

## **PURCHASING POLICY**

1. **Purpose of Policy.** This policy is intended to enhance financial control over purchases, to clearly define the authority for the purchasing function and to assure the quality of District purchases of supplies, services and equipment at the lowest possible cost commensurate with the quality needed. All purchases of and contracts for materials, supplies, furnishings, services, equipment and other personal property required by the District shall be made by the General Manager, or the General Manager's designated appointee, in accordance with these regulations. Contracts for materials and supplies for construction or completion of any building, structure, or improvements shall be contracted for and let pursuant to the California Public Contracts Code.

2. **Purchasing Officer.** The General Manager, or the General Manager's appointee, shall act as purchasing officer with authority as described herein below.

3. **Authority.**

A. Purchase or contract for required supplies, equipment and services pursuant to these policies and procedures, administrative regulations promulgated by the purchasing officer and such other rules and regulations as may be prescribed by the Board of Directors.

B. Negotiate, award and, as required herein, recommend execution of contracts for the purpose of supplies, services and equipment for the District.

C. Act to procure required quality and quantity of supplies, services and equipment at least expense to the District.

D. Endeavor to obtain as full and open competition as possible on all purchases.

E. Supervise the inspection of all supplies and equipment and evaluate services purchased to insure conformance with District requirements.

F. Transfer unused supplies and equipment between departments within the District as needed, and recommend to the Board of Directors the sale or disposition of all supplies and equipment which cannot be used, which is surplus to the District's needs or which has become unsuitable for use by the District.

G. Establish and maintain a fixed asset inventory control system coordinated with the procurement of all items determined to be fixed assets under generally accepted accounting criteria.

4. **Bidding Requirements.** If the amount of expenditure for purchase of supplies, services or equipment would or could exceed twenty-five thousand dollars (\$25,000),

formal sealed bids shall be solicited by publication in a newspaper of general circulation within Monterey County. The first solicitation notice shall be at least ten days before the opening of bids and it shall be published twice, not less than five days apart. All invitations to bid shall include reasonable detailed specifications or indicate where they can be obtained, shall specify the time and place where bids will be opened and the time after opening within which an award will be made or all bids rejected. Bids shall be opened at the time and place specified, and the full detail of each bid shall be recorded. If any prospective bidder fails, neglects or refuses to furnish financial statements or any other such information as may be required to determine the party's responsibility as a bidder, that party's bid shall not be considered.

**5. Lowest Responsible Bidder.** The lowest responsible bidder for supplies, services or equipment will be determined by the Board of Directors, in its sole discretion, after considering in addition to price the following factors:

- A.** Any exceptions to specifications and/or the effect of conditions attached to the bid by the bidder;
- B.** The ability, capacity and skill of the bidder to perform the contract or provide the service required;
- C.** Whether the bidder has the facilities to perform the contract or provide the service promptly or within the time specified, without delay or interference;
- D.** The quality, availability and adaptability of the supplies, equipment or services to the particular use required;
- E.** The ability of the bidder to provide future maintenance and service for the use of the subject of the contract;
- F.** The bidder's record of performance of previous contracts or services;
- G.** Previous and existing compliance by the bidder with laws and ordinances relating to the contract or service;
- H.** Sufficiency of the bidder's financial resources and bid security, if required, and ability to perform the contract; and
- I.** Character, integrity, reputation, judgment, experience and efficiency of the bidder.

**6. Open Market Purchase More Than \$25,000.** The requirements of Section 4 above relating to newspaper publication, sealed competitive bids and preparation of detailed specifications may be waived when the commodity or product can be obtained from only one source or when the Board has found by resolution that competitive bidding would be unavailing, would not produce an advantage and would not be in the public interest. In such cases, the General Manager may either seek written proposals or negotiate directly on the open

market with providers of supplies, services and equipment. Taking into consideration price and the criteria defined in Section 5, the General Manager may execute a contract with the prospective provider of supplies or equipment, following approval by the Board of Directors. While there may be other conditions that may appropriately be considered, documentation of the following circumstances will normally meet the requirements of this section:

**A. Proprietary and Professional Services.** Contracts for proprietary and/or expert professional services may be let following the solicitation and evaluation of requests for proposals and statements of qualifications. Awards of proprietary and/or expert professional services contracts may be made by the purchasing officer when the same have been budgeted and sufficient funds have been appropriated by the Board of Directors.

**B. Cooperative Contracts.** When, through cooperative purchasing with any federal, state, county or other public agencies, the advantage of large-scale buying may be obtained through contracts awarded by the lead procurement agency based on competitive bidding procedures.

**C. Another Governmental Agency.** When purchasing from or selling to another governmental agency, when such action is beneficial to the interests of the District.

**D. Immediate or Urgent Need.** When there is a breakdown in essential machinery, essential services, or when unforeseen circumstances, arise including delays by contractors, delays in transportation, and unanticipated volume of work which require the immediate attention of a professional or immediate service/repair in order to protect public health, safety, welfare and/or property.

**7. Open Market Purchase Less Than \$25,000.** If the amount of any type of expenditure is estimated to be less than \$25,000, the purchase may be made by the purchasing officer in the open market without formal bids or newspaper advertising, provided the expenditure has been approved by the Board of Directors in an adopted budget or otherwise. Unbudgeted services, supplies or equipment costing less than \$12,500 may be purchased by the General Manager or his/her appointee in the open market without prior approval of the Board of Directors, if sufficient funds are available within an appropriate account, and/or by transferring or deferring expenditures from available accounts.

**8. Consolidation of Orders for Related Items.** Diligence shall be exercised in consolidating and scheduling orders, to the end that the District may benefit from quantity prices and the most favorable market. No order or requisition shall be broken into smaller units to evade any requirement of this Policy, except that unrelated items may be separated to provide different lists to vendors dealing in different commodity classes.

**9. Change Orders.** The General Manager is authorized to approve individual and aggregate change orders within a limit of 5% of the contract amount of \$25,000, whichever is less, for any single contract. This provision applies to District contracts for purchase of equipment, supplies or services as well as for construction and engineering contracts. The

General Manager will report all such approved change orders to the Board at the next regularly scheduled Board meeting.

**10. Disposal of Surplus Supplies and Equipment.** Managers of using departments shall submit at such times and on such forms as the General Manager shall prescribe, reports identifying all surplus supplies and equipment which are no longer used or which have become obsolete or worn out. The General Manager shall have authority to dispose of such supplies and equipment pursuant to the following policies:

A. **Exchange or Trade-In.** Exchange for or trade-in on new supplies or equipment.

B. **Sale of Surplus Items.** Following approval of a list of supplies and equipment found by the Board of Directors to be surplus, the items shall be offered for sale on a competitive basis. Bids may be solicited by written request, telephone, fax, e-mail, by public or silent auction, by use of a commercial auction service, by consignment with a used equipment vendor or vendors, by advertisement in any newspaper or magazine, or by any combination of such methods.

C. **Donation of Surplus Items.** Subject to approval of the Board of Directors, obsolete or surplus property may be donated or sold at a negotiated fair value to any other governmental or public non-profit agency.

D. **Disposition as Scrap.** After reasonable efforts have been made to obtain competitive bids, if no offers have been received for any item of District-owned surplus personal property, such item may be disposed of for the highest scrap value that can be obtained, if any. If a reasonable effort to sell the item as scrap is not successful, it may, in the General Manager's discretion, be given away on a first-come-first served basis, or disposed of as-is or after demolition in an appropriate solid waste disposal facility.

**11. Failure to Comply with Policies.** Any transaction failing to comply with these policies in any respect may be voided in the sole discretion of the Board of Directors.