

# COACHELLA VALLEY WATER DISTRICT PROCUREMENT POLICY

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## **SECTION 1.0      PROCUREMENT MISSION STATEMENT**

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

## **SECTION 2.0            PURPOSE OF THE PROCUREMENT POLICY**

- 2.1     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 CVWD use and to relate the policies and principles to applicable provisions of governing law and to CVWD administrative policies. (Procurement Policy or Policy) This Policy is the written rule and regulation required by California Government Code section 54202 and also serves as CVWD administrative policies and procedures governing procurement activities. This Procurement Policy is compliant with Title 2 of the Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards.
  
- 2.2     By adoption of this Policy, the Board is empowering the General Manager, or its authorized representative with certain duties and responsibilities that are essential for the day-to-day operation of CVWD. 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 3.0      POLICY STATEMENT**

- 3.1 California 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. “*

- 3.2 This Policy is subject to change in the regular operation of CVWD, as it may be revised from time to time by the Board of Directors.

### 3.2.1            General Procurement Policies

- A. All purchases, agreements, services, leases, and/or contracts for materials, supplies, equipment, and other CVWD property shall be made in accordance with this Policy.
- B. Procurement practices shall comply with laws, regulations and guidelines of the State of California and the provisions of grant or funding agreements, if applicable.
- C. Any employee 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.
- D. 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.
- E. Contract administration methods shall be maintained to assure that goods and services received by CVWD meet the terms and conditions of the contract.
- F. Purchasing authority for the acquisition of materials, supplies, equipment and services, including non-capital construction shall be centralized under the Procurement Division and in such persons who are officially designated within this manual. The Finance Director or its designee will ensure performance within the guidelines prescribed by law, by legal opinions, and

in accordance with established CVWD policies and procedures.

- G. Authority related to 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, and in accordance with established CVWD policies and procedures in regards to capital improvement projects. For specific policies and procedures related to capital projects, refer to the CVWD Project Administration Manual.
- H. Operation and Maintenance purchases including materials, supplies, inventory items, and rentals do not require Board approval if services are performed by CVWD forces. Operation and Maintenance services performed by outside contractors and large equipment purchases require Board approval if the total cost is above the General Manager's approval authority.
- I. Any amendment to any purchase order or contract that will increase CVWD's adopted annual budget will require Board approval.

### 3.2.2 Transaction Driven Expenditures

- A. Example:
  - (i) A new project has been identified that requires a design services consultant. CVWD solicits proposals and awards the contract to a consultant for \$55,000. The contract does not require Board approval because it is below the \$75,000 authorization limit. This contract would require the General Manager's signature.
  - (ii) In addition, it is determined that project management services are required. CVWD solicits proposals and awards the contract to a project management services firm for \$45,000 for the same project, but a different consulting firm. This contract would require the General Manager's signature.
  - (iii) It is determined by staff that CVWD requires geotechnical tests for this project. CVWD receives three informal quotes and awards the contract to a new

vendor for \$20,000. This contract would require the General Manager's signature.

- (iv) Although the total expenditure for this project is \$120,000, none of these contracts would require Board approval because they are separate transactions, each managed by CVWD personnel, and within the General Manager's approval authority.

## **SECTION 4.0      PROCUREMENT AUTHORITY**

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

- 4.1 Enter into contractual obligations on behalf of CVWD for the acquisition of supplies, materials, equipment, and services necessary to support CVWD functions in accordance with this Procurement Policy.
- 4.2 Obtain full and open competition in accordance with prescribed policies and procedures in a manner that presents the best overall value to CVWD.
- 4.3 Provide for the uniform treatment of vendors, suppliers, and contractors.
- 4.4 Prepare and recommend revisions and amendments to procurement policies and requirements governing the purchase of materials, supplies, equipment and services and submit them periodically to the Board for approval. Revisions to procurement rules and requirements shall adhere to all related laws and industry standards.
- 4.5 Supervise the receipt and inspection of all materials, supplies, equipment, and services purchased to ensure conformance with specifications.
- 4.6 Recommend the disposition of surplus or unused supplies, materials, equipment, and scrap through sale or other means.
- 4.7 Maintain necessary records for the efficient operation of procurement.
- 4.8 Operate a centralized warehouse to efficiently manage commonly used supplies and materials as required to support CVWD functions.

## **SECTION 5.0      DELEGATION OF PROCUREMENT AUTHORITY TO OTHERS**

- 5.1    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 CVWD. Within this authority, the Finance Director or Procurement & Contracts Manager may delegate to certain individuals the responsibility for the performance of specific procurement activities. Only those persons so delegated are authorized to contractually obligate CVWD for the purchase of materials, equipment, supplies, and services.
  
- 5.2    Other delegation may be through the authorized use of procurement cards, Blanket Purchase Orders, or other written authorization. All such purchases will be made in conformity with the policies and procedures prescribed within this manual.

## **SECTION 6.0      EXCEPTIONS FROM CENTRALIZED PROCUREMENT**

- 6.1 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 Director of Finance or the Procurement and Contracts Manager.
- 6.2 Any purchase made without issuance and approval of a purchase order will be deemed void and of no effect and will be subject to non-payment. The individual employee responsible for creating the unauthorized obligation may be subject to disciplinary action and/or subject to termination.
- 6.3 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.

<ul style="list-style-type: none"><li>Advertisements</li><li>● Agency Contribution (Gov't Agencies)</li><li>Annexation Expenses</li><li>Application Fees</li><li>Assessment District Expenses</li><li>Association Fees</li><li>● Attorney &amp; Legal Fees</li><li>Bank Charges and Fees</li><li>Board Lunches</li><li>Bond Transactions</li><li>● Bureau of Reclamation Expenses</li><li>Claims</li><li>Conferences</li><li>Court Reporting</li><li>Debt Service</li><li>Easements</li><li>Environmental Fees &amp; Permits</li></ul>	<ul style="list-style-type: none"><li>Fees &amp; Permits (Gov't Agencies)</li><li>Insurance</li><li>● Leases or Purchase of Real Property</li><li>Medical Services</li><li>Memberships</li><li>Notices</li><li>P-Card Purchase (See P-Card Policy)</li><li>Payroll related</li><li>Petty Cash</li><li>Postage</li><li>● Purchase of Imported Water</li><li>Refunds (Construction &amp; Billing)</li><li>Seminars</li><li>Subscriptions</li><li>Travel Expenses, Lodging &amp; Meals</li><li>● Utilities</li></ul>
<ul style="list-style-type: none"><li>● Potentially greater than \$75,000.</li></ul>	

- 6.4 For Board Approved budgeted expenditures, the General Manager or designee shall have authority to approve individual disbursements exceeding prescribed spending limits in order to facilitate timely payment for the categories noted above. These expenditures are subject to Board review as requested.

## **SECTION 7.0      STANDARDS OF CONDUCT IN PROCUREMENT**

### **7.1      Conflict of Interest**

7.1.1      Employees must follow the Conflict of Interest Code adopted by the Board of Directors. Employees must follow applicable laws, rules, and regulations in regard to conflicts of interest including, but not limited to, the Political Reform Act, the prohibition against contractual conflicts of interest, and guidelines in the California Code of Regulations regarding acceptance of gifts.

### **7.2      Vendor Gifts and Gratuities**

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

Subject to guidelines in the California Code of Regulations, 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 CVWD'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 CVWD 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 CVWD personnel as a class, such as discounts provided to government employees.

- D. Acceptance of unsolicited advertising or promotional material, such as pens, pencils, note pads, calendars, or other items of nominal value, not exceeding \$50.
- 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 CVWD projects.
- G. 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 or gratuity shall be turned over to a public or charitable institution within 30 calendar days without being claimed as a charitable deduction and any other requirements for disposition of such gifts.

### 7.3 Personal Purchases from Suppliers, Vendors, or Contractors

- 7.3.1 Employees of CVWD or their immediate relatives are NOT to utilize the employee's position with CVWD to solicit or utilize discounts, promotions, or other concessions from CVWD suppliers, vendors, or contractors to purchase supplies, equipment, tools, etc.
- 7.3.2 Employees of CVWD or their immediate relatives are permitted to utilize discounts, promotions, etc. offered to the general public by CVWD suppliers, vendors, or contractors.

### 7.4 Contracts with CVWD Employees or Organizations Owned by Them

- 7.4.1 Employees shall not knowingly award a contract, agreement, or purchase order to a CVWD employee or to a business concern or other organization owned or substantially owned or controlled by one or more CVWD employees. This policy is intended to avoid any conflict of interest that might arise between the employees' interests and their CVWD duties and to avoid the appearance of favoritism or preferential treatment by CVWD toward its employees.
- 7.4.2 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 CVWD's needs cannot reasonably be otherwise met.

### 7.5 Ethical Procurement Practices

- 7.5.1 It is the policy of CVWD 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 CVWD by conducting business in a fair, equitable, and ethical manner.

7.5.2 CVWD 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 CVWD.
- 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, CVWD policies, and these ethical principles and standards of conduct.
- F. Develop and maintain professional competence.

## **SECTION 8.0      DEFINITION OF TERMS**

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

- 8.1      *“Addendum”* shall mean any alteration, correction, or adjustment to a solicitation document prior to award.
- 8.2      *“Approver”* shall be the individual with the authority to designate appropriated funding for a specific procurement as defined in Exhibit A.
- 8.3      *“Blanket Purchase Order”* shall mean an agreement to purchase a given quantity of specific goods over a specified period of time, usually one year.
- 8.4      *“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.
- 8.5      *“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.
- 8.6      *“Centralized Procurement”* shall mean that all purchases of goods and services are made by the CVWD Purchasing Division to avoid duplication, overlapping, and non-uniform procurement.
- 8.7      *“Change Order or Task Order”* shall mean any modification to an existing procurement or respective contractual document subsequent to award.
- 8.8      *“Consultant”* shall mean a person or company that provides a Professional Service to CVWD.
- 8.9      *“Contract Documents”* shall mean all documents that together form the terms and conditions for procurement of goods or services from suppliers, vendors, or contactors to CVWD.
- 8.10     *“Contractor”* shall mean any person who submits 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.
- 8.11     *“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.
- 8.12     *“Delegate Authority”* shall mean authority to assign authority, at specified limits, to respective subordinate staff.

- 8.13 *“Emergency”* shall mean a sudden, unexpected occurrence that poses a clear and imminent danger, requiring immediate action to prevent or mitigate the loss or impairment of life, health, property, or essential public services.
- 8.14 *“Formal Solicitation”* shall mean the issuance of a written request for formal bids, proposals, or quotations.
- 8.15 *“General Manager”* shall mean the executive in charge of day-to-day CVWD operations or its authorized designee.
- 8.16 *“Informal Solicitation”* shall mean the written request for a written bid, proposal, or quotation unless otherwise authorized by the Procurement and Contracts Manager.
- 8.17 *“Invitation for Bids”* shall mean a formal process for soliciting formal 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.
- 8.18 *“Offeror”* shall mean a person or entity that submits an offer to CVWD to provide goods or services.
- 8.19 *“Operation and Maintenance”* shall mean the functions to ensure continuous operations and viability of CVWD’s infrastructure.
- 8.20 *“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.
- 8.21 *“Public Works”* shall mean the erection, construction, alteration, repair, or improvement of any public structure, building, road, or other improvement of any kind.
- 8.22 *“Procurement”* shall mean the purchase or otherwise compensatory securing of materials, supplies, services, leases, and equipment, real property, or public works services.
- 8.23 *“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.
- 8.24 *“Request for Proposal”* shall mean a formal solicitation of proposals which involves a qualification based selection process which may include price as part of the evaluation criteria.

- 8.25 *“Responsible”* shall mean a bidder or proposer who has proper resources, technical capabilities, and financial capacity to deliver materials or perform the work.
- 8.26 *“Responsive”* shall mean a bidder or proposer whose bid/proposal complies in all aspects with the Invitation for Bids or Request for Proposal by the bid opening or proposal closing date.
- 8.27 *“Single Source”* shall mean procurement where there is a compelling reason for using only one source, a preferred brand, like material, etc., to be procured.
- 8.28 *“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.

## **SECTION 9.0      PURCHASE REQUISITIONS & AUTHORIZATION TABLE**

### **9.1      Purchase Requisitions**

9.1.1      Purchase Requisitions (Requisitions) communicate to the Procurement Division, 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 Division to proceed with the acquisition.

9.1.2      A completed 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.

9.1.3      Requisitions should be prepared and submitted far enough in advance to enable the Procurement Division to meet the competition and formal bidding requirements specified in this Policy and to properly prepare the contract documents. Additionally, no purchase request will be broken into smaller units to avoid any provision of this Policy.

9.1.4      Prior to generation of Requisitions by staff that do not require a formal RFP/Bid process, quote(s) must be obtained (See Section 11). If the requestor has received quotes they are to be attached to the Requisition electronically or emailed to the Procurement Division to evaluate and move forward in the procurement of the goods or service. If no quotes are provided, the Procurement Division will obtain quotes, but it may delay the processing of the Requisition.

### **9.2      Procurement Authorization Table**

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

### **9.3      Notes and Exceptions**

9.3.1      In the absence of the designated approver for a given request, authorization will be obtained from his/her designee or the next highest authority in accordance with the Procurement Authorization Table.

9.3.2      The Procurement Authorization Table shall also apply to all Capital Improvement Projects. Capital Improvement 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.

9.3.3 For multiple year agreements, procurement authorization shall be determined by the maximum total dollar value that may be awarded over the duration of the contract, including any option years. If provided for in the original agreement, the Procurement & Contracts Manager may, in its sole discretion, negotiate a reasonable price revision based on escalation during the option years, if any. Yearly renewals, if required (and noted in original Board Action Item), may then be authorized by the General Manager or its designee, regardless of the dollar amount.

A. *Example 1:* A multiple year agreement, including option years, for goods is estimated at \$80,000 in the first year. This would require Board authorization for the first year of the contract and all option years. The execution of option years would be approved by the General Manager provided the terms and conditions of the original agreement remain unchanged and the option years were noted in original Board Action Item.

B. *Example 2:* A five year agreement for services estimated at \$39,000 for each year. Although each year is individually under the General Manager's authorization, the total cost of the five year procurement exceeds \$75,000 and must be approved by the Board of Directors.

9.3.4 Purchases to replenish CVWD's warehouse inventory may be approved by any authorized buyer up to the limit established by the Procurement & Contracts Manager.

#### 9.4 Purchase Orders

9.4.1 The entire Purchase Order amount is encumbered at the time of creation. Balances left on the Purchase Orders at the end of the fiscal year remain open in SunGard, but do not automatically carry over in the budget. Requisitioners are responsible for working with their finance liaison to process the required paperwork to ensure availability of funds in the next fiscal year.

9.4.2 Purchase Orders for multi-year contracts will remain open until projects are completed and the Procurement Division is notified to close the Purchase Order.

9.4.3 Procurement costs are expensed from the fiscal year budget in which the order was received, not from the fiscal year in which the Purchase Order was issued.

#### 9.5 CVWD Check Request

- 9.5.1 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. All check requests will be reviewed by the Procurement & Contracts Manager to confirm adherence to the Policy.
- 9.5.2 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 3.2.1.C of this Policy.
- 9.5.3 In the event of an Emergency (as defined in Section 8), a Requisition may be completed after goods have been received or services rendered and a Purchase Order will be issued. All procedures described in Section 12 herein, including but not limited to Board ratification, must be followed.

## **SECTION 10.0      CVWD SPECIFICATION REQUIREMENTS**

- 10.1 Before procurement commences, the needed item or service must be clearly defined. Procurement specifications serve this purpose by identifying characteristics of the item or service with definitions, descriptions, and quantities. 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.
- 10.2 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.
- 10.3 Use of Brand Name or Equal Procurement Descriptions
- 10.3.1 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.
- 10.3.2 Brand name or equal purchase descriptions must include, in addition to the brand name and model number, general description of those salient physical, functional, or performance characteristics of the brand name item that a proposed "equal" item must meet to be acceptable for award.
- 10.4 Items Limited to One Manufacturer
- 10.4.1 CVWD specifications 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 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:
- A. In order that a field test or experiment may be made to determine the product's suitability for future use.
  - B. In order to match other products in use on a particular public improvement either completed or in the course of completion.
  - C. In order to obtain a necessary item that is only available from one source.

D. In order to respond to an Emergency declared by the General Manager, Board of Directors, or State or Federal agencies.

10.4.2 The requesting Department must complete a Single/Sole Source Justification Form when requesting to procure services, materials, or equipment without providing for full and open competition. The Single/Sole Source Justification Form is set forth in Exhibit B.

## 10.5 Inappropriate Specifications

10.5.1 Inappropriate specifications may be those which are overly restrictive; discourage competition; are unclear; or otherwise fail to comply with the Procurement Policy. Such specifications may be returned to the requestor for justification, clarification, or changes.

**SECTION 11.0      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 formal RFP/Bid process. The General Manager, Finance Director, or Procurement & Contracts Manager may grant exceptions up to his/her authority to the competitive process for emergency conditions, supply limitation, or other circumstances with justification for such waiver being documented with the acquisition. For the purposes of Public Contract Code section 3400, the General Manager has been authorized by the Board to make Single/Sole Source findings and sign the Single/Sole Source Justification Form for procurements of any dollar amount notwithstanding his/her authority. For capital projects, see the CVWD Project Administration Manual.

\$0 - \$10,000	One Informal Quote
\$ \$10,001 - \$50,000	Three Informal Quotes
\$50,001+	Formal RFP/Bid Process
\$100,001+	Board Approval

**11.1 Exceptions**

Exceptions to the competitive requirements are:

- 11.1.1      Emergency procurement as defined herein.
- 11.1.2      Sole or single source procurement as defined herein.
- 11.1.3      Time constraint or other circumstances where the Procurement Division has determined it is in the best interest of CVWD.
- 11.1.4      Cooperative procurement arrangements with other entities.
- 11.1.5      “Piggyback” purchases or leases, when the Procurement & Contracts Manager determines it is in CVWD’s best interest to utilize the contracts of other governmental agencies or non-profit governmental entities.
- 11.1.6      When the Procurement & Contracts Manager has determined that a negotiation with a vendor or supplier is in the best interest of CVWD.

**11.2 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.

### 11.3 Addendum to Invitation For Bids

11.3.1 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 that materially changes the solicitation, 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 CVWD's electronic bid system.

11.3.2 Before issuing a material addendum, the period of time remaining until bid opening and the need to extend this period shall be considered. If less than 72 hours remain 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.

11.3.3 Any information concerning an Invitation for Bids shall be furnished promptly to all prospective bidders as an addendum to the invitation if such information is necessary for bidders to submit bids.

### 11.4 Cancellation of Invitation before Opening

11.4.1 The cancellation of an Invitation for Bids usually involves a loss of time, effort, and money spent by CVWD and bidders. Invitations should not be canceled unless cancellation is in the public or CVWD's best 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.

11.4.2 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 cancellation 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.

## 11.5 Release of Procurement Information

- 11.5.1 *Before solicitation.* Information concerning a proposed procurement shall not be released outside CVWD before solicitation except for long-range acquisition estimates in the annual budget.
- 11.5.2 *After solicitation.* Discussions with prospective bidders regarding a solicitation shall be conducted and technical or other information shall be transmitted only by the Procurement Division 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.
- 11.5.3 *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 Division or by others specifically authorized.
- 11.5.4 *Confidential information.* If any information in a bid or proposal is claimed to be confidential by the bidder or proposer, and such information is clearly identified in the bid or proposal as confidential, along with a statement of the basis of the claim, then a copy of any Public Records Act request or other request for disclosure of the information will be sent to the bidder or proposer. At its sole cost and expense, the bidder or proposer may seek, within the required timeframe for disclosure, to enjoin the production of the information it claims to be confidential. The bidder or proposer must defend, indemnify and hold harmless CVWD for any costs associated with withholding the information.

## 11.6 Modification or Withdrawal of Bids

- 11.6.1 Bids may be modified or withdrawn if notice is received not later than the time set for opening of bids.
- 11.6.2 If withdrawal of an electronically transmitted bid is necessary, the withdrawal must be made by the bidder or its authorized representative via CVWD's electronic bid system. If withdrawn prior to the time set for the bid opening, the data received shall not be evaluated.
- 11.6.3 Any bid, modification, or withdrawal of a bid received at the CVWD office after the exact time specified for receipt of bids is "late" and will not be considered.

## 11.7 Opening of Bids

- 11.7.1 Per Resolution 2009-90 bids will be opened in the presence of any three of the following members of the bid committee (an alternate may be designated by each member): General Manager, Assistant General Manager, Clerk of the Board, Director of Engineering, Service Department Director, Finance Director, and Procurement & Contracts Manager.
- 11.7.2 A bid committee member shall announce that the time for submitting bids has closed, at the time specified in the bid solicitation. The member shall then publicly open all bids received before that time and read the bids aloud.
- 11.7.3 Examination of bids by interested persons shall be permitted if it does not unduly interfere with the conduct of CVWD business.

## 11.8 Recording of Bids

- 11.8.1 Register of Bids containing the names of bidders and the bid amount shall be available for public inspection.

## 11.9 Award of Bids

- 11.9.1 Award of competitive bids shall be made to the lowest responsible and responsive bidder.
- 11.9.2 Notice of Award will be sent by the Procurement Division to the successful bidder.
- 11.9.3 Unsuccessful bidders will be notified through electronic correspondence or public posting on CVWD's electronic bid system.

## 11.10 Award of Proposals

- 11.10.1 Award of competitive proposals shall be made to the offeror of the proposal that CVWD determines is in CVWD's best interest after consideration of all evaluation factors that were set forth in the Request for Proposal.
- 11.10.2 Notice of Award will be sent by the Procurement Division. Procurement will also be responsible for notifying all unsuccessful proposers either by mail, email, or electronic bid system.

## 11.11 Rejection of Individual Bids

- 11.11.1 Any bid that fails to conform to the essential requirements of the Invitation for Bids shall be rejected.

- 11.11.2 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.
- 11.11.3 Any bid that fails to conform to the delivery schedule or permissible alternates stated in the invitation shall be rejected.
- 11.11.4 A bid shall be rejected when the bidder imposes conditions that would modify requirements of the invitation or limit the bidder's liability to CVWD. For example, bids shall be rejected in which the bidder:
- A. Fails to state a price or indicates that the price shall be the "price in effect at time of delivery".
  - B. Limits rights of CVWD under any contract clause.
- 11.11.5 Any bid may be rejected if CVWD determines 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.
- 11.11.6 Any bid may be rejected if the prices for any items are materially unbalanced.
- 11.11.7 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.
- 11.11.8 A bid shall be rejected if the bidder is found not responsible. Prior to finding a bidder not responsible, the Procurement Division 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.

## 11.12 Contractor Qualifications

- 11.12.1 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.
- 11.12.2 CVWD, through its Procurement & Contracts Manager, reserves the right to evaluate the qualifications of contractors submitting bids or proposals and to determine if the lowest offer is in the best interest of CVWD.
- 11.12.3 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.
- F. Have demonstrated the attribute of trustworthiness as well as quality, fitness, capacity, and experience to satisfactorily perform the contract.

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

11.12.5 CVWD may at its discretion prequalify contractors through a uniform, unbiased prequalification process and may limit bids or proposals it receives to the prequalified contractors.

11.12.6 For Capital Projects, see the CVWD Project Administration Manual.

#### 11.13 Notice to Bidders of Rejection of All Bids

11.13.1 CVWD expressly reserves the right to reject any or all bids. When it is determined necessary to reject all bids, CVWD shall notify each bidder electronically that all bids have been rejected.

#### 11.14 Minor Informalities or Irregularities in Bids

11.14.1 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 there is no

effect on price, quantity, quality, or delivery. CVWD may give the bidder an opportunity to cure any immaterial deviation and waive the deficiency or reject the bid, at CVWD's discretion.

#### 11.15 Mistakes in Bids

- 11.15.1 After the opening of bids, CVWD shall examine the low bid for mistakes. In cases of apparent mistakes and in cases where CVWD has reason to believe that a mistake may have been made, the Procurement Division shall request from the bidder a verification of the bid, calling attention to the suspected mistake.
- 11.15.2 The bid may be withdrawn if the bidder can establish to the satisfaction of CVWD that:
- A. A mistake was made, and
  - B. The bidder gave CVWD written notice within (5) working days after the opening of bids of the mistake, specifying in the notice in detail how the mistake occurred, and
  - C. The mistake made the bid materially different than the bidder intended it to be, and
  - D. The mistake was made in filling out the bid and not due to error in judgment or to carelessness in inspecting the contract documents.
- 11.15.3 The Procurement Manager may accept the withdrawal of a bid if it is deemed in the best interest of CVWD.
- 11.15.4 A bidder who claims a mistake or is otherwise relieved of its bid is prohibited from participating in further bidding or participation on the project on which the mistake was claimed or its bid withdrawn.

#### 11.16 Equal Low Bids

- 11.16.1 When two or more low bids are equal in all respects, award shall be made by a drawing of names or flipping of a coin between 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.

#### 11.17 Award of Contracts

- 11.17.1 CVWD shall make a contract award by written or electronic notice as specified in the bid documents. Award shall not be made until all required approvals have been obtained.

- 11.17.2 If less than three bids have been received, the Procurement Division shall examine the situation to ascertain the reasons for the small number of responses. Award may be made notwithstanding the limited number of bids. However, the Procurement Division 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.
- 11.17.3 Award shall be made by mailing, electronic communication, or otherwise furnishing a properly executed award document to the successful bidder.
- 11.17.4 When a notice of intent to award is issued, it shall be followed as soon as possible by the formal award.
- 11.17.5 When more than one award results from any single Invitation for Bids, separate award documents shall be executed.
- 11.17.6 All provisions of the Invitation for Bids shall be clearly and accurately set forth (either expressly or by reference) in the award document.

#### 11.18 Formal Solicitations

- 11.18.1 Solicitation includes tax, delivery, and all other costs associated with the procurement.
- 11.18.2 Formal and advertised competitive solicitations are required for goods, services, and non-capital construction estimated to cost greater than \$25,000; or at the discretion of the Procurement Division.
- 11.18.3 Whenever possible and practical, solicitations shall provide a minimum of fourteen (14) calendar days for response.
- 11.18.4 All formal 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.
- 11.18.5 Formal solicitations mean hard copy paper, electronic bids, proposals, or other offers that cannot be viewed by CVWD personnel prior to the submittal deadline.
- 11.18.6 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.

#### 11.19 Informal Solicitations

11.19.1 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 procurements estimated to cost more than \$5,000.

#### 11.20 Contract Signatures

11.20.1 Only the General Manager or its authorized designee shall sign contracts on behalf of CVWD.

#### 11.21 Electronic Commerce

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

#### 11.22 Procurement Records

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

#### 11.23 Emergency Purchases

11.23.1 As further set forth in Section 12, the General Manager, or its designee, is authorized to approve emergency procurements in an emergency.

#### 11.24 Bid Security

11.24.1 The Procurement Division or Engineering Department 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 CVWD, or (c) a bid bond.

#### 11.25 Insurance Requirements

11.25.1 The Risk Manager or its designee shall determine the type and amount of insurance necessary for each solicitation (see Section 15).

#### 11.26 Outside Funding Sources

11.26.1 In the event that a procurement for materials, supplies, equipment, services, or construction is subject to funding from a Federal, State, or local funding source, the procurement shall comply with the provisions of CVWD's Grant Administration Policy.



## **SECTION 12.0      EMERGENCY PROCUREMENT PROCEDURES**

12.1 In the event of an Emergency (as defined in Section 8), CVWD, pursuant to a four-fifths vote of the Board, may repair or replace a public facility, take any directly related and immediate action required by that Emergency, and procure the necessary equipment, services, and supplies for those purposes, without following the purchasing procedures prescribed by this Policy.

### 12.2 General Manager Authority

12.2.1 The Board has authorized the General Manager, or its designee, to approve Emergency procurements and take any action set forth in Section 12.1.

12.2.2 If the Emergency procurement exceeds the General Manager's approval authority, the General Manager, or its designee, in conjunction with the department requesting a declaration of an Emergency, shall report to the Board, at its next meeting the reasons justifying why the Emergency did not permit a delay resulting from complying with purchasing requirements and why the action was necessary to respond to the Emergency.

12.3 Before CVWD takes any action, it shall make a finding, based on substantial evidence set forth in the minutes of its meeting, that the Emergency would not permit a delay resulting from complying with purchasing requirements, and that the action was necessary to respond to the Emergency.

### 12.4 Board Ratification

12.4.1 If the Board orders any action specified in Section 12.1, the Board shall review the Emergency action at its next regularly scheduled meeting and at every regularly scheduled meeting thereafter until the action is terminated to determine, by a four-fifths vote, whether there is a need to continue the action.

12.4.2 If the General Manager, or its designee, orders any action specified in Section 12.1, the Board shall initially review the Emergency action not later than seven days after the action, or at its next regularly scheduled meeting if that meeting will occur not later than fourteen days after the action, and at least at every regularly scheduled meeting thereafter until the action is terminated, to determine, by a four-fifths vote, whether there is a need to continue the action, unless the General Manager, or its designee, has already terminated that action prior to the Board's review.

12.4.3 The Board shall terminate the action at the earliest possible date that conditions warrant so that the remainder of the Emergency action may be completed by giving notice for bids to let contracts.

## 12.5 Federally Declared Emergencies; Procurement and Contracting Requirements.

12.5.1 In the event of an emergency declared by the President of the United States, CVWD must comply with Federal procurement standards as a condition of receiving public assistance funding from the Federal Emergency Management Agency (FEMA) for contract costs for eligible work. FEMA funding is governed by Title 2 of the Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards.

### 12.5.2 Federal Emergency Procurement Procedures

#### A. Micro-Purchases.

- (i) Purchases within the micro-purchase threshold (e.g., currently set at purchases of \$3,000 or less but periodically adjusted for inflation) may be awarded without soliciting competitive quotations if CVWD considers the price to be reasonable.
- (ii) To the extent practicable, CVWD must distribute micro-purchases equitably among qualified suppliers.

#### B. Small Purchases.

- (i) Purchases within the simplified acquisition threshold (e.g., currently set at purchases of \$150,000 or less) shall not be required to be formally bid.
- (ii) Price quotations must be received from no less than three (3) sources.

#### C. Formal, Sealed Bidding.

- (i) Formal, sealed bidding is required for purchases greater than the simplified acquisition threshold, which is currently set at \$150,000, or as may be adjusted by the Federal Acquisition Regulation, pursuant to 48 CFR § 2.101.
- (ii) CVWD must publicly advertise the Invitation for Bids and publicly open all bids at the time and place prescribed in the invitation.

- (iii) Any contracts awarded pursuant to this procedure shall be to the lowest responsible bidder submitting a responsive bid and shall be for a firm fixed price.

D. Solicitation of Competitive Proposals.

- (i) When the nature of a procurement does not lend itself to formal, sealed bidding (e.g., professional services), CVWD may solicit competitive proposals.
- (ii) A request for proposals (RFP) must be publicly advertised, and CVWD must solicit proposals from an adequate number of sources. The RFP must identify all evaluation factors and their relative importance; however, the numerical or percentage ratings or weights need not be disclosed.
- (iii) Any contract awarded based on the competitive proposal procurement process cannot be based exclusively on price or price-related factors.
- (iv) If a contract is awarded, it shall be to the responsible firm whose proposal is most advantageous to CVWD (“best value”), with price and other factors considered.

12.5.3 Federal Emergency Noncompetitive Procurements

- A. Contracts may be procured through a noncompetitive proposal only when:
  - (i) The item is only available from a single source;
  - (ii) The public exigency or emergency for the requirement will not permit a delay resulting from competitive solicitation;
  - (iii) CVWD authorizes noncompetitive proposals, as otherwise permitted by the Procurement Policy; or
  - (iv) Competition is deemed inadequate after the solicitation of a number of sources.

12.5.4 Federal Emergency Contracting with Small and Minority Firms, Women’s Business Enterprises, and Labor Area Surplus Firms

- A. CVWD must conduct all necessary affirmative steps to ensure the use of minority businesses, women’s business

enterprises, and labor surplus area firms when possible, as set forth at 2 CFR § 200.321.

- B. CVWD has developed contract templates that include requirements for bidders to take those affirmative steps to secure involvement by those firms, as outlined in 2 CFR § 200.321(b).

#### 12.5.5 Federal Emergency Cost or Price Analysis

- A. CVWD shall perform a cost or price analysis in connection with every procurement action, including contract modifications, in excess of the simplified acquisition threshold. While the method and degree of analysis depend on the facts surrounding the particular procurement situation, CVWD must, at a minimum, make independent estimates before receiving bids or proposals.
- B. CVWD shall negotiate profit as a separate element of the price for each contract in which there is no price competition and in all cases where a cost analysis is performed as required by 2 CFR § 200.323(b).

#### 12.5.6 Federal Emergency Payment Procedures

- A. Contracts entered into pursuant to this Section 12.5 shall utilize only fixed-price, cost-reimbursement, or, to a limited extent, time and materials payment methods.
- B. Time and Materials (T&M) Contracts
  - (i) T&M contracts should be used rarely, and the use of T&M contracts should be limited to a reasonable time period (e.g., no more than 70 hours) based on circumstances during which CVWD cannot define a clear scope of work.
  - (ii) CVWD shall only enter into a time and materials contract if all of the following apply:
    - (1) No other contract was suitable; and
    - (2) The contract has a guaranteed maximum price that the contractor exceeds at its own risk; and
    - (3) CVWD provides a high degree of oversight to obtain reasonable assurance that the contractor

is using efficient methods and effective cost controls.

- (iii) CVWD must define the scope of work as soon as possible to enable procurement of a more acceptable type of contract (i.e., non-T&M).

C. Separate Invoicing

- (i) All purchases made during a proclaimed Emergency shall require separate invoicing from routine (i.e., non-emergency related) purchases. All invoices shall state the goods, services, or equipment provided and shall specify where the goods or services were delivered. All invoices shall specify the location(s) where the goods or services were used, if possible. Any invoice which fails to properly identify the emergency nature of the purchase and provide details as to the date(s) and location(s), as appropriate, shall not be paid until such errors are corrected by the vendor and re-submitted in correct form.

D. Auditing of Invoices for Debris Removal

- (i) All invoices for debris clearance and removal shall be audited prior to payment to the vendor. Vendors shall be notified of this requirement prior to the award of any contract for debris clearance and/or removal. Audits shall be in accordance with procedures for debris removal monitoring specified in FEMA's Publication 325, Debris Management Guide.

## **SECTION 13.0     PROTESTS**

### **13.1   Protest Against Solicitations**

13.1.1       Any protest relating to the form or content of a solicitation must be submitted in writing to and received by CVWD's Procurement & Contracts Manager and contact specified in the solicitation at least four (4) business days before the original date set for the submission of proposals or bids.

13.1.2       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.

13.1.3       Late protests shall not be considered.

13.1.4       If the protest is timely and complies with all of the above requirements, CVWD shall review the protest and all relevant information. CVWD will provide a written response to the protestor.

13.1.5       Any contractor who submits a bid or proposal without making a protest shall be deemed to have waived any objection to the form or content of the solicitation.

### **13.2   Protest After Solicitation Opening**

13.2.1       Submitted bids or proposals will be made available for review in a timely manner, upon written request of any Contractor.

13.2.2       Contractors wishing to file a protest must comply with all protest requirements. Specifically the protest must:

- A.     Be made in writing (letter, email, or facsimile) to, and received by, CVWD's Procurement & Contracts Manager and contact specified in the solicitation within five (5) business days after the solicitation opening date.
- B.     Clearly identify the alleged irregularity or other basis for the protest.

- C. Specify, in detail, the factual and legal grounds for the protest.
- D. Include all relevant, supporting documentation with the protest at time of filing.

13.2.3 If the protest does not meet all of these requirements, CVWD may reject it without further review.

13.2.4 If the protest is timely and complies with all of the above requirements, CVWD shall review the protest, any response to the protest received from the challenged contractor, and all relevant information. CVWD will provide a written response to the protestor.

### 13.3 Exclusive Remedy

13.3.1 The procedure and time limits set forth in this section are mandatory and are the sole and exclusive remedy in the event of a protest. Failure to comply with these procedures shall constitute a failure to exhaust administrative remedies and a waiver of any right to further pursue the protest, including filing a Government Code Claim or legal proceedings.

### 13.4 Protests of Procurement Actions

13.4.1 Protesting party shall only communicate with the Procurement & Contracts Manager or the contact listed in the solicitation while the protest is pending.

### 13.5 Protests - Capital Projects

13.5.1 For Capital Projects, see the CVWD Project Administration Manual and the applicable Contract Documents.

## **SECTION 14.0      INSURANCE AND BONDS**

### **14.1 Insurance Requirements and Approval**

14.1.1 Unless authorized by CVWD's Risk Manager, Certificates of Insurance and Endorsement forms are required for all quotes, bids, RFPs, and Contracts awarded by CVWD, 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. CVWD staff should consult with the Risk Manager prior to releasing solicitations.

14.1.2 CVWD's Risk Manager determines the minimum insurance requirements for work performed by contractors. The determination is based on project specific risk factors and CVWD's liability exposure. CVWD requires insurance in all instances in which contractors:

- A. Repair, install, service, maintain, or construct CVWD property or facilities.
- B. Provide certain consulting services.
- C. Deliver certain goods and supplies to CVWD. Examples include but are not limited to Chlorine, pipe, chemicals, fuel, building supplies, and other products used in CVWD business.
- D. Hauling of waste or other items from CVWD property or facilities. CVWD contract administrators should consult with the Risk Manager prior to requesting quotes/bids/RFP.
- E. CVWD staff shall not authorize work/services prior to written authorization from the Risk Manager that the contractor's insurance certificate and endorsement forms have been reviewed and conform to CVWD 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 CVWD.
- F. Contractors are required to maintain all requisite insurance for the duration required by the Contract or Purchase Order and

must ensure that current, satisfactory Certificates of Insurance and Endorsement forms are on file with CVWD. Failure to furnish such evidence may be considered contractor default.

- G. The Procurement Division is responsible for obtaining all required Certificates of Insurance and Endorsement forms.

## 14.2 Insurance Requirements

14.2.1 The minimum insurance policy 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.

14.2.2 Each of a vendor's insurance policies shall contain the following:

- A. A provision or endorsement that the insurer names CVWD, 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 CVWD, 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 CVWD within ten (10) days of receipt, along with an endorsement from the insurer providing that written notice shall be given to CVWD 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.

14.2.3 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 amount of \$1,000,000 for non-public works related professional services. For public works related professional services, Professional Liability/Errors and Omissions Insurance is required in the amount of \$5,000,000, unless otherwise authorized by the Risk Manager.
- 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.

14.2.4 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.

- A. 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.
- B. 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.

- C. 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.
- D. 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.

### 14.3 Payment and Performance Bonds

- 14.3.1 Payment Bonds are required by law on all public works projects in excess of \$25,000.
- 14.3.2 The Procurement Division and/or Engineering Department shall determine whether payment and/or performance bonds are required.
- 14.3.3 For Capital Projects, see CVWD Project Administration Manual.

**SECTION 15.0      BLANKET PURCHASE ORDERS (BPO)**

- 15.1 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.
- 15.2 The use of a BPO does not exempt employees from the responsibility for keeping obligations and expenditures within available funds.
- 15.3 BPOs are generally utilized for operations and maintenance, unless otherwise defined by Finance Director or Procurement Manager.
- 15.4 BPO authorization thresholds will be in accordance with the Procurement Authorization Table and will typically be issued prior to the beginning of each fiscal year.
- 15.5 The Procurement Division may establish a BPO when:
  - 15.5.1 CVWD requires small, repetitive purchases and the supplier does not accept P-Cards.
  - 15.5.2 There are a wide variety of items or services that are regularly purchased, but the exact items, quantities, and delivery requirements are not known in advance and may vary considerably.
  - 15.5.3 There is a need to purchase products or services for departments that do not have access to P-Cards.
  - 15.5.4 The use of BPOs would avoid issuance of numerous purchase orders.
- 15.6 After determining a BPO would be advantageous, the Procurement Division shall:
  - 15.6.1 Determine if a BPO will limit purchases to individual items or services or permit the vendor to furnish any supplies or services as requested by CVWD staff.
  - 15.6.2 Determine the method for selecting the vendor based on CVWD competitive requirements as established herein.
  - 15.6.3 Establish an annual amount for the BPO and set limits to be spent per transaction if applicable.

15.7 BPOs may be established with:

- 15.7.1 More than one vendor for supplies or services of the same type to provide maximum practicable competition.
- 15.7.2 A single vendor from which numerous individual purchases will likely be made in a given period.

15.8 Preparation of BPOs

15.8.1 The following terms and conditions are mandatory for each BPO:

- A. *Description of agreement:* A statement that the vendor shall furnish supplies or services, described in general terms, if and when requested during a specified period.
- B. *Extent of obligation:* A statement that CVWD will only compensate vendor for authorized purchases actually made under the BPO and the issuance of the BPO does not guarantee that any purchases will be made.
- C. *Purchase limitation:* A statement that specifies the maximum dollar expenditure under the BPO and may specify the maximum expenditure for individual purchases.
- D. *Delivery tickets:* A requirement that all shipments under the BPO shall be accompanied by delivery tickets or sales slips that contain the following minimum information:
- E. Name of vendor.
- F. BPO number.
- G. Date of purchase.
- H. Itemized list of supplies or services furnished.
- I. Quantity, unit price, and extension of each item, less applicable discounts.
- J. Date of delivery or shipment.
- K. Name and employee number of CVWD employee who requested the order.

15.9 Review Procedures

15.9.1 The Procurement Division shall review BPO files at least annually to ensure that authorized procedures are being followed and, if necessary, renew the BPO at that time.

15.9.2 CVWD reserves the right to solicit additional vendors and issue additional BPOs should it become aware of changes in market conditions, sources of supply, and other pertinent factors that warrant changing or adding vendors.

#### 15.10 Completion of BPOs

15.10.1 An individual BPO is complete when purchases made equal its maximum expenditure amount (as may be amended) or when its stated time period expires.

## **SECTION 16.0      PROFESSIONAL/CONTRACT SERVICES/LARGE PURCHASES**

### **16.1 Professional Services**

- 16.1.1      Except as required by Section 16.1.2, wherever practical and possible competitive proposals will be solicited from more than one service provider.
  
- 16.1.2      In accordance with Section 11.0, at least one informal quote must be obtained for procurements of \$5,000 or less, and at least three informal quotes must be obtained for procurements of \$5,001 to \$25,000. All procurements over \$25,000 must adhere to the formal RFP/bid process.
  
- 16.1.3      Pursuant to Government Code section 4526, when CVWD seeks to procure professional services of architectural, landscape architectural, engineering, environmental, land surveying, or construction management firms, selection shall be on the basis of demonstrated competence and qualifications for the types of services to be performed and at a fair and reasonable price.
  
- 16.1.4      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 (aka consulting services). Technical and maintenance services (e.g., janitorial services, landscape maintenance, etc.) differ from professional services in that they involve limited discretionary judgment and are primarily manual in nature. For example:
  - A.      The use of a designer to do layout work for a magazine is considered a professional service. The printing of the magazine is not.

### **16.2 Contract Services**

- 16.2.1      Contracts that are not professional in nature such as technical and maintenance services (e.g., janitorial services, landscape maintenance, etc.) may be procured utilizing standard bidding requirements or qualification based selection pursuant to a Request for Proposal in accordance with this Policy whenever practicable.

### **16.3 Large Purchases (Non-Inventory)**

- 16.3.1      Large purchases of non-inventory goods, materials, and equipment over \$25,000 shall be procured utilizing standard bidding

requirements and applicable Contract Documents set forth in this policy whenever practicable.

#### 16.4 Authority Levels

16.4.1 All professional and contract services and large purchases shall be governed by the Procurement Authorization Table set forth in this Policy. (See Exhibit A.)

#### 16.5 Agreement Templates

16.5.1 The Procurement Division has developed template contract documents for Professional Services, Contract Services, and Large Purchases. The Engineering Department has developed template contract documents for capital projects. The templates have been reviewed and approved by CVWD counsel and should not be modified without the approval of counsel.

## **SECTION 17.0      MULTIPLE YEAR CONTRACTING**

Multiple year contracting may be used to acquire goods or services required for continuity of operations and uninterrupted support at the sole option of CVWD. Funds for option years may not be obligated until the option year(s) is exercised. These contracts may be procured by competitive bidding or negotiation in compliance with this Policy. The total performance period of a multiple year contract shall not exceed five (5) years unless otherwise recommended by the Procurement Division and authorized by the General Manager. The option years available in a multiple-year contract do not obligate CVWD beyond the initial award period.

### **17.1    Option Year Contract Requirements**

- 17.1.1      The contract shall state the base contract period and the number of option years available to be exercised.
- 17.1.2      CVWD shall provide notice of its intent to exercise an option year so as to provide the contractor adequate lead time to ensure continuous performance.
- 17.1.3      CVWD at its sole discretion may exercise a portion of an option year if it is deemed in the best interest of CVWD.
- 17.1.4      If the base contract duration exceeds one year, funds will typically be encumbered for the first year only. The initial purchase order may be amended to include subsequent budgeted amounts or new purchase orders may be issued. Should funds not be budgeted in subsequent years, CVWD retains the right to terminate the contract in accordance with the contract terms.

### **17.2    Exercise of Option Years**

- 17.2.1      When the contract provides for economic price adjustment and the contractor requests a revision of the price, the Procurement Division shall evaluate the effect of the adjustment on prices under the option year before the option year is exercised.
- 17.2.2      Purchasing may exercise options only after determining that:
  - A.      Funds have been budgeted.
  - B.      The vendor's requested economic price adjustment is reasonable and justified.

- C. The exercise of the option is the most advantageous method of fulfilling CVWD's needs, price, and other factors considered.

17.2.3 The Procurement Division shall not employ option years if:

- A. The vendor's requested economic price adjustment is unreasonable in light of current economic indicators.
- B. Market prices or competition for the supplies or services involved may have changed.
- C. CVWD requirements have changed since the original contract was awarded, unless it is deemed by the Procurement Manager that continuing with the contract is in the best interest of CVWD.
- D. It is not in the best interest of CVWD.

**SECTION 18.0      CAPITAL IMPROVEMENT PROJECTS**

- 18.1 Administration and policies related to the procurement of capital improvement projects is governed by CVWD's Project Administration Manual and the Contract Documents.
- 18.2 Authorization thresholds for projects governed by the Project Administration Manual are in accordance with the Procurement Authorization Table set forth in Exhibit A to this Policy.

## **SECTION 19.0      CHANGE ORDERS/TASK ORDERS**

19.1 CVWD may issue change orders/task orders to purchase orders, contracts, or Blanket Purchase Orders as required to complete the original scope of work or procurement as necessary to meet CVWD's needs ("Change Orders").

19.2 The following guidelines apply to Change Orders in accordance with CVWD's Procurement Authorization Table (see Exhibit A):

19.2.1 Under no circumstances shall an individual approve changes to a contract, purchase order, or Blanket Purchase Order in excess of that individual's procurement authority established in the Procurement Authorization Table (see Exhibit A).

19.2.2 The monetary value of a Change Order should be evaluated to determine proper execution authority. If the monetary value of a Change Order exceeds an Approver's procurement authority, it must be approved by an Approver with a higher authority level in accordance with Exhibit A. For example:

A. *Example 1:* CVWD solicits bids for a new construction project. The lowest responsive, responsible bid for this construction project is \$250,000. Awarding this contract would require Board approval because it is over the \$75,000 approval limits of the General Manager for separate transactions. As part of the Board approval, \$30,000 in contingency is approved.

Staff later negotiates a \$23,000 change order with the contractor. This change order could be signed by the Director or Assistant Director because it is within their authority level and within the approved contingency amount.

Staff later negotiates another change order with the contractor in the amount of \$8,000 and would seek Board approval because the amount of the change order exceeds the previously approved contingency.

Staff determines that it needs to retain a construction management firm on the same project. After receiving three informal quotes, it seeks to award a contract in the amount of \$24,000. Since the Board has already approved this project with a contingency that has been expended, and no unused project funds are available, this contract could not be considered a separate transaction and would require Board approval.

- B. *Example 2:* A new project has been identified that requires a design services consultant. CVWD solicits proposals and awards the contract to a consultant for \$35,000 for design services. This contract would require the General Manager's signature.

CVWD then executes a task order for \$24,000 for additional design services on the same project and by the same consultant. This task order could be executed by the Director or Assistant Director as it is within the Department's delegated authority, but the combined total of both actions is still under the General Manager's procurement authority.

CVWD then desires to execute another task order for \$20,000 for a separate issue related to the same initial project and by the same consultant. The second task order would have to be approved by the Board because the original contract value, plus the task orders, now exceeds the \$75,000 authority level of the General Manager.

- C. *Example 3:* CVWD requires the help of a consultant for a potential project. A task order is awarded to a previously awarded on-call engineering firm in the amount of \$60,000. This task order would require the General Manager's signature.

CVWD requires the help of the same consultant but for a different project. A task order for \$50,000 is awarded requiring the General Manager's signature but does not require Board approval because the work is not connected to the same project that was awarded in the first task order. However, if the work was for the same project, it would require Board approval as the cumulative amount is over the General Manager's authority.

19.2.3 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 General Manager authorization and the appropriated funds must be re-budgeted 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 an

increase to the approved funds. This would require Board authorization because the Board approved the original agreement. The appropriated funds must be re-budgeted to the new fiscal year.

19.2.4 Any Change Order that requires a budget amendment that increases the adopted fiscal year budget, regardless of dollar amount, must be approved by Board.

19.2.5 Work included in Change Orders shall not be split to circumvent the approval authority required by the Authorization Table.

## **SECTION 20.0      DISPOSAL OF SURPLUS PROPERTY**

Property which is excess to CVWD's needs, is obsolete, or is scrap is considered surplus property and may be disposed of in the following manner:

### **20.1    Equipment Deletion Notice.**

- 20.1.1      Department requesting the disposal of surplus property must complete an Equipment Deletion Notice, which is attached as Exhibit C and incorporated herein by reference.
- 20.1.2      If the value of the surplus property is within the Department Director's authority, the executed Equipment Deletion Notice should be routed to the Procurement Division.
- 20.1.3      If the value of the surplus property is within the General Manager's authority, the Department shall route the Equipment Deletion Notice to the General Manager for signature. The General Manager's office shall then route the Equipment Deletion Notice to the Procurement Division for processing.
- 20.1.4      If the value of the surplus property requires Board approval, the Department shall prepare the Board Action Item of the itemized surplus property and present it to the Board for approval of the disposal. If the surplus property is being replaced, the Board Action Item authorizing the purchase of the replacement property may include the approval for the disposal of the itemized surplus property.
- 20.1.5      After appropriate approval of disposal has been obtained, surplus property may be disposed of in an authorized manner.

### **20.2    Methods of Disposal**

- 20.2.1      Once the Equipment Deletion Notice is processed, the method of disposal of the surplus property may be in any of the following manners as determined by authorized staff or the Board based on the value of the surplus property. Resale value of surplus property shall be determined by the Department Director.
  - A.      Surplus property may be exchanged or traded for new goods.
  - B.      Surplus property may be advertised and sold using competitive procedures similar to standard acquisition practices.
  - C.      Surplus property may be sold at public auction.

- D. Surplus property may not be sold to any employee, friend, or family member (outside of public auction).
- E. When approved as required based on the value of the surplus property it may be sold utilizing the negotiation process when it is deemed to be in the best interest of CVWD.
- F. Surplus items may be eliminated, recycled, or donated if it is determined they have no resale value.

### 20.3 Custody Transfer Form

- 20.3.1 If transferring custody of surplus property that will be utilized by the transferee (not scrapped), a Custody Transfer Form (Exhibit C-1 herein) must be completed unless the disposal of property is pursuant to a contract between CVWD and the transferee.
- 20.3.2 When required, the Department will forward the completed Custody Transfer Form to the Procurement Department for processing of the Equipment Deletion Notice.
- 20.3.3 The Procurement Department will attach the Custody Transfer Form to the Equipment Deletion Notice and forward to the Finance Director or its designee for removal from the Asset System, if necessary.

### 20.4 Disposal of Real Property (Real Estate)

- 20.4.1 Disposal of real property is governed by a separate policy titled Disposal of Real Property and is excluded from this section.

**EXHIBIT A**  
**COACHELLA VALLEY WATER DISTRICT (CVWD)**  
**PROCUREMENT AUTHORIZATION TABLE**

Dollar Amount	Supervisor*	Manager	Assistant Director / Director	General Manager / Assistant GM	Board
\$5,000	X				
\$10,000		X			
\$25,000			X		
\$100,000				X	
\$100,001+					X

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

**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 its designee.

Item: \_\_\_\_\_ Vendor/Brand Name: \_\_\_\_\_

Requisition No. \_\_\_\_\_ Estimated Dollar Amount \_\_\_\_\_

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. Goods or services are available only from the manufacturer or designated service representative. Describe the unique qualifications, rights, licenses, etc. this vendor possesses and the distinctive service to be provided.

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

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

- 
- I am aware that this justification form is only valid for **one year** from the date it is signed by the General Manager.
  - 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: \_\_\_\_\_

Procurement Manager: \_\_\_\_\_ 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 current value \_\_\_\_\_ Equipment Location \_\_\_\_\_

Date	Originator	Employee No.	Department No.
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**To: Department Director / General Manager**

Dispose of the referenced item(s) (as recommended) (other) \_\_\_\_\_  
 \_\_\_\_\_

Date	Department Director
Requires GM approval	No _____ Yes _____

Date	General Manager
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**To: Procurement / Finance**

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
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Asset Number Deleted or (N/A): \_\_\_\_\_

Date	Finance Staff
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**This Notice shall be attached to the completed Custody Transfer Form.**

