

SGPWA Procurement Policy

Revised October 6, 2014

Section 1. Purpose and Applicability:

The purpose of this policy is to define the Agency's policies and procedures applicable to bidding of construction for new improvements and the procurement of materials, supplies, equipment, and professional services as well as for public works, including maintenance, pursuant to the provisions of Public Contract Code Section 21510 et seq. pertaining to the Agency. This Policy does not apply to operating expenses such as payroll, utilities, employee benefits, water purchases or taxes.

Section 2. Authority of the General Manager to Execute Contracts

The General Manager is authorized to execute contracts as follows without prior approval from the Board. Except in the case of an emergency, as set forth in this policy, the General Manager's authority to enter into contracts without prior Board approval shall be limited to projects that have been budgeted by the Board.

A. Contracts for materials, supplies and equipment (including cooperative purchasing as set out in Section 4 below) up to \$20,000. For items where the cost exceeds \$10,000, the General Manager shall solicit at least three quotes (where possible) from qualified vendors and shall determine which vendor provides the best value, considering quality as well as price. If the item is not readily available or a specific type is required to fit with existing Agency's equipment, the General Manager shall note the justification for sole source acquisition as set out in this policy.

B. Contracts for professional services up to \$40,000. Professional services contracts by law do not require bidding. All professional service contracts in excess of \$40,000 shall be approved by the Board prior to execution. Any change or addition to the work to be performed under a professional services contract may be approved by the General Manager without prior Board approval in amounts up to 10% of the contract amount. In such a case, the General Manager shall inform the Board of this action at the earliest practicable time. Changes or additions to the work which constitute more than 10% of a contract amount must be approved by the Board prior to execution.

C. Contracts for maintenance or construction up to \$50,000. For contracts above \$20,000, the General Manager shall solicit at least two quotes for the work, if possible, from qualified vendors and shall determine which vendor provides the best value, considering quality as well as price. If at least two quotes are not received, the General Manager shall note the justification for sole source procurement as set forth in this policy.

D. Emergency contracts specified in this policy.

All contracts over \$15,000, along with their price, shall be reported to the Board at the earliest practicable time after the contract has been executed. The General Manager may not delegate his purchasing authority to any other employee.

Section 3. Improvements and Public Works Construction Estimated to Cost more than \$50,000

Where the improvement or unit of work is estimated by the General Manager to cost more than \$50,000, or the materials and supplies for use in any new construction will cost \$50,000 or more, the Agency shall comply with the following bidding procedures:

- A. The work may be performed in one or more contracts and the call for bids shall state whether the work shall be performed in one unit or divided into parts.
- B. The call for bids shall describe the project and shall invite and specify procedures for the submission of sealed bids for such project. The call for bids shall describe how to obtain information regarding the project in order to submit such a bid and shall specify the deadline for submission of bids and the time for their opening.
- C. The Agency shall advertise the work by publishing the call for bids three times in a daily newspaper of general circulation printed and published within the Agency boundaries or two times in a weekly newspaper of general circulation printed and published within the Agency boundaries.
- D. At the time set for the opening of bids, the General Manager shall open and review all bids and shall determine which is the lowest responsible bidder(s).
- E. The contract(s) with the lowest responsible bidder(s) shall be approved by the Board prior to execution.
- F. The Board shall require the successful bidder to file labor and materials and faithful performance bonds in the form as required by law.
- G. Notwithstanding the bidding procedures set forth above, the Board may reject any and all bids and may perform the work by force account or by contracting in the open market or may acquire the materials and supplies in the open market.
- H. In the event no bids are received, the Board may direct the General Manager to rebid the project or may proceed under Section (G) above.
- I. Construction change orders may be approved by the General Manager without prior approval of the Board in amounts up to 10% of the contract amount. In such a case, the General Manager shall inform the Board of this action at the earliest practicable time. Change orders totaling more than 10% of a contract amount must be approved by the Board prior to execution.

Section 4. Exceptions

A. Emergency conditions. An emergency is defined as a breakdown in machinery or equipment resulting in the interruption of an essential service, or threat to public health, safety, or welfare. In the case of an emergency requiring the immediate purchase of supplies, materials, equipment or contractual services, the General Manager hereby is authorized to secure in the open market, without bidding, at the lowest obtainable price, any supplies, materials, equipment, or contractual services required, regardless of the

amount of the expenditure and to report such action to the Board at its next meeting, in compliance with Public Contract Code Section 22050.

B. Limited availability/ sole source. Occasionally, required supplies, material, equipment, or services are of a proprietary nature, or are otherwise of such specific design or construction, or are specifically desired for purposes of maintaining cost effective system consistency, as to be available from only one source. After reasonable efforts to find alternative suppliers, the General Manager may make or may recommend making the purchase from the sole source.

C. Cooperative purchasing. The Agency shall have the authority to join with other public jurisdictions in cooperative purchasing agreements or to buy directly from a vendor at a price established by competitive bidding by another public jurisdiction in substantial compliance with this policy, even if the Agency has not joined with that public agency in a formal agreement. The Agency also may purchase from the United States of America or any state, municipality or other public corporation or agency without following formal purchasing procedures as defined in this policy.

Section 5. Review

It is the intent of the Board of Directors to review this policy bi-annually, upon change in Agency management, and/or at any other time as determined in the discretion of the Board.

Adopted October 6, 2014 6-0 (Director Morris absent)