



October 6, 2022

TO: LOCSD Board of Directors

FROM: Ron Munds, General Manager

SUBJECT: Agenda Item 7F – 10/06/2022 Board Meeting
Adopt a Resolution Updating the District's Procurement Policy.

DESCRIPTION

President
Matthew D. Fourcroy

Vice President
Charles L. Cesena

Directors
Troy C. Gatchell
Marshall E. Ochylski
Christine M. Womack

General Manager
Ron Munds

District Accountant
Robert Stilts, CPA

Unit Chief
Eddy Moore

Battalion Chief
Paul Provence

At the September 1, 2022 Board meeting, staff presented an update Procurement Policy. The Board provided direction to staff for minor modifications that have been incorporated into the final draft. The final step to approve the new Purchasing Policy is for the Board to adopt Resolution No. 2022-29.

STAFF RECOMMENDATION

This item will be approved along with the Consent Calendar unless it is pulled by a Director for separate consideration. If so, Staff recommends that the Board adopt the following motion:

Motion:

I move that the Board adopt Resolution No. 2022-29 approving the new Procurement Policy.

DISCUSSION

Background

The District's Procurement Policy and Procedures were first adopted in June 2000. Various updates occurred, and the most recent version was updated in April 2016. In March 2020, in response to the COVID-19 pandemic, the Board declared an emergency which temporarily increased the spending authority of the General Manager.

With the Board approving the provisions of the Act into the District Code, staff updated Procurement Policy (Attachment) that reflects this change and incorporates the current best financial practices for Special Districts like the District's. The more substantive proposed updates would:

- Improve and update rules that prohibit conflicts of interest and require ethical conduct in purchasing. The updated Policy provides greater transparency and prohibits staff or officials from receiving commissions and other unlawful consideration in exchange for contracts.
- Increases dollar thresholds for obtaining written quotes, informal bidding and formal bidding to reflect the reality that the District's costs and typical purchases are more expensive than when this policy was last updated in 2016.
- Provides a process for the informal bidding procedures authorized by the Act. Public Works contracts up to \$60,000 may be performed by District personnel or through negotiated contract or purchase order rather than the formal and time-consuming bidding process. For public works contracts worth between \$60,001

Mailing Address:
P.O. Box 6064
Los Osos, CA 93412

Offices:
2122 9th Street, Suite 110
Los Osos, CA 93402

Phone: 805/528-9370
FAX: 805/528-9377

www.losososcsl.org

and \$200,000, the informal bid procedures in the Act and District Code will control. For public works contracts of \$200,000 and up, the Act formal bidding procedures apply. These provisions match California law.

- Allows the District to “piggyback” on another public agency’s legal solicitation to avoid re-bidding for the same good or service, if the District obtains the same price and terms as the “piggyback” bid.
- Allows for sole source procurement in the limited circumstance where the unique good or service or product specification is available only from one source. The General Manager must approve written findings to support a sole source procurement under \$50,000 and the Board must approve a contract for more than \$50,000.
- Provides definition for the term “professional services” contracts where competence and experience are permitted factors in the contracting decision along with cost. Also allows for negotiation where only one provider will meet the District’s unique needs.
- Allows the District to make payments for goods and services by Electronic Funds Transfer subject to the same rules as District paper checks and rules imposed by the bank.

FINANCIAL IMPACT

There is no direct financial impact associated with the recommended action.

Attachments

Resolution No. 2022-29 & Procurement Policy

RESOLUTION NO. 2022-29

**A RESOLUTION OF THE BOARD OF DIRECTORS
OF THE LOS OSOS COMMUNITY SERVICES DISTRICT
APPROVING AMENDMENTS TO THE DISTRICT'S PURCHASING POLICY**

WHEREAS, the District adopts financial policies to ensure solid internal controls against fraud and theft, as well as to provide a structure for efficient conduct of business; and

WHEREAS, the District purchasing policies and practices are used on a daily basis and must be carefully crafted and meticulously implemented to be effective; and

WHEREAS, the District desires to amend its current purchasing guidelines to reflect the current state of operations, technology and staffing.

NOW, THEREFORE, BE IT RESOLVED that the Los Osos Community Services District Board of Directors does hereby adopt and approve the amended Purchasing Policy as set forth in the attached Exhibit A.

BE IT FURTHER RESOLVED, that the updated guidelines shall become effective immediately upon their approval.

On the motion of Director _____, seconded by Director _____, and on the following roll call vote, to wit:

Ayes: _____
Noes: _____
Abstain: _____
Absent: _____

The foregoing resolution is hereby passed, approved, and adopted by the Board of Directors of the Los Osos Community Services District this 6th day of October, 2022.

Matthew Fourcroy
President, Board of Directors
Los Osos Community Services District

ATTEST:

APPROVED AS TO FORM:

Ron Munds
General Manager and Secretary to the Board

Jeffrey A. Minnery
District Legal Counsel

**LOS OSOS COMMUNITY SERVICES DISTRICT
PROCUREMENT POLICIES AND PROCEDURES**

Chapter 1 – Policy.....
Chapter 2 – General.....
Chapter 3 – Procurement of Materials, Supplies, Equipment, and Recurring Expenditures...
Chapter 4 – Procurement of Professional Services.....
Chapter 5 – Procurement of Public Works.....
Chapter 6 – Payment.....

Chapter 1 - Policy

1.1 Purpose

It is in the interest of the Los Osos Community Services District ("LOCSD") to establish administrative procurement practices that facilitate efficient business operations and provide fair compensation and local workforce opportunities whenever possible within a framework of high quality, competitive service offerings.

1.2 Procedures

This Procurement Policy provides the authority, approval requirements and procedures for the procurement of materials, supplies, equipment, services, and Public Works referenced in the approved fiscal year budget.

1.3 Definitions

- A. General Manager. The LOCSD General Manager or, in his/her absence, the Administrative Services Manager.
- B. Administrative Services Manager. The Administrative Services Manager.
- C. Utility Systems Manager. The Utility Systems Manager.
- D. Board of Directors or Board. The Board of Directors of the LOCSD that establishes policies for the operation of the LOCSD.
- E. Capital Equipment. Equipment with a purchase price of five thousand dollars (\$5,000) or more as designated by the General Manager.

- F. Contract. A written agreement covering the performance of work or services including the furnishing of labor, materials, tools and equipment in performing services to the LOCSD. The term Contract includes Purchase Orders.
- G. LOCSD. Los Osos Community Services District.
- H. Department Manager. The General Manager, Administrative Services Manager, Utility Services Manager, and Battalion Chief.
- I. Change Order or Contract Amendment. Alterations, deviations, additions to or deletions from the plan, specifications and/or scope of services, including the right to increase or decrease the quantity of any item or portion of the work or services or to delete any item or portion of the work or services as may be deemed to be necessary, as determined by the LOCSD, for the proper completion, construction of the work or services contemplated.
- J. Task Order Contract. Contract with pre-qualified consultant or contractor where specific services are contracted for by Task Orders.
- K. Emergency. "Emergency" means a sudden, unexpected occurrence, involving a clear and imminent danger, demanding immediate action to prevent or mitigate loss of, or damage to, life, health, property, or essential public services.
- L. Purchasing Agent. Department Manager.
- M. Purchase Order. A form designed to contain all necessary information and signatures relevant to purchases by the LOCSD and is used as a written order to a vendor and may be either an original order or may confirm a verbal order. The current Purchase Order forms may be developed and/or modified from time to time at the discretion of the General Manager.
- N. Recurring Expenditures. Administrative expenditures that occur from time to time in the normal course of LOCSD business, including, but not limited to, the following: Utilities (electricity, natural gas, telephone service, etc.), servicing of LOCSD equipment under contract, fuel for operation of LOCSD vehicles and equipment, debt service payments, payroll, payroll taxes and benefits, insurance, postage, postage meter rental and ongoing rental payments.
- O. Warrants. Checks and electronic payment for materials, supplies, equipment, Public Works and services received by the LOCSD.

1.4 Fiscal Year Budget

The fiscal year budget approved by the Board provides the authority to LOCSD staff to procure materials, supplies, equipment, services, and Public Works referenced in the approved budget for the upcoming fiscal year.

1.5 Conflicts with the Law

To the extent any provision herein conflicts or is inconsistent with State or Federal law, then said State or Federal law shall control, but only to the extent of the inconsistency, and no other provisions herein shall be affected.

1.6 Severability

If any one or more of the provisions/sections contained in this Procurement Policy shall for any reason be held to be invalid, illegal or unenforceable in any respect, then such provision or provisions shall be deemed severable from the remaining provisions hereof, and such invalidity, illegality or unenforceability shall not affect any other provision hereof, and this Procurement Policy shall be construed as if such invalid, illegal or unenforceable provision had not been contained herein.

1.7 Monitoring

- A. It is important for the LOCSD to evaluate materials, equipment, and services of all current suppliers. Suppliers with a low rating can be viewed as costing the LOCSD time and money, and, therefore, should be terminated upon documentation.
- B. In an effort to obtain the best prices possible, vendors contacted for quotes and/or bids shall be regularly reviewed to ensure competitive pricing and maintenance of vendor lists.
- C. This Procurement Policy should be reviewed on a periodic basis and updated where deemed appropriate to reflect changes in the LOCSD's operations. The General Manager, acting with the Board, may at any time make changes to this Procurement Policy to facilitate a more efficient and accountable procurement process for the LOCSD.

1.8 Procurements Containing Both Equipment and Services

When contracting for services that include the purchase and installation of equipment such as computers and electronic devices, the determination of whether the purchase should be as a procurement of material, supplies, and equipment or the procurement of services shall be made at the General Manager's discretion after giving consideration to the costs of the equipment,

whether or not the equipment is unique to the person or firm providing the services and the cost of the services.

1.9 Compliance with Other District Policies and Potential Conflicts

Procurement practices must comply with other District policies and procedures such as, but not limited to, the Recovered Organic Waste Product Procurement Policy. If there is a conflict between policies, the General Manager will use their discretion to determine the appropriate solution.

1.10 Federally Declared Emergencies

In the event of an emergency declared by the President of the United States, LOCSD 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. In the event of a Federally declared emergency, LOCSD will utilize the required FEMA purchasing regulations for all new expenditures that may be eligible for reimbursement. When possible, LOCSD will still abide by the District's Procurement Policies, but if a conflict exists, the Federal regulations will take precedence.

1.11 Procurement Related to Federal Grants

In the event the District receives Federal grant awards, LOCSD must comply with Federal procurement standards as a condition of receiving funding as governed by Title 2 of the Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards for all related purchases. When possible, LOCSD will still abide by the District's Procurement Policies, but if a conflict exists, the Federal regulations will take precedence.

1.12 Conflicts of Interest

- A. LOCSD employees, department managers, and Directors are prohibited from using the following practices in conducting business activities:
 - 1. Practices which might result in unlawful activity, including, but not limited to, rebates, kickbacks, commissions, or other unlawful consideration.
 - 2. Participating in the selection process when the employee, department manager, or Director has a relationship with a person or business entity seeking a contract which would subject the employee to the same prohibition as in Government Code Section 87100 related to Conflicts of Interest, which provides.

"No public official at any level of state or local government shall make, participate in making or in any way attempt to use his official position to influence a governmental decision in which he knows or has reason to know he has a financial interest."

3. Purchasing or otherwise acquiring LOCSD property and equipment, including surplus property and equipment, for personal use or profit.
- B. No LOCSD employee, department manager, or Director shall accept, directly or indirectly, any gift, rebate, money or anything else of value from any person or entity if such gift, rebate, money or anything of value is intended to reward or be inducement for conducting business, placing orders with, or otherwise using the recipient's position with LOCSD to secure an agreement with the LOCSD.

1.13 Ethical Conduct in Procurement

- A. Ethical conduct in managing the LOCSD's procurement activities is absolutely essential. Staff must always be mindful that they represent the District and the Board of Directors and share a professional trust with other staff and the general public. Therefore, when making a purchase, keep in mind the following factors:
 1. Is this purchase necessary for the job at hand or for the LOCSD to carry on its normal business activities?
 2. Is this a reasonable and lowest possible cost for this type of purchase?
- B. This Policy explicitly prohibits splitting purchase orders in a fiscal year for the purpose of evading the specified dollar limits and avoiding its procurement requirements. Splitting purchases does not allow for a competitive marketplace, increases administrative workflow, and may create ethical issues.

Chapter 2 - General

2.1 Signing Authority

The General Manager, or in their absence the Administrative Services Manager or Utility Systems Manager, is hereby authorized to sign on behalf of the LOCSD the following documents:

- A. Any documents necessary to conduct the general business of the LOCSD that do not require prior approval of the Board.
- B. Any documents necessary to conduct the general business of the LOCSD requiring approval of the Board, after said documents have received approval of the Board, unless the Board specifies that the document be signed by the Board President.

2.2 Budgeted Procurements

- A. Budget. At the beginning of each fiscal year, the General Manager shall issue a complete LOCSD Budget approved by the Board. This budget will contain the purchasing account titles (General Ledger codes), and numbers corresponding with budgeted funds for each account. Each LOCSD department will receive its own budget for conducting purchasing transactions. It is the responsibility of each Department Manager to control spending and monitor the funds in the account line items that they are authorized to use. A monthly

status report will be issued showing a comparison between budgeted amounts and the department's purchasing activity.

The General Manager is authorized to exceed budgeted expenditures by twenty percent (20%) without Board approval. If this occurs, the General Manager shall account to the Board at the mid-year budget review or if after its completion, within sixty (60) days of the expenditures and request the appropriate budget amendments and/or transfers.

- B. General Manager Approval. Subject to Section C, below, the General Manager or, in their absence, the Administrative Services Manager or Utility Systems Manager shall approve all Contracts, Contract Amendments, Change Orders, Task Order Contracts (and related Task Orders) and Purchase Orders. "Absence" means the General Manager's inability to exercise their authority at the time when the LOCSD needs to take the necessary steps to procure goods or services.
- C. Board Approval Required. Board approval is required for the following.
 1. Contracts, Contract Amendments and Purchase Orders for the purchase of supplies, equipment, materials or recurring expenditures where the estimated cumulative cost is fifty thousand dollars (\$50,000) or more.
 2. Professional service contracts and Amendments where the estimated cumulative cost is fifty thousand dollars (\$50,000) or more.
 3. Public Works contracts where the estimated cumulative cost is two hundred thousand dollars (\$200,000) or more.
 4. Any procurement referred to the Board for their consideration by the General Manager or Administrative Services Manager.

2.3 Emergency Procurements.

Upon the written finding of the General Manager that an emergency situation exists, the General Manager is authorized to approve unbudgeted expenditures up to fifty thousand dollars (\$50,000). The General Manager shall account to the Board within thirty (30) days of the expenditures and request the appropriate budget amendments and/or transfers.

2.4 Methods of Procurements

The following chart summarizes methods of procurement by category.

- A. Supplies, Equipment, and Recurring Expenditures. See Chapter 3, below, for procedures and limitations.

DOLLAR AMOUNT	PROCUREMENT METHOD
---------------	--------------------

\$0-\$5,000	No Purchase Order Required.
\$5,001-\$10,000	Written Quote (minimum 1 quote) Purchase Order or Contract Required.
\$10,001-\$49,999	Written Quote (minimum 2 quotes) Purchase Order or Contract Required.
\$50,000 +	Prepare Notice of Inviting Proposals for Board Approval – Board Approval Required for Contract or Purchase Order.

B. Professional Services. See Chapter 4, below, for procedures and limitations.

DOLLAR AMOUNT	PROCUREMENT METHOD
\$0-\$49,999	Solicit Proposals from a Qualified Consultant/Professional by Whatever Method the Purchasing Agent Deems Appropriate Under the Circumstances.
\$50,000 +	Prepare Request for Proposals for Board Approval – Board Approval of Contract Required.

C. Public Works. See Chapter 5, below, for procedures and limitations.

DOLLAR AMOUNT	PROCUREMENT METHOD
(Dollar limits are provided in the Uniform Public Construction Cost Accounting Act and may subsequently be amended)	(Informal bidding procedures are provided in the Uniform Public Construction Cost Accounting Act and may subsequently be amended)

<p>\$0-\$60,000</p>	<p>May be performed by LOCSD employees by force account, by negotiated contract, or by purchase order.</p>
<p>\$60,001-\$200,000</p>	<p>Contract by informal procedures as set forth in the Uniform Public Construction Cost Accounting Act. Board Approval of Contract Required.</p>
<p>\$200,001+</p>	<p>Contract by formal procedures as set forth in the Uniform Public Construction Cost Accounting Act. Board Approval of Contract Required.</p>

Chapter 3 – Procurement of Materials, Supplies, Equipment, and Recurring Expenditures

3.1 Introduction

- A. The following procedures are established for the procurement of materials, supplies and equipment, as referenced in Government Code Section 54202.
- B. In addition to the procedures of this Chapter:
 - 1. The LOCSD may request the State Department of General Services to make purchases of materials, equipment, supplies, or recurring expenditures on its behalf pursuant to Public Contract Code Section 10298.
 - 2. The LOCSD may request the Purchasing Agent of the County of San Luis Obispo to make purchases of materials, equipment, supplies, or recurring expenditures on its behalf pursuant to Article 7 (commencing with Section 25500) of Chapter 5 of Division 2 of Title 3 of the Government Code.
 - 3. The LOCSD may rely on a legally compliant solicitation conducted by another local, regional, state, or national public agency provided that the materials, supplies, and equipment are provided to the LOCSD at the same price, and on the same terms and conditions as in that solicitation.
- C. Methods of Procurement:
 - 1. Purchases of materials, supplies, equipment, and recurring expenditures are normally made pursuant to Purchase Orders as described in this Chapter.

2. In the discretion of the Purchasing Agent and with the approval of the General Manager and LOCSD Legal Counsel, a contract may be substituted for a Purchase Order.

3.2 Purchases of Materials, Supplies and Equipment with an Estimated Cost of Less Than Fifty Thousand Dollar (\$50,000).

For purchases of materials, supplies and equipment with an estimated cost of less than \$50,000 the following shall apply:

A. Types of Quotations

1. No purchase order is required for standard or non-complex materials with an estimated price of \$5,000 or less.
2. Verbal. Verbal requests for quotations will be provided to a minimum of two (2) vendors for purchases of standard or non-complex materials with an estimated price of \$5,001 to \$10,000 and not covered by a contractual agreement.
3. Written. Written requests for quotations (RFQ) will be sent to a minimum of two (2) vendors under the following conditions.
 - a. Purchases estimated to exceed \$10,000, but less than a total of \$50,000.
 - b. All Capital Equipment purchases exceeding \$10,000, but less than a total of \$50,000.
 - c. Non-standard conditions, requirements, instructions, etc.
 - d. Any occasion where more permanent documentation is advisable.
 - e. Any purchase based on best value rather than lowest price.

- B. **Award of Purchase Orders**. The Department Manager will examine the quotations for completion and thereon determine the most responsive bidder with consideration of price, date of delivery, and quality. The quotation will be attached to the Purchase Order. The purchase order and the award will be made by the Department Manager after review by the General Manager. The Department Manager or his/her designee will notify the successful and unsuccessful vendors.

3.3 Purchases of Materials, Supplies and Equipment Equal to Or Greater Than Fifty Thousand Dollars (\$50,000)

- A. Purchases of material, supplies and equipment equaling to or greater than fifty thousand dollars (\$50,000) shall be approved by the Board with the vendor who, in response to the Notice of Inviting Proposals, submits a proposal that most closely meets the LOCSD's specifications with the consideration of price and delivery dates.
- B. The Request for Proposals (RFP) shall be published and distributed by the Department Manager in a manner to reasonably assure that the proposed purchase is made to a

vendor that most closely meets the LOCSD's specification with consideration of price, availability of service and delivery dates.

C. The Request for Proposals shall include the following:

1. A statement of specifications of equipment and/or supplies to be purchased;
2. The location and deadline for submission of proposals;
3. The location where the specifications and proposal forms, if required, may be secured;
4. The proposed delivery date and place of delivery;
5. The date, time and place assigned for the opening of sealed proposals;
6. The type and character of proposal security required, if any;
7. A statement that the LOCSD intends to award the Contract to the vendor who submits a proposal that most closely meets the LOCSD specifications with the consideration of price and delivery dates;
8. That the LOCSD reserves the right to reject all proposals; and
9. Notice that no vendor can withdraw its proposal for a period of sixty (60) days from the date of opening proposals.

D. Alternative Procedure. As an alternative to the procedures described in Paragraphs A, B and C, above, the Board may approve the purchase of supplies and equipment by accepting a proposal submitted by a vendor to another public agency for similar equipment and/or supplies upon the Board approving the purchase by Resolution making the following findings:

1. The other agency's procedures for the purchase were substantially similar to the LOCSD's procedures as stated in Paragraphs A, B and C, above.
2. The equipment and/or supplies to be purchased by LOCSD is substantially similar to the supplies and equipment purchased by the other agency, so that the submitted proposals would be responsive to the LOCSD's specifications.
3. The negotiations regarding the purchase are minor and the proposed purchase is consistent with the policy of awarding the contract to the most responsive vendor with the consideration of price and delivery date.

3.4 Non-Competitive Negotiations

- A. Under some circumstances, the LOCSD competitive solicitation requirements may be dispensed with when the services, materials, supplies, equipment, and recurring expenditures are only available from one source either because the brand or trade name article, goods, or product is the only one which will properly meet the needs of the LOCSD or the item is unique and available only from a sole source.

B. This approach involves procurement of materials, supplies, and equipment through solicitation of a proposal from only one source. Such negotiations may be used in limited situations when the award of a contract or purchase order is not feasible under other methods upon the following findings:

1. The purchase price is reasonable; and
2. One or more of the following exists:
 - a. The product is the only one that will properly meet the needs of the LOCSD because:
 - i. The item is unique and is available only from a sole source; or
 - ii. The item is unique and is designed to match others used in or furnished to a particular installation, program, facility or location.
 - b. The product will be used in a field test or experiment to determine the product's suitability for future use.
 - c. The procurement is for the renewal or extension of a contract for continuing professional services to the LOCSD.
 - d. Public exigency or emergency will not permit delay.
 - e. A Federal Grantor authorized non-competitive negotiations.

C. Findings

1. The Department Manager shall make written findings referenced in subparagraph B2 above to be approved by the General Manager for purchases less than fifty thousand dollars (\$50,000) that are not otherwise approved by the Board.
2. The Board by Resolutions shall adopt findings for purchases referenced in subparagraph B2 above for purchases of fifty thousand dollars (\$50,000) or more.

3.5 Purchase Order Preparation

- A. Purchase orders shall be prepared from a properly completed purchase order form. The form is designed to contain all the necessary information and signatures relevant to the purchase within the LOCSD.
- B. The purchase order form is used as a written order to a vendor and shall include a Purchase Order number. A Purchase Order may also serve as a written change order. Purchase Orders must be approved as referenced in Section 3.2 above.
- C. Each purchase order form shall be filled out by the LOCSD employee prior to LOCSD funds being obligated for a purchase and shall contain the following information:
 1. Purchase order number, date, department, and who wrote it.

2. To whom the purchase order is issued, together with a complete address.
 3. Quantity/unit and description of item(s) to be purchased.
 4. General Ledger account number to be charged.
 5. Unit price and extended amount (depending upon quantity).
 6. If applicable, the words "OPEN PO" and "EXPIRATION DATE," not to exceed past the end of the current fiscal year, at the top of the purchase order form.
 7. The words "NOT TO EXCEED" if it is for a repetitive purchase or a contract amount.
 8. The total amount of the purchase order shall include charges for freight and tax, if applicable.
 9. The initial purchase order MUST have attached to it the following: the written quote or estimate or a copy of the contract, or other backup supporting documentation.
- D. The purchase order must be submitted immediately to the General Manager or his/her designee. The purchase order date must precede the order date.
- E. Any incomplete purchase orders will be returned to the Department Manager for completion.
- F. Insofar that it does not conflict with any other Procurement Policy limitations, a purchase order may be exceeded by up to 10% of the original purchase order amount. No increase may be given for quoted prices.

3.6 Open Purchase Orders

- A. A blanket or open purchase order can be used to reduce the time-consuming process of filling out a purchase order form for each purchase when it is with the same vendor and for repeat materials.
- B. Open purchase orders are to be used when the LOCSD will:
1. Purchase repetitive, specified services or items, or categories of items from the same vendor over a period of less than one year, or on a monthly basis.
 2. Order standard materials or maintenance supplies, which require numerous shipments.
 3. Obtain more favorable pricing through volume commitments.
- C. An employee making a purchase with an open purchase order vendor shall immediately transmit the invoice to their Department Manager for processing. The Department Manager shall sign the invoice and indicate the budgetary account upon the face of the invoice and promptly route the invoice to Accounts Payable for payment.

- D. Open purchase orders generally should NOT be used when:
 - 1. No benefit will be derived over and above a regular purchase.
 - 2. Prices are unknown at ordering time, or subject to change later without notice.
 - 3. Quality of vendor or service is questionable.
 - 4. Control over LOCSD expenditures would be weakened significantly.
- E. An open purchase order differs from the normal purchase order only in the date entry block that now has a date range not to exceed past the end of the current fiscal year.
- F. Each year during the month of June, each Department Manager will review all department blanket purchase orders and reissue all necessary blanket purchase orders effective July 1.

Chapter 4 – Procurement of Professional Services

4.1 Applicability

- A. The procedures established herein are for the procurement of professional and consulting services including, but not limited to, auditors, electricians, financial advisors, technology advisors, rate consultants, plumbers, private architects, landscape architect, engineers, environmental consultants, land surveyors, and/or construction project managers, or other individuals or organizations possessing a high degree of professional, unique specialized technical skill or expertise, not always adaptable to competitive bidding.
- B. It is the policy of the LOCSD to employ professional and other consultant services whenever it is in the LOCSD's best interest.
- C. The requirements to solicit proposals referenced in Sections 4.4 & 4.5, below, do not apply to:
 - 1. Contract Amendments so long as the amendment is related to the completion of the contemplated work or services of the original Contract.
 - 2. Contracts for the continuation of professional service where the key personnel providing services have relocated to a different firm or company.
 - 3. Contracts for services related to litigation.

4.2 Method of Procurement

Procurement of Professional Services is normally made pursuant to a Contract or Task Order Contract.

4.3 Qualifications

Professional service contracts shall be awarded on the basis of demonstrated competence and qualifications for the type of service to be performed and at a fair and reasonable price to the LOCSD.

4.4 Professional Services with An Estimated Cost of Less Than Fifty Thousand Dollars (\$50,000)

- A. For contracts estimated to be less than fifty thousand dollars (\$50,000) the Purchasing Agent will solicit proposals from the qualified consultants and professionals by whatever method the Purchasing Agent deems most appropriate under the circumstances.
- B. Professional services will only be procured by a contract that is approved by the General Manager and LOCSD legal counsel.

4.5 Professional Services with An Estimated Cost of Fifty Thousand Dollars (\$50,000) Or More

The following procedures shall apply the procurement of professional services with an estimated cost of fifty thousand dollars (\$50,000) or greater.

- A. The Board of Directors shall approve the request for proposals and the award of professional service contracts.
- B. The written contract shall be awarded to the professional service provider who, in response to a request for proposals, submits a statement of qualifications and proposal for services that most closely meets the LOCSD's requirements at a fair and reasonable cost.

4.6 Non-Competitive Negotiations

- A. Under some circumstances, the LOCSD competitive solicitation requirements may be dispensed with when the professional service is only available from one source either because the professional service provider is the only provider which will properly meet the needs of the LOCSD or the professional service is unique and available only from a sole source.
- B. This approach involves procurement of professional services through solicitation of proposals from only one source. Such negotiations may be used in limited situations based on the following findings:
 - 1. The service provider is qualified pursuant to Section 4.3.
 - 2. The cost of the services is reasonable; and
 - 3. One or more of the following exists:
 - a. The proposed service provider is uniquely knowledgeable and qualified because similar/related services have been previously provided to the LOCSD; or

- b. An Emergency will not permit delay.

C. Findings

1. The Department Manager shall make written findings referenced in subparagraph A, above, to be approved by the General Manager for Professional Services Contracts where the cumulative costs are estimated at less than fifty thousand dollars (\$50,000) that are not otherwise approved by the Board.
2. The Board by Resolutions shall adopt findings references in subparagraph A, above, for Professional Services Contracts where the cumulative costs are estimated at fifty thousand dollars (\$50,000) or more.

Chapter 5 – Procurement of Public Works

5.1 Uniform Public Construction Cost Accounting Act (UPCCAA)

Pursuant to Public Contract Code Section 20682(g), the LOCSD has elected to become subject to the Uniform Public Construction Cost Accounting Act ("UPCCAA"), Public Contract Code Sections 22000 et seq., when contracting for the construction of public projects, as defined by Public Contract Code Section 22002. Where applicable, the LOCSD will adhere to the alternative bidding procedures provided by the UPCCAA. Public projects (as defined in Public Contract Code Section 22002) that do not exceed the dollar limits in Public Contract Code Section 22032(b) (as such limits currently exist or may subsequently be amended) may be let to contract by informal procedures as set forth in the UPCCAA.

5.2 UPCCAA Contracting Procedures and Dollar Amount Limitations

Contracts for public projects shall be awarded pursuant to the dollar limitations established by the UPCCAA (Public Contract Code Section 22032(b)), which as of the time of the adoption of this Policy are as follows:

- A. Public projects of sixty thousand dollars (\$60,000) or less may be performed by the employees of a public agency by force account, by negotiated contract, or by purchase order.
- B. Public projects of two hundred thousand dollars (\$200,000) or less may be let to contract by informal procedures as set forth in the UPCCAA. Contracts between \$60,001 and \$200,000 require Board approval.
- C. Public projects of more than two hundred thousand dollars (\$200,000) shall, except as otherwise provided in the UPCCAA, be let to contract by formal bidding procedures. Contracts over \$200,000 require Board approval.

Pursuant to Public Contract Code Section 22033, it shall be unlawful to split or separate into smaller work orders or projects any public project for the purpose of evading the requirements of the UPCCAA.

5.3 Informal Bidding Procedures

Pursuant to the UPCCAA (Public Contract Code Section 22034), the LOCSD enacted an informal bidding ordinance to govern the selection of contractors to perform public projects subject to informal bidding procedures under Public Contract Code Section 22032(b). The LOCSD's informal bidding ordinance is codified in Chapter 2.43 of the LOCSD Code.

Pursuant to Public Contract Code Section 22034(d), if all bids received pursuant to the LOCSD's informal bidding procedures are in excess of two hundred thousand dollars (\$200,000), the Board may, by adoption of a resolution by a four-fifths vote, award the contract, at two hundred twelve thousand five hundred dollars (\$212,500) or less, to the lowest responsible bidder, if it determines the cost estimate of the LOCSD was reasonable.

5.4 Formal Bidding Procedures

The formal bidding procedures provided by the UPCCAA (Public Contract Code Sections 22037 et seq.) will govern the selection of contractors to perform public projects subject to formal bidding procedures under Public Contract Code Section 22032(b).

5.5 Emergencies

- A. Pursuant to Public Contract Code Section 22035, in cases of emergency when repair or replacements are necessary, the Board may proceed at once to replace or repair any public facility without giving notice for bids to let contracts. The work may be done by day labor under the direction of the Board, by contractor, or by a combination of the two.
- B. In case of an emergency, if notice for bids to let contracts will not be given, the public agency shall comply with Chapter 2.5 of the Public Contract Code (commencing with Section 22050).

Chapter 6 – Payment

6.1 Warrants

- A. All supporting documents including the Purchase Order, Task Order, proof of receipt, packing slip, etc. will be attached to the Invoice and presented to the General Manager for payment pursuant to subparagraph B, below. The Invoices will be reviewed and approved (paper or digital signature) by the General Manager verifying that the documents are internally consistent, that invoices being paid are original, that receipt of goods or services has been acknowledged by the LOCSD Department Manager and that the amounts agree between documents.
- B. A copy of the Warrant shall be made prior to it being mailed. The Invoice and supporting documentation shall be attached to the copy of the Warrant and then filed (paper or digital) by vendor/service provider and separated by the fiscal year in which the payment was made.

6.2 Check Signing Procedures

- A. The Directors of the LOCSD and the General Manager, are authorized to sign check(s) on behalf of the LOCSD.
- B. All checks under fifty thousand dollars (\$50,000) in value issued by the LOCSD shall contain one (1) signature.
- C. All checks over fifty thousand dollars (\$50,000) in value issued by the LOCSD shall contain two (2) signatures, one of which shall be a Director of the LOCSD.

6.3 Payment Via LOCSD Credit Cards

- A. All purchases using a LOCSD credit card are subject to the same requirements and procedures as outlined in this policy, and the following additional requirements:
 - 1. All LOCSD credit cards shall be issued on a department basis in the name of each Department Manager. The General Manager shall manage the administration of LOCSD credit cards.
 - 2. Only the General Manager, Department Managers, and Supervisors are authorized to sign credit card purchases. Department Managers may allow their department employees to use the department credit card; however, the Department Manager is responsible for its care and control.
 - 3. Credit care purchased related to travel will adhere to the District's Travel and Reimbursement Policy.
 - 4. The credit limit on the LOCSD credit cards shall be twelve thousand dollars (\$12,000) per month for the General Manager and five thousand dollars (\$5,000) per month for each Department Manager.
 - 5. Credit card purchases for orders that are made via telephone or Internet are permitted. A receipt must be obtained and turned in to Accounts Payable.
 - 6. The use of LOCSD credit cards for personal purchases or spending is prohibited. Any violation of this policy will result in loss of LOCSD credit card privileges and violations are subject to disciplinary action.
 - 7. Cash advances on any LOCSD credit card are prohibited. Any violation of this policy will result in disciplinary action.

6.4 Payment by Electronic Funds Transfer

- A. LOCSD may make payments by Electronic Funds Transfer (EFT), Automated Clearing House network (ACH), and electronic check(s) in compliance with the applicable payment provisions of this Chapter 6 and banking rules and regulations.
- B. LOCSD may make payments by Wire Transfer for exceptional circumstances with prior approval from the General Manager or the Board. Examples of exceptional circumstances include instances when expediency is required, or for real estate transactions. If other

types of payment options are available, Wire Transfers should not be used due to their increased cost and lower security compared to other forms of electronic payment.