



Resolution No: 06-09

*A Resolution of the Board of Directors
of Camrosa Water District*

Establishing a Procurement Policy for the District

Board of Directors

Al E. Fox
Division 1
Jeffrey C. Brown
Division 2
Timothy H. Hoag
Division 3
Ronald J. Vogel
Division 4
Terry L. Foreman
Division 5

General Manager

Richard H. Hajas

Whereas, the Board of Directors deems it essential that Camrosa Water District adhere to sound business practices; and,

Whereas, it is the desire of the Board of Directors that Camrosa conduct business in a manner which ensures costs to the District are minimized; and,

Whereas, it is the desire of the Board of Directors that Camrosa conduct business in an open, fair and equitable manner when procuring equipment and supplies from among competing vendors; and,

Whereas, it is the desire of the Board of Directors that maximum value be received from vendors in return for payment; and,

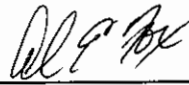
Whereas, it is the desire of the Board of Directors that Camrosa maximize procurements from local sources; and,

Whereas, it is in the best interests of the District to establish a written procurement policy that reflects the foregoing;

Now, Therefore, Be It Resolved by the Camrosa Water District Board of Directors that the attached Procurement Policy is hereby incorporated into this resolution and adopted by the Board of Directors; and,

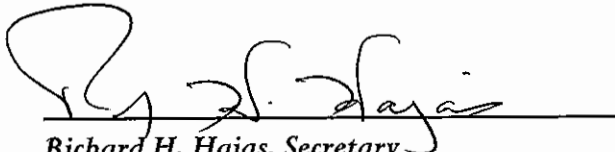
Be It Further Resolved that the General Manager is provided the authority to interpret and implement this policy within the District.

Adopted Signed and Approved this 16th day of November 2006.



Al E. Fox, President
Board of Directors
Camrosa Water District

ATTEST:



Richard H. Hajas, Secretary
Board of Directors
Camrosa Water District

Procurement Policy

Introduction: This procurement policy is established to ensure efficiency and effectiveness in procuring materials and services for Camrosa Water District. It establishes sound business practices and ensures the District receives the highest quality and best value for money expended. It provides that the District operate in a fair, open, transparent and non-discriminatory manner in the marketplace and requires conscious management of the risk inherent in all procurements. Finally, it requires everyone in the procurement process to operate at the highest ethical standard.

Purchase Approval Authority: Purchase approval authority for procurements made on behalf of Camrosa Water District shall be delegated in relation to the value of the procurement, the nature of the material or service procured and term of the agreement or contract.

Materials and Services: The General Manager is responsible for approving all purchases for services and supplies, including Fixed Assets, totaling less than \$25,000 (including tax and shipping) except as otherwise noted herein.

The Board of Directors shall approve all purchases of services and supplies totaling \$25,000 or more.

Property: The Board of Directors shall approve all purchases of real property regardless of value.

Long-term Agreements: The Board of Directors shall approve all contracts and agreements with a term longer than 12 months.

The General Manager may further delegate authority for approving purchases as necessary to ensure efficiency and effectiveness of District Operations. Only the General Manager or his delegates are authorized to obligate the District in a procurement arrangement.

Requirement for Advance Price Quotations: Purchases made on behalf of the District should minimize cost to the extent practicable, but the final decision to award to a particular vendor must be carried out on the basis of obtaining best possible value for the District. Price quotations should be routinely sought and are required in the following instances:

Items with a value greater than \$1,000 but less than \$5,000: Purchases of items with a value greater than \$1,000 but less than \$5,000 for a single line item should only be made after soliciting three price quotations. The quotations may be received either orally or in writing but should become part of the purchase documentation.

Items with a value greater than \$5,000: Purchases of items with a value greater than \$5,000 for a single line item or service shall be made after soliciting three written price quotations. The price quotations shall accompany the purchase order and become part of the purchase documentation.

Sole Source procurements: All sole-source purchases for items valued at \$5,000 or more must be accompanied by a memorandum stating the reason for the sole source procurement.

In exceptional circumstances, the requirement to secure a minimum of three bids may be waived. Examples of such circumstances include urgency of the requirement, procurement of proprietary materials and sole source procurements. When the quoting requirement is waived, a memorandum documenting the reasons for the waiver shall be made part of the audit trail.

Emergency procurements: The General Manager is provided authority to make emergency procurements of supplies and services in excess of \$25,000 to protect the health, safety or property of private individuals and public entities. In all cases, the Board of Directors must be notified as soon as possible of the emergency procurement and must ratify the procurement at the next regular Board meeting.

Split Procurements: When determining which body must approve a procurement, or the procedures necessary in documenting the procurement, the maximum possible monetary value of a procurement must be taken into account. Under no circumstances may a procurement be artificially split in order to change the approving authority or the procedures required in documenting the purchase price.

Internal Controls: The General Manager shall establish a system of internal controls that provide an audit trail for all purchases. It should provide for:

- more than one person to be involved in each transaction, end-to-end,
- provide for prior approval of purchases with a purchase order,
- require certification of receipt of the material, and
- result in reconciliation of the purchase order with the invoice and final payment.

The system of controls should provide complete transparency in the procurement process.

Procurement from Other Than the Lowest Quoting Vendor: While it is the desire of the Board of Directors to purchase supplies and services at the least cost to the District, there may be instances when the award of a purchase to other than the least-cost vendor produces greatest value and is in the best interests of the District. To the extent possible, District Staff should:

- maximize the value received,
- use sources which will be responsive to the needs and timelines of District,
- seek commonality in major equipment to minimize inventory and training costs.
- consider minimizing the cost of ownership over the lifetime of the requirement consistent with meeting acceptable quality, reliability and delivery constraints.

Procurement through Negotiation: While competitive solicitation is the normal procedure to be used to purchase supplies and services, negotiation with a single vendor may be beneficial in some instances. Circumstances that might indicate negotiation include situations where competition does not exist (i.e. only one vendor is interested in providing the product or service) or where special economies may exist outside the competitive process (i.e. as when a contractor is already mobilized for another purpose). The Board may authorize the General Manager to negotiate procurement when extraordinary circumstances exist.

Encouragement of local procurement: In meeting the criteria outlined above, staff is encouraged to use local vendors in meeting the District's needs for supplies and services.

Internet Procurements: The above notwithstanding, the General Manager may authorize staff to make procurements through internet commerce in instances when such procurement results in minimizing the cost to Camrosa or ensuring responsiveness to the needs and timelines of the District.

Risk Transfer: In order to minimize the potential liability exposure of the District, Contracts and Agreements with vendors for supplies and services shall include appropriate risk transfer clauses as recommended by the District's liability insurance provider. Contractors and suppliers must, at a minimum have adequate liability and workers compensation insurance. An order should not be made effective with a contractor until the relevant insurance documents, including a performance bond as necessary, have been approved.

Code of Ethics: In exercising procurement authority, it is essential that each individual maintain an unimpeachable standard of integrity and foster the highest possible standard of professional competence. Complying with both the letter and the spirit of the principles of ethical behavior is essential. In doing so, each individual must declare any personal interest that may impinge, or might reasonably be deemed by others to impinge, upon a person's impartiality in any procurement decision.

Implementation: This policy shall become effective upon adoption by the Board of Directors.

Modification: This policy may be modified from time to time by resolution of the Board of Directors.

Conflicting Policies: This policy shall prevail over any District policies and procedures found in conflict.