

	EMPLOYEE MANUAL	
	Subject:	Purchasing Manual
	Section No:	
	Date:	August 24, 2005; amended October 19, 2005
	Board Approved Policy OR Management Operating Procedure	X

SECTION 1. APPLICABILITY OF PURCHASING MANUAL

This Purchasing Manual provides uniform procedures for acquiring goods, services and equipment for the wholesale operations of the Castaic Lake Water Agency (CLWA).

This Purchasing Manual authorizes the conditions under which the Administrative Services Manager (Chief Financial Officer) is authorized to release Agency funds. All purchases of goods, services and equipment to be paid for by the Agency must comply with the methods, authority and dollar limits set forth in this Purchasing Manual. This Purchasing Manual does not apply to non-discretionary operating expenditures including, but not limited to, utilities, payroll, employee benefits, water purchases and payroll taxes. Improvements or units of construction work are subject to the competitive bidding requirements of Public Contract Code, section 21530 et seq.

This Purchasing Manual does not supersede statutory law in existence at the time the Agency enters into a contract for the purchase of goods, services or equipment. California statutes that govern such contracts shall control to the extent they are in conflict with this Purchasing Manual.

SECTION 2. AUTHORITY OF GENERAL MANAGER TO EXECUTE CONTRACTS

The Agency's General Manager is hereby empowered to execute contracts for the purchase of goods, services and equipment up to a limit of \$100,000 per transaction in accordance with Section 3. In times of his absence, the General Manager may delegate his/her power.

SECTION 3. METHODS OF ACQUISITION - GENERAL RULES

Except as provided in Section 4, the following methods of acquisition shall be used in the circumstances indicated:

- (A) Items of less than \$20,000. The General Manager may acquire items, the cost or estimated cost of which does not exceed \$20,000 in any single acquisition, from any vendor who, in the General Manager's judgment, will provide the best product or service at the most favorable price.
- (B) Items of \$20,000 or more but less than \$50,000. The General Manager may acquire items, the cost or estimated cost of \$20,000 or more but less than \$50,000 in any single acquisition, by requesting three (3) or more quotations from qualified vendors, and then purchasing the item from the responsible vendor whose product or service offers CLWA the best value. The General Manager may consider quality and relevant factors other than price in reaching his decision as to what product or service to purchase. The General Manager shall report such acquisitions to the Board together with a statement of bids received and basis for selection. If fewer than three vendors or contractors are available, or if the product is not readily obtainable on the open market, or in the event of an emergency, this procedure shall be adjusted as required and the reasons for such adjustments shall be noted on the purchase records and in the report to the Board.
- (C) Items of \$50,000 or more. Items, the cost or estimated cost of which equals or exceeds \$50,000 in any single acquisition, shall be submitted to the Board for approval before purchase. Once approved by the Board, the General Manager may acquire such items by requesting (3) or more quotations from qualified vendors, and then purchasing the item from the responsible vendor whose product or service offers the Agency the best value. If the item is (1) of a specified brand or type

which is the only article which will properly meet the needs of the Agency, 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 Board.

SECTION 4. METHODS OF ACQUISITION – SPECIAL RULES

- (A) The requirements of Section 3 shall not be applicable if:
 - a. The item is a utility service such as telephone, power or other such item where the rates or prices therefore are fixed by legislation, government regulation or contract, or
 - b. The item is to be used in improvements or units of construction work subject to the competitive bidding requirements of Public Contract Code, section 21530 et seq.
- (B) In the event of an emergency and a written finding by the General Manager that it is immediately necessary to purchase or contract for goods, services and equipment, the General Manager is authorized to make the required purchase(s) or enter into the required contract(s). The General Manager shall, however, report any such action involving a cost of more than \$25,000 to the Board as soon as practicable. This report shall identify the emergency and the actual or probable impact the emergency would have had on Agency operations.

SECTION 5. MOTOR VEHICLES

The State of California shall be used as the first source of supply for vehicle procurement. In the event the State does not offer the vehicle desired, Section 3 shall be in force. The General Manager shall report any vehicle purchase to the Board as soon as practicable.

SECTION 6. ITEMS MANUFACTURED FOR CLWA

When necessary, the Agency may contract for goods or equipment which must be manufactured especially for the Agency and are not suitable for sale to others in the ordinary course of business. Such contracts may provide for progress payments for work performed and cost incurred, so long as not less than 10% of the contract price is to be withheld until after final delivery and acceptance of the supplies or equipment. Such contracts may also provide for a faithful performance bond in a sum not less than one-half of the total amount payable under the contract.

SECTION 7. AUTHORITY OF GENERAL MANAGER AND ADMINISTRATIVE SERVICES MANAGER TO MAKE DISBURSEMENTS

The General Manager and Administrative Services Manager (Chief Financial Officer) are hereby authorized to make all necessary disbursements in payment for goods, services and equipment contracted for pursuant to this Purchasing Manual. This disbursement authority is, however, subject to the Agency's rules and procedures on checks exceeding \$25,000.

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

The Agency's General Manager is hereby empowered to bind the Agency by change order up to the amounts identified below based on the Contract amount authorized by the Board:

<u>Contract Amount</u>	<u>Change Order Authority</u>
Less than \$100,000	10 percent of Contract amount
\$100,000 to \$1,000,000	\$10,000 or 5% of Contract amount
\$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 level of authority given to the General Manager. The General Manager shall brief the appropriate Committee and the Board on the details of all final approved change orders.

(Revised August, 2005)

SECTION 9. PROFESSIONAL SERVICE CONTRACTS

All professional service contracts or work authorizations in excess of \$100,000 annually shall be approved by the Board. The General Manager shall have the authority to approve changes in professional service contracts or work authorizations up to 10% (cumulative) of the amount authorized by the Board. When the General Manager makes such an increase, details of change shall be reported to the appropriate Committee and the Board as soon as practicable. An appropriate Committee, as determined by the Board, shall review all professional service contracts every fiscal year to determine if the terms still meet the requirements and needs of the Agency or if the contracts should be modified.

(Added October, 2005)

SECTION 10. ENGINEERING SERVICES

10.1 INTRODUCTION

Engineering performed by consulting firms for the Agency falls into two categories: General Engineering and Project Engineering. For Agency purposes, "General Engineering" services are all engineering services where the scope and effort cannot be defined and the consultant providing these services is working as an extension of the Agency's Engineering Department. "Project Engineering" services shall be determined by the Engineering and Operations Manager and are those services for which the scope of services and effort is finite and can be readily defined.

10.2 GENERAL ENGINEERING CONSULTANT

10.2.1. Contract: General Engineering services for the Agency will be performed by one or more consulting firms who will work under biennial contracts. These services will be compensated through an hourly rate schedule, with rates established at the time of the initiation (or renewal) of a contract. Following contract initiation, each contract will be presented every two years to the Board of Directors for its review and action, along with a recommendation from the General Manager (with any proposed amendments to the hourly rate schedule) or for the solicitation of proposals from other firms.

10.2.2 Task Work: The Agency's General Engineering firm will be authorized to perform functions as an extension of Agency staff. Task work is work normally performed by staff, but is assigned to General Engineering firms because (1) staff is unable to perform task due to workload or (2) the task is outside the technical expertise of staff. This work may be either operational or capital improvement in nature.

Task Engineering: Annually the Agency will execute two Work Authorizations with the General Engineering firm to perform general engineering tasks. These two Work Authorizations will be for services related to (1) capital improvement and (2) operational issues. Work tasks will be authorized verbally by the Engineering and Operations Manager. These tasks will be performed by the Engineering Consultant under the General Engineering Work Authorization. The level of effort for these tasks is generally under \$2,000 but not over \$5,000.

General Engineering: Where the effort to complete a general engineering task is estimated to be greater than \$5,000, the Agency may assign such tasks to the General Engineering firm. Authorization of general engineering tasks shall be in accordance with Paragraph 10.4 below.

10.2.3. Invoices. Work by the General Engineer will be invoiced monthly. Separate invoices will be submitted for work performed under each Work Authorization. Invoices for the General Engineering Work Authorizations shall include a written description of the activities during the billing period.

10.2.4. Monthly Activity Reports. A monthly activity report shall be prepared that summarizes the work of the Engineering Consultant for the previous month. It will contain a brief written summary of the activities of the Consultant, and will be prepared by the Consultant and submitted on or before the first Wednesday of each month. The activities will be grouped into the following categories: completed work, work in progress, and planned actions.

10.3 PROJECT ENGINEERING

The Agency's Project Engineering will be performed by a pool of consulting firms. According to the procedure defined below, each specific project will be assigned to one of the firms in this pool.

10.3.1. Firm Pool Selection. Every four years, or more often if necessary, the Agency will issue a request for proposals (RFPs) to interested and qualified consulting engineering firms. After review of the proposals, the firms may be interviewed prior to selection. The Agency will select between two and four firms for the Project Engineering pool. Selection criteria will include firm's experience, and the experience and qualifications of its project management and project engineering personnel. Upon review of these proposals, the General Manager will recommend a list of firms to comprise the pool to the Planning and Engineering Committee. The Committee will review this recommendation and then forward its recommendation to the Board of Directors for approval. All Project Engineering functions will be assigned to the firms in this pool over the four year period. The Agency's General Engineering firms are eligible for selection as pool firms.

10.3.2. Firm Selection for a Project. When the General Manager defines a project, a selection process will take place to determine which of the firms in the pool will be assigned to the project. The General Manager will issue an RFP to each of the pool firms. The RFP will define the scope of work and schedule for the project. Each pool firm will submit a written proposal for the project to the Agency. The General Manager will evaluate the proposals and the work will be authorized in accordance with Paragraph 10.4 below.

When a specific project that requires unique qualifications as determined by the General Manager, the Agency may develop a specific selection procedure and select a consultant without regard to pool firms.

10.3.3. Contracts. Upon selection for the Project Engineering pool, each firm will enter into a General Services contract with the Agency. Scope of work, schedule, and compensation for each project will be detailed in a specific Work Authorization.

10.3.4. Contract Duration. Each firm in the pool will be under contract to provide services for the four year duration noted above. However, should a firm have a project underway at the close of the four year term, its work on the project and its contract with the Agency will remain in effect until the completion of the project. All firms with satisfactory performance for the Agency may be asked to resubmit a proposal for the next succeeding four year term. No preferences will be granted to currently contracted firms during the selection of the succeeding pool of firms.

10.3.5. Work Authorization. When a project is assigned to the selected firm, the work will be authorized according to Paragraph 10.4 below.

10.3.6 Invoices. Work by a Project Engineer will be invoiced monthly. Separate invoices will be submitted for each Work Authorization.

10.4. WORK AUTHORIZATIONS

A written Work Authorization shall be executed to define scope, schedule, and budget for all tasks or projects authorized under General Services Contracts. The General Manager will prepare and the General Manager or his designee is authorized to execute Work Authorizations where the value is \$100,000 or less. The Board of Directors shall approve Work Authorizations when the value is greater

than \$100,000. Approval by the Board shall be in accordance with its customary procedures. The General Manager shall have the authority to approve changes in Engineering Services Contracts or Work Authorizations up to ten percent of the Amount authorized by the Board of Directors. When the General Manager approves such an increase, details of the change shall be reported to the Board of Directors at its next meeting. An appropriate Committee, as determined by the Board of Directors, shall review all contracts every fiscal year to determine if the terms still meet the requirements and needs of the Agency or if the contracts should be modified.

(Added October, 2005)



Wyland Clean Water Challenge Mobile Learning Center

A movie theatre? A running river? Rain? It's all inside the Wyland Clean Water Mobile Learning Center. As part of the Agency's 2010 Open House, this partially biodiesel powered, 1,000-square foot exhibit on wheels profoundly changes individuals' view of water.

