

RESOLUTION NO. 2015-06

**ADOPTING POLICIES AND PROCEDURES FOR
AWARD OF CONTRACTS AND FOR BIDDING REQUIREMENTS**

PURISSIMA HILLS WATER DISTRICT

WHEREAS, Section 54202 of the California Government Code requires all local agencies to adopt written policies and procedures, including bidding requirements, for the purchase of equipment, services and supplies; and

WHEREAS, Section 30579.5 of the California Water Code authorizes the Board of Directors of a County Water District to delegate to its General Manager authority to enter into contracts on behalf of the District; and

WHEREAS, the Board of Directors and staff have reviewed the District's contract policies and procedures currently in place, as embodied in Resolution No. 2014-03 enacted on March 14, 2014, and have determined that it is necessary to update these policies and procedures.

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of the Purissima Hills Water District hereby updates, restates and adopts the policies and procedures set forth below for award of contracts and bidding requirements applicable to the types of contracts in which the District engages.

I. Budget Appropriations

A. Budgeted Items in the Operation and Maintenance Budget. The "operation and maintenance budget" contains a schedule of anticipated revenues and expenses that are needed for daily operations of the District and are identified by account. Unless otherwise instructed by the Board of Directors, the General Manager has the authority to expend funds necessary for the ordinary, daily operation of the District as specified in the operation and maintenance budget subject to the procedures set forth below. The General Manager shall present a monthly report on the status of operation and maintenance expenditures in relation to budget.

B. Budget Items in the Capital Expenditure Budget. The "capital expenditure budget" identifies expenditures for certain specified projects and equipment. Unless otherwise instructed by the Board of Directors, the General Manager has the authority to expend funds for projects specifically designated on the approved capital expenditure budget at any time during the fiscal year up to the amounts specified and subject to the procedures set forth below. Authority from the Board of Directors shall be obtained by the General Manager prior to the expenditure of more than \$10,000 for non-budgeted equipment or project, except in an emergency. Any non-budgeted expenditures shall be reported at the next meeting of the Board of Directors. The General Manager shall present a monthly report on the status of capital expenditures in relation to budget.

II. Construction Contracts and Materials

A. \$25,000 or less. When the estimated cost of the construction work or materials is equal to or less than Twenty-five Thousand Dollars (\$25,000.00), the General Manager is authorized to award the contract, but shall report on the award of any such contract at the next meeting of the Board of Directors. To the extent possible, the General Manager shall obtain at least three competitive quotations before entering a contract.

B. Exceeding \$25,000. Construction contracts involving an estimated cost of work in excess of twenty-five Thousand Dollars (\$25,000.00) must be submitted to and approved by the Board of Directors prior to award.

1. \$25,001 - \$50,000. In cases when the estimated cost of the construction work or materials is greater than Twenty-five Thousand Dollars (\$25,000.00) but equal to or less than Fifty Thousand Dollars (\$50,000.00), the award of contract may be based on informal bids obtained by the General Manager. The General Manager shall not be required to advertise formally for the solicitation of bids for such contracts. To the extent possible, the General Manager shall obtain at least three informal, written bids before entering a contract.

2. Exceeding \$50,000. In cases when the estimated cost of the construction work or materials is greater than Fifty Thousand Dollars (\$50,000.00), the award of contract shall be based on a competitive bid process in which sealed bids are submitted in response to an advertisement in a newspaper of general circulation in Santa Clara County, or comparable electronic media such as local plan houses and on the District's website, and are publicly opened at the specified time. The award of contract shall then be made to the lowest responsive and responsible bidder. A "responsive bidder" has made an unequivocal offer to provide exactly the products or services sought by the District and has substantially complied with all bidding procedures. A "responsible bidder" has the ability, experience and resources to perform the contract, as well as the will and integrity to perform. The District may reject any or all bids.

3. Informal and Formal Bids. For construction contracts that exceed Twenty-five Thousand Dollars (25,000.00), which require obtaining informal bids or advertising in a newspaper of general circulation, the General Manager will provide the prospective bidders with bid specifications that include the scope of work, the schedule for completing the work, and the quality level for the work, as well as other requirements for the project.

C. Emergency. In cases of emergency, the General Manager is authorized to arrange for construction work or the purchase of materials to be undertaken without competitive bidding or prior Board approval, but shall report on the award of any such contract for emergency work at the next meeting of the Board of Directors. If possible, the General Manager shall attempt to seek the concurrence of the Board President prior to awarding any contract. For purposes of this paragraph, "emergency" is defined as those circumstances requiring essential work or construction to prevent the interruption, cessation or significant reduction of necessary District services or to safeguard life, property or the public health and welfare.

D. Force Account Work. The foregoing policies are not intended to preclude the General Manager from utilizing District employees to carry out construction work on a force account basis.

III. Procurements of Equipment or Supplies

A. \$15,000 or less. When the estimated cost of equipment or supplies, is equal to or less than Fifteen Thousand Dollars (\$15,000.00), the General Manager is authorized to award the contract, but shall report on the award of any such contract at the next meeting of the Board of Directors. To the extent possible, the General Manager shall obtain at least three competitive quotations before entering a contract.

B. Exceeding \$15,000. Contracts for equipment or supplies covering an estimated cost in excess of Fifteen Thousand Dollars (\$15,000.00) must be submitted to and approved by the Board of Directors prior to award.

1. \$15,001-\$25,000. When the estimated cost of equipment or supplies is greater than Fifteen Thousand Dollars (\$15,000.00) but equal to or less than Twenty-five Thousand Dollars (\$25,000.00), the award of contract may be based on informal bids obtained by the General Manager. The General Manager shall not be required to advertise formally for the solicitation of bids for such contracts. To the extent possible, the General Manager shall obtain at least three informal, written bids before entering a contract.

2. Exceeding \$25,000. When the estimated cost of equipment or supplies is greater than Twenty-five Thousand Dollars (\$25,000.00), the award of contract shall be based on a competitive bid process in which sealed bids are solicited through posting on the District's website and/or soliciting from a list of contractors, vendors, or manufacturers known to provide the services, equipment or supplies, and by implementing other means appropriate for the particular procurement to maximize the number of responsive and responsible bidders. The award of contract shall be made to the lowest responsive and responsible bidder, as these terms are defined in Section II.B.2 above. The District may reject any or all bids.

3. Informal and Formal Bids. For contracts for the procurement of equipment or supplies that exceed Fifteen Thousand Dollars (\$15,000.00), which require obtaining informal bids or advertising in a newspaper of general circulation, the General Manager will provide the prospective bidders with bid specifications that include a description of the equipment or supplies to be purchased, a schedule for when the equipment or supplies must be delivered or available, and a description of the quality assurance, such as warranty for the equipment or supplies, as well as other requirements for the procurement.

C. Emergency. In the case of emergency purchases, the General Manager is authorized to purchase supplies without formal bidding or prior Board approval, but shall report on the award of any such contract for emergency supplies at the next meeting of the Board of Directors. If possible, the General Manager shall attempt to seek the concurrence of the Board President prior to awarding any contract for an emergency purchase. For purposes of this paragraph,

"emergency purchases" are those procurements required to prevent the interruption, cessation or significant reduction of necessary District services or to safeguard life, property or the public health and welfare. Equipment is not included in this definition of an emergency and the procurement of equipment shall be conducted in accordance with the procedures described above.

IV. Professional Services Contracts

A. General Procedures. Advertisement and competitive bidding is not required for professional services contracts. However, whenever possible, the General Manager shall obtain at least three competitive quotations before entering into such a contract.

B. \$20,000 or less. The General Manager is authorized to retain professional consultants where the cost of work is equal to or less than Twenty Thousand Dollars (\$20,000.00), but shall report on the award of any such contract at the next meeting of the Board of Directors.

C. Exceeding \$20,000. Professional service contracts covering work the cost of which is in excess of Twenty Thousand Dollars (\$20,000.00) must be submitted to and approved by the Board of Directors prior to award. A written professional services contract shall be executed by the parties.

V. Standards of Conduct in Procurements

A. Gratuities. District officials and employees shall not solicit or accept or agree to accept any gratuity or gift or any other thing of more than a nominal value in connection with actual or potential procurement and contracting activities. The term "nominal monetary value" is defined as a value of Fifty Dollars (\$50.00) or less for any one gift or less than Two Hundred Fifty Dollars (\$250.00) for multiple gifts from a single source during a calendar year. Failure to follow this standard is cause for disciplinary action.

B. Conflicts of Interests. District staff shall not be involved in any purchasing procedures or decisions (including participation in initiation, award or administration of a contract) in which they have a real or apparent conflict of interests. Such a conflict of interest arises when a staff member is financially interested, directly or indirectly, in a person or firm that participates in the District's procurement process or is awarded a contract. The standards for governing the determination as to whether such a financial interest exists are set forth in California Government Code Sections 1090 et seq. and Sections 87100 et seq. (the Political Reform Act). If there is a conflict of interest, the staff member shall disclose such interest in writing to the General Manager as soon as possible so that the appropriate precautions may be taken.

C. Segmenting. In determining the procedures that must be followed for obtaining competitive bids, the scope of the contract shall be considered in its entirety. A contract shall not be divided into smaller segments or procured in phases over time with the intent to eliminate the competitive bidding requirements set forth in this resolution. Nothing

in this provision precludes the District from defining a project or phasing a project based on the need for a project, the priority for the project, or the funding available for a project.

VI. Leases, Licenses; Concessions

Other than equipment operating leases that are included in the operation budget, the General Manager shall not enter into any lease, license, concession contract, lease-purchase contract, or installment contract without prior authorization from the Board of Directors.

VII. Disposal of Surplus Equipment and Scrap Items

A. Methods of Disposition. The method of disposing of any surplus or scrap items shall depend on the nature of the item and the possibility of the most favorable return to the District. Allowable methods include:

1. Transfer or sale to another public agency,
2. Trade-in as part of a new procurement,
3. Sale by auction held by the District or other public entity or at any other public auction,
4. Sale by negotiation,
5. Sale by public advertisement,
6. Donate to a non-profit organization with tax exempt status pursuant to United States Internal Revenue Code Title 26, Section 501(c)(3), or
7. Dispose of as scrap. Scrap, for purposes of this policy, means when the cost to the District in time, resources, and expenses to sell the surplus item exceeds the estimated value of the surplus item.
8. For an item with an original acquisition cost of \$10,000 or less, the General Manager shall determine the appropriate method of disposition and shall report the matter to the Board of Directors. For an item with an original acquisition cost exceeding \$10,000, the Board of Directors shall determine the appropriate method of disposition considering any staff recommendation.


VIII. Waiver

The policies and procedures specified above shall not apply in cases where the Board of Directors, in its discretion, determines that it is in the best interests of the District to proceed with an alternative method of procurement and the Board waives certain requirements specified in this resolution for a particular contract, unique construction project, or purchase of equipment, and which finding shall be made on the record at a Board meeting.

BE IT FURTHER RESOLVED that Resolution No. 2014-03 adopted on March 12, 2014, hereby is rescinded.

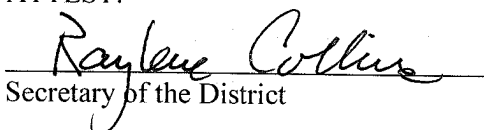
Regularly passed and adopted this 9th day of December, 2015, by the following vote:

AYES: Directors Solomon, Anderson, Evans, Jordan, and Holtz
NOES: None
ABSENT: None



President, Board of Directors
Purissima Hills Water District

ATTEST:



Secretary of the District

