



OJAI VALLEY SANITARY DISTRICT

A Public Agency

1072 Tico Road, Ojai, California 93023

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www.ojaisan.org

MEETING OF THE FINANCE COMMITTEE

Date & Time:

March 3, 2011

Thursday 8:00 a.m.

Location:

OVSD Board Room

Members:

William D. O'Brien

Stan Greene

Peter M. Kaiser

AGENDA

1. **Select Chairman For The Committee**
2. **Public Comment - (Items not on the agenda - 3 minute limit)**
3. **Review of Draft District Purchasing Policy**
4. **Discussion**
 - a. Audience
 - b. Committee Members
 - c. General Manager

A staff report providing more detailed information is available for most agenda items, and may be reviewed in the District office during regular business hours. Copies of individual reports may be requested from Brenda Krout (646-5548).

Breakfast will be provided to Committee members & staff

ATTEST TO POSTING:



Brenda Krout – Clerk of the Board


Date & Time Posted At District Office

Memorandum

Ojai Valley Sanitary District

February 25, 2011

To: Finance Committee - William O'Brien, Stan Greene & Peter M. Kaiser
From:  John K. Correa – General Manager
Subject: DRAFT PURCHASING POLICY

Attached is a draft purchasing policy for the committee's review and discussion. Also, attached for your reference is the current General Manager's Expenditure Authority established by Resolution No. 98-01.

Last year we hired Anita Lawrence to help us in preparing a purchasing policy and she submitted a draft policy to staff several months ago. Staff found the procedures in her draft policy to be very difficult to work with and so we sought out examples from other agencies.

With the help of Robert Krimmer of Mark Zirbel's office we acquired a copy of the Costa Mesa Sanitary District's purchasing policy. This District is very similar in size to us and we found their policy to be very good; I used it as the basis for creating the draft policy.

I also used portions of the County of Ventura's policies addressing bidding, construction and professional services.

I added a section on disposal of items; the other agencies' purchasing policies didn't have this section.

I used my understanding of contracting laws and my experience with the County of Ventura to piece all of the proper pieces together to form this draft policy for the District.

Legal review of this draft is underway by Mark Zirbel.

The District has already adopted the alternative contracting procedures of the public contracts code and enacted Ordinance No. 14 regarding informal bidding. These allow the limits that you will find in the bidding and construction section of the draft policy.

In the draft District Policy, the awarding of construction projects under \$30,000 has been delegated to the General Manager as though it was a purchase of a piece of equipment. The County Ventura and Costa Mesa Sanitary District both handle this in the same manner.

In summary, this policy sets up all the purchasing practices the District needs and gives the General Manager a contracting authority of \$30,000.

A limit on the General Manager's purchasing authority may be placed; there is no limit in the draft policy. The policies from the other agencies contained no limit in this area either. Whatever limit you desire may be placed into the policy.

OJAI VALLEY SANITARY DISTRICT

RESOLUTION NO. 2011-XX

**RESOLUTION FOR THE ADOPTION OF THE
OJAI VALLEY SANITARY DISTRICT
PURCHASING POLICY**

BE IT RESOLVED that the Ojai Valley Sanitary District Board of Directors does hereby approve and adopt the attached Purchasing Policy to become effective as of the date of this adoption.

WHEREAS, this Resolution rescinds Resolution No. 98-01 General Manager Expenditure Authority.

PASSED AND ADOPTED this 28th day of March, 2011, upon the following vote:

AYES:

NAYS:

ABSENT:

ABSTAIN:

Russ Baggerly, Chairman

CERTIFICATION:

I, William C. Murphy, Secretary of the Board of Directors of the Ojai Valley Sanitary District, do certify that the above is a true and accurate copy of Resolution No. 2010-XX adopted by the Board of Directors on _____.

William C. Murphy, Secretary

WHEREAS, the District currently adheres to the California Public Contract Code, Section 22000 et seq for sanitary districts; and

WHEREAS, it is the desire of the District to establish a uniform system for competitive bidding and purchasing that will provide for the fair and equitable treatment of all persons involved in the purchasing process and to obtain the highest possible value in exchange for public funds.

POLICY

General Purpose. The purpose of this policy is to define a uniform system for the purchase of supplies, services and equipment by the District, to provide for the fair and equitable treatment of all persons involved in the purchasing process, to obtain the highest possible value in exchange for public funds and to safeguard the quality and integrity of the purchasing system.

Definitions. Unless otherwise indicated, the following definitions shall apply to all provisions of this chapter:

1. "Act" means the Uniform Public Construction Cost Accounting Act found in Public Contract Code Section 22000 et seq.
2. "Best value" means the best value to the District based on all factors that may include, but not limited to the following:
 - a. Cost;
 - b. The ability, capacity and skill of a contractor to perform a contract or provide the supplies, services or equipment required;
 - c. The ability of a contractor to provide the supplies, services or equipment promptly or within the time specified without delay or interferences;
 - d. The character, integrity, reputation, judgment, experience and efficiency of a contractor;
 - e. The quality of a contractor's performance on previous purchases/services with the District;
 - f. The ability of a contractor to provide future maintenance, repairs, parts and services for the use of the goods and services purchased.
3. "General Manager" means the General Manager of the Ojai Valley Sanitary District.
4. "Commission" means the California Uniform Construction Cost Accounting Commission created by Division 2, Part 3, Chapter 2, Article 2 of the California Public Contracts Code (commencing at Sections 22000).
5. "Direct bidding procedure" means quotes shall be obtained, if applicable for purchases more than seven thousand dollars (\$7,000) and less than thirty thousand dollars (\$30,000) and a Pricing Quote Sheet completed. The General Manager shall approve final selection.
6. "Emergency" for purposes of public projects shall have that meaning provided in Public Contract Code Sections 22035 and 22050. Emergency for all other purchasing purposes means

a situation which makes competitive bidding, either formal or informal, impractical or not in the best interests of the District.

7. "Formal bidding procedure" means a procedure which meets the requirements of state and local law, including the Act, this chapter and any policies and procedures approved by the General Manager consistent with this chapter, which is for projects larger than one hundred twenty five thousand dollars (\$125,000).

8. "Informal bidding procedure" means that at least three (3) bids shall be obtained from a predetermined vendor list for purchases of more than thirty thousand dollars (\$30,000) and less than one hundred twenty five thousand dollars (\$125,000) and the General Manager shall approve final selection.

9. "Maintenance work" shall have that meaning provided in Section 22002(d) of the Act, as that Section may be amended from time to time. In accordance with the Act, maintenance work shall include, but shall not be limited to, 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 painting.
- c. Sewer maintenance, including videotaping, cleaning, manhole restoration and pump station maintenance are repairs.
- d. Maintenance of facilities, including roof repairs, heating and air conditioning repairs, and electric repairs.
- e. Vehicle and equipment maintenance and repairs.

10. "Negotiated contract" shall mean a written agreement which details terms and conditions of the purchase.

11. "Professional services" means all services performed by persons in a professional occupation, including, but not limited to, consulting and performance services for accounting, auditing, computer hardware and software support, engineering, architectural, planning, financial, legal, management, environmental, communication and other similar professional functions which may be necessary for the operation of the District.

12. "Public project" shall have that meaning provided in Section 22002(c) of the Act, as that Section may be amended from time to time. In accordance with the Act, public project shall not include maintenance work. In addition, public project shall include, but shall not be limited to the following: Construction, reconstruction, erection, alteration, renovation, improvement, demolition involving any publicly owned, leased, or operated facility.

Purchasing Procedures.

1. The District shall secure supplies and equipment at the lowest cost commensurate with the quality and scope needed, and subject to any limitations imposed by State Law.

2. The District shall secure professional services based on Best Value and subject to any limitations imposed by state law.

3. The District shall secure maintenance work services based on Best Value and subject to any limitations imposed by State Law

4. In purchasing, supplies, and equipment which will cost less than \$7,000 no bids are required. The District shall negotiate the best price for the District.
5. In purchasing, supplies, and equipment which will cost more than \$7,000 bids or quotations are required. The District shall negotiate the best price for the District, unless
 - a. The item is available through a cooperative purchasing programs (e.g. California Multiple Award Schedules (CMAS), Ventura County GSA, and U.S. General Services Administration (GSA) in addition to the State of California's Cooperative Purchasing Program. Some of items purchased through cooperative purchasing include: office supplies, vehicles, furniture, office machines, appliances, hardware, electronic equipment, etc.
 - b. No Competitive Market: When the General Manager determines that a competitive market does not exist, such as, but not limited to, with memberships in certain professional organizations, meetings, conventions, some forms of travel, legal advertising and when the needed supplies, services and equipment are proprietary and can only be provided by one source.

Disposal of Material.

The District shall dispose of any item or equipment not needed for public use or that may become unsuitable for their intended use. All items are to be disposed of properly in conformance with all applicable State and County Laws or Regulations. Additionally any item which can be sold for more than the potential sale price shall be sold; Items which may be recycled shall be recycled, with all receipts being deposited in the District's Account

Contracting for Professional Services.

1. Requests for Proposals are used when the services of specialized professionals are needed including private architectural, landscape architectural, engineering, environmental, land surveying, website design, and construction project management firms. These services are selected based on demonstrated competence, professional qualifications, and on a fair and reasonable price

The General Manager may waive the requirement for solicitation of multiple proposals if only one individual or firm can provide the professional service or if it can be established for other reasons that a particular individual or firm will provide the best value to the District.

2. Need for Contracting. Contract with consulting professionals only when one or more of the following situations occur:
3. Specialized skills, experience or ability is required.
4. Specialized equipment or facilities are needed.
5. The current level of District staffing is insufficient to meet temporary increases in workload.
6. Local Preference. The use of local consultants will reduce travel and communications costs and encourage local enterprise. Therefore, in the selection of consultants, preference shall be given to consultants located in Ventura County or firms with fully staffed offices in Ventura

County. This policy shall not apply where prohibited by the terms of State or Federal grants, nor where this policy would result in a lower standard of service or delay in the work.

7. Professional Attitude. Deal with all consultants in a dignified manner generally in accordance with the ethics and recommendations of their professional societies, taking into account the requirements of law and Board policy.

8. Selection of Consultants_ Consultants to be interviewed are to be selected from those in the area available to complete the work and the selections shall be based upon the Consultant's qualifications and suitability for the project.

9. Fees for Professional Services. After the selection of the consultant, the General Manager will work with the consultant in preparing a scope of work. When the written scope of work is agreed upon, the consultant will be requested to submit a fee proposal. The GM will make an independent estimate of the cost of performing the services being requested. The consultant's proposal and the GM's estimate will be compared. If these are reasonably equivalent, no further negotiation need be undertaken. If not, the consultant should be requested to appear for a negotiating session with the General Manager. If the consultant and the General Manager fail to arrive at a fee acceptable to both, negotiations shall be terminated and the second place consultant shall be contacted, informed of such termination and invited to submit a proposal. In no case should there be further negotiation with the first consultant.

A fee proposal may be requested and can be considered together with qualifications and other relevant factors in selection of a consultant for contracts for mapping, photogrammetry, laboratory testing of materials, drilling of test holes (not involving logging), and similar activities where the scope of work, method of performance and standards for results are precisely defined prior to selection of a consultant.

10. Contracts. Contracts shall be prepared based on the fee negotiated with the consultant selected on the form approved by District Counsel with the following limits.

11. Contracts less than \$30,000 may be awarded by the General Manager.

12. Contracts for more than \$30,000 shall be awarded by the Board of Directors.

Bidding, and Contracting for Construction.

1. \$30,000 or less: Any project of \$30,000 or less may be awarded by the General Manager by the direct bidding procedure as defined herein.
2. \$30,001 - \$125,000: Any purchase of more than thirty thousand dollars (\$30,000), but less than or equal to one hundred twenty-five thousand dollars (\$125,000) may be awarded by the General Manager pursuant to the informal bidding procedure.
3. \$125,001 or more: Any purchase of more than one hundred twenty-five thousand dollars (\$125,000) shall be awarded by the Board of Directors pursuant to the formal bidding procedure.
4. Change Orders. The General Manager shall have authority to approve change orders up to the cumulative amount of ten percent of the original contract. The Board of Directors shall have the authority to approve any change order in an amount exceeding

ten percent of the original contract amount

Direct Bidding Procedure.

1. Direct bidding procedures shall be used for contracts less than \$30,000.
2. If practical, at least three (3) vendors or contractors shall be contacted to provide informal quotes.
3. District's Authority: The District may reject any or **all** bids received, and may waive any minor irregularities in each bid received.

Informal Bidding Procedure.

1. Informal bidding procedures shall be used for purchases between \$30,001 and \$125,000.
2. Public projects, as defined by the Act and in accordance with the limits listed in Act, may be let to contract by informal procedures as set forth in Act.
3. A list of contractors shall be developed and maintained in accordance with the provisions of the Act and criteria promulgated from time to time by the Commission.
4. Notice Inviting Informal Bids. Where a public project is to be performed which is subject to the provisions of this chapter, a notice inviting informal bids shall be mailed to all contractors for the category of work to be bid, as shown on the list developed in accordance with Section 4.05.100(B), and to all construction trade journals as specified by the California Uniform Construction Cost Accounting Commission in accordance with Section 22036 of the Public Contract Code. The notice shall describe the project in general terms and how to obtain more detailed information about the project, and state a time and place for submission of the bids. Additional contractors and/or construction trade journals may be notified at the discretion of the District provided however:
 - a. If there is no list of qualified contractors maintained by the District for the particular category of work to be performed, the notice inviting bids shall be sent only to the construction trade journals specified by the Commission.
 - b. If the product or service is proprietary in nature such that it can be obtained only from a certain contractor or contractors, the notice inviting informal bids may be sent exclusively to such contractor or contractors.
5. Professional services and maintenance work that will cost between \$30,001 and \$125,000 shall be evaluated using the "Best Value" method. If practicable, at least three (3) vendors or contractors shall be asked to submit informal bids, and the District shall endeavor to receive informal bids from at least three (3) vendors or contractors.
6. Proprietary Projects or Products: If the General Manager certifies that, to the best of his or her knowledge, the product or service is proprietary in nature and can be obtained only from a limited number of contractors, and that no equivalent products or services are available, the notice inviting informal bids may be sent exclusively to such

vendor(s) or contractor(s).

7. District's Authority: The District may reject any or all bids received, and may waive any minor irregularities in each bid received.

8. Proposal Submittal: Contractors shall submit their proposals in writing.

9. No Bids Received: If no bids are received, the general manager may award the contract by any alternative purchasing procedure.

Formal Bidding Procedure.

1. This formal bidding procedure shall be used for purchases greater than \$125,000 or whenever formal bidding purchasing is otherwise required by this chapter.

2. The formal bidding procedure shall comply with all aspects of state and local law governing formal bidding, including, but not limited to, the Public Contract Code, Government Code, Labor Code, resolutions of the Board of Directors as may be adopted from time to time, and policies and procedures as the General Manager may approve from time to time.

3. The notice inviting formal bids shall comply with Section 22037 of the Act, as such section may be amended from time to time. For public projects only, the notice inviting formal bids shall be published at least 14 days before the date of opening a newspaper of general circulation as defined in Section 22037 of the Act. The notice shall also be sent to all construction trade journals specified in Section 22036 of the Act at least thirty (30) calendar days before the date of bid opening. Any other notice as may be deemed proper may also be given for any particular project.

4. The Board shall adopt plans, specifications and working details for projects subject to formal bidding.

5. District's Authority: The District may reject any or all bids received, and may waive any minor irregularities in each bid received.

6. Proposal Submittal: Contractors shall submit their proposals in writing.

7. No Bids Received: if no bids are received, the authorized contracting party may award the contract by any alternative purchasing procedure.

ORIGINAL

RESOLUTION NO. 98-01

OJAI VALLEY SANITARY DISTRICT

A RESOLUTION FOR
DESIGNATING THE GENERAL MANAGER'S
EXPENDITURE AUTHORITY

COPY

WHEREAS, the Board of Directors annually adopts a budget which sets forth the on-going programs, specific new projects, and expenditures for each which are to be undertaken during the fiscal year; and

WHEREAS, the Board of Directors charges the General Manager with the broad responsibility of implementing the programs and projects contained in the adopted budget; and

WHEREAS, implementation of the budgeted on-going programs and new projects involves the coordination of many details and associated expenses; and

WHEREAS, it is impractical for every purchase commitment necessary during the ordinary course of business to come to the Board of Directors for consideration and approval; and

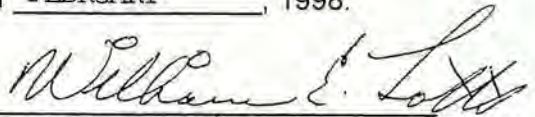
WHEREAS, it is appropriate to provide some structure for handling unexpected emergency situations impacting life or property.

NOW, THEREFORE, BE IT RESOLVED, the Board of Directors of the Ojai Valley Sanitary District ordains as follows:

1. The General Manager is authorized to enter into purchase contracts with individuals and companies (collectively known as "vendors") not exceeding a \$7,000 limit for each purchase without prior Board approval. Such verbal or written contracts may be for the purchase of labor, materials, services or supplies needed to implement the on-going programs in the adopted budget during the ordinary course of District business.
2. Multiple purchases of different items from differing vendors totaling more than the dollar limitation herein may be necessary to implement a single on-going program and are specifically authorized as long as purchases are not divided among vendors or split into separate contracts with the same vendor for the purpose of avoiding the dollar limitation set forth herein. Multiple purchases from the same vendor over the course of a fiscal year may exceed the dollar limitation and are specifically authorized when multiple on-going programs are involved.
3. Unexpended and uncommitted funds shall be available within the adopted budget for the general purpose of the intended expenditure before the General Manager enters into any such purchase obligations.
4. The General Manager may delegate this contracting authority to the Administrative Officer and/or the Operations Superintendent as appropriate to provide for ease of administration and continuity of activity when the General Manager is unable to act.

5. Exempted from the limitations of this contracting authority shall be large routine recurring items such as utility services, replacement parts for or repairs on existing equipment installed in any facility of the District and change orders related to any contract previously approved by the Board of Directors. The policy and limitations for contract change orders are contained in a separate policy.
6. The General Manager is authorized to expend such sums as are necessary to protect life or property during emergency conditions without limitation by the for-going conditions. In such emergency situations, the General Manager shall make reasonable attempts to confer with the Chairman or another officer of the Board before making commitments, but inability to contact the Board officers shall not constrain emergency actions. The General Manager shall notify all Board members of any emergency action commitments as soon as reasonably possible given the nature of the emergency. All emergency commitments shall be brought to the Board for ratification at the next meeting of the Board of Directors.

PASSED AND ADOPTED this 23rd day of FEBRUARY, 1998.


WILLIAM E. LOTTS - VICE-CHAIRMAN

AYES: GREENE, CARTEE, LOTTS, BAGGERLY, FREES

NOES: NONE

ABSENT: ROGERS, STONE

CERTIFICATION:

I, Theodore L. Cartee, Secretary of the Board of Directors of the Ojai Valley Sanitary District, do certify that the above is a true and accurate copy of Resolution No. OVSD 98-1, adopted by the Board of Directors on FEBRUARY 23, 1998.


THEODORE L. CARTEE - SECRETARY