



## **SAN MIGUEL COMMUNITY SERVICE DISTRICT**

**September 28, 2023**

**(Last Revised December 2021)**

### **DISTRICT PURCHASING POLICIES, PROCEDURES, AND REGULATIONS GOVERNING CONTRACT AND PROFESSIONAL SERVICES BIDDING PROCEDURES, PURCHASES OF MATERIALS, SUPPLIES, AND EQUIPMENT**

**PURPOSE:** To assure that the financial resources of the San Miguel Community Services District (“District”) are utilized in the most effective and efficient manner, all purchases shall adhere to these established procedures (attached herewith) and shall conform to the State of California laws and regulations pertaining to local agency purchasing policies, procedures and practices. The District purchasing procedures and practices shall conform to these provisions, and also to any adopted District Fiscal Policy and regulations, existing or amended.

The District's purchasing authority is the District General Manager or his/her designated representative. All references in this manual to the District's purchasing authority shall automatically mean the individual acting in the capacity of District General Manager (“General Manager”) and include “or his/her designee.” The fiscal limitations and thresholds contained in this manual apply on a per fiscal year basis (July 1<sup>st</sup> thru June 30<sup>th</sup>).

## **PREFACE**

To implement and carry out these Purchasing Policies, Procedures, and Regulations, the District shall give special consideration in the following circumstances:

### **Local Vendor Preference**

It shall be the policy of the District to give local vendors preference given that quality, prior performance, availability of service and parts, delivery schedule and price are equal. In matters of price, the local vendor shall be given full credit for local sales taxes, shipping/freight fees and any other fees or charges that might be applicable had the purchase been made from a non-local vendor.

For purposes of this policy, “local vendor” means a vendor or contractor what has an office with at least one employee physically located with the District. The local vendor preference policy does not apply to contracts funded by grants which prohibit the use of preferences.

### **Cooperative Purchasing**

It shall be the policy of the District to encourage and participate, whenever possible, in cooperative purchasing endeavors with other public agencies to receive benefits of lower pricing due to the quantities of materials, supplies, equipment or services which would not otherwise be available to the District as a sole purchaser. When procurement is processed through a cooperative purchase agreement with another public agency, whose procurement process is substantially consistent with the provisions of this Policy, the General Manager may waive the minimum requirements for quotes, bids or proposals.

### **Limited Availability**

Occasionally, required materials, supplies, equipment or services are of a proprietary nature, or are otherwise of such specific design or construction, as to be only available from one source. After receiving evidence that reasonable efforts have been made to find alternative vendors, the General Manager may waive the minimum requirement for quotes, bids or proposals.

### **Emergency Conditions**

An emergency is hereby defined as a breakdown in machinery or equipment resulting in the interruption of an essential service, or a distinct threat to public health, safety or welfare. In such cases, the General Manager may waive formal purchasing requirements, but reasonable efforts shall still be made to locate the lowest cost giving due consideration to quality, prior performance, availability of service and parts and delivery schedule.

### **Other Agency Procurement Contracts**

Minimum purchasing requirements are waived when the District elects to participate in a purchase contract of another public agency wherein they undertook a competitive bidding or purchasing process that is similar to the District's. The other public agency purchasing process must have occurred within the last twelve months in order to qualify for the District's participation, unless their purchasing contract was clearly multi-year in nature.

### **Internal Controls**

An integral component of any policy that endeavors to maximize the use of limited fiscal resources is internal controls. Accordingly, purchasing procedures shall also contain provisions relating to access and use of District gasoline credit cards, merchant cards and travel & educational expenditures.

# PURCHASING POLICIES, PROCEDURES AND PAYMENT PROCEDURES MANUAL

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# **PURCHASING POLICIES, PROCEDURES, AND PAYMENT MANUAL**

In order to carry out the purchasing policy of the District, the purchase of supplies, services, equipment or public works projects shall adhere to the procedures as set forth in this manual. This purchasing and payment procedures manual has been drafted to provide consistency with adopted District Fiscal and Financial Policies. Controlling regulations for the purchasing function are set forth in the resolutions and ordinances of the Board of Directors, the California Government Code, and the California Public Contract Code. In the event of a conflict between this Purchasing Policy and any subsequently adopted Board resolution or ordinance, the Board resolution or ordinance shall take precedence.

Nothing within the Purchasing Policy shall be construed as requirement a department, purchaser, or contractor to procure products that do not perform adequately for their intended use, exclude adequate competition, or are not available at a reasonable price in a reasonable period of time. Additionally, nothing within this Purchasing Policy shall be construed as requiring the District, or any department, purchaser, or contractor, to take any action which conflicts with local, State, or federal requirements.

## **Section 1.0 ENCUMBRANCE OF FUNDS**

Except in emergency situations, the General Manager shall not issue any purchase order nor shall any contract be approved for materials, supplies, equipment, vehicles, or services unless there exists an unencumbered appropriation in the department budget against which said purchase or contract is to be charged.

## **Section 2.0 PURCHASES LESS THAN \$5,000**

Provided that there are adequate budget appropriations available and that no administrative restrictions have been imposed by the General Manager or his/her designee, a Department Head or Supervisor may purchase supplies and services up to \$5,000.00 without approval of the General Manager, Board of Directors or issuance of a purchase order except as follows.

- a) All computers must be purchased with prior approval of the General Manager.
- b) All software regardless of cost must be approved by the General Manager.
- c) Preference to local vendors shall be encouraged given that quality, service, and price are similar.

## **Section 3.0 PURCHASES GREATER THAN \$5,000 BUT LESS THAN \$25,000 FOR NON-PUBLIC WORKS PROJECTS**

Provided that there are adequate budget appropriations available and that no administrative restrictions have been imposed by the General Manager or Board of Directors, a Department Head or Supervisor may purchase supplies and services over \$5,000.00 but less than \$25,000.00 subject to purchase order approval from the General Manager. The purchase order must be prepared and approved prior to the purchase commitment.

The General Manager must solicit competitive bids prior to the preparation and issuance of a purchase order. Bid results should be attached or noted on the face of the purchase order. Preference to local vendors shall be encouraged given that quality, service, and price are similar.

#### **Section 4.0 PURCHASE ORDERS**

Purchase orders shall be issued for acquisitions of supplies, equipment, and services (including professional), wherein the estimated total purchase is expected to exceed \$5,000.

Purchase orders should be issued for the estimated total amount, even when individual, repeat acquisitions are less than \$5,000. Examples include the transport of sewer sludge wherein any individual transport is less than \$5,000 but the estimated total annual cost exceeds \$5,000. Another example might be the purchase of chlorine.

Subject to the requirements and limits set forth in this manual, the General Manager may approve a purchase order for up to \$25,000.00. Any purchase orders greater than \$25,000.00 or more shall require the Board of Director's concurrence.

Purchase orders may have multiple budgetary account numbers and may include multiple departments.

The issuance of purchase orders shall be made prior to any purchase commitment to the vendor pursuant to the following procedures:

1. The department shall complete a purchase order form providing all the required data in the spaces provided. [For example: Each purchase order issued shall be numbered sequentially with two components, Calender year and seqencial purchase order number (IE 2021-001), wherein the first component consists of the four digit of the calender year; the second component consists of three digits representing the sequential purchase order number(to be assigned)].
2. Upon completion of the purchase order, the purchase order shall be signed by the General Manager. Upon approval or denial, the purchase order is sent to the initiating department. If approved, the purchase order shall be distributed as follows:
  - a) Copy to Vendor
  - b) Copy to District Financial Officer
  - c) Original to issuing department

#### **Section 5.0 QUOTATIONS AND BIDS FOR NON-PUBLIC WORKS PROJECTS**

Department Head or General Manager may exercise their own discretion with regard to vendor choice for purchases of less than \$5,000.00.

For purchases greater than \$5,000.00 but less than \$25,000.00 General Manager shall endeavor to solicit quotations from at least three vendors. The lowest responsive bid shall be awarded by the

General Manager. After the bid is awarded, a purchase order shall be issued in accordance with Section 4.0 herein. The purchase order or an attachment to the purchase order should note the vendors contacted and the amount of their quote.

For purchases greater than \$25,000.00 the General Manager shall solicit competitive bids through sourcing vendors, or wherein a legal notice shall be published in an officially designated newspaper and/or in trade journals or association bidding websites that maintain or publish public agency competitive bids. The bid(s) shall be submitted directly to the General Manager, who shall hold said bid(s) until the advertised date and time of opening the proposing company demonstrating the best value to the district shall be awarded by the Board of Directors. After the bid is awarded, a purchase order shall be issued in accordance with Section 4.0 herein.

### **Section 6.0 LOCAL VENDOR PREFERENCE**

The District endeavors to stimulate the local economy by using its purchasing power to support local businesses within boundaries of SMCS D and promote the creation and retention of local jobs. To that end, the District may grant a preference to local vendors when comparing bids or quotations for the purchase of discretionary goods and services, subject to the guidelines set forth in this section.

The preference shall only apply to the procurement of materials, supplies, equipment, and services as set forth herein. In addition, the preference shall not apply to procurement that is restricted by Federal or State laws or regulations that proscribe such a preference, or to public projects subject to the California Public Contracts Code.

The preference may be granted only if the General Manager determines that the local vendor is able to provide comparable goods or services as the next lowest responsive bidder. In determining whether to grant the preference, the General Manager may take into account other District fiscal policies and/or criteria.

The preference shall be five percent (5%) of the local vendor's bid or quotation; however, in no event shall the total preference exceed \$5,000 for any single purchase order or contract.

The 5% preference will be used solely to determine to whom the contract should be awarded and will not in any way alter the final contract amount. A 'local vendor' must meet all the following criteria:

1. The vendor owns, leases, rents or otherwise occupies a fixed office or other commercial building or a portion thereof that has a street address within the District. A post office box shall not qualify as a local business address.
2. The vendor possesses a valid and verifiable business license issued that reflects the vendor's local address.
3. The vendor's business is staffed during business hours by an employee, or employees, employed by the vendor and conducting the vendor's local business.

4. Where the State sales tax will be paid for the purchase, the vendor must possess a valid resale license from the State Department of Equalization reflecting the vendor's business address.

To qualify for the preference, a vendor must certify in writing, in its bid or quotation to the District, that it meets the criteria of a “local vendor”. The General Manager shall determine if a vendor qualifies as a “local vendor”. Any vendor falsely claiming to qualify as a “local vendor” shall be ineligible to transact any business with the District for a period of up to 24 months as determined by the General Manager. The General Manager and/or Board of Directors may also terminate all or part of any contract entered into with such a vendor. The decision of the General Manager may be appealed to the Board of Directors pursuant to the review process used for bid protests.

### **Section 7.0 PROFESSIONAL SERVICES**

Per the guidelines and expenditure thresholds set forth in section 5.0, the General Manager shall solicit competitive bids wherein a legal notice shall be published in an officially designated newspaper and/or in trade journals or association bidding websites that maintain or publish public agency competitive bids. The bid(s) shall be submitted directly to the General Manager, who shall hold said bid(s) until the advertised date and time of opening. The procurement of professional services shall be based on qualifications. Such professional services shall include, but not be limited to, those provided by: engineers, management services for construction projects, architects, urban planners, geologists, hydrologists, land surveyors, landscape architects, rate consultants and assayers, real estate appraisers, licensed environmental assessors and ecologists, accountants and providers of financial services, actuaries, personnel and insurance consultants, psychologists, medical doctors, entertainers, and performers, claims consultants, and attorneys at law.

If the cost of the work to be performed is estimated to not exceed \$25,000, the General Manager may issue a purchase order pursuant to Section 4.0 with the Board of Director's concurrence.

### **Section 8.0 SOLE SOURCE VENDORS**

In the case of sole-source vendors, quotation and bid requirements may be waived by the General Manager and/or the Board of Directors when in his/her/their judgment the District is best served by a particular vendor.

A purchase order and a written explanation for justification of sole sourcing shall be submitted to the General Manager and/or the Board of Directors for approval. If approved, a copy of the written explanation shall be attached to the copy of the purchase order.

### **Section 9.0 WARRANT FOR PAYMENT REQUESTS**

In recognition that needs arise for the issuance of a District warrant for purposes that may not be appropriate for the issuance of a purchase order, (i.e. deposit refunds, and receipt overpayments, payroll-related needs, etc.), the General Manager shall establish a warrant for payment request procedure for issuing a payment without a purchase order. Warrant for payment requests shall be processed on a basis consistent with the payment processing schedule; exceptions may be made by



the General Manager when the best interests of the District might be best served by the accelerated issuance of a warrant payment.

### **Section 10.0 TRAVEL, MEETINGS AND EDUCATION AUTHORIZATIONS**

It shall be the practice of the District to reimburse expenses incurred by officials, officers, and employees of the District when expenses are incurred while on authorized travel, meetings and educational events for District business. The allowances and amounts advanced to persons traveling or meeting on official business shall be established on the basis of specific guidelines set forth below. Administrative procedures are to be amended to conform to the guidelines of this policy.

Advances and/or reimbursements for authorized travel and meetings shall be made by the General Manager upon receipt of a properly completed and approved travel and meeting authorization form unless waived in writing by the General Manager and/or the Board of Directors.

Travel and meeting authorization forms are available upon request. Department Heads or supervisors shall exercise reasonable effort to complete and submit authorized travel and meeting authorization forms for warrant issuance on a timeline conducive to the payment processing schedule as established by the General Manager.

Requests for advances and/or reimbursements for District travel, meetings and education shall be in accordance with the procedures and requirements as noted below:

#### **Section 10.1 Travel, Meeting and Education Authorization/Expense Reconciliation**

Travel on official business which exceeds a cost, actual or estimated, of \$200 or calls for an overnight stay requires the completion of the District's Travel and Meeting Authorization Form and approval by the employee's immediate supervisor and/or the General Manager. When a District vehicle is used, the cost of such use, using the current mileage rate, shall be included in determining the total cost. Travel which exceeds \$2,500 or provides for out of state travel must be submitted on a Travel and Meeting Authorization Form to the General Manager for approval prior to incurring any expenses: Payment may be advanced to the traveler based upon estimated costs as detailed on the Travel and Meeting Authorization Form. Within five (5) days of return, the Travel and Meeting Authorization Form shall be completed and submitted to the General Manager wherein actual travel expenses, including amounts advanced, must be reconciled on the Travel and Meeting Authorization Form.

A Department Head and/or the General Manager may exercise his/her own discretion, regardless of the length of stay, as to whether an employee receives a per diem per subsection 4 below or receives an 'advance' for itemized expenses per subsection 5 below.

However, in all cases, if any amounts paid in advance for transportation, lodging, and registration, etc. wherein overpayments occur and are refunded directly to the employee, the employee must turn over such amounts to the District.

## **Section 10.2 Transportation**

### **a. Commercial Carrier**

Air travel for District officials and employees shall be authorized and reimbursed at the lowest possible fare class with a major air carrier. Air travel other than the lowest possible fare class will be authorized ONLY when scheduling does not permit the use of the lowest possible fare class of flight, or when the flight is four (4) hours duration or more.

District officials and employees shall endeavor to book air travel to take advantage of discounts offered for purchasing flight tickets in advance of departure; i.e. 14 or 21 days and take advantage of non-refundable ticket fares where practical.

Transportation costs for commercial carriers shall be paid by the District directly and separately whenever practical. Round trip tickets shall normally be purchased whenever commercial carriers are used. Travel expenses of a family member of an official or an employee are not eligible for payment by the District. Travel arrangements and payment of costs for family members are to be handled directly by the employee.

### **b. Personal Vehicles**

The use of personal vehicles, when approved as a mode of travel to and from destinations, will be reimbursed at the established mileage rate. When a commercial carrier is used, a traveler will be reimbursed for personal vehicle mileage to and from the airport and the actual cost of airport parking regardless of airport location.

#### **(1) Travel in San Luis Obispo County**

Employees receiving monthly auto allowances shall not, except under special circumstances as authorized by the Manager, be eligible to use a District vehicle or receive mileage reimbursement for use of personal vehicles when travel is within San Luis Obispo County.

#### **(2) Travel Outside San Luis Obispo County**

The use of personal vehicles on District authorized business outside San Luis Obispo County will be reimbursed at the authorized mileage rate for all District officials and employees. Payment of mileage will be based upon the most direct route from point of departure to point of destination. A District official or employee may leave from his/her home for a meeting, conference, seminar or training session. However, the mileage from home to the destination should not exceed the mileage from District offices to the destination.

## **Section 10.3 Lodging**

Hotel accommodations should be arranged directly by the District, not traveler. Receipts for lodging must be attached to the Travel and Meeting Authorization Form in order to obtain reimbursement. Hotel expenses for District officials and employees only will be reimbursed at the single occupancy rate. Room movies and other miscellaneous, such as alcoholic beverages are not eligible for reimbursement including room service meals if a per diem has been provided.

#### **Section 10.4 Per Diem**

Each person traveling on official District business, which includes an overnight stay, may (1) receive a per diem for meals, taxes, gratuities, and incidental expenses equal to \$75.00 if travel time is 4 hours or more per day provided that receipts are submitted to the District. If the amount shown on the receipts is less than \$75 the difference is considered taxable income; or (2) receive a per diem equal to the IRS regional allowance, in which case no receipts are required, and the full amount is non-taxable.

Meals and food charged to a motel/hotel room via room service shall be counted on the final reconciliation of the Travel and Meeting Authorization Form towards the per diem. Per diem shall be paid for travel days just prior and just after the event. One-half of the daily rate shall be paid if the distance to the event is less than 275 miles except that if the event ends later than 3:00 p.m. a full day per diem may be paid. A full day per diem shall be paid if the one-way distance is greater than 250 miles. Expense reimbursement for amounts over the per diem amount must include receipts for all expenses.

#### **Section 10.5 Itemizing Expenses**

If travel encompasses not more than a single day, the traveler shall itemize the expenses incurred for reimbursement. Upon return, supporting documents such as receipts or paid invoices must be submitted on the Travel and Meeting Authorization Form. In the case of overnight travel, the traveler may claim actual expenses rather than per diem. However, all receipts or paid invoices must be submitted with the Travel and Meeting Authorization Form in order to be reimbursed.

#### **Section 10.6 Registration Fee**

Registration fees charged for any authorized convention, conference, seminar or meetings are reimbursable and should be paid in advance. Effort should be made to pay registration fees directly by the District.

#### **Section 10.7 Taxi, Car Rental, Shuttle Service and Parking**

Expenses incurred for car rental and limousine service will not be reimbursed unless authorization is received from the General Manager prior to the travel. Whenever possible, District officials and employees should utilize hotel courtesy buses or local shuttle services. Whenever possible, hotel accommodations should be within easy access to the functions for which the travel was authorized. Taxi service should be used only when no other convenient, less costly transportation is available. Expenses for parking shall be reimbursed in addition to any other allowances paid to the traveler. Effort should be made to pay any transportation fees directly by the District.

#### **Section 10.8 District Merchant Cards**

Merchant card receipts for all charges on the credit cards shall be attached to the final reconciled Travel and Meeting Authorization Form submitted to the General Manager.

Fuel credit cards issued to the District may only be used to purchase fuel, diesel exhaust fluid (DEF) and oil in a District owned vehicles. Use of District fuel credit cards for personal vehicles is strictly

prohibited, regardless of whether or not the use of the personal vehicle was for authorized District business.

### **Section 10.9 Mileage Rate**

The mileage rate for personal vehicle use shall be determined each January 1st by the General Manager. The mileage rate shall be equal to the mileage rate allowance as set by the Internal Revenue Service for business use of a vehicle as confirmed by the General Manager.

### **Section 10.10 Miscellaneous Meetings**

Miscellaneous meetings wherein food, beverages, and related sundries are provided either on-site or at a dining establishment may be paid and/or reimbursed by District when required for official business. Payment and/or reimbursement may be made via;, merchant card, vendor charge account, purchase order, warrant request or Travel and Meeting Authorization Form.

In all cases, the payment and/or reimbursement request shall be accompanied by a receipt or other documentation and in the case of the use of a merchant card, the customer copy of the merchant card charge slip. The receipt and/or payment request should clearly identify the purpose of the meeting, the general attendees (i.e. lunch with auditors) and the budgetary account number. A Travel and Meeting Authorization Form need only be utilized when the cost of an individual, miscellaneous meeting exceeds \$200.

### **Section 10.11 Discretion**

These procedures do not claim to have addressed all contingencies and conditions. Any necessary and reasonable expenses that may from time-to-time be justified due to circumstances or opportunities for the District will be honored upon approval by the General Manager in the form of reimbursements to the traveler and upon adequate documentation and justification.

### **Section 11.0 PAYMENT REQUIREMENTS**

The issuance of warrant requests and travel, and meeting authorizations shall be made by the General Manager upon receipt of the properly completed documentation and in accordance with the payment schedule as established by the General Manager.

For purchase orders, preparation of the vendor payment shall be initiated by the Department Head or the General Manager upon receipt of the signed “payment” copy of the purchase order. Partial payments are acceptable. Authorization for partial payment(s) may be initiated by the General Manager by submitting the invoice through the Accounts Payable procedure.

For purchase orders issued for materials and/or services to be provided over time, the General Manager shall initiate vendor payment solely upon receipt of the appropriate invoice(s). In order to expedite the Accounts Payable process, the following vendor invoice delivery arrangements should be made:

- Invoices and Statements should be mailed to the District office and should be processed in the same manner as the daily mail.

- In the case where a regular vendor emails an invoice or statement it should be emailed to the Financial Officer.
- If a vendor emails an invoice to someone other than the Financial Officer it should be forwarded to the Financial Officer for processing.
- All invoices and statements are to be included in the general mail processing and be coded for payment by the appropriate Department Head or General Manager prior to payment.

In all instances, vendor payments shall be processed in accordance with the payment schedule unless the General Manager determines that the best interests of the District would be best served by accelerating the issuance of a particular vendor payment. The current payment schedule, as established by the General Manager, is that warrant for payment requests with an invoice attached received by noon on Wednesday will have a check issued no later than the fourth following Friday except as otherwise established by the Manger.

**DO NOT UNDER ANY CIRCUMSTANCES PROMISE OR OTHERWISE INDICATE TO A VENDOR THAT PAYMENT WILL BE RECEIVED ANY SOONER.**

### **Section 12.0 MERCHANT CARDS**

Purchases made by merchant card shall be made in conformance with established Fiscal Policy, the purchasing rules and restrictions as identified in Section 1.0 through 9.0 and shall in no event exceed or circumvent the regulations set forth therein. A single purchase by credit card shall not exceed \$2,500 or the credit card account limit, whichever is less.

Merchant card account limits will be between \$2,000 and \$10,000 per month. Account limits apply to the account, not the card. For example, an account may have a limit of \$5,000, with two cards issued. Therefore, the aggregate spending total of both cards must not exceed \$5,000 per month.

Each Department Head or Supervisor will be informed of the limits placed on cards issued to his/her department and/ or divisions.

Purchases will be denied by the card issuer for any account that is delinquent or has exceeded its account limit. Departments must track their monthly spending so that they do not exceed the merchant card account limit.

#### **Section 12.1 Business Use Only**

The merchant card is to be used for District purchases ONLY.

#### **Section 12.2 Conditions for Use**

The total of a single purchase to be paid using the merchant card may be comprised of multiple items and cannot exceed the authorized single invoice limit. Purchases will be denied if the authorized single purchase limit is exceeded. Payments for purchases are not to be split in order to stay within the single purchase limit.

All materials, supplies, and services purchased over the counter and paid for by using the Merchant Card must be immediately available. No back-ordering is allowed unless authorized by the General Manager.

All materials, supplies, and services purchased by telephone order to be paid for by merchant card must be delivered by the merchant/vendor within the 30-day billing cycle. The order should not be placed without this assurance. (Please see "Telephone Purchase Procedures" below). Merchant card use for employee travel must comply with established District travel policy.

### **Section 12.3 Telephone Purchase Procedures**

Telephone purchase procedure, as used in these instructions, means a procedure where an order is placed, or a purchase is made by telephone. The supplies or services are provided by the merchant/vendor and payment is made using the merchant card.

When placing a telephone order to be paid using the merchant card, the employee will:

- a. Confirm that the merchant/vendor agrees to charge the merchant card when the shipment is made so that receipt of the supplies may be certified on the monthly Statement of Account.
- b. Instruct the merchant/vendor to fax, mail or email the charge slip to the cardholder when the credit card is charged.
- c. A log should be used to record telephone merchant card orders (see Attachment 4). The documentation should be held until the monthly billing statement is received and then attached to the statement, along with the charge slips, when it is submitted for payment.

### **Section 12.4 Internet Purchase Procedures**

Internet purchase procedure, as used in these instructions, means a procedure where an order is placed, or a purchase is made, by internet website access. The supplies or services are provided by the merchant/vendor and payment is made using the merchant card.

When placing an internet order to be paid using the merchant card, the employee will:

- a. Confirm that the web site utilizes security protection software.
- b. Confirm that the merchant/vendor agrees to charge the merchant card when the shipment is made so that receipt of the supplies may be certified on the monthly Statement of Account.
- c. Print out a hard copy of the order confirmation before exiting the site.

### **Section 12.5 Documentation, Reconciliation and Payment Procedures**

- a. Documentation

Any time a purchase is made that will be paid using the merchant card, whether it is done over the counter or by telephone or by internet, a document must be retained as proof of purchase. The documents will later be used to verify the purchases shown on the merchant card monthly statement. When a purchase is made over the counter, the employee is to obtain a customer copy of the charge

slip, as well the separate invoice if any, which will become the accountable document (make sure all carbons are destroyed).

When making purchases by telephone, the employee is to immediately document the transaction on a log and attach the charge slip (and invoice, if any) when received from the vendor, along with any shipping documents associated with the order.

b. **Missing Documentation**

If for some reason the employee does not have documentation of the transaction to send with the statement, he/she must attach an explanation that includes a description of the item, date of purchase, merchant's/vendor's name and why there is no supporting documentation and signed by the General Manager. If documentation is received after the statement has been sent for payment, the employee should send the documentation to accounts payable with a note referencing the date of the statement to which it should be attached.

**Section 12.6 Merchant Card Restrictions**

The following list covers purchases for which merchant card use is **prohibited**:

- a. Fuel purchases. Fuel purchases for District vehicles only must be made using a District Fuel credit card.
- b. Cash advances through bank tellers or automated teller machines.

**Section 12.7 Payment and Invoice Procedures**

Purchases made by employees will be paid by accounts payable once the purchases are coded by the Department(s) and the General Manager's approval of the transaction has been completed. Account coding shall be summarized by budget account.

Original invoices, receipts and/or charge slips should be stamped with the "Approved for Payment" stamp with all fields completed, then put into the Credit Card Receipts folder in the Financial Office. If the employee wishes to retain a copy of the invoice, a copy should be made before the original is sent to the General Manager.

The "Statement of Account" requires the Department/Division to review the statement and to note any errors on the bill. The Department/Division should attach to the statement all receipts (sales drafts/charge slips) received at the time of purchase with the budget account number noted on each. Travel expense charges must include a copy of the final accounting of the travel authorization form, as well as receipts pertaining to Travel purchases made by credit card. The Supervisor or Manager stamps the invoice or receipt with an "Approved for Payment" stamp, assigns account codes for each item, writes the grand total of the amount to be paid in the "amount" area provided by the "Approved for Payment" stamp, attached the summary by budget account and secures the signature of the General Manager certifying items purchased and received and forwards to the accounts payable within five (5) working days after it is received. Noncompliance may mean denial of future use of cards. Merchant Card Monthly Statement Payment: The Financial Officer will match all Credit Card Receipts with the monthly statement. Any missing receipts will be requested by the Financial Officer. The final packet of Statement and receipt back ups will go to the General Manager for approval before payment.

### **Section 12.8 Approval**

Approval of the transactions that employees have made using the merchant cards will not be totally defined in these procedures. Department Heads or supervisors, because of their knowledge of the job responsibilities of employees, are required to look at each employee's purchases, and at the merchant, who made the sale in order to determine if these items were for Official Use and if they were items allowed to be purchased in accordance with the instructions provided.

If, for any reason, the General Manager questions the purchases(s), it is his/her responsibility to resolve the issue with the employee. If he/she cannot be satisfied that the purchase was necessary and for Official Use, then the employee must provide a Credit Voucher proving item(s) have been returned for credit, or a personal check or cash for the full amount of that purchase. Resolution for improper use of the merchant card will be the responsibility of the General Manager to resolve, and disciplinary action for misuse will also be his/her responsibility to process.

### **Section 12.9 Disputes**

If items purchased with the merchant card are found defective or the repair of services faulty, the employee has the responsibility to return the item(s) to the merchant for replacement or to receive a credit on the purchase. If the merchant/vendor refuses to replace or correct the faulty item, then the purchase of this item will be considered to be in DISPUTE.

A disputed item must be noted on the statement of the account. In addition, an "Employee Statement of Questioned Item" form (Attachment 1) must be completed by the employee with appropriate documentation attached, if necessary. The General Manager shall notify the merchant card issuer in accordance with the instructions on the "Employee Statement of Questioned Item" for adjustment. The form should be attached to the statement of account, with a copy retained by the Department for follow-up the following month to be sure the proper credit is received on the statement of account.

It is essential that the time frames and documentation requirements established by the merchant card issuer be followed to protect the employee's rights in dispute. Dispute policies and procedures issued by the merchant card issuer will be provided at the time merchant cards are issued to employees.

### **Section 12.10 Requests for Initial, Additional or Changes to Merchant Cards and/or Credit Cards**

All requests for new accounts, additional cards or changes in account names or limits will be done by submitting "Request for Merchant or Credit Card" form to the General Manager. The form will be processed by the General Manager and the requesting Department Head or Supervisor will be notified when the request is processed. A minimum of thirty days should be allowed for processing requests.

### **Section 12.11 Inventory of Merchant and/or Fuel Credit Cards**

At least once annually, the General Manager will provide a list of credit cards to be issued and a physical inventory of credit cards will be performed by the Financial Officer and a report will be provided to the General Manager of the results of the inventory.



### **Section 12.12 Lost or Stolen Merchant and/or Credit Cards**

Should any employee lose or have a District credit card stolen, it is the responsibility of the General Manager to immediately notify the merchant card issuer of the loss. The telephone number of the merchant card issuer will be provided when the merchant card is issued.

In addition to notifying the merchant card issuer, the General Manager must notify the Board of Directors of the lost or stolen credit card WITHIN ONE WORKDAY after the discovery of the loss or theft of the card. The General Manager will be required to make a written report to the Board of Directors WITHIN FIVE (5) WORKDAYS that will include the complete information on the loss, the date the loss was discovered, the location where the loss occurred if known, the purchases that the employee had made prior to the loss, and any other information that may be considered necessary.

### **Section 12.13 Terminating Employee**

The General Manager shall be responsible to collect merchant and/or fuel credit cards from terminated employees.

If the General Manager is unable to collect the merchant or fuel card when an employee leaves, the General Manager shall notify the Board of Directors by email and immediately take action to ensure the card is voided.

The merchant or fuel card issuer shall be notified to void the merchant card to prevent any purchases after the employee leaves.

### **Section 13.0 CONTRACT CHANGE ORDERS**

To establish a uniform procedure for documenting, review and authorization of Change Orders affecting construction contracts, these procedures shall apply to changes in the work that results in alterations, amendments or deviation from an awarded contract; thereby modifying the scope of the contract, the cost, completion schedule, material and/or equipment furnished under the awarded contract.

A Change Order is the written authorization that changes the awarded contract as noted above. The Change Order shall be for similar kinds of work as that awarded in the original contract and shall only arise in good faith from unforeseen items and/or events since the time of the bid award. Request for Change Order authorization to the General Manager shall be accompanied by a purchase order. Change Order authorization limits are established as follows:

- a) Contracts up to \$25,000. The General Manager is authorized to approve change orders, in aggregate, up to 25% of initial contract amount.
- b) Contracts \$25,000 - \$75,000. The General Manager is authorized to approve change orders, in aggregate, up to 20% of initial contract amount. The General Manager shall place an item on the next Board of Directors meeting for Board review.
- c) Contracts greater than \$75,000. For contracts with an initial contract amount of \$75,000 or more, the General Manager may approve change orders, in aggregate, up to \$15,000. Change orders in excess of the aggregate \$15,000 must be approved by the Board of Directors at a scheduled board meeting.

In all cases where a Change Order would increase the cost of the project beyond the existing budget, the Change Order shall be presented to the Board of Directors along with an appropriation resolution for their consideration and approval.

#### **Section 14.0 CONTRACTS WITH OTHER PUBLIC AGENCIES**

It may be beneficial to contract with other public agencies for goods and services. In such cases, the General Manager may waive normal bidding procedures if it can be shown, via the quotation procedures contained in Section 4.0, that contracting directly with another public agency is equal to or less than the cost of a private sector competitive bid contract

#### **Section 15.0 UNIFORM PUBLIC CONSTRUCTION COST ACCOUNTING (CUPCCAA)**

The Uniform Public Construction Cost Account Act (the “Act”) allows local agencies to perform public project work of up to \$60,000 with their own workforce if the agencies elect to follow the cost accounting procedures set forth in the *Cost Accounting Policies and Procedures Manual* by the California Uniform Construction Cost Accounting Commission (the “Commission”). Participation is voluntary and open to any public agency. The benefits of electing to become a participating agency of the Act include more flexibility in completing public projects, reduction of the number of formal bids a public agency must put forth for qualifying projects, and a streamlined awards process.

##### **Section 15.1 Definitions**

“Public Project” means any of the following:

- a) Construction, reconstruction, erection, alteration, renovation, improvement, demolition, and repair work involving any publicly owned, leased, or operated facility.
- b) Painting or repainting of any publicly owned, leased, or operated facility.
- c) In the case of a publicly owned utility system, "public project" shall include only the construction, erection, improvement, or repair of dams, reservoirs, power plants, and electrical transmission lines of 230,000 volts and higher.

“Public project” does not include maintenance work. For purposes of this section, "maintenance work" includes all of the following:

- a) Routine, recurring, and usual work for the preservation or protection of any publicly owned or publicly operated facility for its intended purposes.
- b) Minor repainting.
- c) Resurfacing of streets and highways at less than one inch.
- d) Landscape maintenance, including mowing, watering, trimming, pruning, planting, replacement of plants, and servicing of irrigation and sprinkler systems.
- e) Work performed to keep, operate, and maintain publicly owned water, power, or waste disposal systems, including, but not limited to, dams, reservoirs, power plants, and electrical transmission lines of 230,000 volts and higher.

### **Section 15.2 List of Registered Contractors**

The General Manager, or their designee, shall maintain a list of qualified contractors, identified according to categories of work. At least once per calendar year, the General Manager shall establish a new list or update its existing list of qualified contractors by mailing, faxing, or emailing written notice to all construction trade journals designated for that agency by the Commission. The list of Commission-designated trade journals can be found in the *Cost Accounting Policies and Procedures Manual*. A contractor may have their firm added to the List of Registered Contractors at any time by providing the following information:

- a) The name and address to which a Notice to Contractors or Proposals should be mailed, faxed, or emailed;
- b) A phone number at which the contractor may be reached;
- c) The type of work in which the contractor is interested and currently licensed to perform;
- d) The class of contractor's license(s) held; and
- e) The contractor license number(s).

### **Section 15.3 Bid Limitations for Public Projects**

The General Manager is authorized to award Public Project contracts solicited through CUPCCAA informal bidding processes. Contracts exceeding the informal bid limit set forth in Public Contract Code section 22032 (as it may be revised from time to time), are let in accordance with CUPCCAA formal bidding procedures, and awarded by the District Board.

### **Section 15.4 Public Projects of \$60,000 or Less**

Public projects of \$60,000 or less may be performed by the employees of the District by force account (such as street maintenance), by negotiated contract (such as a contract for design services), or by purchase order (such as a contract for supplies). Procurement of any contracts for Public Projects under \$60,000 shall be subject to the procedures set forth in Sections 2.0 and 3.0 of this Policy Manual.

### **Section 15.5 Public Projects of \$200,000 or Less**

Public projects of \$200,000 or less may be let to contract by the following informal procedures:

- Notice inviting bids must describe the project in general terms and how to obtain more detailed information.
- Notice inviting bids must state the time and place for the submission of bids.
- The District may either mail, fax, or email a notice inviting informal bids to all contractors on the List of Registered Contractors for the category of work being bid, unless the product or service is proprietary, not less than 10 calendar days before bids are due; or mail, fax, or email the notice to all construction trade journals specified in the *Cost Accounting Policies and Procedures Manual*. (Notice by mail to a trade journal listed in the *Cost Accounting Policies and Procedures Manual* is not required if the trade journal charges for its services or is out of business)
- Notice inviting bids shall require that the contractor provide:

- The name and address to which a Notice to Contractors or Proposals should be mailed, faxed, or emailed;
- A phone number at which the contractor may be reached;
- The type of work in which the contractor is interested and currently licensed to perform;
- The class of contractor's license(s) held; and
- The contractor license number(s).

### **Section 15.6 Public Projects of More Than \$200,000**

Public projects of more than \$200,000 must be let to contract by the following formal bidding procedures:

- Notice inviting bids must be published at least 14 calendar days before the date of opening the bids in a newspaper of general circulation within the District.
- Notice inviting bids must describe the project in general terms and how to obtain more detailed information.
- Notice inviting bids must state the time and place for the submission of bids.
- All bids for construction work shall be presented under sealed cover and shall be accompanied by one of the following forms of bidder's security:
  - Cash.
  - A cashier's check made payable to the District.
  - A certified check made payable to the District.
  - A bidder's bond executed by an admitted surety, made payable to the District.

### **Section 15.7 Bid Award**

The contract must be awarded to the lowest bidder. If two or more bids are the same and the lowest, the Board has the discretion to award the contract to any one of the responsible lowest bidders. If all bids received are in excess of \$200,000, the Board may, by adoption of a resolution by a four-fifths (4/5) vote, award the contract at \$212,500 or less to the lowest responsible bidder.

The Board has the discretion to reject any bids presented. The Board may reject all bids if it first declares that the project can be more economically performed by employees of the District and the General Manager provides written notice to an apparent low bidder that:

- Informs the lowest responsible bidder of the Board's intention to reject the bid.
- Is mailed at least two business days prior to the hearing at which the Board intends to reject the bid.

If all bids are rejected, the Board may abandon the project or re-advertise for bids or, by passage of a resolution by a four-fifths (4/5) vote declaring that District employees can perform the project more economically, have the project done by force account without further complying with the Act.

If no bids are received, the project may be performed by employees of the District by force account or by further informal bidding procedures.

### **Section 15.8 Emergency Work**

In cases of emergency when repair or replacements are necessary, the Board may proceed at once to replace or repair any public facility without adopting plans, specifications, strain sheets, or working details, or giving notice for bids to let contracts. The work may be done by day labor under the direction of the Board, by contractor, or by a combination of the two. If notice for bids will not be given for emergency work, the Board must:

- Approve by a four-fifths (4/5) vote proceeding with the emergency work.
- Make a finding, based on substantial evidence set forth in the minutes of its meeting, that the emergency will not permit a delay resulting from a competitive solicitation for bids, and that the action is necessary to respond to the emergency.
- Any emergency action taken must be reviewed at the next regularly scheduled meeting of the Board, to occur not later than 14 days following the order of emergency action, and at every regularly scheduled meeting thereafter until the action is terminated, as determined by a four-fifths (4/5) vote of the Board whether there is need to continue the action.

The Board may, by a four-fifths vote, delegate, by resolution or ordinance, to the General Manager, or other nonelected agency officer, the authority to order any emergency action.

### **Section 15.9 Project Tracking**

All cost elements, including personnel, materials, supplies and subcontracts, equipment, and overhead, associated with construction-oriented Public Project must be recorded and reported at the project level through a project tracking system. The District shall maintain a manual or automated system that records, accumulates, and periodically reports the cost elements – personnel; materials, supplies and subcontracts; equipment; and overhead – incurred in completing all Public Projects.

The District is required to account for the costs of the public project in a manner consistent with the way in which the project was bid or estimated. An audit trail of the accumulation of cost elements for each Public Project must be maintained by the District, including source documents identifying costs incurred on each project (e.g., timesheets, equipment tracking records, requisitions of materials and supplies used at the project site, documentation of the development of overhead rates).

### **Section 16.0 ACCOUNTS PAYABLE PROCESS**

When purchasing from a new vendor, the Department Head or General Manager should provide the vendors contact information to the Financial Officer so the vendor can be entered into the accounting software and appropriate vendor information collected (i.e W-9 forms).

Invoices received for payment should be stamped with the “Received By” stamp on the date received and put into the Accounts Payable folder for the General Manager’s signature. For an invoice to be paid, the Department Head or supervisor must stamp the invoice with the “Approved for Payment”

stamp and fully complete it. The General Manager will review and sign all invoices, after signed by the Department head or Supervisor but before they are entered for payment by the Financial Officer.

“Approved for Payment” stamp: Department Head or supervisor should fully complete the stamp with:

- the current date
- purchase description, resolution # or project name to be assigned to the purchase in the District’s accounting software
- list the budget account(s) the amount due should be coded to
- initials or signature of the Department Head or supervisor

Department Head or supervisor should include any special instructions with the invoice. Example: a copy of the invoice or permit should be included with payment, or if the check should not be mailed out.

Credits: Department Head or supervisor should indicate on a credit if there is a specific invoice the credit should be applied to and stamp the credit with the “Approved for Payment” stamp and fully complete it.

Vendor Statements: when received should be stamped with the “Received By” stamp and put into the AP folder for review by Department Heads, supervisors and the General Manager. All Statements should go to the Financial Officer, who will review it against the District’s records. Any open invoices/credits will be pursued, otherwise if no action is needed the statement will be filed into the vendors accounting file.

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