



OAKDALE IRRIGATION DISTRICT

Miscellaneous Policies and Procedures

Title
1 – FINANCE

Chapter
1 – District

Section
1.113 Procurement Services
& Purchase Policy

Adopted: March 16, 2004

Revised: ~~August 17, 2004~~DRAFT

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PURPOSE:

To ~~define~~establish the practices and policies governing the procurement relative to purchases and the securing of supplies, materials, equipment consulting and miscellaneous contract services, including construction and capital improvements for the Oakdale Irrigation District (OID). This Procurement Policy (Policy) is the written rule and regulation required by California Government Code section 54202 and serves as OID administrative policies and procedures governing procurement activities. This 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.

SCOPE:

This policy applies to all employees with authorization to make purchases, secure consulting and miscellaneous contract services for the Oakdale Irrigation District.

POLICY SECTIONS:

- ~~1.~~ 1. ~~Policy Statement~~
~~Procedures for use of Consultant Services and for making Capital Purchases~~
- ~~2.~~ 2. Requisitions & Purchase Orders
- ~~3.~~ 3. Receiving ~~Controls~~
- ~~4.~~ 4. Formal Bidding/Quotations
- ~~5.~~ 5. Engineered Jobs
- ~~6.~~ 6. Inventory Control
- ~~7.~~ 7. Private Purchases by District Employees
- ~~8.~~ 8. Finance Department Accounting and Policy Compliance Assurances

Exhibit A – Bid Requirements and Authorization Limits for Budgeted Expenditures

Exhibit B – Exceptions to Authorization Limits and/or Formal Bidding

Exhibit C – Exceptions to Centralized Procurement



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Section 1 Policy Statement

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. ”

This Policy is subject to change by the Board of Directors. Temporary increases in authorization limits created by a declaration of emergency and resolution of the Board of Directors will supersede limitations in this policy until the emergency declaration is repealed.

General Procurement Policies

All purchases, agreements, services, leases, and/or contracts for materials, supplies, equipment, and other OID property shall be made in accordance with this Policy.

a) Procurement practices shall comply with laws, regulations and guidelines of the State of California and the provisions of grant or funding agreements, if applicable.

b) 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.

c) 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.

d) Contract administration methods shall be maintained to assure that goods and services received by OID meet the terms and conditions of the contract. The General Manager, or delegate, is authorized to sign contracts after required authorization per Exhibit A.



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e) Purchasing authority for the capital and contracted acquisition of materials, supplies, equipment and services shall be centralized under the Purchasing Staff (Purchasing) within the Finance Department and in such persons who are officially designated in Exhibit A. The Chief Financial Officer and Purchasing Staff will ensure performance within the guidelines prescribed by law, by legal opinions, and in accordance with established OID policies and procedures. Exceptions to the centralized procurement is provided in Exhibit B.

f) Operation, Maintenance and Capital purchases including materials, supplies, inventory items, and rentals do not require Board approval if services are performed by OID forces. Operation, Maintenance and Capital services performed by outside contractors and large equipment purchases require Board approval if the total cost is above the General Manager's approval authority.

g) Any amendment to any purchase order or contract that will increase OID's adopted annual budget will require Board approval.

h) Contracts shall contain a Hold Harmless and Indemnification clause and insurance requirements as recommended by the Association of California Water Agencies Joint Powers Insurance Authority (ACWA-JPIA). Contractor shall provide Certificate of Insurance and Additional Insured Endorsement prior to work commencing.

1. ~~PROCEDURES FOR USE OF CONSULTANT SERVICES AND~~ ~~FOR MAKING CAPITAL PURCHASES~~

a. ~~REQUIRED AUTHORIZATIONS~~

~~The Board of Directors shall approve all expenditures for:~~

- ~~a. All Consultants~~
- ~~b. Contracts included in the current year's budget greater than \$25,000~~
- ~~c. Contracts not included in the current year's budget greater than \$10,000~~
- ~~d. All Service Contracts greater than \$5,000~~



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~~Except under emergency conditions, the General Manager is not, nor is any other officer or employee of the District, empowered to execute any agreement for such services, except as noted above, absent the prior approval of the Board of Directors.~~

~~When the District prepares a contract with a contractor, vendor, professional services or other users of facilities the contract shall contain a Hold Harmless and Indemnification clause and insurance requirements. Contractor, etc. shall provide Certificate of Insurance and Additional Insured Endorsement prior to work commencing.~~

~~The general insurance specification requirements are:~~

- ~~_____ Commercial General Liability _____ \$1,000,000 per occurrence~~
- ~~_____ \$2,000,000 aggregate~~
- ~~_____ Auto Liability _____ \$1,000,000 per occurrence~~
- ~~_____ Workers' Compensation Coverage~~
- ~~_____ Contractor's coverage is primary and District's coverage is non-contributory~~
- ~~_____ A.M. Best rating A = VII or better~~
- ~~_____ 30 days' notice of cancellation~~

~~Any deviation of the above insurance specifications or requirements shall be approved by the General Manager and reported by the General Manager to the Board of Directors.~~

~~The General Manager shall report to the Board of Directors when contracts are entered into that do not require Board approval. Such reporting shall take place at the next regularly scheduled Board of Director's meeting after execution of the said contract/contracts. The District Engineer may, in the absence of the General Manager, execute agreements for such services under the same restrictions as provided for the General Manager.~~

~~The procedure to be followed by the Board in authorizing expenditures for Consulting and Contract Services shall be as follows:~~

- ~~i. _____ The Board shall adopt a motion approving the expenditures and authorizing the appropriate District officer to execute such contracts as are necessary to accomplish the work.~~



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~~ii. The motion shall further specify the budget item under which the expenditure is to be made, the identity of the consultant or contract service to be used, the total amount to be expended or a definition of the unit value of the services, and, where applicable, the time limit for the delivery or provision of the services.~~

~~Except as provided below, the Board of Directors shall pre-approve of all expenditures for Capital purchases.~~

~~The procedure to be followed by the Board in authorizing such expenditures shall be as follows:~~

~~i. The Board shall adopt a motion approving the expenditures. The motion shall further specify the budget item from which the monies are to be secured.~~

~~ii. When the Board so orders a Capital Purchase or so directs and approves the completion of a Capital Project, it shall be considered as authorization for the Chief Financial Officer to withdraw funds from the appropriate "Designated Fund or Funds" and to report such movement of monies within the District's "Monthly" Treasurer's Report of the District's financial activities.~~

~~iii. The following management positions are granted the following "authorization limits" for Capital purchase items, including purchases of replacement capital equipment items:~~

- ~~1. Department Heads: Maximum of \$1,200.00~~
- ~~2. General Manager: Maximum of \$2,500.00~~
- ~~3. Board Committee: Maximum of \$5,000.00~~

~~All Capital purchases under this authority shall be reported monthly to the Board under the Chief Financial Officer's monthly update.~~

~~Under emergency conditions, the General Manager may initiate work with consultants and contractors costing in excess of the above-stated amounts, however a special or emergency meeting of the Board shall be convened as soon as legally permitted to report the steps taken and to obtain the necessary approvals and direction of the Board.~~

Section 2 Requisitions and Purchase Orders



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~~a.~~ **AUTHORIZATION AND LIMITS**

Requisitions

A "Requisitions communicate to the Purchasing Staff, in clear and explicit terms, the needs of the requestor. The requisitioning process also provides a mechanism for obtaining the approvals necessary to authorize Purchasing to proceed with the acquisition.

A completed Requisition will be routed for authorized signature by the requestor and submitted to Purchasing to obtain any goods, services, materials or equipment unless included in the Exceptions listed in Exhibit C. A requisition with receipts attached is be required to be remitted to Accounts Payable for invoice matching after authorized staff has made the purchase outside of centralized purchasing.

If the requestor has received vendor quotes, they should be attached to the Requisition or emailed to Purchasing to evaluate and move forward in the procurement of the goods or service. If no quotes are provided, but they are required in Exhibit A, Purchasing will obtain quotes, but it may delay the processing of the Requisition.

Purchase Orders

~~"or"Purchase Orders" will be completed for purchases of all inventory and capital project materials and for purchases exceeding the limit set in Exhibit A. is to be filled out whenever money is to be paid to a vendor or supplier of a product or service which is not expensed directly to a District account nor has a value exceeding \$2,500. Requisitions or Purchase Orders for "non-capital" items in excess of \$500 must have the authorizing signature of one of the following:~~

- ~~i. General Manager~~
- ~~ii. Chief Financial Officer~~
- ~~iii. District Engineer~~
- ~~iv. Water Operations Manager~~
- ~~v. Support Services Manager~~



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~~The employees holding the above positions may authorize the expenditure of money for the purchase of "non-capital," expensed and inventory items which are routinely used by District forces without the need for obtaining special funding approval from the Board of Directors. For the purposes of this policy, examples of "non-capital" items include, but are not limited to, the purchases of pipe sections and pump components necessary to replace existing installations and works.~~

~~All District employees having the full-time responsibilities and title of "supervisor" may authorize expenditures for "non-capital" items which are replacing inventory or expensed items without the approval of the Department Head when the amount of the purchase is less than \$500.~~

~~All requisitions or purchase orders should specify the exact item or service needed, due date, account number, job number (if applicable) and other information required pursuant to this policy.~~

~~b.~~ **PURCHASE ORDERS**

~~Purchase orders are authorized by Department Heads or in their absence, by the Chief Financial Officer for items when the vendor or supplier requests same. Each Department Head is authorized to purchase budgeted materials and supplies normally used within the department. To facilitate such purchases, the Support Services Manager has completed and keeps in his possession a "master" list of budgeted items typically used and purchased by the various departments.~~

~~A purchase order will be used for all "capital," "inventory," "supply," or "expensed material" items exceeding \$2,500 in value.~~

Section 3- Receiving

~~Utilizing standard and accepted accounting principles, materials secured for use by the District will be capitalized, expensed, dispensed, or put into inventory stock depending on the intended use of the material.~~

~~A Standard Operating Procedures has been developed ~~by the Chief Financial Officer~~ to provide internal adequate receiving controls for receiving of purchased materials.~~



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Section 4. Competitive Bidding/Quotations

~~For the purpose of this policy, "bidding" is defined as attempting to locate the best supply source for materials, supplies, tools, and equipment based on price, quality, availability, locality and a supplier's past performance record with the District. Competitive Bidding (bidding) is required when purchases meet or exceed the Bid Requirements listed in Exhibit A for Capital Purchases and Contracts with outside vendors. Purchases under the limits in Exhibit A and purchases of materials, supplies, and services expensed or placed in inventory are not subject to the bidding requirements in Exhibit A. Materials purchased for improvement projects performed by District staff, which are capitalized for accounting purposes, are not considered capital purchases in regards to bidding requirements. Exceptions to the bidding process are listed in Exhibit B.~~

~~Based on the limits in Exhibit A, the General Manager or Board of Directors may grant exceptions to bidding due to emergency conditions, supply limitation, or other circumstances with justification for such waiver 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 will document the Single/Sole Source Justification for procurements of any dollar amount notwithstanding his/her authority.~~

~~When preparing to send or call for bids, those vendors which have proven themselves to be competitive and keep promised delivery schedules, will be given preference based on past performance.~~

~~The District shall include in its bid specifications relating to Hold Harmless and Indemnification and Insurance Requirements as stated in Section 1 of this resolution.~~

~~Local vendors located, that is those who are within the District's service boundary the OID region will be given a local preference credit of 5% but not greater than \$5,000 when evaluating bids for supplies, equipment, materials, and services. should their bid and another supplier's bid be of comparable value. For the purposes of this policy "OID region" means the area located within the District's service boundary. For the purposes of this policy "comparable value" means the same quality product with no more than 3% difference in total price for goods having a value of \$250 or more. All bidding will conform to local, state and federal laws.~~



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~~Bidding is only required when purchasing "new" or "new replacement" capital items having a value in excess of \$5,000.~~

~~Written quotes, verbal quotes, and Except as herein provided, "Comparative Shopping," rather than Bidding, utilizing where possible a minimum of three sources, shall be utilized when making purchases of capitalized items of less than \$5,000 value and when purchasing items as allowed in Exhibit A. materials, supplies, and tools which are expensed, inventoried, or dispensed. Comparative Shopping should be utilized need not be performed when making purchases of materials, supplies, and tools by Purchasing as well as those categories of purchases exempt from Centralized Purchasing per Exhibit C. having individual values of \$50 or less.~~

~~5. ENGINEERED JOBS~~

~~All stock and ordered materials for Engineered jobs will be stored separately from OID stock. A Standard Operating Procedure has been developed to address Engineered Jobs.~~

Section 56. Inventory Control

Standard Operating Procedures have been developed to provide Inventory Controls to track and maintain economical stock levels of ~~the~~ District materials, supplies, tools, and equipment and for the dispensing of such items.

Each Department ~~Head~~Manager, or when delegated, the appropriate supervisor, is charged with the responsibility for maintaining sufficient quantities of "expensed" items, including tools supplies and materials, on hand for the efficient and timely operation of his or her assigned department.

~~Inventory Cycle Counts and Annual inventory ies, or more frequent inventories if requested by the Chief Financial Officer, General Manager, or Department Head, of materials are will be conducted in accordance with Accounting Standards.~~

~~7. PRIVATE PURCHASES BY DISTRICT EMPLOYEES~~

~~Purchases made under the District's productivity enhancement program shall not exceed the cash value of accumulated certificates.~~

~~All purchases by District employees, including District officers and directors shall only be for items normally purchased for use by District forces.~~



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- ~~a. In advance of any such purchase, the employee, officer, or director shall complete and have on file with the Chief Financial Officer a form which authorizes the District to withhold from the employees' wages, or other earnings received from the District, such amounts as are necessary to secure payment of all amounts due the District, which are the result of private purchases, including amounts incurred which result from collection. (This is not a payroll deduction option.)~~
- ~~b. In advance of distribution, the District shall collect from the employee, officer, or director all amounts due to suppliers of the product, including applicable taxes, freight, processing fees, etc.~~
- ~~c. The District shall include in its billing for the private purchase a "handling & processing fee" which shall be \$25.~~
- ~~d. The amount of the private purchase shall not exceed the Districts' ability to collect from the employee or officers anticipated bi-weekly income or the Directors normal earnings received from the District.~~
- ~~e. Private purchases will not be allowed through the District on items for resale or for commercial use.~~
- ~~f. No returns or exchanges will be permitted.~~
- ~~8. **Section 6 Finance Department Accounting and Policy Compliance Assurances**~~

~~Finance Department staff reviews all procurement documents. All billings and invoices shall be reviewed by the Finance Department to be checked for accuracy, and completeness and compliance with the procurement policy. The Board of Directors shall address exceptions or non-compliance with the policy on a case-by-case basis if not resolved at the staff level. When questions arise relative to policy compliance, the Chief Financial Officer shall first contact, and obtain from, the appropriate Department Head the support information necessary to show intent to comply with this policy. If there are any remaining questions, by either the Chief Financial Officer or Department Head, in regard to the application of this policy, the outstanding issues will be brought to the attention of the General Manager. Should circumstances indicate that "full" compliance with this policy has not been achieved, the General Manager shall direct either, or both, the Chief Financial Officer or Department Head to prepare memorandums containing recommendations for obtaining compliance, for presentation to the Board. When circumstances warrant, the General Manager shall notice the matter on the agenda for the Board at the next available regularly scheduled meeting.~~



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Exhibit A

Authorized Approval Limits and Bid Requirements

The authorized purchase limits and bid requirements below apply to purchases that are approved budgeted items. All capital expenditures and contracted services are subject to the authorization limits and bid requirements listed below. Materials purchased for improvement projects performed by District staff, which are capitalized for accounting purposes, are not considered capital purchases in regards to bidding requirements. As all capital improvement projects are approved by the General Manager, purchase of materials for those projects are approved at that time. Temporary authorizations may be made with Board approval during a declared emergency or interim position appointments.



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Any amendment to any purchase order or contract that will increase OID’s adopted annual budget will require Board approval. Managers and supervisors are responsible for ensuring that annual operating budget expenditures not budgeted individually remain within the annual budgeted amounts and are consistent with the intended purpose.

Authorization Limits for Contracts and Capital Expenditures		Operating Expenditures of supplies, materials and services which are expensed or placed in inventory. All purchases over \$3,000 must have approval and signature of one of the following positions Construction and Maintenance Manager District Engineer/Water Operations Manager Chief Financial Officer General Manager
Position Held	Authorized Purchase	
Supervisors	\$3,000	
CFO/Managers	\$25,000	
General Manager	\$100,000	
Board of Directors	over \$100,000	

Bidding/PO Requirements for Budgeted Expenditures		
Purchase Limit	Bid Requirements	PO/Contract Required
Less than \$1,000	Comparative Shopping	NO
\$1,000-\$4,999	3 verbal quotes	NO
\$5,000 - \$25,000	3 written quotes	YES
over \$25,000	Competitive Bidding/Cooperative Purchasing	YES

Exhibit B

Exceptions to Authorized Approval Limits

Emergency Purchases

The General Manager may initiate work with consultants and contractors costing in excess of the Authorized Approval Limits and/or the Bidding Requirements, as established in Exhibit A, if it is determined that service involving the public health, safety, or welfare would be interrupted if the normal procedure were followed. All emergency purchases, which would otherwise require



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competitive bidding procedures, shall be submitted to the Board of Directors for ratification at the next regular Board meeting after the purchase is authorized.

Exceptions to Formal Bidding

1. Single/Sole Source Providers

Where a single brand, product or service is needed to comply with standardization or warranty requirements, or where the product is proprietary in nature, the General Manager is authorized to approve single/sole source purchases. The justification for the single/sole source purchase that allows for a non-competitive purchase will be documented with the purchasing documents and should be approved by the General Manager in advance.

2. Cooperative Procurement

The District may participate in purchases and contracts established by other political jurisdictions, or cooperative purchasing organizations provided the cooperative agreement is established following a competitive bid process.

3. Operating Expenditures and Projects Completed by District Employees

Materials, supplies, and services expensed or placed in inventory are exempt from competitive bidding requirements. Materials purchased for improvement projects performed by District staff, which are capitalized for accounting purposes, are not considered capital purchases in regards to bidding requirements. Purchases to replenish the District's warehouse inventory within the established inventory re-order levels require no prior authorization if the vendor being utilized has been selected within the last twelve months as one of the designated vendor for the items or class of items to be purchased.

Exhibit C

Exceptions to Centralized Procurement

Any purchase for supplies, materials, equipment and/or services, other than those exceptions listed below, shall not be made outside of centralized Purchasing without the approval of the Chief Financial Officer or General Manager.



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Any purchase made without the proper authorizations 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.

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 Exhibit A.

Exceptions to Centralized Procurement	
Advertisements	Medical Services
Agency contributions	Memberships, dues & subscriptions
Application Fees	Notices
Attorney and Legal Fees	Payroll related expenses
Bank Charges and Fees	Pension payments
Board/Employee Lunches	Petty Cash
Bond Transactions	Postage
Books and reference materials	Refunds
Claims	Retail Account charges *
Credit Card Purchases	Travel Conference & Education
Disposal of Project Debris	Utilities
Debt Service Payments	Vendors With Contracts or GSA**
Fees & Permits	Vendors With Contracts or PSA***
Insurance Premiums	Other items determined by CFO/GM

*Retail account charges should be limited to immediate need items

**GSA-General Service Agreement

***PSA - Professional Service Agreement