	
	Title: Purchasing and Bidding Policy	
	Section No:	Policy No.:
	Approval Date: April 14, 2010	Effective Date: April 15, 2010
	Approved by: Board of Directors	

SECTION 1: APPLICABILITY OF POLICY

This Purchasing and Bidding Policy provides uniform procedures for acquiring goods, services and equipment¹ for the retail operations of the Santa Clarita Water Division (SCWD) of the Castaic Lake Water Agency (CLWA). These procedures do not apply to the wholesale operations of CLWA, which uses its own Purchasing Manual.

This Purchasing and Bidding Policy authorizes the conditions under which the financial department head is authorized to release SCWD funds. All purchases of goods, services and equipment to be paid for by SCWD must comply with the methods, authority and dollar limits set forth in this Policy. This Purchasing and Bidding Policy does not apply to nondiscretionary operating expenditures including, but not limited to, utilities, payroll, employee benefits, water purchases and payroll taxes.

This Policy does not supersede statutory law in existence at the time SCWD purchases or contracts for goods, services or equipment. California statutes that govern such purchases and/or contracts shall control to the extent they are in conflict with this Policy. Pursuant to statute, SCWD operates in accordance with the County Water District Law (Cal. Water Code §§ 30000).

The procedures stated in this Purchasing and Bidding Policy shall be followed for:

- (1) The procurement of equipment, materials, or supplies to be furnished, sold, or leased to SCWD, whether contained in the budget or not.
- (2) Repairs.
- (3) Maintenance, which means the routine, recurring and usual work for the preservation, protection and keeping of SCWD facilities for their intended purposes in a safe and continually usable condition for which they were designed, improved, constructed, altered or repaired. "Facilities" means any plants, buildings, structures, ground facilities, utility systems or real property.

¹ The phrase "goods, services and equipment," as used in this Policy, is a general reference to all manner of SCWD purchases and contracts, including contracts for public works construction.



- (4) Services, including engineering and other professional services.
- (5) Construction (excluding repairs and maintenance).

SECTION 2. AUTHORITY OF GENERAL MANAGER AND RETAIL MANAGER TO EXECUTE CONTRACTS

The CLWA General Manager and the SCWD Retail Manager are hereby empowered to execute contracts without express Board authority for the purchase of goods, services and equipment up to the limits established herein, which for the General Manager is up to \$100,000 and for the Retail Manager is up to \$50,000. In times of their absence, both may delegate this power.

SECTION 3. METHODS OF ACQUISITION FOR (1) EQUIPMENT, MATERIALS, OR SUPPLIES, (2) REPAIRS, (3) MAINTENANCE, AND (4) SERVICES (OTHER THAN CONSTRUCTION)

Except as otherwise provided in Section 6, the following methods of acquisition shall be used for (1) equipment, materials, or supplies, (2) repairs, (3) maintenance and (4) services other than construction, including engineering and professional services. (See Table 3-1 and Flow Charts.) In each case, the appropriate method of identifying potential vendors, consultants or contractors and obtaining performance, quality and price information to enable SCWD staff or the CLWA Board of Directors to make an advised decision will be determined by SCWD staff based on the amount and type of information (1) required by SCWD to adequately communicate its requirements to potential vendors, consultants and contractors, and (2) required by potential vendors, consultants and contractors to adequately describe a responsive proposal.

(A) Items up to \$1,000.² The acquisition shall be made from a vendor, consultant or contractor who, in the judgment of the department supervisor responsible for the acquisition, will provide the best product or service at the most favorable price.

The appropriate method of identifying potential vendors, consultants or contractors and obtaining performance, quality and price information shall be determined by the department supervisor. An acquisition made pursuant to this Subsection must be listed in the budget.

² For purposes of complying with this Policy, costs may be estimated by the department supervisor or by other SCWD staff as directed by the Retail Manager.



(B) Items up to \$5,000. The acquisition shall be made from a vendor, consultant or contractor who, in the judgment of the department head responsible for the acquisition, will provide the best product or service at the most favorable price. The appropriate method of identifying potential vendors, consultants or contractors and obtaining performance, quality and price information shall be determined by the department head. An acquisition may be made pursuant to this Subsection may or may not be listed in the budget.

(C) Items over \$5,000 to \$25,000. The department head responsible for the acquisition shall, by written or verbal requests to at least two (2) potential vendors, consultants or contractors, obtain at least two (2) written or verbal quotes and the acquisition must be made from the party that the Retail Manager determines will provide the best product or service at the most favorable price. The appropriate method of identifying potential vendors, consultants or contractors and obtaining performance, quality and price information shall be determined by the department head. If fewer than two vendors or contractors are available, or if the product or service is not readily obtainable on the open market, this procedure shall be adjusted as required and the reasons for such adjustments shall be noted on the purchase records and in a staff report to the CLWA Board. An acquisition made pursuant to this Subsection may or may not be listed in the budget.

(D) Items over \$25,000 to \$50,000. The Retail Manager shall, by written or verbal requests to at least three (3) potential vendors, consultants or contractors, obtain at least two (2) written quotes and the acquisition must be made from the party that the Retail Manager determines will provide the best service at the most favorable price. The appropriate method of identifying potential vendors, consultants or contractors and obtaining performance, quality and price information shall be determined by the Retail Manager. If fewer than three vendors or contractors are available, or if the product or service is not readily obtainable on the open market, this procedure shall be adjusted as required and the reasons for such adjustments shall be noted on the acquisition records and in a staff report to the CLWA Board. An acquisition made pursuant to this Subsection must be listed in the budget. If not listed in the budget, the same procedures may be followed by the General Manager.

(E) Items over \$50,000 to \$100,000. The General Manager shall, by written or verbal request to at least three (3) potential vendors, consultants or contractors, obtain at least two (2) written quotes and the acquisition must be made from the party that the General Manager determines will provide the best service at the most favorable price. The appropriate method of identifying potential vendors, consultants or contractors and obtaining performance, quality and price information shall be determined by the General Manager. If fewer than three vendors or contractors are available, or if the product or service is not readily obtainable on the open market, this procedure shall be adjusted as required and the reasons for such adjustments shall be noted on the acquisition records and in a staff report to the CLWA Board. An acquisition made pursuant to this Subsection must be listed in the budget. If not listed in the budget, the Board approval procedures established in Subsection (F) below shall apply.



(F) Items greater than \$100,000. The Retail Manager may acquire such items by issuing a written request for proposals/quotations to three (3) or more potential vendors, consultants or contractors, and then purchasing the item from the vendors, consultants or contractors that offers SCWD the best product or service at the most favorable price. Consideration of proposals/quotations received shall be made through an evaluation panel or other procedure, as established by the Retail Manager and recommendations shall be submitted to the CLWA Board for approval. If the item is (1) of a specified brand or type which is the only article that will properly meet the needs of SCWD, or (2) is not readily obtainable on the open market or (3) is an item or service for which comparable quotations or bids cannot be secured, the determination of sole source must be approved by the CLWA Board.

Table 3-1

	Amount	Item In Budget?	Documentation	Authorization Required
A	\$0 – \$1,000	Yes	Purchase Order	Department supervisor
B	\$0 - \$5,000	Yes/No	Purchase Order	Department head
C	Over \$5,000 - \$25,000	Yes/No	P.O.; Two Written or Verbal Quotes	Retail Manager
D	Over \$25,000 - \$50,000	Yes	Two Written Quotes; P.O. or Written Agreement	Retail Manager
D	Over \$25,000 - \$50,000	No	Two Written Quotes; P.O. or Written Agreement	General Manager
E	Over \$50,000 - \$100,000	Yes	Two Written Quotes; Written Agreement	General Manager
E	Over \$50,000 - \$100,000	No	Two Written Quotes; Written Agreement	Board
F	Over \$100,000	Yes/No	Request for Proposal or Quotation; Written Agreement	Board

SECTION 4. METHODS OF ACQUISITION FOR CONSTRUCTION OF CAPITAL IMPROVEMENT PROJECTS.

Except as otherwise provided in Section 6, the following methods of acquiring construction services, excluding repairs and maintenance, shall be used in the circumstances indicated. (See Table 4-1 and Flow Charts.)

(A) Items up to \$25,000. The department head responsible for the construction work, the Retail Manager or the General Manager shall, by written or verbal request to potential contractors, obtain at least two (2) written bids that set forth a fixed price and a complete description of the proposed work. The work must be awarded to the bidder that the Retail



Manager determines will provide the best service at the most favorable price. The appropriate method of identifying potential contractors and obtaining information about experience, qualifications and price shall be determined by the Retail Manager. If fewer than two contractors are available, or if the service is not readily obtainable on the open market, this procedure shall be adjusted as required and the reasons for such adjustments shall be noted on the acquisition records and in a staff report to the Board.

(B) Items over \$25,000 to \$100,000. The Retail Manager or the General Manager shall, by written request to potential contractors and preparation of a complete set of plans and specifications that is made available to potential contractors, obtain at least two (2) written bids that set forth a fixed price and a complete description of the proposed work. The Retail Manager shall determine the appropriate method of identifying potential contractors. A construction contract based on SCWD's bid documents shall be used for the work, but formal bidding procedures (see description of formal procedures in Section 4(C) below) are not required and the Retail Manager and the General Manager may consider quality, experience and other relevant factors in addition to price in awarding the contract. If fewer than two contractors are available, or if the service is not readily obtainable on the open market, this procedure shall be adjusted as required and the reasons for such adjustments shall be noted on the acquisition records and in a staff report to the CLWA Board. If listed in the budget, a contract awarded pursuant to this Subsection may be executed by the General Manager if the contract amount is between \$50,000 and \$100,000, and may be executed by the Retail Manager if the contract amount is between \$25,000 and \$50,000. If not listed in the budget, the contract must be authorized by the CLWA Board.

(C) Items greater than \$100,000. For construction projects in this category formal bidding procedures shall consist of a notice inviting sealed proposals sent to at least three (3) qualified contractors, as determined by SCWD staff and confirmed by the Retail Manager, before a specified time and date for the construction or performance of the improvement or work. Sealed proposals shall be opened at a set date and time, and all legal formalities shall be followed in evaluating proposals and determining the lowest responsible bidder. Contract awards, if any, shall be made by the CLWA Board to the lowest responsible bidder, subject to the terms of the contract documents.

The Board shall require the successful bidder to file with SCWD good and sufficient bonds for faithful performance of the contract and payment of claims for labor and material.

(D) Contract Documents. Construction contract documents must be approved and signed as to form by CLWA General Counsel prior to execution by the General Manager or Retail Manager.



Table 4-1

	Amount	Documentation	Authorization Required
A	\$0 – \$25,000	Purchase Order; Obtain Written Bids	Department supervisor
B	Over \$25,000 - \$100,000	Written Request for Bids; Plans and Specifications; Obtain Written Bids; Written Contract	If in budget, Retail Manager (\$25,000 - \$50,000), General Manager (\$50,000 - \$100,000); otherwise Board Approval
C	Over \$100,000	Bid Documents with Plans and Specifications to 3+; Formal Construction Contract	Board Must Award Contract

SECTION 5. ALTERNATIVE METHOD OF DELIVERY FOR CONSTRUCTION SERVICES -- DESIGN-BUILD PROJECTS

When the Board determines that a design-build delivery system is in the best interests of SCWD, it may exempt the project from the requirements of this Policy and award a design-build contract through an appropriate competitive process. SCWD staff and the CLWA Board shall look for guidance in this process to Government Code §14661 (d) (3) (A) (i).

SECTION 6. METHODS OF ACQUISITION – EMERGENCY

The requirements of Sections 3 and 4 shall not be applicable in the event of an emergency and a written finding by the Retail Manager that it is immediately necessary to acquire equipment, materials, or supplies, perform repairs, including maintenance or acquire services, including construction. The Retail Manager is authorized to make the required purchase(s) or enter into the required contract(s). The Retail Manager shall, however, report any such action involving a cost of more than \$50,000 to the CLWA Board as soon as practicable. This report shall identify the emergency and the actual or probable impact the emergency would have had on SCWD’s operations.

SECTION 7. INFORMATION TECHNOLOGY SERVICES

The procurement of services, equipment, software, training and other elements of SCWD’s retail system that involve information technology, communications and telemetry (collectively, “information technology”) shall place paramount importance on the qualifications and experience of the consultants and contractors under consideration. Notwithstanding anything to the contrary in Section 3 or 4 above, the award of contracts for information technology services shall be made to the vendor, consultant or contractor that, as determined by the process established for evaluating proposals, is the most qualified to provide the services and/or



equipment required. When an information technology project has both design and construction elements, and the construction elements will constitute less than 20% of the entire project, as determined by SCWD staff, the project shall be let as one contract.

SECTION 8. AUTHORITY OF THE GENERAL MANAGER OR RETAIL MANAGER TO EXECUTE CONSTRUCTION CHANGE ORDERS

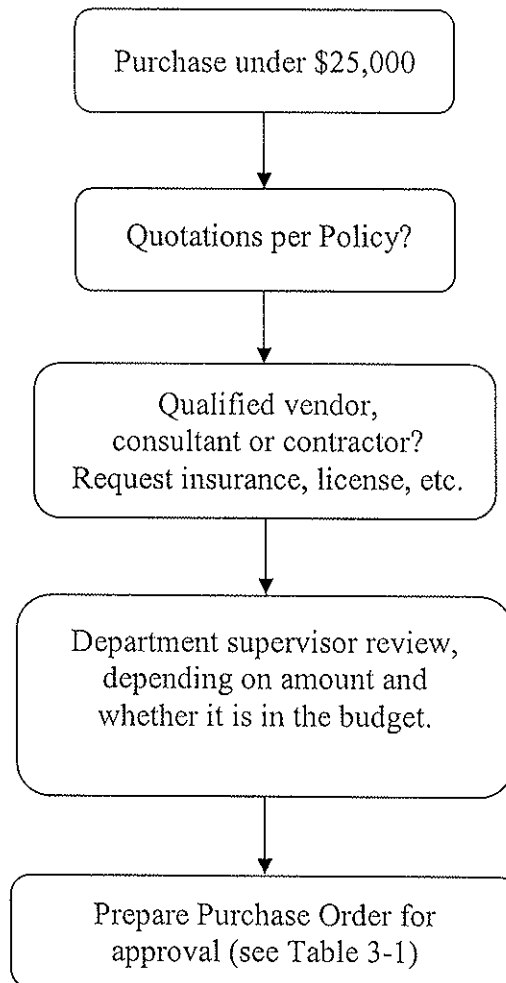
The General Manager and/or the Retail Manager are hereby empowered to bind SCWD by change order up to the amounts identified below based on the contract amount:

<u>Contract Amount</u>	<u>Change Order Authority</u>
Less than \$100,000	10% of Contract amount
\$100,000 to \$1,000,000	\$10,000 or 5% of Contract amount
Over \$1,000,000 to \$5,000,000	\$50,000 or 3% of Contract amount
Greater than \$5,000,000	\$200,000

The Board may grant different change order authority on a project-specific basis. Board approval is required for all change orders that exceed the specific levels of authority given to the General Manager and Retail Manager in this Policy. The General Manager or Retail Manager shall brief the appropriate committee and the Board on the details of all final approved change orders.

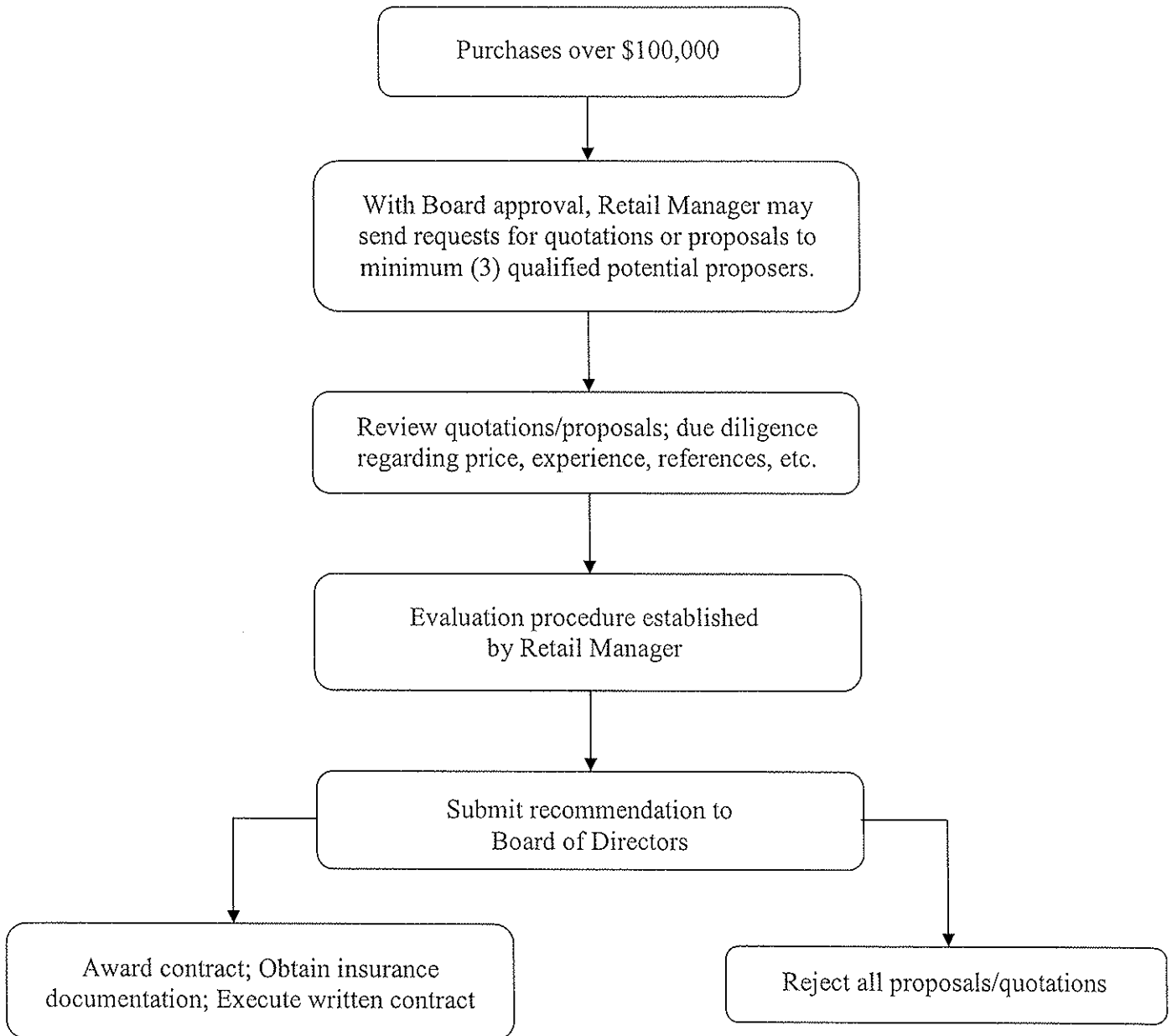


Process Flow Chart Purchases Under \$25,000



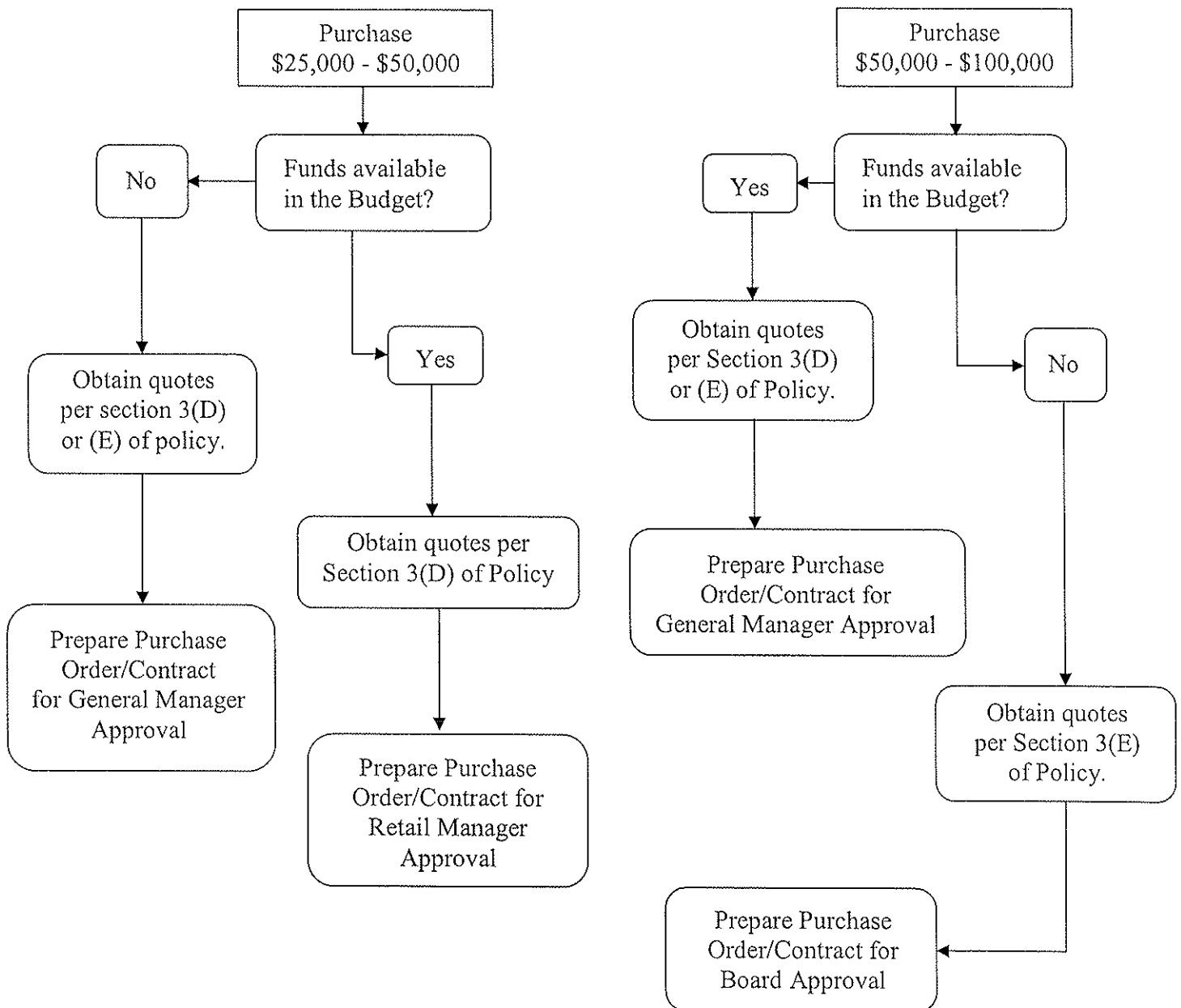


Process Flow Chart Purchases Over \$100,000



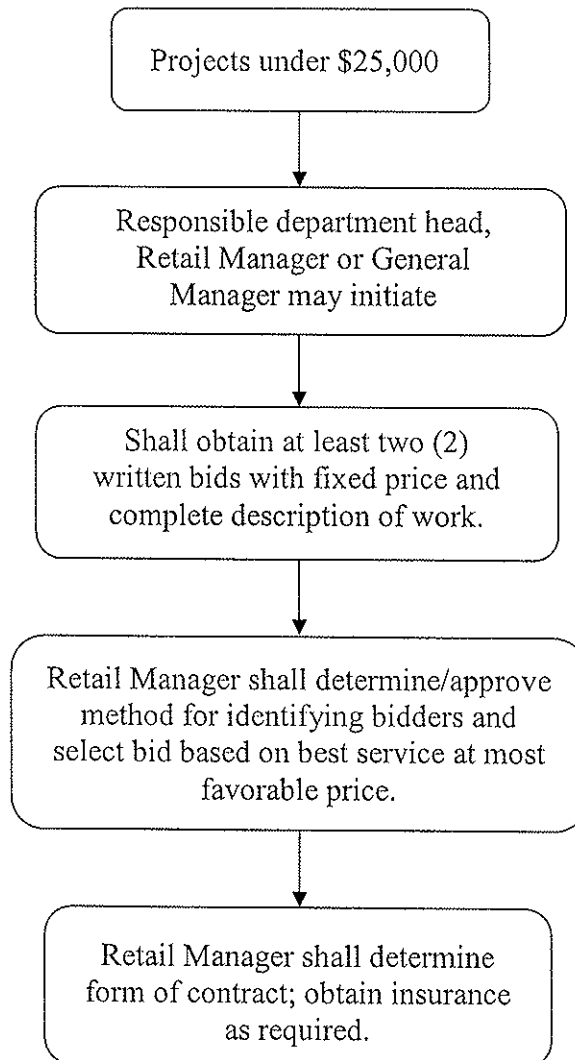


Process Flow Chart Purchases \$25,000 - \$100,000



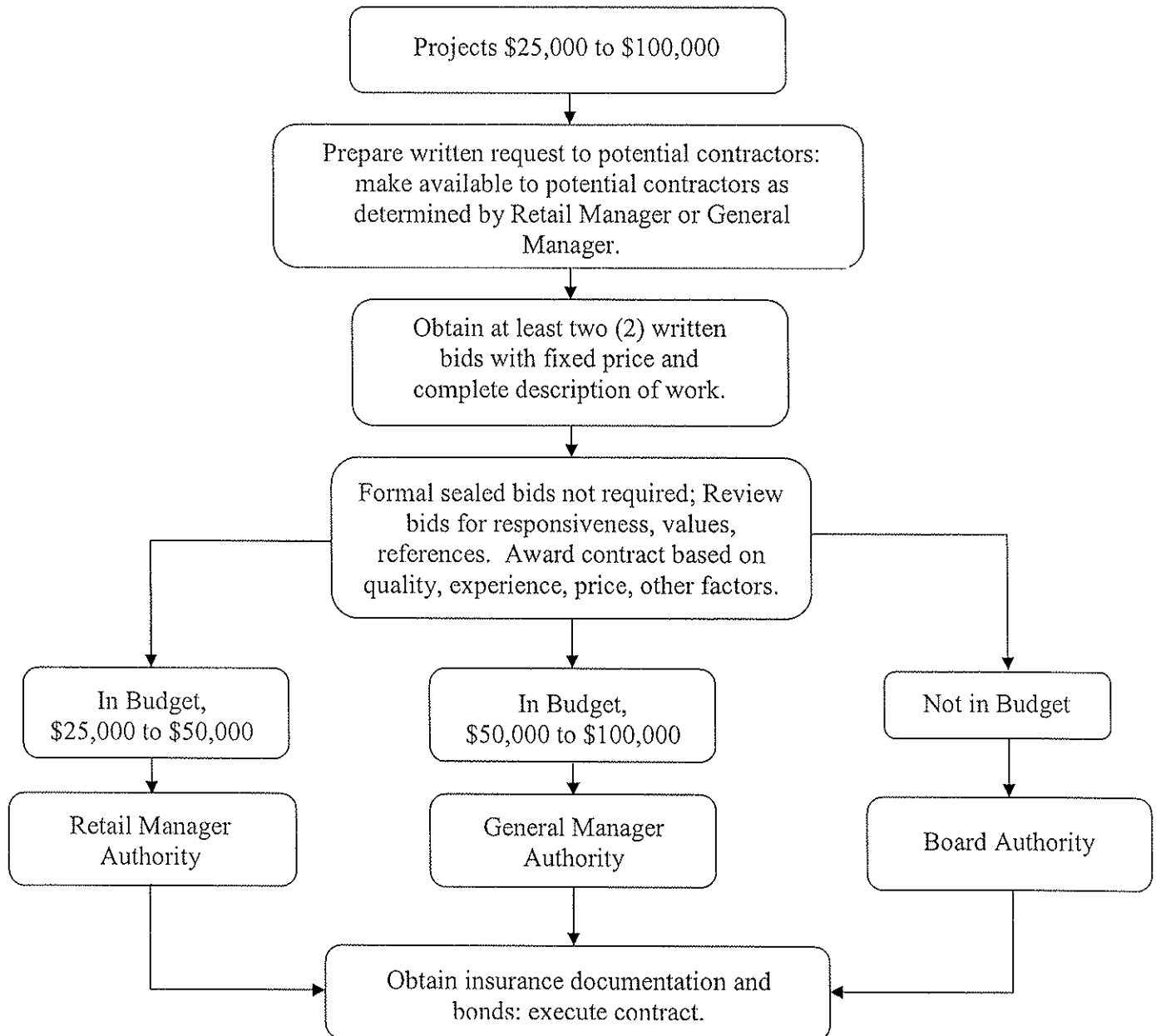


Construction/CIP Process Flow Chart Projects Under \$25,000



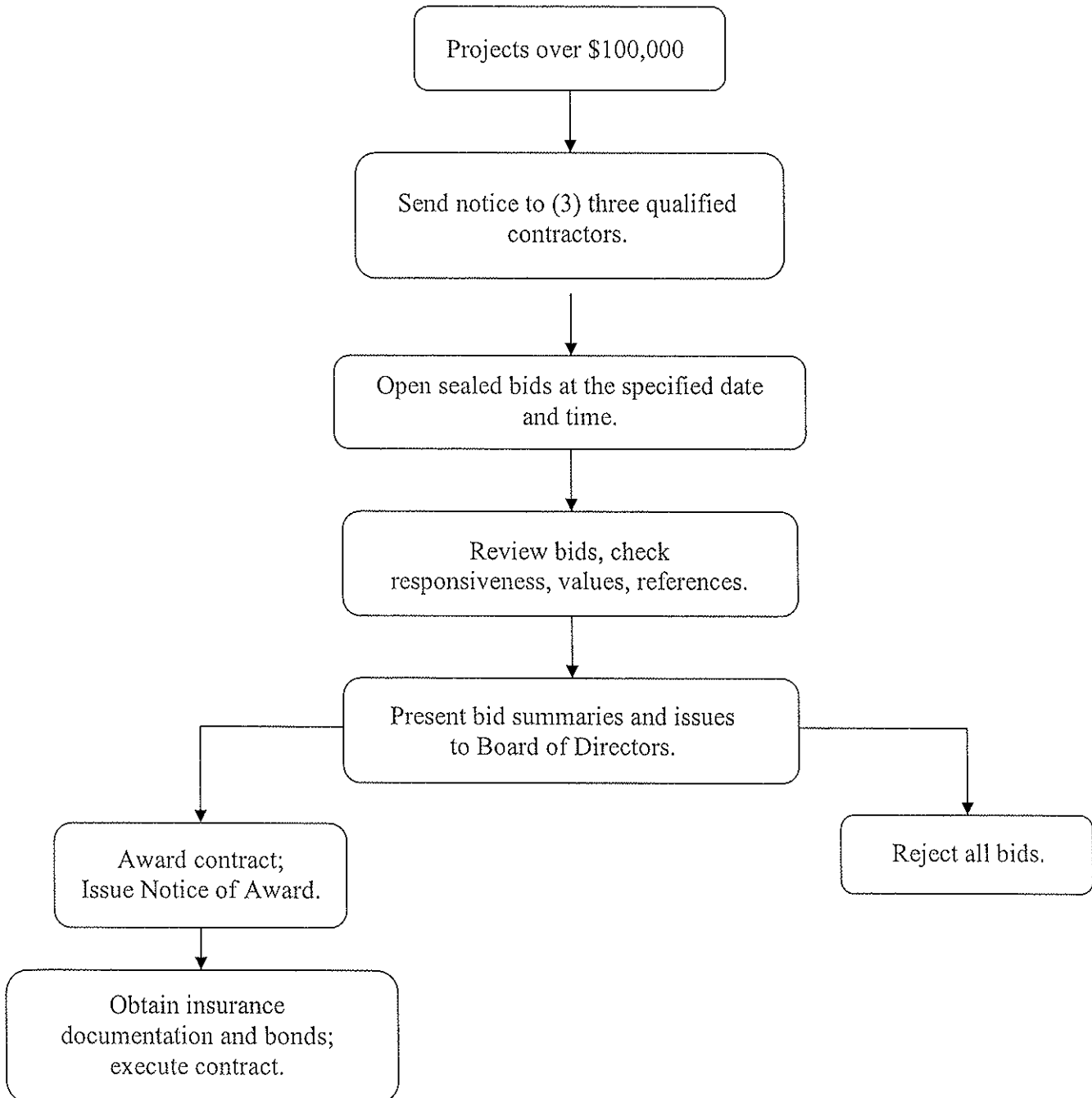


Construction/CIP Process Flow Chart Projects \$25,000 - \$100,000





Construction/CIP Process Flow Chart Projects Over \$100,000



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