RESOLUTION OF THE BOARD OF DIRECTORS OF
COACHELLA VALLEY WATER DISTRICT

RESOLUTION NO. 2013-80

BE IT RESOLVED by the Board of Directors of the Coachella Valley Water District
assembled in regular meeting this 28th day of May, 2013, that it hereby approves the Coachella
Valley Water District Procurement Policy dated May 2013; said Procurement Policy is attached
hereto Marked Exhibit “A”; and

BE IT FURTHER RESOLVED that Resolution Nos. 2000-19 and 2009-153 are hereby
rescinded and any other existing conflicting memorandums, documents, policies and Board
action items will be invalidated.

************
I, JULIA FERNANDEZ, Secretary of the Board of Directors of the Coachella Valley Water District, DO HEREBY CERTIFY that the foregoing is a full, true and correct copy of Resolution No. 2013-80 adopted by the Board of Directors of said District at a regular meeting thereof duly held and convened on the 28th day of May, 2013, at which meeting a quorum of said Board was present and acting throughout. The Resolution was adopted by the following vote:

Ayes: Four
Directors: Nelson, Powell, Pack, De Klotz
Absent: Livesay

Dated this 28th day of May, 2013.

(SEAL)

Board Secretary
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SECTION 1

PROCUREMENT MISSION STATEMENT

The mission of the Procurement Department is to meet the needs of the Coachella Valley Water District (District) through the consistent supply of materials, goods, services, equipment, and support processes in a responsible, cost-effective, and timely manner.
SECTION 2

PURPOSE

1. The purpose of this manual is to define the practices and policies governing the procurement of supplies, materials, equipment and services, including construction and capital improvements, for District use and to relate the policies and principals to applicable provisions of governing law and to District administrative policies. This manual is the written rule and regulation required by California government code section 54202 and also serves as the District administrative policies and procedures governing procurement activities.

2. By adoption of this policy, the Board is empowering the General Manager, or his/her authorized representative with certain duties and responsibilities that are essential for the day-to-day operation of the District. The General Manager has delegated the procurement of goods, materials and services to the Finance Director and those staff members given specific authority. In addition, the procurement of contracting and engineering, consulting and design for Capital Projects is delegated to the Director of Engineering.
SECTION 3
POLICY STATEMENT

1. Public law requires all local agencies to formally adopt policies and procedures governing the acquisition of materials, supplies, equipment and services as referenced below.

"California Government Code Section 54202: Every local agency shall adopt policies and procedures, including bidding regulations, governing purchases of supplies and equipment by the local agency. Purchases of supplies and equipment by the local agency shall be in accordance with said duly adopted policies and in accordance with all provisions of law governing same. No policy, procedure, or regulation shall be adopted which is inconsistent or in conflict with statute."

2. This policy is subject to changes in the regular operation of District, as it may be revised from time to time by the Board of Directors.

3.01 General Procurement Policies

1. All purchases, agreements, services, leases, and/or contracts for materials, supplies, equipment, and other personal property shall be made in accordance with this Policy.

2. Procurement practices shall comply with laws, regulations and guidelines of the State of California and the provisions of grant or funding agreements, if applicable.

3. Any employee/individual effecting any procurement action outside of the policies and procedures established within this manual and without Board authorization to do so, may be subject to disciplinary action and/or termination.

4. Splitting or separating of material, supply, service, lease, and equipment orders or projects for the expressed purpose of evading the requirements of this policy is strictly prohibited.

5. Contract administration methods shall be maintained to assure that goods and services received by the District meet the terms and conditions of the contract.

6. Purchasing authority for the acquisition of materials, supplies, equipment and services, including non-capital construction shall be centralized under the Finance Department and in such persons who are officially designated within this manual. The Finance Director will ensure performance within the guidelines prescribed by law, by legal opinions, and in accordance with established District policies and procedures.
7. All capital projects will follow the dollar thresholds set forth in this procurement policy. However, the Engineering department will be responsible for all specifications, bidding, and contracts for capital improvement projects. The Director of Engineering will ensure performance within the guidelines prescribed by law, by legal opinions, and in accordance with established District policies and procedures in regards to capital improvement projects. For capital projects, refer to the CVWD Contract Administration Manual.

8. Operation and maintenance purchases including materials, supplies, and inventory items do not require Board approval. Operation and maintenance services do not require Board approval if performed by District forces. Operation and maintenance services performed by outside contractors require Board approval if the total cost is above the General Manager’s approval authority.

9. Any budget amendment that will increase the adopted budget and is required to support a procurement action will require Board approval.
SECTION 4

PROCUREMENT AUTHORITY

The Finance Director and Procurement & Contracts Manager are authorized to:

1. Enter into contractual obligations on behalf of the District for the acquisition of supplies, materials, equipment, and services necessary to support District functions in accordance with this policy manual.

2. Obtain full and open competition in accordance with prescribed policies and procedures in a manner that presents the best overall value to the District.

3. Provide for the fair and equitable treatment of vendors, suppliers, and contractors.

4. Prepare and recommend revisions and amendments to procurement rules and requirements governing the purchase of materials, supplies, equipment and services.

5. Supervise the receipt and inspection of all materials, supplies, equipment and services purchased to ensure conformance with specifications.

6. Recommend the disposition of surplus or unused supplies, materials, equipment, and scrap through sale or other means.

7. Maintain a bidder's list, vendor catalogues, and necessary records for the efficient operation of procurement.

8. Operate a centralized warehouse to efficiently manage commonly used supplies and materials as required to support District functions.

9. Create and implement policy revisions and amendments and submit them periodically to the Board for approval.
SECTION 5

DELEGATION OF PROCUREMENT AUTHORITY TO OTHERS

1. The Finance Director and Procurement & Contracts Manager have been granted the authority and the responsibility for procurement of all materials, equipment, supplies, and services necessary to support the day-to-day operation of the District. Within this authority, the Finance Director or Procurement & Contracts Manager may delegate certain individuals the responsibility for the performance of specific procurement activities. Only those persons so delegated are authorized to contractually obligate the District for the purchase of materials, equipment, supplies, and services.

2. Such delegation may be through the authorized use of procurement cards, low-value purchase orders, release authority, or other written authorization. All such purchases will be made in conformity with the policies and procedures prescribed within this manual.
SECTION 6

EXCEPTIONS FROM CENTRALIZED PROCUREMENT

Any purchase for supplies, materials, equipment and/or services, other than those exceptions listed below, shall not be made outside of the centralized purchasing process without the approval of the Finance Director or the Procurement & Contracts Manager.

Any unauthorized purchase may be deemed void and of no effect and will be subject to non-payment of invoicing. The individual employee responsible for creating the unauthorized obligation may be subject to disciplinary action and/or subject to termination.

Purchases that are exempt from the centralized procurement process are limited to the following and authorization for these transactions shall be in accordance with the approval limits and dollar thresholds set forth in this policy.

<table>
<thead>
<tr>
<th>Advertisements</th>
<th>Insurance</th>
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<tr>
<td>Agency Contribution</td>
<td>Leases or Purchase of Real Property</td>
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<td>Annexation Expenses</td>
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<td>Board Lunches</td>
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<td>Bond Transactions</td>
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<td>Bureau of Reclamation Expenses</td>
<td>Refunds (Construction &amp; Billing)</td>
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<td>Claims</td>
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<td>Conferences</td>
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<td>Court Reporting</td>
<td>Training (Offsite)</td>
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<td>Easements</td>
<td>Travel Expenses, lodging &amp; meals</td>
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<tr>
<td>Environmental Fees &amp; Permits</td>
<td>Utilities</td>
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<tr>
<td>Fees &amp; Permits (City, County, State &amp; Agency)</td>
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1. The Political Reform Act of 1974 (Government Code Section 81000 et seq.) requires state and local government agencies to adopt Conflict of Interest Codes. The purpose of the Reform Act was to restore public confidence in elected officials of state and local government.

2. The District's Conflict of Interest Code is set forth in a separate Board Resolution. This resolution incorporates the terms of the Standard Conflict of Interest Code adopted by the Fair Political Practices Commission (2 Cal. Code Regs.18730) and designates which District employees are required to file statements of economic interests which are kept on file at the District. The purpose of such reporting is to promulgate that the public employees are performing their duties in an impartial manner, free from bias caused by their own financial interests.

3. In addition to elected officials, the General Manager, and senior management personnel, the Finance Director and staff members generally responsible for the purchase of supplies, materials, equipment and services for the District, are required to report investments and positions in entities, real property, and income from sources that are located or doing business in the District's jurisdiction.

7.02 Vendor Gifts and Gratuities

The receiving of gifts and/or other symbols of appreciation may compromise the integrity of professional relationships and can lead to inappropriate business practices.

1. No officer, or employee, shall receive or agree to receive, directly or indirectly, any compensation, reward, or gift from any source except from his or her appointing authority or employer, for any action related to the conduct of the District's business, except as set forth below:

   A. Acceptance of food and refreshments of nominal value on infrequent occasions in the ordinary course of a breakfast, luncheon or dinner meeting or other meeting or a tour where the arrangements are consistent with the transaction of official business.

   B. Acceptance of transportation, lodging, meals or refreshment, in connection with attendance at widely attended gatherings sponsored by industrial, technical or professional organizations; or in connection with attendance at public ceremonies or similar activities financed by non-governmental sources where the officer's or employee's participation on behalf of the District is the result of an invitation
addressed to him or her in his or her official capacity, and the transportation, lodging, meals or refreshment accepted is related to, and is in keeping with, his or her official participation.

C. Purchase of items or entry fees at advantageous rates where such rates are offered to the District personnel as a class.

D. Acceptance of unsolicited advertising or promotional material, such as pens, pencils, note pads, calendars, or other items of nominal value.

E. Acceptance of incidental transportation from a private organization provided it is furnished in connection with the performance of the officer’s or employee’s official duties and is of a type customarily provided by the private organization.

F. Acceptance of commendations, certificates or plaques for outstanding individual service or work on the District projects.

2. A gift or gratuity, the receipt of which is prohibited under this section, shall be returned to the donor within 30 calendar days. If return is not possible, the gift of gratuity shall be turned over to a public or charitable institution within 30 calendar days without being claimed as a charitable deduction and a report of such action and the reasons why return was not feasible shall be documented in writing and reported to the individual’s Department head. A copy of the written report shall be placed in the employee’s personnel file. When possible the donor shall also be informed of the action by the employee.

7.03 Personal Purchases from Suppliers, Vendors or Contractors

1. Employees of the District or their immediate relatives are NOT to utilize the employee’s position with the District to solicit or utilize discounts, promotions, or other concessions from District suppliers, vendors, or contractors to purchase supplies, equipment, tools, etc.

2. Employees of the District or their immediate relatives are permitted to utilize discounts, promotions, etc. offered to the general public by District suppliers, vendors or contractors.

7.04 Contracts with District Employees or Organizations Owned by Them

1. Employees shall not knowingly award a contract, agreement or purchase order to a District employee or to a business concern or other organization owned or substantially owned or controlled by one or more District employees. This policy is intended to avoid any conflict of interest that might arise between the employees’ interests and their District duties and, to avoid the appearance of favoritism or preferential treatment by the District toward its employees.
2. The Board or the General Manager may authorize an exception to this policy only if there is a most compelling reason to do so, such as when the District’s needs cannot reasonably be otherwise met.

7.05 Violations of Standards of Conduct

Any employee/individual, who violates the standards of conduct established within this manual and without Board authorization to do so, shall be subject to disciplinary action up to and including termination.

7.06 Ethical Procurement Practices

1. It is the policy of the District to maintain good working relationships with its vendors and suppliers, as well as the community at large. Every employee has the ability to influence the opinions of others through daily interaction with the business community. In personal contacts with vendors and suppliers, employees shall represent the best interests of the District by conducting business in a fair, equitable, and ethical manner.

3. The District subscribes to the following Principles and Standards of Ethical Supply Management Conduct:

A. Avoid the intent and appearance of unethical or compromising practice in relationships, actions, and communications.

B. Avoid any personal business or professional activity that would create a conflict between personal interests and the interests of the District.

C. Avoid soliciting or accepting money, loans, credits or preferential discounts and the acceptance of gifts, entertainment, favors or services from present or potential suppliers that might influence, or appear to influence, supply management decisions.

D. Handle confidential or proprietary information with due care and proper consideration of ethical and legal ramifications and governmental regulations.

E. Conduct supply management activities in accordance with state, national and international laws, customs and practices, District policies, and these ethical principles and standards of conduct.

F. Develop and maintain professional competence.
SECTION 8
DEFINITION OF TERMS

The following definitions shall apply as they relate to this Policy:

1. “Addendum” shall mean any alteration, correction or adjustment to a solicitation document prior to award.

2. “Authority to Approve” shall mean authority to designate appropriated funding for a specific procurement.

3. “Blanket Purchase Order” shall mean an agreement to purchase a given quantity of specific goods over a specified period of time, usually one year.

4. “Budgeted Procurements” shall mean projects or purchases that have been included as part of the fiscal year budget, or as a respective augmentation thereof, and authorized by the Board.

5. “Capital Project” shall mean a project that has a value of at least $25,000, has a lifespan of longer than one year, and results in the creation or revitalization of a fixed asset.

6. “Change Order or Task Order” shall mean any modification to an existing procurement or respective contractual document subsequent to award.

7. “Contractor” shall mean any person who receives a bid, proposal, or contract in connections with a procurement or service. This term also includes any person who conducts business as an agent or representative of the contractor.

8. “Cooperative Procurement” shall mean a procurement (combining of requirements) conducted on behalf of two or more public procurement units in order to obtain the benefit of volume purchasing and/or reduction in administrative expenses.

9. “Delegate Authority” shall mean authority to assign authority, at specified limits, to respective subordinate staff.

10. “Emergency” shall mean a sudden, unexpected occurrence that poses a clean and imminent danger, requiring immediate action to prevent or mitigate the loss or impairment of life, health, property, or operation of the District’s facilities.

11. “Formal Solicitation” shall mean the issuance of a written request for sealed bids, proposals, or quotations.

12. “General Manager” shall mean the executive in charge of day-to-day District operations or his/her authorized designee.
13. “Informal Solicitation” shall mean the verbal or written request for a verbal or written bid, proposal, or quotation.

14. “Invitation for Bids” shall mean a formal process for soliciting sealed bids from qualified prospective suppliers. Typically, involves advertising the solicitation, a formal bid opening, and the awarding of a contract to a responsive and responsible supplier based on price and other specified factors.

15. “Non-Fiscal” shall mean having no direct impact on appropriated budgets, or otherwise requiring financial commitment of the District.

16. “Offeror” shall mean a person or entity that submits an offer to the District to provide goods or services.

17. “Operation and Maintenance” shall mean the functions to ensure continuous operations and viability of the District’s infrastructure.

18. “Piggyback Procurement” shall mean utilizing another public agency’s contract or agreement to obtain more advantageous prices and terms than can be otherwise obtained on the open market.

19. “Public Works” shall mean the erection, construction, alteration, repair, or improvement of any public structure, building, road, or other improvement of any kind.

20. “Procurement” shall mean the purchase or otherwise compensatory securing of materials, supplies, services, leases, and equipment, real property, or public works services.

21. “Professional Services” shall mean any specially trained and experienced person, firm or corporation, providing services and advice in financial, economic, accounting, engineering, information services, technical, architectural, or other administrative/professional matters.

22. “Request for Proposal” shall mean a formal solicitation for bids that involves more than just price. Prospective suppliers submit requested information and are evaluated and contract awarded based on pre-established criteria.

23. “Responsible” shall mean a bidder or proposer who has proper resources, technical capabilities and financial capacity to deliver materials or perform the work.

24. “Responsive” shall mean a bidder or proposer whose bid/proposal complies in all material aspects with the Invitation for Bids or Request for Proposal by the bid opening or proposal closing date.
25. “Single Source” shall mean procurement where there is a compelling reason for only one source, a preferred brand, like material, etc., to be procured.

26. “Sole Source” shall mean procurement where only one viable source exists. This is usually due to legal restrictions of patent rights, a proprietary process, warranty issues, original equipment, copyrights, etc.

27. “Subrogation” shall mean the assignment to an insurer by terms of the policy or by law, after payment of a loss, of the rights of the insured to recover the amount of the loss from one legally liable for it.

28. “Trades or Exchanges” shall mean authorized surplus items used for the acquisition of materials, supplies, services, leases, and/or equipment.

29. “Waiver of Subrogation” shall mean the relinquishment by an insurer of the right to collect from another party for damages paid on behalf of the insured. The waiver of subrogation condition in current standard policies is referred to as "transfer of rights of recovery."
SECTION 9

PURCHASE REQUISITIONS & AUTHORIZATION TABLE

9.01 Purchase Requisitions

1. Purchase Requisitions communicate to the Procurement Department, in clear and explicit terms, the needs of the requestor. The requisitioning process also provides a mechanism for obtaining the approvals necessary to authorize the Procurement Department to proceed with the acquisition.

2. A completed Purchase Requisition will be routed electronically for authorization by the requestor and submitted to the Procurement Department prior to attempting to obtain any goods, services, materials or equipment.

3. Requisitions should be prepared and submitted far enough in advance of the need to enable the Procurement Department to meet the competition requirement specified in this manual and to properly prepare the contractual obligation. Additionally, no purchase request will be broken into smaller units to avoid any provision of this manual or District policy.

4. Upon generation of a requisition the required quotes (See Competition Section) quotes must be met. If the requisitioner has received quotes they are to be forwarded to the Procurement Department to validate them and move forward in the procurement of the goods or service. If no quotes are provided Procurement will obtain quotes, but may delay the processing of purchase requisition.

9.02 Procurement Authorization Table

The Procurement Authorization Table is set forth in Exhibit A, which is incorporated herein by reference.

9.03 Notes and Exceptions

1. In the absence of an approver for a given request, authorization will be obtained by his/her appointee or the next highest authority in accordance with the Procurement Authorization Table.

2. With the exception of Board authorized procurements, increases to previously authorized procurements up to 5% or $2,000 (whichever is greater) are permitted if the increased procurement remains within the previous approver’s limits. Freight and sales tax are a cost of doing business and shall be included in the total cost of the procurement.
3. The procurement authorization table does not apply to consultant agreements. All consultant agreements up to $25,000 must be approved by the General Manager. All consultant agreements that exceed $25,000 must be approved by the Board of Directors.

4. The procurement authorization table shall apply to all capital projects. Capital projects shall employ competitive bidding whenever practicable and all capital procurements that exceed the General Manager’s authorization level must be approved by the Board of Directors.

5. For purposes of the procurement authorization, the dollar amount of a multiple year agreement shall be the highest annual level of the agreement, including escalation provisions. Subsequent yearly renewals, if required (and noted in original Board Action Item), may then be authorized by the General Manager level only, regardless of the dollar amount.

A. Example 1: A five-year contract for chemicals estimated at $125,000 in the first year, with escalation terms included in the agreement. This would require Board authorization to initiate the first year of the contract. Renewals in years two through five, if required, would be approved by the General Manager, provided the terms and conditions of the original approval were met.

B. Example 2: A three-year agreement for services estimated at $49,000 in year one, with an escalation to $69,000 and $89,000 in years two and three. Although year one would require only the General Manager’s authorization, this agreement would require Board approval, as year two and three exceed the General Manager’s authorization.

6. Purchases to replenish the District’s Warehouse inventory within established inventory carrying criteria may be approved by any authorized buyer up to the limit established by the Finance Director.
9.04 Purchase Orders

Purchase order values are encumbered at the time of creation. Balances left on the purchase orders at the end of the fiscal year do not automatically carry over and must be considered in the future year budget process.

Purchase orders for multiple year contracts will remain open until projects are completed and the Procurement Department is notified to close the purchase order.

Procurement costs are expensed from the fiscal year budget in which it was received, not from the fiscal year in which the purchase order was issued.

9.05 District Check Request

1. The use of a check for the purchase of goods, supplies, materials or equipment is discouraged and shall not be used for the purposes of circumventing any provision of the procurement process.

2. In the event of an emergency (as described in Section 8, item 10 of Definition of Terms) a requisition may be completed after goods have been received or services rendered and a purchase order will be initiated.

3. Non-emergency goods or services that are purchased by circumventing the requisition process will require a check request be completed and will be reviewed by the General Manager. This may lead to disciplinary action as stated in Section 3.01, item 3 of General Procurement Policies.
SECTION 10

DISTRICT SPECIFICATION REQUIREMENTS

1. Before a contractual arrangement is made, the needed item or service must be clearly defined. Procurement specifications serve this purpose by identifying characteristics of the item or service with definitions and descriptions. Specifications should describe the attributes of the item or service in such a way that the requirements can be clearly understood both internally and externally by vendors or contractors.

2. It is the responsibility of the requesting department to formulate specifications and submit them to the Procurement Department prior to, or with, their request to initiate the acquisition process. The level of detail associated with the specification will often depend on the complexity of the procurement itself.

10.01 Use of Brand Name or Equal Procurement Descriptions

1. While the use of performance specifications is preferred to encourage offerors to propose innovative solutions, the use of brand name or equal purchase descriptions may be advantageous under certain circumstances.

2. Brand name or equal purchase descriptions must include, in addition to the brand name, a general description of those salient physical, functional, or performance characteristics of the brand name item that an “equal” item must meet to be acceptable for award. Use brand name or equal descriptions when the salient characteristics are firm requirements.

10.02 Items Limited to One Manufacturer

1. District requirements shall not be written so as to require a particular brand name, product, or a feature of a product, limited to one manufacturer, thereby precluding consideration of a product manufactured by another company, unless:

   A. A finding is made, and described in the Invitation for Bids or Request for Proposal, that a particular material, product, thing, or service is designated by specific brand or trade name for any of the following purposes:

      1. In order that a field test or experiment may be made to determine the product’s suitability for future use.

      2. In order to match other products in use on a particular public improvement either completed or in the course of completion.

      3. In order to obtain a necessary item that is only available from one source.
4a. In order to respond to an emergency declared by the District, but only if the declaration is approved by a four-fifths vote of the Board.

4b. In order to respond to an emergency declared by the state, a state agency, or political subdivision of the state, but only if the facts setting forth the reasons for the finding of the emergency are contained in the public records of the District.

B. The authority to contract without providing for full and open competition is supported by the required justifications and approvals.

2. If a specification must be considered a single source purchase, requesting department must complete the single/sole source justification form. The Single/Sole Source Justification Form Table is set forth in Exhibit B, which is incorporated herein by reference.

10.03 Inappropriate Specifications
Inappropriate specifications may be those which are overly restrictive; discourage competition; are unclear; or otherwise hinder the acquisition process. Such specifications may be returned to the requestor for justification or changes.
SECTION 11

COMPETITION

All procurements for materials, supplies, equipment, services, and construction shall employ competitive bidding whenever practicable. All procurements over $25,000 will adhere to the sealed bidding process. The General Manager, Finance Director or Procurement & Contracts Manager may grant exceptions to the competitive process for emergency conditions, supply limitation, or other circumstances with justification for such waiver being documented with the acquisition. For capital projects, see the CVWD Contract Administration Manual.

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<thead>
<tr>
<th>COMPETITIVE BIDDING GUIDELINE TABLE</th>
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<tbody>
<tr>
<td>$0 - 5,000</td>
</tr>
<tr>
<td>$5,001 - $25,000</td>
</tr>
<tr>
<td>$25,001 - $50,000</td>
</tr>
<tr>
<td>$50,001 +</td>
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</tbody>
</table>

11.01 Exceptions

Exceptions to the competitive requirements are:

A. Emergency condition as defined herein.

B. Sole or single source limitation (See Definition of Terms chapter).

C. Time constraint or other circumstances where the awarding authority has determined it is in the best interest of the District.

D. Cooperative procurement arrangements with other entities.

E. “Piggyback” purchases, when the Finance Director determines it is in the District’s best interest to utilize the contracts of other governmental agencies or non-profit governmental entities.

F. When the Finance Director has determined that negotiation is in the best interest of the District.

G. Professional Services Agreements (see Section 18)

11.02 Award of Bids

1. Award of competitive bids shall be made to the lowest responsible and responsive bidder.
2. Notice of Award will be sent by the Procurement Department to the successful bidder.

3. Unsuccessful bidders will be notified through electronic correspondence or public posting on the District’s electronic bid system.

11.03 Award of Proposals

1. Award of competitive proposals shall be made to the offeror of the proposal that the District determines is in the District's best interest after consideration of all evaluation factors that were set forth in the Request for Proposal.

2. Notice of Award will be sent by the Procurement Department. Procurement will also be responsible for notifying all unsuccessful bidders either by mail, email or electronic bid system.

11.04 Elements of Sealed Bidding

Sealed bidding is a method of contracting that employs competitive bids, public opening of bids, and awards. The following steps are involved:

A. Preparation of invitations for bids. Invitations must describe the requirements of the District clearly, accurately, and completely.

B. Publicizing the invitation for bids. Invitations must be publicized as described in the Advertising and Publicizing section of this policy.

C. Submission of bids. Bidders must submit sealed bids to be opened at the time and place stated in the solicitation for the public opening of bids.

D. Evaluation of bids. Bids shall be evaluated without discussion.

E. Contract award. After bids are publicly opened and reviewed, an award will be made with reasonable promptness to the responsible and responsive bidder whose bid, conforming to the invitation for bids, will be most advantageous to the District, and consistent with the selection criteria published in the solicitation.
11.05 Pre-bid Conference

A pre-bid conference may be used, generally in a complex procurement, as a means of briefing prospective bidders and explaining complicated specifications and requirements to them as early as possible after the invitation has been issued and before the bids are opened. It shall never be used as a substitute for amending a defective or ambiguous invitation.

11.06 Addendum to Invitation For Bids

1. If it becomes necessary to make changes in quantity, specifications, delivery schedules, opening dates, etc., or to correct a defective or ambiguous invitation, such changes shall be accomplished by an addendum to the Invitation For Bids. The fact that a change was mentioned at a pre-bid conference does not relieve the necessity for issuing an addendum. If an addendum is required, it must be sent a minimum of 72 hours before the time for bid opening, to everyone to whom invitations have been furnished and shall be displayed on the District’s electronic bid system.

2. Before issuing an addendum, the period of time remaining until bid opening and the need to extend this period shall be considered. If less than 72 hours remains before bid opening, the time of bid opening shall be extended to allow bidders at least 72 hours to review addendum and submit or resubmit bids. Such extension must be confirmed in the addendum.

3. Any information given to a prospective bidder concerning an invitation for bids shall be furnished promptly to all other prospective bidders as an addendum to the invitation if such information is necessary for bidders to submit bids or if the lack of such information would be prejudicial to uninformed bidders.

11.07 Cancelation of Invitations before Opening

1. The cancelation of an Invitation For Bids usually involves a loss of time, effort, and money spent by the District and bidders. Invitations should not be canceled unless cancelation is clearly in the public interest.

   A. **Example 1**: Where there is no longer a requirement for the supplies or services.

   B. **Example 2**: Where addenda to the Invitation For Bids would be of such magnitude that a new invitation is desirable.

2. When an Invitation For Bids issued other than electronically is canceled, bids that have been received shall be returned unopened to the bidders and notice of cancelation shall be sent to all prospective bidders to whom Invitations For Bids were issued. When an Invitation For Bids issued electronically is canceled, a general notice of cancelation shall be posted electronically.
11.08 Release of Procurement Information

1. **Before solicitation.** Information concerning proposed procurement shall not be released outside the District before solicitation except for long-range acquisition estimates in the annual budget.

2. **After solicitation.** Discussions with prospective bidders regarding a solicitation shall be conducted and technical or other information shall be transmitted only by the Procurement Department or by others specifically authorized. Such personnel shall not furnish any information to a prospective bidder that alone or together with other information may afford an advantage over others.

3. **During negotiations.** Information contained in proposals shall not be released until negotiations have been completed and a recommendation is forwarded to the Board or other approving authority. Such information shall be transmitted only by the Procurement Department or by others specifically authorized.

4. **Privileged information.** If any information in a bid or proposal in a bid or proposal is claimed to be privileged by the bidder or proposer, and such information is clearly identified or set forth in an attachment to the submittal along with a statement of the basis of the claim, then such information shall be redacted from any response to a Public Records Act request for a copy of the submittal, and if such redaction is challenged, defense of the challenge may be tendered to the person or entity claiming the privilege.

11.09 Modification or Withdrawal of Bids

1. Bids may be modified or withdrawn if notice is received not later than the exact time set for opening of bids.

2. A bid may be withdrawn in person by a bidder or its authorized representative if, before the exact time set for opening of bids, the identity of the persons requesting withdrawal is established and that person signs a receipt for the bid.

3. If withdrawal of an electronically transmitted bid is necessary, the withdrawal must be made by the bidder or its authorized representative via the District’s electronic bid system. The data received shall not be viewed.

11.10 Submission, Modification, and Withdrawal of Bids

1. Bidders are responsible for submitting bids, and any modifications or withdrawals, so as to reach the District by the time specified in the Invitation for Bids. They may use any transmission method authorized by the Invitation for Bids.
2. Any bid, modification, or withdrawal of a bid received at the District office after the exact time specified for receipt of bids is “late” and will not be considered.

3. Bids may be withdrawn electronically or by written notice received at any time before the exact time set for receipt of bids.

4. Late bids and modifications that are not considered must be held unopened, unless opened for identification, until after award and then retained with other unsuccessful bids. However, any bid bond or guarantee must be returned.

### 11.11 Receipt and Safeguarding of Bids

1. All bids (including modifications) received before the time set for the opening of bids shall be kept secure. The bids shall not be opened or viewed, and shall remain in a safe and secured area. If an invitation for bids is canceled, bids shall be returned to the bidders. Necessary precautions shall be taken to ensure the security of the bids. Before bid opening, information concerning the identity and number of bids received shall be made available only to District employees on a “need to know” basis.

2. Envelopes marked as bids, but not identifying the bidder or the solicitation may be opened solely for the purpose of identification, and then only by an official designated for this purpose. If a sealed bid is opened by mistake (e.g., because it is not marked as being a bid), the envelope shall be signed by the opener, whose position shall also be written thereon, and the envelope immediately resealed.

### 11.12 Opening of Bids

1. Per Resolution 2009-90 bids will be opened in the presence of any three of the following members (an alternate may be designated by each member): General Manager, Assistant General Manager, Secretary, Director of Engineering, Service Department Director, Finance Director, and Procurement & Contracts Manager.

2. The bid opening officer shall decide when the time set for opening bids has arrived and shall inform those present of that decision. The officer shall then personally and publicly open all bids received before that time, if practical, read the bids aloud to the persons present, and have the bids recorded. All bids shall be carefully safeguarded, particularly until the abstract of bids has been made and its accuracy verified.

3. Examination of bids by interested persons shall be permitted if it does not interfere unduly with the conduct of District business. Original bids shall not be allowed to pass out of the hands of a District official unless a duplicate bid is not available for public inspection. The original bid may be examined by the public only under the immediate supervision of a District official and under conditions that preclude possibility of a substitution, addition, deletion, or alteration in the bid.
11.13 Recording of Bids

Abstracts of offers shall be available for public inspection. Such abstracts shall not contain information regarding failure to meet minimum standards of responsibility, apparent collusion of bidders, or other notations exempt from disclosure to the public.

11.14 Cancelation of Invitations after Opening

1. Preservation of the integrity of the competitive bid system dictates that, after bids have been opened, award must be made to that responsible bidder who submitted the lowest responsive bid, unless there is a compelling reason to reject all bids and cancel the invitation.

2. Every effort shall be made to anticipate changes in a requirement before the date of opening and to notify all prospective bidders of any resulting modification or cancelation. This will permit bidders to change their bids and prevent unnecessary exposure of bid prices.

3. As a general rule, after the opening of bids, an invitation should not be canceled and re-solicited due solely to increased requirements for the items being acquired. Award should be made on the initial invitation for bids and the additional quantity should be added to the contract or purchase order.

4. Invitations may be canceled and all bids rejected before award but after opening when, the Procurement Department determines that:

   A. Inadequate or ambiguous specifications were cited in the invitation.

   B. Specifications have been revised.

   C. The supplies or services being contracted for are no longer required.

   D. The invitation did not provide for consideration of all factors of cost to the District.

   E. Bids received indicate that the needs of the District can be satisfied by a less expensive article differing from that for which the bids were invited.

   F. All otherwise acceptable bids received are at unreasonable prices, or only one bid is received and the District cannot determine the reasonableness of the bid price.

   G. The bids were not independently arrived at in open competition, were collusive, or were submitted in bad faith.

   H. No responsive bid has been received from a responsible bidder.
I. The bids received are over approved budget amount.

J. For other reasons, cancelation is clearly in the District's interest.

**11.15 Rejection of Individual Bids**

1. Any bid that fails to conform to the essential requirements of the invitation for bids shall be rejected.

2. Any bid that does not conform to the applicable specifications shall be rejected unless the invitation authorized the submission of alternate bids and the supplies offered as alternates meet the requirements specified in the invitation.

3. Any bid that fails to conform to the delivery schedule or permissible alternates stated in the invitation shall be rejected.

4. A bid shall be rejected when the bidder imposes conditions that would modify requirements of the invitation or limit the bidder’s liability to the District, since to allow the bidder to impose such conditions would be prejudicial to other bidders. For example, bids shall be rejected in which the bidder:

   A. Protects against future changes in conditions, such as increased costs, if total possible costs to the District cannot be determined.

   B. Fails to state a price or indicates that price shall be “price in effect at time of delivery”.

   C. States a price but qualifies it as being subject to “price in effect at time of delivery”.

   D. When not authorized by the invitation, conditions or qualifies a bid by stipulating that it is to be considered only if, before date of award, the bidder receives (or does not receive) award under a separate solicitation.

   E. Limits rights of the District under any contract clause.

5. A low bidder may be requested to delete objectionable conditions from a bid provided the conditions do not go to the substance, as distinguished from the form, of the bid, or work an injustice on other bidders. The substance of a bid is that which affects price, quantity, quality, or delivery of the items offered.

6. Any bid may be rejected if the District determines in writing that it is unreasonable as to price. Unreasonableness of price includes not only the total price of the bid, but the prices for individual line items as well.

7. Any bid may be rejected if the prices for any items are materially unbalanced.
8. When a bid guarantee is required and a bidder fails to furnish the guarantee in accordance with the requirements of the invitation for bids, the bid shall be rejected.

9. When only a single bid is received and that bid exceeds the approved budget amount.

10. A bid shall be rejected if the bidder is found not responsible. Prior to finding a bidder not responsible, the Procurement Department shall notify the bidder of any evidence reflecting upon the bidder’s responsibility, afford the bidder an opportunity to rebut such adverse evidence, and permit the bidder to present evidence of qualification.

11.16 Notice to Bidders of Rejection of All Bids

The District expressly reserves the right to reject any or all bids. When it is determined necessary to reject all bids, the District shall notify each bidder electronically that all bids have been rejected and shall state the reason for such action.

11.17 All or None Qualifications

Unless the solicitation provides otherwise, a bid may be responsive notwithstanding that the bidder specifies that award will be accepted only on all, or a specified group, of the items. Bidders shall not be permitted to withdraw or modify “all or none” qualifications after bid opening since such qualifications are substantive and affect the rights of other bidders.

11.18 Minor Informalities or Irregularities in Bids

A minor informality or irregularity is one that is merely a matter of form and not of substance. It also pertains to some immaterial defect in a bid or variation of a bid from the exact requirements of the invitation that can be corrected or waived without being prejudicial to other bidders. The defect or variation is immaterial when the effect on price, quantity, quality, or delivery is negligible when contrasted with the total cost or scope of the supplies or services being acquired. The District either shall give the bidder an opportunity to cure any deficiency resulting from a minor informality or irregularity in a bid or waive the deficiency, whichever is to the advantage of the District.

11.19 Receipt of an Unreadable Electronic Bid

If a bid received at the District facility by electronic data interchange is unreadable to the degree that conformance to the essential requirements of the invitation for bids cannot be ascertained, Purchasing shall immediately notify the bidder that the bid will be rejected unless the bidder provides clear and convincing evidence:

A. Of the content of the bid as originally submitted.
B. That the unreadable condition of the bid was caused by District software or hardware error, electronic bid system error, malfunction, or other District mishandling.

11.20 Mistakes in Bids

After the opening of bids, the District shall examine all bids for mistakes. In cases of apparent mistakes and in cases where the District has reason to believe that a mistake may have been made, the Procurement Department shall request from the bidder a verification of the bid, calling attention to the suspected mistake. If it is determined that the bidder has made a gross error in their bid, it may be withdrawn at that time.

11.21 Apparent Clerical Mistakes

1. Any clerical mistake, apparent on its face in the bid, may be corrected by the Procurement Department before award. Procurement first shall obtain from the bidder a verification of the bid intended. Examples of apparent mistakes are:

   A. Obvious misplacement of a decimal point.

   B. Obviously incorrect discounts (for example, 1 percent 10 days, 2 percent 20 days, 5 percent 30 days).

   C. Obvious reversal of the price f.o.b. destination and price f.o.b. origin.

   D. Obvious mistake in designation of unit.

2. Correction shall not be made on the face of the bid; however, it shall be reflected in the award document.

3. Correction of bids submitted by electronic data interchange shall be confirmed by the bidder in writing and must be included in the electronic bid file.

11.22 Equal Low Bids

When two or more low bids are equal in all respects award shall be made by a drawing of names limited to those bidders. If time permits, the bidders involved shall be given an opportunity to attend the drawing. The drawing shall be witnessed by at least three persons, and the contract file shall contain the names and addresses of the witnesses and the person supervising the drawing.

11.23 Award of Contracts

1. The District shall make a contract award (1) by written or electronic notice, (2) within the time for acceptance specified in the bid or an extension, and (3) to that
responsible bidder whose bid, conforming to the invitation, will be most advantageous to the District. Award shall not be made until all required approvals have been obtained.

2. If less than three bids have been received, the Procurement Department shall examine the situation to ascertain the reasons for the small number of responses. Award shall be made notwithstanding the limited number of bids. However, Procurement shall initiate, if appropriate, corrective action to increase competition in future solicitations for the same or similar items, and include a notation of such action in the records of the invitation for bids.

3. Award shall be made by mailing, electronic communication or otherwise furnishing a properly executed award document to the successful bidder.

4. When a notice of award is issued, it shall be followed as soon as possible by the formal award.

5. When more than one award results from any single invitation for bids, separate award documents shall be suitably numbered and executed.

6. All provisions of the invitation for bids, including any acceptable additions or changes made by a bidder in the bid, shall be clearly and accurately set forth (either expressly or by reference) in the award document. The award is an acceptance of the bid, and the bid and the award constitutes the contract.

11.24 Sealed Solicitations

1. Solicitation thresholds include tax, delivery, and all other costs associated with the procurement. All solicitations in this section shall be documented.

2. Sealed and advertised competitive solicitations are required for goods, services, and non-capital construction estimated to cost $25,000 or greater; or at the discretion of the Procurement Department.

3. Whenever possible and practical, solicitations shall provide a minimum of (14) calendar days for response.

4. All sealed Invitations for Bid solicitations shall be publicly opened and read aloud in the presence of at least any three members of the Bid Opening Committee.

5. Sealed solicitations mean hard copy paper, electronic bids, proposals or other offers that cannot be viewed by District personnel prior to the submittal deadline.

6. Advertising means any form of advertisement designed to reach a reasonable and sufficient amount of prospective bidders or offerors, whether by newspaper, Internet,
or other means.

### 11.25 Unsealed Solicitations

Solicitation thresholds include tax, delivery, and all other costs associated with the procurement. All solicitations in this section shall be documented. Three competitive documented responses shall be solicited for procurement estimated to cost $5,000 or more. Verbal and electronic solicitations may be solicited.

### 11.26 Contract Signatures

Only the General Manager or his/her authorized designee shall sign contracts on behalf of the District.

### 11.27 Electronic Commerce

The District may use electronic commerce whenever practicable or cost-effective. The District may accept electronic signatures and records in connection with District procurements.

### 11.28 Procurement Records

Procurement records must maintain complete transactional history. The Procurement staff shall establish files containing the records of all contractual actions in accordance with the District's Record Retention Policy and established procedures. The documentation in the files shall be sufficient to constitute a complete history of the transaction policy.

### 11.29 Emergency Purchases

The General Manager or his/her designee is authorized to approve emergency procurements in an emergency.

### 11.30 Bid Guarantee Bond

The Procurement Department or Engineering shall determine whether bid security is necessary for a solicitation. Bid security may be in the form of (a) cash, (b) cashier's/certified check made payable to the District, or (c) a bid bond.

### 11.31 Insurance Requirements

The Risk Manager or his/her designee shall determine the type and amount of insurance necessary for each procurement or contract (see Section 15).
SECTION 12

ADVERTISING AND PUBLICIZING

Advertising and publication parameters and limits (subject to other provisions of this section) are as follows:

12.01 Formal Solicitations

1. At a minimum, District procurements estimated to be greater than $25,000, shall be advertised on the District’s electronic bid system, in one general circulation newspaper within the Agency’s geographic boundaries or advertised on the District’s website as determined by the Procurement & Contracts Manager.

2. Whenever possible and practical, solicitations shall provide a minimum of (14) calendar days for response.

3. Shall have been directed to a minimum of five (5) qualified potential respondents, when available. The receipt of a minimum of two (2) competitive responses is desired.

4. Construction bids shall be publicly unsealed, and respective dollar amount(s) announced.

5. Proposals and quotations may be publicly unsealed, and respective dollar amount(s) announced as determined by the Procurement & Contracts Manager.

12.02 Informal Solicitations

For procurements estimated to be greater than $5,000 and less than or equal to $25,000, a minimum of three (3) competitive written or electronic responses shall be solicited, where possible and practical. However, the Procurement Department may solicit formal bids for purchases within this threshold if deemed to be in the best interest of the District.

12.03 Capital Projects

For capital projects, see the CVWD Contract Administration Manual.
SECTION 13

CONTRACTOR QUALIFICATIONS

1. Purchases shall be made from, and contracts shall be awarded to responsible contractors only. A prospective contractor must affirmatively demonstrate its responsibility, including, when necessary, the responsibility of its proposed subcontractors.

2. The award of a contract to a supplier based on lowest evaluated price alone can be false economy if there is subsequent default, late deliveries, or other unsatisfactory performance resulting in additional contractual or administrative costs. While it is important that District purchases be made at the lowest price, this does not require an award to a supplier solely because that supplier submits the lowest offer.

3. To be determined responsible, a prospective contractor must:
   A. Have adequate financial resources to perform the contract, or the ability to obtain them.
   B. Be able to comply with the required or proposed delivery or performance schedule, taking into consideration all existing commercial and governmental business commitments.
   C. Have a satisfactory performance record. A prospective contractor shall not be determined responsible or non-responsible solely on the basis of a lack of relevant performance history.
   D. Have a satisfactory record of integrity and business ethics.
   E. Have the necessary organization, experience, accounting and operational controls, and technical skills, or the ability to obtain them.

All contractors shall possess all applicable licenses required by local, County and State and appropriate insurance set forth in this policy.

For capital projects, see the CVWD Contract Administration Manual.
SECTION 14

PROTESTS

14.01 Protest Definitions

As used in this section:

A. “Day” means a calendar day, excluding Saturday, Sunday, or holidays observed by the District.

B. “Filed” means the complete receipt of any document by the District before its close of business. Documents received after close of business are considered filed as of the next day. Unless otherwise stated, the District close of business is presumed to be 4:30 p.m., local time.

C. “Interested party for the purpose of filing a protest” means an actual or prospective offeror whose direct economic interest would be affected by the award of a contract or by the failure to award a contract.

D. “Protest” means a written objection by an interested party to any of the following:

1. A solicitation or other request by the District for offers for a contract for the procurement of property or services.

2. The cancelation of the solicitation or other request.

3. An award or proposed award of the contract.

4. A termination or cancelation of an award of the contract, if the written objection contains an allegation that the termination or cancelation is based in whole or in part on improprieties concerning the award of the contract.

14.02 Protests of Procurement Actions

All communication with a protesting party shall be coordinated with the Finance Director while the protest is still under consideration, unless the General Manager designates another District representative.

14.03 Protests of Solicitations

1. A prospective bidder or offeror may file a protest to the District no later than four (4) working days prior to the due date of the solicitation in the event that the respondent believes the solicitation is:
A. Unfairly restrictive.

B. Contains conflicting or ambiguous provisions.

C. Would result in a contract that would be commercially impossible to perform.

2. The protest must be made in writing (letter, e-mail or facsimile) and must contain the following information:

A. Name, address and phone number of the protestor.

B. The title and solicitation number of the solicitation being protested.

C. A detailed statement citing the provisions being protested, including the reason(s) for the protest.

3. Late protests shall not be considered.

4. The Finance Director or his/her representative will respond after an investigation of the facts citing any actions that will or will not be taken regarding the solicitation.

5. If necessary, while the protest is being investigated, the solicitation will be extended. Under no circumstances shall a solicitation date expire while a protest is still under investigation.

14.04 Protest Against Awards

1. Protest of contract awards should be made immediately, but in no case later than five (5) working days after the protester has been notified of actions affecting its status as a successful respondent. The protest must be made in writing to the Finance Director or his/her representative and shall include the following information:

A. Name, address and phone number of the protestor.

B. The title and solicitation number of the solicitation being protested.

C. A detailed statement of the legal and/or factual grounds for the protest.

D. A statement explaining how the firm protesting would have received the award had the situation not occurred.

E. The form of relief requested.

2. Legitimate protests of awards are limited to situations where:
A. There has been a miscalculation by the District in determining a submitted price where price is identified as an evaluation factor.

B. There has been an identified irregularity in the evaluation process as outlined in the solicitation.

C. The selection was not in accordance with applicable laws, administrative code, or established District procedure.

14.05 Protest Appeals

1. A firm wishing to appeal the protest decision of the Finance Director may appeal to the General Manager. The appeal must be filed no later than ten (10) working days from having received the decision of the Finance Director. The appeal must be in the form of a letter to the General Manager stating the reasons for the appeal.

2. The General Manager will make a final decision within (30) days from receipt of the letter. The General Manager may consult with the Board of Directors if necessary.

14.06 Protests - Capital Projects

For capital projects, see the CVWD Contract Administration Manual.
SECTION 15

INSURANCE

The Coachella Valley Water District (District), like any other entity, is exposed to certain types of risks while acting as a governmental agency. Risk Management employs different techniques and methods to manage and reduce its exposure to risk. The most prevalent methods are through insurance and indemnity requirements in contracts.

The purpose of obtaining insurance from vendors is to protect the District in the event of a loss. Insurance requirements vary in accordance with the type and complexity of the goods and/or services requested. Certificates of Insurance and Endorsement forms are required for all quotes, bids, RFPs and Contracts awarded by the District as well as all services procured through the use of a Purchase Order. Risk Management shall be consulted to recommend insurance limits and coverage required, prior to the release of a solicitation or purchase order.

The District’s Risk Manager is responsible for determining the minimum insurance requirements for work performed by vendors. The determination is based on job specific risk factors and the District’s liability exposure. In all instances in which vendors repair, install, service, maintain, construct, consult, etc., the District requires insurance. Insurance is also necessary for goods and supplies delivered to the District. Examples include but are not limited to Chlorine, pipe, chemicals, fuel, building supplies, and other products used in District business. Additionally, insurance is required for waste or other items that may be hauled away from areas occupied or used by the District. District contract administrators should consult with the Risk Manager prior to requesting quotes/bids/RFP.

District personnel shall not authorize work/services prior to written authorization from the Risk Manager that vendor’s insurance certificate and endorsement forms have been reviewed and conform to District requirements. Under no circumstance should a purchase order, agreement, or contract be issued or executed in the absence of written authorization from the Risk Manager or designated representatives and that the appropriate certificates of insurance and endorsement forms are on file and satisfactory to the District.

The District requires vendors to procure and maintain insurance at their costs to protect themselves and the District against claims for bodily injury, property damage and workers’ compensation which may arise from the operations of the vendors work or any of its representatives or subcontractors.

The vendor is required to deliver to the District, Certificates of Insurance and Endorsement Forms that are satisfactory to the District. Failure to furnish such evidence may be considered default by the vendor.

The Procurement Department will be responsible for obtaining insurance requirements.
1. The minimum insurance policies and endorsement requirements are:

   A. **Commercial General Liability.** Insurance written on a per occurrence basis with limits not less than $1,000,000, for bodily injury and property damage including coverage for contractual liability, personal injury, independent contractors, property in the Vendor’s care, custody, or control, ongoing and products and completed operations.

   B. **Commercial Automobile Liability.** Insurance written on a per accident/occurrence basis with a single limit of liability in the amount of $1,000,000 for bodily injury and property damage. Said policy shall include coverage for any auto, owned, non-owned, leased and hired cars.

   C. **Workers’ Compensation.** Insurance policy as required by the Labor Code or legally self-insured pursuant to Labor Code section 3700 et seq. along with employer’s liability limits of $1,000,000.

2. Each of Vendor’s insurance policies shall contain the following:

   A. A provision or endorsement that the insurer names the District, its officers, directors, members, partners, employees, agents, consultants, and subcontractors as additional insured’s (except Workers’ Compensation and Professional Liability).

   B. Along with the vendor waiving its right to subrogation, a provision or endorsement whereby the insurer waives all right of subrogation, against the District, it’s representatives, officers, directors, members, partners, employees, agents, consultants, and subcontractors (except Professional Liability).

   C. Vendor is required to provide notice of cancellation or material coverage change to District within ten (10) days of receipt, along with an endorsement from the insurer providing that written notice shall be given to District at least thirty (30) days prior to termination, cancellation, or reduction of coverage in the policy.

   D. A provision or endorsement that such insurance is primary and non-contributory with respect to the interests of the additional insured’s and that any other insurance maintained by the additional insured’s is excess and not contributing insurance with the insurance required.

   E. A provision or endorsement with a “cross liability” or “severability of interest” clause.

3. These specific insurance requirements are mandated should the work involve any of the following activities:
A. Professional Liability/Errors and Omissions Insurance is required, in the amounts of $1,000,000, should any of the work involve work similar to what is outlined in this manual.

B. Pollution Liability is required in the amount of $1,000,000, should any of the work involve pollutants. Liability coverage shall include coverage for the environmental risks associated with the project and expenses related to such, including bodily injury, property damage, on and off site clean-up, transporting, carrying or storing pollutants, and coverage for non-owned disposal site.

1. Pollutants include, but are not limited to, asbestos, mold, microbial matter, solid, liquid, gaseous or thermal irritants or contaminants, including smoke, vapor, soot, fumes, acids, alkalis, chemicals, and waste. Waste includes materials to be recycled, reconditioned, or reclaimed.

C. Should any of the work be upon or contiguous to navigable bodies of water, Vendor shall carry insurance covering its employees for benefits available under the Federal Longshoremen’s and Harbor Worker’s Act to the extent required by law.

D. Should any of the work involve aircraft (fixed wing or helicopter) owned or operated by Vendor, liability insurance with limits of not less than $5,000,000 per occurrence for bodily injury and property damage is required.

E. Should any of the work involve watercraft owned or operated by Vendor, liability insurance with limits of not less than $5,000,000 per occurrence for bodily injury and property damage is required.

F. Excess/Umbrella Liability Policy may be provided to insure the total limits required for Commercial General Liability and Automobile Liability and must apply to all primary coverage afforded, including but not limited to general liability, owned and non-owned automobiles, leased and hired cars.
SECTION 16

BONDS

Prescribe requirements for obtaining financial protection against losses under contracts that result from the use of the sealed bid or negotiated methods. It covers bid guarantees, bonds, alternative payment protections, security for bonds, and insurance as well as safety.

For more information, see the CVWD Contract Administration Manual.
**SECTION 17**

**BLANKET PURCHASE ORDERS (BPO)**

1. A blanket purchase order (BPO) is a simplified method of filling anticipated repetitive needs for supplies or services by establishing “charge accounts” with qualified sources of supply.

2. The use of BPO’s does not exempt individuals from the responsibility for keeping obligations and expenditures within available funds.

3. BPO’s are generally considered operations & maintenance, unless otherwise defined by Finance Director.

4. BPO’s dollar thresholds will be in accordance of the procurement authorization table and will be issued on departmental level prior to beginning of new fiscal year.

**17.01 Establishment of BPOs**

1. The following are circumstances under which the Procurement Department may establish BPOs:

   A. Supplier does not accept procurement cards.

   B. There is a wide variety of items in a broad class of supplies or services that are generally purchased, but the exact items, quantities, and delivery requirements are not known in advance and may vary considerably.

   C. There is a need to provide sources of supply for departments that do not have or need authority to purchase otherwise.

   D. The use of this procedure would avoid the writing of numerous purchase orders.

2. After determining a BPO would be advantageous, the Procurement Department shall:

   A. Establish the parameters to limit purchases to individual items or commodity groups or classes, or permit the supplier to furnish unlimited supplies or services;

   B. Consider suppliers whose past performance has shown them to be dependable, who offer quality supplies or services at consistently lower prices.

   C. Establish annual amount for blanket purchase order and set limits to be spent per transaction.
3. BPOs may be established with:

   A. More than one supplier for supplies or services of the same type to provide maximum practicable competition.

   B. A single vendor from which numerous individual purchases will likely be made in a given period.

4. BPOs will be prepared with a purchase requisition by the requesting department and only after the Procurement Department contacts suppliers to make the necessary arrangements for:

   A. Securing maximum discounts.

   B. Documenting individual purchase transactions.

   C. Periodic billings.

   D. Incorporating other necessary details.

17.02 Preparation of BPOs

Prepare BPOs using the electronic purchase requisition. The following terms and conditions are mandatory:

1. **Description of agreement:** A statement that the supplier shall furnish supplies or services, described in general terms, if and when requested during a specified period and within a stipulated aggregate amount, if any.

2. **Extent of obligation:** A statement that the District is obligated only to the extent of authorized purchases actually made under the BPO.

3. **Purchase limitation:** A statement that specifies the dollar limitation for each individual purchase under the BPO.

4. **Individuals authorized to purchase under the BPO:** A statement that a list of individuals authorized to purchase under the BPO, identified either by title of position or by name of individual, organizational component, and the dollar limitation per purchase for each position title or individual shall be furnished to the supplier when practical.

5. **Delivery tickets:** A requirement that all shipments under the agreement shall be
accompanied by delivery tickets or sales slips that shall contain the following minimum information:

A. Name of supplier.
B. BPO number.
C. Date of purchase.
D. Itemized list of supplies or services furnished.
E. Quantity, unit price, and extension of each item, less applicable discounts.
F. Date of delivery or shipment.
G. Name and employee number of District employee who requested the order.

6. **Invoices**: Will be paid in accordance to the terms agreed upon with the vendor.

**17.03 Purchases Under BPOs**

1. Use a BPO only for purchases that are otherwise authorized.

2. Individual purchases shall not exceed the monetary threshold established for each individual or purchase.

3. The existence of a BPO does not justify purchasing from only one source or avoiding competition requirements.

**17.04 Review Procedures**

1. The Procurement Department shall review BPO files at least annually to ensure that authorized procedures are being followed and, if necessary, update the agreements at that time.

2. The Procurement Department shall maintain awareness of changes in market conditions, sources of supply, and other pertinent factors that may warrant making new arrangements with different suppliers or modifying existing arrangements.

**17.05 Completion of BPOs**

An individual BPO is considered complete when the purchases under it equal its total dollar limitation, if any, or when its stated time period expires.
17.06 Procurement Cards

Procurements using the P-Card are governed by the P-Card policy set forth in Exhibit D, which is incorporated herein by reference.
SECTION 18

PROFESSIONAL / CONTRACT SERVICES / LARGE EQUIPMENT PURCHASES

18.01 Professional Services

1. California law does not require competitive bidding for acquisition of professional services. However, as a matter of policy, competitive proposals will be solicited where practical and possible from more than one service provider.

2. Professional services are defined as any specially trained and experienced person, firm, or corporation specializing in financial, economic, accounting, engineering, technical, legal, architectural, or other specialized disciplines (e.g. consultant agreements). Technical and maintenance services (e.g. janitorial services, landscape maintenance, etc.) differs from professional services in that they involve limited discretionary judgment and are primarily manual in nature. Some examples are listed below.

A. **Example 1**: Attorneys, Architects, Engineers, Insurance Agents and Brokers, Appraisers, Inspectors, Accountants, Auditors, and Investment Brokers.

B. **Example 2**: The use of a designer to do layout work for a magazine is considered a professional service. The printing of the magazine is not.

C. **Example 3**: A carpenter who provides design services and recommendations for a remodeling project is a professional service. The carpenter who does the remodeling is not.

3. Although there is no one absolute definition for professional services, the following elements shall be used as a guideline to determine whether or not a trade or occupation qualifies as a professional service:

   A. Is a license indicating sufficient qualification for a trade or occupation required?

   B. Are there general standards established and widely accepted for performance of this trade or occupation?

   C. Is advanced and prolonged academic study a prerequisite for practicing this trade or occupation?

   D. Does the trade or occupation involve specialized knowledge and experience beyond mere skill?

   E. Is the work performed predominately mental verses manual?
18.02 Contract Services

Contracts that are not professional in nature such as technical and maintenance services (e.g. janitorial services, landscape maintenance, etc.) shall adhere to bidding requirements set forth in this policy whenever practicable.

18.03 Large Equipment Purchases

Large Equipment purchases shall adhere to bidding requirements set forth in this policy whenever practicable.

18.04 Authority levels

All professional, contract service, and large equipment purchase agreements shall be governed by the procurement authorization table set forth in this policy. (See exhibit A.)

18.05 Agreement Templates

For District’s standardized professional, contract services, and large equipment purchase agreement templates, see the CVWD Contract Administration Manual. The templates have been reviewed and approved by District council.
SECTION 19

Multiple Year Contracting

1. Multiple year contracting is a special contracting method used to acquire requirements for up to five years, even though the total funds ultimately to be obligated may not be available at the time of contract award. This method may be used in sealed bidding or contracting by negotiation.

2. “Multiple year contract” means a contract for the purchase of supplies or services for a basic period, usually one (1) year, with provisions to extend performance by exercising pre-priced option periods (normally one (1) year per option period). The total performance period of a multiple year contract cannot exceed five (5) years. A multiple-year contract does not obligate the District beyond the initial award period and does not provide for a cancelation payment to be made to the contractor if options are not exercised.

19.01 Use Of Option Years

1. In recognition of the District’s need in certain service contracts for continuity of operations and the potential cost of disrupted support, option years may be included in service contracts if there is an anticipated need for a similar service beyond the first contract period.

2. Subject to the limitations of this section, the Procurement Department may include option years in contracts when it is in the District’s interest. When using sealed bidding, Procurement shall make a determination that there is a reasonable likelihood that the option years will be exercised.

3. The Procurement Department shall not employ option years if:

   A. The contractor will incur undue risks; e.g., the price or availability of necessary materials or labor is not reasonably foreseeable.

   B. Market prices for the supplies or services involved are likely to change substantially.

   C. District requirements have changed substantially since the original contract was awarded.

   D. It is not in the best interest of the District.
19.02 Option Year Contract Requirements

1. The contract shall state the period within which the option year may be exercised.
2. The period shall be set so as to provide the contractor adequate lead time to ensure continuous performance.
3. The period may extend beyond the contract completion date for service contracts. This is necessary for situations when exercise of the option year would result in the obligation of funds that are not available in the fiscal year in which the contract would otherwise be completed.

19.03 Exercise of Option Years

1. When exercising an option, the Procurement Department shall provide written notice to the contractor within the time period specified in the contract.
2. When the contract provides for economic price adjustment and the contractor requests a revision of the price, the Procurement Department shall determine the effect of the adjustment on prices under the option year before the option year is exercised.
3. Purchasing may exercise options only after determining that:
   
   A. Funds are available;
   
   B. The economic price adjustment is reasonable and justified.
   
   C. The exercise of the option is the most advantageous method of fulfilling the District’s need, price and other factors considered.

All non-capital purchase orders encumber funds upon generation. Only the first year of a contract will be encumbered against the current budget. If option years are exercised the funds will need to be appropriated into the next year’s fiscal budget by the department head. A new purchase order will be initiated prior to expiration of the previous one and the old one closed out.
SECTION 20

CAPITAL PROJECTS

The thresholds set forth in the procurement authorization table shall apply to all capital projects. Capital projects shall employ competitive bidding whenever practicable and all capital procurements that exceed the General Manager’s authorization level must be approved by the Board of Directors.

For additional information regarding capital projects, see the CVWD Contract Administration Manual.
SECTION 21

CHANGE ORDERS

The following change order guidelines apply to purchase orders, contracts, or blanket purchase orders.

1. Requests for monetary changes to purchase orders, contracts and agreements whose total sum does not exceed established signature levels up to the General Manager do not require Board approval. Change orders that do not meet this criterion require Board approval. See examples below.

   A. *Example 1:* A change to an $18,000 purchase order which increases the total cost to $21,000. This Change Order request would require authorization at the Director level in accordance with the Procurement Authorization Table (see exhibit A).

   B. *Example 2:* A change order of $10,000 to a $35,000 agreement. This Change Order Request with a combined total of $45,000 remains less than $50,000 and within the General Manager’s authority.

   C. *Example 3:* A change to a purchase, contract services, or professional services agreement from $300,000 to $327,000. This request would require authorization by the General Manager if contingency money was included in the original project approved by Board and has not been depleted. If the change order exceeds the amount available in contingency, Board approval is required.

2. Change orders that affect the scope, terms, or duration of a contract or purchase order, but do not affect the agreement price, will be authorized by the original approval authority. See examples below.

   A. *Example 1:* A change to the contract term of a $40,000 agreement extending it from one year to two years with no increase to the approved funds. This would require authorization up to the General Manager as being the last highest authority to approve the request as long as the appropriated funds have been forwarded to the new fiscal year.

   B. *Example 2:* A change to the contract term of a $125,000 agreement extending it from one year to two years with or without an increase to the approved funds. This would require an additional Board authorization because the Board approved the original agreement.

3. Any change order that would require a budget amendment that increases the adopted budget, regardless of size, must be approved by Board.
SECTION 22

LEASE VS BUY

1. District personnel should consider whether to lease or purchase equipment based on a case-by-case evaluation of comparative costs and other factors. The following factors are the minimum that should be considered:

   A. Estimated length of the period the equipment is to be used and the extent of use within that period.

   B. Financial and operating advantages of alternative types and makes of equipment.

   C. Cumulative rental payments for the estimated period of use.

   D. Net purchase price.

   E. Transportation and installation costs.

   F. Maintenance and other service costs.

   G. Potential obsolescence of the equipment because of imminent technological improvements.

2. The following additional factors should be considered, as appropriate, depending on the type, cost, complexity, and estimated period of use of the equipment:

   A. Availability of purchase options.

   B. Potential for use of the equipment by other agencies after its use by the District is ended.

   C. Trade-in or salvage value.

   D. Imputed interest.

   E. Availability of a servicing capability, especially for highly complex equipment (e.g., can the equipment be serviced by the District or other sources if it is purchased)?

3. Purchase method:

   A. Generally, the purchase method is appropriate if the equipment will be used beyond the point in time when cumulative leasing costs exceed the purchase costs.
B. Personnel should not rule out the purchase method of equipment acquisition in favor of leasing merely because of the possibility that future technological advances might make the selected equipment less desirable.

4. Lease method:

A. The lease method is appropriate if it is to the District's advantage under the circumstances. The lease method may also serve as an interim measure when the circumstances require immediate use of equipment to meet program goals; but do not currently support acquisition by purchase.

B. If a lease is justified, a lease with option to purchase is preferable.

C. Generally, a long term lease should be avoided, but may be appropriate if an option to purchase or other favorable terms are included.

D. If a lease with option to purchase is used, the contract shall state the purchase price or provide a formula which shows how the purchase price will be established at the time of purchase.
SECTION 23

DISPOSAL OF SURPLUS PROPERTY

1. Department must complete an Equipment Deletion Notice requesting the disposal of surplus property. The Equipment Deletion Notice is set forth in Exhibit C, which is incorporated herein by reference.

2. The Procurement Department has been authorized to recommend and upon approval by the General Manager, Finance Director or the Board of Directors, carry-out the disposition of surplus supplies, materials, equipment and scrap. Only disposals that exceed the General Manager’s or Finance Director’s authorization level shall require Board approval.

23.01 Methods of Disposal

Items which are excess to District needs; are scrap; or have become unsuitable for use; may be disposed of by any of the following methods:

A. Surplus items may be exchanged or traded on new goods.

B. Surplus items may be advertised and sold using competitive procedures similar to standard acquisition practices.

C. Surplus items may be sold at public auction.

D. Surplus items may not be sold to any employee, friend, or family member (outside of public auction) without first being made available through approved means of disposition and requires General Manager approval. Board approval is required for all disposal or sale of surplus which exceeds the General Manager’s or Finance Director’s authorization level.

E. With the approval of the General Manager or Board, surplus items may be sold utilizing negotiation processes when such negotiation is deemed to be in the best interest of the District.

F. Surplus items may be eliminated, recycled or donated if it is determined they have no resale value. Resale value shall be determined by the Finance Director.

Exclusions:

Disposal of real property (real estate) is governed by a separate policy, which was established by Resolution No. 2006-198.
**EXHIBIT A**
COACHELLA VALLEY WATER DISTRICT
PROCUREMENT AUTHORIZATION TABLE

<table>
<thead>
<tr>
<th>Dollar Amount</th>
<th>Supervisor*</th>
<th>Manager/Assistant Director</th>
<th>Director</th>
<th>General Manager/Assistant GM</th>
<th>Board</th>
</tr>
</thead>
<tbody>
<tr>
<td>$5,000</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>$10,000</td>
<td></td>
<td>X</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>$25,000</td>
<td></td>
<td></td>
<td>X</td>
<td></td>
<td></td>
</tr>
<tr>
<td>$50,000</td>
<td></td>
<td></td>
<td></td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>$50,001+</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>X</td>
</tr>
</tbody>
</table>

*Note: Supervisor to include Crew Chiefs. Spending limits of Supervisors are not automatic and must be approved by Department Head.

The procurement authorization table does not apply to consultant agreements. All consultant agreements up to $25,000 must be approved by the General Manager. All consultant agreements that exceed $25,000 must be approved by the Board of Directors.
EXHIBIT B
COACHELLA VALLEY WATER DISTRICT
SINGLE/SOLE SOURCE JUSTIFICATION

When a request is made for a non-competitive purchase and the specifications limit the bidding to one source and/or brand or trade name, the requesting department must complete the following. The form shall be authorized by the requesting department’s Director and approved by the General Manager or his/her designee.

<table>
<thead>
<tr>
<th>Item: ________________________</th>
<th>Vendor/Brand Name: _________________________</th>
</tr>
</thead>
<tbody>
<tr>
<td>Requisition No.: __________</td>
<td>Estimated Dollar Amount: ______________________</td>
</tr>
</tbody>
</table>

Please check all applicable categories below and provide additional information where indicated:

☐ 1. The requested product has unique design and/or performance specifications or quality requirements that have not been found in similar products.
   Identify unique features and why they are required (not merely preferred):

   Have you contacted other suppliers to evaluate items/services with similar features and capabilities? If no, explain why not. If yes, list suppliers and explain why their products do not meet the department’s needs.

☐ 2. The requested product is an integral repair part or accessory compatible with existing equipment.
   Existing Equipment: Manufacturer/Model#:

☐ 3. The requested product is one with which I and/or my staff have specialized training and/or extensive expertise. Retraining would incur substantial cost in time and/or funding.
   Estimated cost for retraining:

☐ 4. I have standardized the requested product and the use of another brand/model would require considerable time and funding to evaluate. Reasons for standardizing:
5. Repair/maintenance service is available only from manufacturer or designated service representative.

6. Upgrade to or enhancement of existing software is available only from manufacturer.

7. Service proposed by vendor is unique; therefore, competitive bids are not available or applicable.

Describe the unique qualifications, rights, licenses, etc. this vendor possesses and the distinctive service to be provided.

8. Competitive purchase is not feasible. Explain the reasons, circumstances or conditions that prevent this purchase from competitive solicitation.

9. This product is requested in order that a field test or experiment may be made to determine the product’s suitability for future use.

10. This product is requested in order to respond to an emergency declared by the District.

11. This product is requested in order to respond to an emergency declared by the state, a state agency, or political subdivision of the state and the reasons for the finding of the emergency are contained in the public records of the District.

I am aware of the CVWD policy for competitive purchasing and certify that the above information is accurate to the best of my knowledge.

Requestor: ____________________________ Date: ________________

Manager: ______________________________ Date: ________________

Department Head: ______________________ Date: ________________

General Manager: ________________________ Date: ________________
EXHIBIT C
COACHELLA VALLEY WATER DISTRICT
EQUIPMENT DELETION NOTICE

This memo authorizes the removal of

______________________________________________________________________________ No.__________________

from District records. It (they) should be (sold) (scrapped) (traded) (other) ____________________________________________________________________________

because

______________________________________________________________________________

Estimated value __________________________ Equipment Location __________________________

______________________________________________________________________________

Date Originator Employee No. Department No.

====================================================================================

To: Procurement & Contracts Manager

Dispose of the referenced item(s) (as recommended) (other) _______________________________________

______________________________________________________________________________

Date Department Head

Requires GM approval No ____ Yes ____

====================================================================================

To: Finance (Equipment Records)

The item(s) referenced was:

Picked up Date: __________ By: ____________________________

Scrapped Date: __________ By: ____________________________

Sent to auction Date: __________ By: ____________________________

Disassembled for parts Date: __________ By: ____________________________

Other Desc.: ____________________________ Date: __________ By: ____________________________

====================================================================================

Date Procurement & Contracts Manager

E-Tag receipt attached: ( )
Finance: Please file this sheet with the other records of the item(s) deleted.
EXHIBIT D
PROCUREMENT CARD POLICY

PURPOSE
The Procurement Card Program was developed to allow designated full-time regular employees the capability to purchase, within predefined spending limits, certain types of items directly from the merchant thus reducing the cost associated with low-value purchasing activity. The purpose of this policy is to identify the conditions in which employees will be issued a Procurement Card and the rules for its use.

OBJECTIVES
By using Procurement Cards we will:

1. Reduce procurement and payment processing costs for low dollar expenditures.

2. Enhance internal control and accountability by better identifying specific employees making minor supply purchases on behalf of the District, and improving the accuracy of account distributions between accounts and projects.

3. Have better visibility of items that are being purchased on a regular basis that may be advantageous to the District to keep in inventory.

GENERAL INFORMATION
Authorization to use this Card is restricted to the CARDHOLDER ONLY and MAY NOT BE USED FOR PERSONAL PURCHASES.

1. Employees will not use District Procurement Cards for personal expenses even if the intent is to reimburse the District later.

2. Procurement Cards must not be used for purchases when the cardholder has a personal interest in the merchant or knowledge that a purchase would create a conflict of interest.

3. Before receiving a Procurement Card, employees will sign a “Cardholder Agreement” and receive a copy of the “Policies and Procedures” setting forth their obligations under this program.

4. The Procurement Card is a supplement to the procurement process. As with other procurement methods the following conditions must be met when using the Procurement Card:
A. The Procurement Card should be used whenever possible in lieu of petty cash and low dollar supplies from point of sale vendors not otherwise covered under other procurement processes.

B. Purchases must not be split to circumvent transaction limits or Procurement Policy.

C. Each single purchase may be comprised of multiple items, but the total including tax and freight cannot exceed the single purchase dollar limit on the Procurement Card.

D. Every purchase using the Procurement Card must adhere to all provisions of the procurement policy.

PROCUREMENT CARD ROLE DEFINITIONS.

- **Cardholder:** The cardholder is the District employee whose name appears on the Procurement Card.

- **Approver:** The Approver is the person who is responsible for reviewing the charges for a group of cardholders to ensure that purchases are appropriate and allowed.

- **Program Administrator:** The Program Administrator provides overall administration and oversight of the procurement card program.

RESPONSIBILITIES

- **Cardholders:** Safeguarding the Procurement Card. Provide receipts for all transactions, coding the transactions, and approving the transactions.

- **Approvers:** Review transactions of cardholders for adherence to policies and procedures; ensure that all transactions are properly coded; and all disputed charges are correctly reported.

The Cardholder and Approver are required to review and approve the individual cardholder transactions and submit to Accounts Payable within the established time frame specified during training. This is critical, to allow Accounts Payable to make payment within specified time limits.

Failure to meet approval deadlines can result in the following:

First Failure – Verbal/electronic warning
Second Failure - Verbal/electronic warning and notification to supervisor.

Third Failure – Written warning and notification to the Director and possible suspension of procurement card privileges.

Fourth Failure – Suspension of card privileges. Restoration of card privileges requires approval by the Finance Director and General Manager.

**PROCUREMENT CARD AUDITS**

To ensure the continued success of the Procurement Card Program, periodic, random audits will be performed by the Finance Department. The purpose of the audits will be to ensure that cardholders are adhering to the established policies and procedures.

**USE OF PROCUREMENT CARD FOR TRAVEL AND MEALS**

Procurement cards may be used for approved travel in accordance with the District’s travel policy.

**CARD RESTRICTIONS**

The Procurement Card may not be used for the following:

<table>
<thead>
<tr>
<th>Cash Advances</th>
<th>Electronic Equipment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Services</td>
<td>Leases or Rentals</td>
</tr>
<tr>
<td>Repairs</td>
<td>Alcohol</td>
</tr>
<tr>
<td>Entertainment</td>
<td>Personal Use Items</td>
</tr>
</tbody>
</table>

The Procurement Card is **not** to be used for services of any kind, rentals, leases or repairs excluding auto when traveling, due to insurance requirements and the complexity of IRS 1099 reporting.

In addition, any single transaction over $5000 is prohibited, as this would conflict with CVWD Procurement Policy.

Department Heads may apply additional restrictions. It is the responsibility of the cardholder to know what the department’s restrictions are.

**MISUSE OF A PROCUREMENT CARD**

The following situations are a few examples of "misuse" of the Procurement Card.

- Purchases using the Procurement Card for the sole benefit of the employee.
• Assignment or transfer of an individual Procurement Card to an unauthorized person.

• Purchases from family, friends or relatives where there is personal gain or a conflict of interest, perceived or real.

• Use of the Procurement Card in direct violation of acquisition goals (i.e., using the Procurement Card for commodities available through contract or preferred suppliers).

Any variance, misuse and/or violation of the policy and processes set forth will be considered improper use of the card. This may result in card cancelation, disciplinary action, up to and including termination of employment.

RETURN OF MERCHANDISE

In the event the cardholder determines that an item must be returned for any reason, the item and credit card receipt must be returned to the merchant/vendor as soon as possible. Proof of charge back to the applicable procurement card must be received before the cardholder leaves the merchant/vendor location. At no time is the cardholder allowed to accept a store gift card or cash in lieu of a credit adjustment to the procurement card.

DISPUTES

All transactions should be monitored for validity and disputed transactions must be reported to the Program Administrator. To process a dispute, consult the Program Administrator.

LOST OR STOLEN CARDS

When a Procurement Card is lost or stolen during normal business hours the cardholder must notify his or her approver and the Program Administrator immediately. If it is after hours you must notify the issuing bank direct.

SEPARATION, TRANSFER OR REVOCATION OF CARD PRIVILEGES

Upon leaving the District, transferring to another department or loss of Procurement Card privileges, a cardholder must return his or her Procurement Card to Human Resources. Concurrent with surrendering the card, the cardholder must deliver documentation to their supervisor of all outstanding purchases.

The General Manager, Assistant General Manager or Directors have absolute discretion to suspend or revoke a cardholder’s privileges at any time and for any reason.