abastecimiento de agua local. A partir del primero de mayo del 2007, el compacto de nieve de la sierra del norte de California, cuyo deshielo fluye al Proyecto de Agua del Estado a través del Delta de la Bahía, estaba a 30 por ciento de su volumen normal. Localmente, San Diego ha recibido solo el 37 por ciento del promedio de precipitación normal y los últimos dos años han sido el periodo más seco que haya tenido desde 1801, que fue cuando se comenzó a llevar récord.

Mientras tanto, casi toda la cuenca del Río Colorado está experimentando graves condiciones de sequía. Sus dos represas más importantes, Lake Powell y Lake Mead, están al 48 por ciento de su capacidad — sus niveles son los más bajos que jamás se hayan registrado. Debido a la fuerte posibilidad que continúe el clima seco en el 2008, nunca había sido tan desafiante cumplir con las necesidades de agua de la región.

Además del estado récord de sequía, el juzgado de distrito de EU ha ordenado restricciones de bombeo para el Proyecto de Agua del Estado y para el Proyecto del Valle Central (un proyecto federal que suministra principalmente a las áreas agrícolas del centro de California) para la protección peces en peligro de extinción, incluyendo al pez esmeralda del Delta (*Hypomesus transpacificus*).

El Distrito Metropolitano de Agua del Sur de California (Metropolitan Water District of Southern California o MWD), el mayor suministrador de agua, calcula que estas restricciones pueden reducir hasta un 25 por ciento del suministro de agua. Las restricciones se aplicarán hasta que se aprueben nuevos reglamentos para proteger a los peces de las bombas y que sean aprobadas, lo cual podría tomar un año o más.

La reducción actual del suministro de agua a la región depende de varios factores: el nivel de precipitación próxima primavera; la manera como se dividan las reducciones entre el estado y los proyectos federales de agua; y la manera como el MWD distribuya la insuficiencia entre sus agencias colaboradoras, incluyendo las del Condado de San Diego.

Las agencias de agua de San Diego trabajan buscando nuevas fuentes de agua a través de transferencia de agua, revestimiento de los canales, desalación del agua, y proyectos de reciclaje del agua. Usted puede hacer su parte utilizando el agua con inteligencia. Por ejemplo, considere tomar el Reto de 20 Galones e incorporar la conservación del agua en su estilo de vida californiano. Debido a que el riego del pasto y jardín constituye más de la mitad de todo el uso urbano de agua en el condado de San Diego, no riegue de más, o considere instalar jardines que necesitan poca agua, como los expuestos en el Jardín de Conservación de Agua cerca de Cuyamaca College.

Para otras sugerencias que le pueden ayudar a ahorrar agua en su casa y jardín, o para tomar el Reto de los 20 Galones, visite: [www.20gallonchallenge.com/espanol](http://www.20gallonchallenge.com/espanol). Trabajando unidos, todos podemos ayudar a que rinda la cantidad limitada de agua de la región.

## Actualice su contacto de emergencia en línea

Hace poco un buen samaritano llamó a la oficina del Distrito para informarnos que estaba saliendo agua del garaje de un vecino. Pudimos identificar la propiedad y al cuenta hablante. Se notificó al cliente en su trabajo y nos reunimos en su casa. El problema fue el calentón del agua que tenía una fuga de agua que salía al garaje y de ahí a la calle. Gracias a que en nuestro archivo teníamos sus números de teléfono al corriente, rápidamente localizamos al cliente y pudimos ayudarlo a evitar que el daño llegara a mayores. ¿Tenemos sus números de teléfono y correo electrónico actualizados en nuestros archivos? ¿En una situación similar, podríamos comunicarnos con usted?

Actualice su información visitando [www.otaywater.gov](http://www.otaywater.gov), y oprima donde dice Update Your Info Online



FOR MORE INFORMATION ABOUT THE OTAY WATER DISTRICT CALL 619.670.2222 OR GO TO [WWW.OTAYWATER.GOV](http://WWW.OTAYWATER.GOV)

The Pipeline Newsletter is published quarterly by the Otay Water District and can also be found online at [www.otaywater.gov](http://www.otaywater.gov). If you have questions about the newsletter, please contact us at 2554 Sweetwater Springs Blvd. Spring Valley, CA 91978-2096. Copyright © 2007 Otay Water District. All rights reserved.

# pipeline

A NEWSLETTER FOR CUSTOMERS OF THE OTAY WATER DISTRICT

JANUARY 2008

## Take the 20 Gallon Challenge – Save Water Now

Dry weather conditions across the Western United State are severely impacting local water supplies. As of May 1, 2007, the Sierra snowpack in Northern California, whose runoff flows into the State Water Project via the Bay-Delta, was at 30 percent of its normal volume. Locally, San Diego has received only 37 percent of its normal rainfall and is in the driest two-year period since record-keeping began in 1801.

Meanwhile, nearly all of the Colorado River basin is experiencing severe drought conditions. The two biggest reservoirs, Lake Powell and Lake Mead, held only 48 percent of capacity — among the lowest levels ever recorded. With the strong possibility dry conditions will continue throughout 2008, meeting the region's water needs has never been more challenging.

In addition to the record dry conditions, a U.S. District Court has ordered pumping restrictions for the State Water Project and the Central Valley Project (a federal project that supplies mostly agricultural areas in central California) to better protect threatened fish, including the Delta smelt.

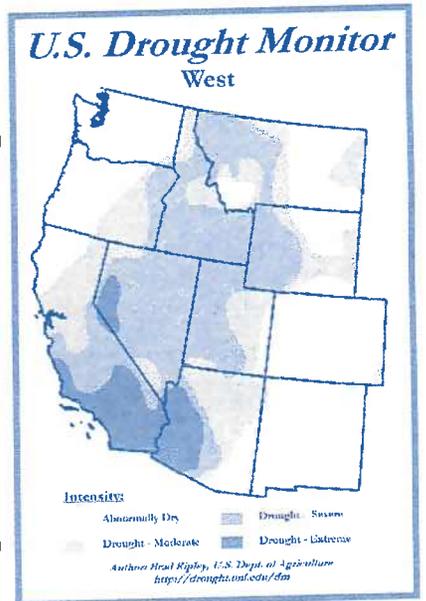
The Metropolitan Water District of Southern California (MWD), the region's main water supplier, estimates these restrictions may reduce water deliveries by as much as 25 percent. The restrictions apply until new rules to protect fish species from the pumps are approved, which may take a year or more.

The actual reduction to the region's water supplies depends on several factors: level of rain and snowfall now and in the spring; how reductions are divided between the state and federal water projects; and how MWD allocates a shortage among its member agencies, including those in San Diego County.

As San Diego's water agencies work to pursue new sources of water through water transfers, canal linings, desalination, and water recycling projects, you can do your part by continuing to use water wisely. For instance, consider taking the 20 Gallon Challenge and incorporate water conservation into your California Friendly lifestyle. *Because landscape irrigation comprises more than half of all urban water use in San Diego County, curtail over-watering, or consider installing water wise landscapes such as those displayed at the Water Conservation Garden near Cuyamaca College.*

For more useful tips to help you save water in your home and garden, or to take the 20 Gallon Challenge, visit [www.20gallonchallenge.com](http://www.20gallonchallenge.com).

By working together, we can all help stretch the region's water limited water supply.



## Update Your Emergency Contact Information

Recently a Good Samaritan called the District office to inform us of water coming out of a neighbor's garage. We were able to identify the property and the account holder. The customer was notified at work and able to meet us at their home. The root of the problem was a broken water heater that was leaking water into the garage and out into the street. Because we had current phone numbers on file, we were able to quickly reach the customer and assist them in minimizing the damage.

Do we have your current numbers or email address on file? Could we reach you in a similar situation?

Update your contact information by visiting [www.otaywater.gov](http://www.otaywater.gov), and click on Update Your Info Online

## Otay Wins Top Information Technology Award

The Information Technology and Strategic Planning Department has won the highest award granted by the Municipal Information Systems Association of California (MISAC). Otay is one of only a dozen cities and special districts in California to receive the "Excellence in IT Practices Award" for 2006-07.



MISAC, the statewide association of chief information officers and IT managers for city and local governments, established the Excellence in Information Technology Practices program in 1999 to recognize public agency efforts in the information technology arena. The program recognizes cities and special districts that exceed industry practices. Each year, the program is

revised in conjunction with the California Institute of Technology. Auditors review each application and select those that meet the established standards of excellence.

In announcing the honor, the awards committee commended Otay for receiving the award with its first submission; something they said rarely happens.

## Water Internship Program

San Diego region water and wastewater agencies are seeking career oriented applicants for a paid internship program. Individuals selected to participate in the 33-week program will work as interns at a San Diego area water or wastewater agency while attending water/wastewater technology courses at either Cuyamaca College or Palomar College. For more information contact Gary Eaton at 760-233-3237 or visit [www.H2Ointerns.com](http://www.H2Ointerns.com).

## High School Seniors May Receive Up To \$2,000 in Scholarships!

Graduating high school seniors living within the OWD service area are encouraged to apply for a \$1,000 college scholarship. The district's recipient becomes eligible to receive another \$1,000 scholarship from the San Diego Chapter of the California Special District Association or another affiliated organization. Information and applications are available by calling 619-670-2291 or by visiting our web site at [www.otaywater.gov](http://www.otaywater.gov). The deadline for submitting your application is March 14, 2008.

## San Diego Wildfires

The last week of October was filled with incredible scenes of wildfires as San Diego County experienced the worst natural disaster in our history. Many customers throughout the District's Service area were evacuated due to the Harris Fire, fueled by drought conditions and ferocious Santa Ana winds.



Portable drinking water tank used by the Potrero Fire Department.

Throughout the fires, the Otay Water District worked hand in hand with the San Miguel Fire Department setting up an emergency operations center to closely monitor the fires and maintain a high level of attentiveness to the safety and security of the water system.

By way of the Red Cross, working with the Office of Emergency services and Supervisor Diane Jacob's office, Otay also provided rural areas in East County with a two 500 gallon "water dog" tanks to communities without water a result of the fires.

## Otay Water District Board of Directors

The Board of Directors meets on the first Wednesday of the month at 3:30 pm in the Board meeting room. The public is encouraged to attend at 2554 Sweetwater Springs Blvd., Spring Valley, CA

**President**  
Gary Croucher, Division 3  
[gcroucher@otaywater.gov](mailto:gcroucher@otaywater.gov)

**Vice-President**  
José Lopez, Division 4  
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**Treasurer**  
Jaime Bonilla, Division 2  
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**Boardmember**  
Mark Robak, Division 5  
[mrobak@otaywater.gov](mailto:mrobak@otaywater.gov)

**Boardmember**  
Larry Breitfelder, Division 1  
[lbreitfelder@otaywater.gov](mailto:lbreitfelder@otaywater.gov)

## California's Esteemed Golden Poppy

By Nan Sterman, Plant Inc.  
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If you love spring wildflowers, you are in luck. This is the best time of year to plant seeds of golden orange California poppy.



Human's love of California poppies goes back hundreds, if not thousands of years. Historically, these poppies covered the entire breadth and length of the state. Native Americans living near modern day Pasadena, for example, called the area "a-tow-shan-a-my," for its vast display of poppies, which they called "a-tow-sha-nat."

Spanish sailors saw hillsides covered in brilliant orange poppies, and at first thought they were on fire. They named the region "La Tierra del Fuego," "land of fire." Later, Spanish settlers called the poppies "copa-de-oro," meaning cup of gold, or "dormidera," "the sleepy one" for the flowers' habit of closing at the end of the day.

These same golden poppies were designated as the California poppy back in 1903.

As California's population has grown, we've covered poppy fields with streets and buildings. Today, the best poppy shows are along Highway 5 north of Gorman as you head into the grapevine and at the Antelope Valley California Poppy Reserve in the Mojave Desert. Poppies can also be seen along the I-15 on the hillsides north of Lake Elsinore.

California poppies are excellent garden flowers. They are colorful and reliable, easy to grow and require very little water. Sow seeds directly into the garden now for a springtime show.

Choose an open, sunny space. Rake the soil smooth and water to dampen several inches down. For even distribution, mix the tiny seeds with construction sand (twice as much sand as seed), then sprinkle over the damp seed bed. Rake gently to integrate seeds and soil.

Keep the seed bed moist until seedlings are a few inches tall. Then, let the soil dry several inches down between waterings. If we get rain, you may not have to water again, except during long dry periods.

Flowering starts around March and continues for several months. Occasional deep water promotes a longer bloom and lush foliage. Once flowers fade and leaves turn dingy gray, cut leaves back to the base and water well. In a few weeks, a second set of leaves will sprout. Flowers soon follow, though like the leaves, they will be smaller. Allow these flowers to go to seed, ensuring a repeat performance the following year.

## \$350 Rebate for a "Smart" Irrigation Controller

Typically over 60% of water is used outdoors. Installing a "smart" irrigation controller is one of the best ways to reduce water use, save money and keep yards beautiful throughout the year. Minimum requirements: at least 2,000 square feet of irrigated landscape and four active irrigation valves. For more information please call 619-670-2290 or visit [www.otaywater.gov](http://www.otaywater.gov) and click on "Conservation."

## January Classes at the Water Conservation Garden

**Bye Bye Grass! Two part series**  
Wednesday, January 9, 6-8pm  
Saturday, January 12, 1-3pm

Tired of being a slave to your water-thirsty lawn? Nan Sterman, gardening expert and host of the PBS show A Growing Passion, will show you how to remove your lawn. Nan will discuss removal options, including the pros and cons of chemical and non-chemical methods, and ways to physically remove grass. Two part series. Part 1 only: Members \$20, Non-Members \$25; Parts 1 & 2: Members \$30; Non-Members \$35.

**Beyond Xeriscape - Gardening for Sustainability**  
Saturday, January 12, 10am-12pm

Gardening the xeriscape way, with Garden Horticulture Manager Don Schultz, provides conservation opportunities that go beyond saving water. By fine-tuning your approach to this water-wise gardening method, you can create a garden that is resource-efficient, requires less work, and is in harmony with the local environment. Members \$10, Non-Members \$15.

**Trees in the Water Conserving Landscape**  
Saturday, January 19, 10am-12pm

Join local Certified Arborist Leah Rottke for a crash course on trees. Leah will guide you through the important basics: tree selection, planting dos and don'ts, watering new trees, maintaining established trees, and which tree species are best adapted to our climate. Members \$10, Non-Members \$15.

**Designing Landscapes with Native Plants**  
Saturday, January 26, 10am-12pm

Discover the variety of California native plants with Yvette Andersen of California's Own Native Landscape Design. Learn the proper care and placement of drought-tolerant natives, and get ideas for designing your own home garden from Yvette's stunning slide show of native plant landscapes. Register early, this class fills fast! Members \$10, Non-Members \$15. Pre-Registration is required. Register online at [www.thegarden.org](http://www.thegarden.org).