



September 1, 2022

TO: LOCSD Board of Directors

FROM: Ron Munds, General Manager
Julian Metcalf, Administrative Services Manager

SUBJECT: Agenda Item 2A- 09/01/2022 Board Meeting

Introduce an Ordinance, by Title Only, Regarding Adopting an Ordinance to Include the Provisions of the Uniform Public Construction Cost Accounting Act; Review of a Resolution Electing to be Subject to the Uniform Public Construction Cost Accounting Act and Review of the Draft Procurement Policy.

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

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.losososcsd.org

DESCRIPTION

Staff has been working on an update to the District's Procurement Policy which was last updated in 2016. In order to bring the policy to current industry standards, it is recommended that the District incorporate the provisions in the California Uniform Public Construction Cost Accounting Act (Act). This report describes the actions needed to adopt the provisions in the Act into the District's code, the noticing requirements to the State that the District has elected to become subject to the Act and how the Act and other updated provisions are incorporated into the draft Procurement Policy.

STAFF RECOMMENDATION

Staff recommends that the Board adopt the following motion:

Motion: I recommend:

- 1. The Board approve the introduction and first reading of Ordinance Number 2022-02 by title only adding to Title 1 of the District's Code incorporating provisions of the California Uniform Public Construction Cost Accounting Act (Attachment 1);***
- 2. Set the public hearing date for final adoption for October 6, 2022 and direct staff to publish the appropriate hearing notices;***
- 3. Review a resolution electing to become subject to the California Uniform Public Construction Cost Accounting Act and provide direction to staff;***
- 4. Review the draft Procurement Policy and provide direction to staff.***

DISCUSSION

The passage of Assembly Bill No. 1666 Chapter 1054, Statutes of 1983, added Chapter 2, commencing with Section 22000, to Part 3 of Division 2 of the Public Contract Code, which codified the provisions of the Act, provides jurisdictions with a uniform cost accounting standard for construction work performed or contracted by local public agencies. A Commission to oversee and enforce provisions of the Act was established to develop the uniform public construction cost accounting procedures for implementation by local public agencies in the performance of or in the contracting for construction of public projects. In general, the Act is intended to promote uniformity of the cost accounting standards and bidding procedures on construction work performed or contracted by public entities in California.

The Act applies to any public agency whose governing board has, by resolution, elected to become subject to the uniform construction cost accounting procedures

set forth in Article 2 (commencing with Section 22010) and which has notified the Controller of that election, as set forth in Public Contract Code section 22030. The District is a California special district formed under the Community Services District Law (Govt. Code §61100 et seq.) and qualifies as a "public agency" under the Act. Today, there are over 300 special districts alone, not counting other public agencies, who are participating member agencies.

As a participating agency, the District benefits by raising the threshold for its informal and formal bidding processes. Small projects and projects completed by District employees benefit by reducing the cost incurred for developing and managing a formal bidding process while streamlining the process to complete larger projects. Opting to operate under the Act allows the District to negotiate contracts for construction work under \$60,000, procuring a contractor using a purchase order, or undertake the work by the District's work force account. The informal bid process for projects with a value between \$60,000 and \$200,000 can be awarded at staff level when the required District developed bidder's list along with trade journals and exchanges are included in soliciting bids, and thereby meet the competitive bidding process without further solicitation.

The overall benefits to participating agencies who choose to implement the Act can be measured in time and cost savings to the District. The Act provides more leeway in execution of public works projects, speeds up the awards process, and improves timeliness of project completion. Additionally, the Act reduces red tape and paperwork relative to advertising and filing of reports, thereby simplifying general administration.

Resolution to Become Subject to the Act

As previously stated, the Act applies to any public agency whose governing board has, by resolution, elected to become subject to the uniform construction cost accounting procedures. A copy of the resolution must be filed with the State Controller's Office (Section 22030). Attachment 2 is the draft resolution needed to be adopted to satisfy this requirement. Staff will bring back the resolution for consideration at the October 6, 2022 meeting.

Draft Procurement Policy

The District's Procurement Policy and Procedures were first adopted in June 2000. Various updates occurred, and we updated the most recent version in April 2016 (Attachment 5). 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 (Attachment 6).

With the Board considering approving the provisions of the Act into the District Code, staff has drafted an updated Procurement Policy (Attachment 3) 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 (Attachment 4).
- 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 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. As noted in this report, there will be financial saving associated with project/professional services bidding, procurement and project/services management.

Attachments

1. Ordinance Number 2022-02
2. Draft Resolution to be filed with the State
3. Draft Procurement Policy
4. Draft Procurement Policy Comparison Document
5. Resolution 2016-13 Approve Amendments to District's Expenditure Control Guidelines
6. Resolution 2020-02 COVID-19 Emergency

**LOS OSOS COMMUNITY SERVICES DISTRICT
ORDINANCE NO. 2022-02**

**AN INTRODUCTION OF AN ORDINANCE OF THE BOARD OF DIRECTORS
OF THE LOS OSOS COMMUNITY SERVICES DISTRICT (DISTRICT) ADDING CHAPTER 1.04 TO THE
DISTRICT CODE REGARDING THE CALIFORNIA UNIFORM PUBLIC CONSTRUCTION COST ACCOUNTY
ACT (ACT)**

WHEREAS, The District is organized under Government code section 61000 as a Community Service District and has the authority to provide its residents with water for beneficial purposes under Government code Section 61100 (a).; and

WHEREAS, The Board acknowledges that updating District Code from time to time to reflect changes in policies and procedures is warranted; and

WHEREAS, The Board of Directors recognizes that providing clear guidance when procuring materials and services is essential; and

WHEREAS, Assembly Bill No. 1666, Chapter 1054, Statutes of 1983, added Chapter 2, commencing with Section 22000, to Part 3 of Division 2 of the Public Contract Code, provides for a uniform cost accounting standard for construction work performed or contracted by local public agencies; and

WHEREAS, The Act is intended to promote uniformity of the cost accounting standards and bidding procedures on construction work performed or contracted by public entities in California; and

WHEREAS, As a participating agency, the District benefits by raising the threshold for its informal and formal bidding processes which will reduce the cost incurred for developing and managing a formal bidding process and streamline project implementation.

WHEREAS, The Board of Directors has noticed this public meeting pursuant all legal requirements and has considered the Staff Report and public testimony regarding the adoption of this Ordinance.

NOW, THEREFORE BE IT RESOLVED, THE BOARD OF DIRECTORS OF THE LOS OSOS COMMUNITY SERVICES DISTRICT HEREBY ORDAINS AS FOLLOWS:

Section 1. Authority

This Ordinance is enacted pursuant to the California Government Code § 6100. **Section 2.**

Amendment and Restatement of Title 1 of the District Code

Title 1 of the District Code are hereby added as provided in Exhibit A, attached hereto and incorporated herein by reference.

Section 3. Environmental Review

The Board of Directors of the District finds that the adoption of the Amendment and Restatement of Title 1 of the District Code does not constitute a "project" under the California Environmental Quality Act ("CEQA") (Public Resources Code Section 21000 *et. seq.*) or its implementing Guidelines (14 California Code of Regulations Section 15000 *et seq.*) ("CEQA Guidelines"). The Board of Directors finds that the adoption of the Amendment and Restatement of Title 1 of the District Code constitutes "general policy and procedure making" described in Section 15378(b)(2) of the CEQA Guidelines which are deemed not to be "projects". Even if the adoption of the Amendment and Restatement of Title 1 of the District Code is a "project" for purposes of CEQA, the District Board finds that it is exempt from review pursuant to Section 15061(b)(3) which provides that an activity is not subject to CEQA review

where it can be seen with certainty that there is no possibility that it may have a "significant effect on the environment." The District Board finds that it can be seen with certainty that there is no possibility that the adoption of the Amendment and Restatement of Title 1 of the District Code may have a significant effect on the environment.

The District General Manager is authorized to prepare, execute and file a notice of exemption, but is not required to do so.

Section 4. Findings

The Board of Directors hereby finds and determines as follows:

- a. The proposed changes in the District Code are necessary to update the District's policies and procedures.

Section 5. Repeal of Prior Ordinances and Resolutions

All Ordinances, sections of Ordinances and Resolutions that are inconsistent with Section 2 of this Ordinance are **hereby repealed**.

Section 6. Incorporations of Recitals

The Recitals are true and correct and incorporated here by this reference.

Section 7. Severance Clause

If any section, subsection, sentence, clause or phrase of this Ordinance is for any reason held to be unconstitutional, ineffective or in any manner in conflict with the laws of the United States, or the State of California, such decision shall not affect the validity of the remaining portions of this Ordinance. The Governing Board of the District hereby declares that it would have passed this Ordinance and each section, subsection, sentence, clause and phrase thereof, irrespective of the fact that any one or more sections, subsection, sentence, clause or phrase be declared unconstitutional, ineffective, or in any manner in conflict with the laws of the United States or the State of California.

Section 8. Effect of Headings in Ordinance

Title, division, part, chapter, article, and section headings contained herein do not in any manner affect the scope, meaning, or intent of the provisions of this Ordinance.

Section 9. Effective Date

This Ordinance shall take effect thirty (30) days from date of its passage hereof. Before the expiration of fifteen (15) days after the adoption of this Ordinance, Exhibit A shall be published once with the names of the members of the Board of Directors voting for and against the Ordinance in a newspaper of general circulation within the District.

Introduced at its regular meeting of the Board of Directors held on September 1, 2022, and passed and adopted by the Board of Directors of the Los Osos Community Services District on the 6th day of October 2022, by the following roll call vote, to wit:

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

AYES: _____
NOES: _____
ABSENT: _____
ABSTAIN: _____

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

ATTEST:

APPROVED AS TO FORM:

Ron Munds
General Manager and Secretary to the Board

Jeff Minnery
District Legal Counsel

Title 1 (Adding Chapter 1.04)

1.04.01 Informal Bid Procedures.

Public projects, as defined by the Act and in accordance with the limits listed in Section 22032 of the Public Contract Code, may be let to contract by informal procedures as set forth in Section 22032, et seq., of the Public Contract Code.

1.04.02 Contractors List.

A list of contractors shall be developed and maintained in accordance with the provisions of Section 22034 of the Public Contract Code and criteria promulgated from time to time by the California Uniform Construction Cost Accounting Commission.

1.04.03 Notice Inviting Informal Bids.

A. Where a public project is to be performed which is subject to the provisions of this Ordinance, a notice inviting informal bids may be mailed to all contractors for the category of work to be bid, as shown on the list developed in accordance with Section 22034 of the Public Contract Code, and shall be mailed 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.

B. Additional contractors and/or construction trade journals may be notified at the discretion of the General Manager, provided however:

- (1) 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.
- (2) 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.

1.04.04 Award of Contracts

The General Manager may be authorized to award informal contracts pursuant to this Section if approved by the Board of Directors for the specific project being awarded.

Date: X X, 2022
Agenda Item No: 2A
() Approved
() Denied
() Continued to

RESOLUTION 2022-XX

**A RESOLUTION OF THE BOARD OF DIRECTORS
OF THE LOS OSOS COMMUNITY SERVICES DISTRICT
ELECTING TO BECOME SUBJECT TO THE CALIFORNIA UNIFORM PUBLIC CONSTRUCTION COST
ACCOUNTING PROCEDURES**

WHEREAS, prior to the passage of Assembly Bill No. 1666, Chapter 1054, Statutes of 1983, which added Chapter 2, commencing with Section 22000, to Part 3 of Division 2 of the Public Contract Code, existing law did not provide a uniform cost accounting standard for construction work performed or contracted by local public agencies; and

WHEREAS, Public Contract Code Section 22000 et seq., the Uniform Public Construction Cost Accounting Act (Act), establishes such a uniform cost accounting standard; and

WHEREAS, the Commission established under the Act has developed uniform public construction cost accounting procedures for implementation by local public agencies in the performance of or in the contracting for construction of public projects; and

WHEREAS, it is in the public interest for the District to adopt the Act.

NOW, THEREFORE, THE BOARD OF DIRECTORS OF THE OCEANO COMMUNITY SERVICES DISTRICT DOES RESOLVE AS FOLLOWS:

- 1) The Board of Directors hereby elects under Public Contract Code Section 22030 to become subject to the uniform public construction cost accounting procedures set forth in the Act and to the Commission's policies and procedures manual and cost accounting review procedures, as they may each from time to time be amended.
- 2) The General Manager is directed to notify the State Controller forthwith of this election.
- 3) This Resolution shall take effect upon its adoption.

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

AYES: _____

NOES: _____

ABSTAIN: _____

ABSENT: _____

Attachment 2

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

Matthew Fourcroy, President
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

DRAFT

LOS OSOS COMMUNITY SERVICES DISTRICT
PROCUREMENT POLICIES AND PROCEDURE

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.

Attachment 3

- 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

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.

History

The District adopted the Expenditure Control Guidelines in June 2000 (Resolution 2000-25). Various updates occurred and the most significant recent revision was adopted in April 2016 (Resolution 2016-13), exhibit B. In March of 2020, in response to the COVID-19 pandemic, the Board adopted a resolution (Resolution 2020-2), Exhibit C, declaring an emergency and temporarily increasing the spending authority of the General Manager.

The proposed Procurement Policy and Procedures:

- Modernize the previous expenditure controls to reflect current local government best practices.
- Retains the spending and approval authority established in 2020.
- Updates some procurement method thresholds to reflect current higher costs and inflation.
- Shifts control and approval of expenditures to the Board earlier.
- Increases access to information, planning, and oversight for the Board, General Manager, and the public.

Key Differences

2016 Expenditure Control Guidelines	2020 Emergency COVID Declaration	2022 Proposed Procurement Policy and Procedures
<p>Control and oversight split between budget and signing vouchers. In practice, the District has submitted significantly more vouchers for signature than required by Guidelines.</p>		<p>Shifts control to the Board toward the budget as a control document, paired with more detailed expenditure reporting by staff. Mid-year budget also functions as a control and opportunity for Board to intervene if needed.</p> <p>Increased use of Purchase Orders adds additional internal control.</p> <p>Monthly reporting to the Board and online expenditure history and data supports additional oversight.</p>
<p>Board required to sign all checks above \$25,000 in most circumstances (see Exhibit B, page 7 for chart). In practice, Board would historically sign smaller checks when signing vouchers below the level required by Guidelines.</p>	<p>Increased General Manager check signing authority to \$50,000 in most circumstances.</p>	<p>Retains the \$50,000 threshold established in 2020 and simplifies requirements compared to 2016 revision (see Exhibit B, page 7 for chart).</p>

Attachment 4

2016 Expenditure Control Guidelines	2020 Emergency COVID Declaration	2022 Proposed Procurement Policy and Procedures
<p>Unbudgeted expenditures, generally requires Board approval if in excess of \$25,000 and 10% of budget.</p>	<p>Notify the Board in writing of any expenditure over \$25,000.</p>	<p>Unbudgeted Expenditures that exceed 20% of budget require GM to report to the Board at the mid-year budget review or within 60 days of the expenditures and request budget amendment.</p>
<p>No emergency provisions</p>		<p>Adds conditions for Emergency Procurement. Must have written finding by GM. Authorizes \$50,000 of unbudgeted spending. Must account to Board within 30 days to request budget amendment.</p>
<p>Does not address federal spending requirements.</p>		<p>Adds conditions for Federally Declared Emergencies to use Title 2 of the Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards for related expenditures.</p>
<p>Does not address federal spending requirements.</p>		<p>Adds conditions for Federally Grant awards to use Title 2 of the Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards for related expenditures.</p>
<p>Does not address non-competitive procurements (single or sole source).</p>		<p>Adds sections on non-competitive procurement for both Supplies, Equipment, and Recurring Expenditures and the Professional Services categories. Outlines related conditions and requirements, such as Board approval for those over \$50,000.</p>
<p>Electronic payments not addressed. Historic practice has been to use paper checks.</p>		<p>May make payments by Electronic Funds Transfer (EFT), Automated Clearing House network (ACH), and electronic check(s) in compliance with the applicable payment provisions and banking rules and regulations.</p>
<p>Does not address use of the state's or other jurisdictions' existing contracts and negotiated terms.</p>		<p>Allows the District to use the state's or other jurisdictions' existing contracts and negotiated terms.</p>

Attachment 4

2016 Expenditure Control Guidelines	2020 Emergency COVID Declaration	2022 Proposed Procurement Policy and Procedures
<p>Purchase Orders (PO) required for non-recurring costs over \$5,000. In practice, POs have not been consistently issued.</p>		<p>Retains \$5,000 minimum for Purchase Orders, and adds procedures related to timing and includes recurring expenditures. Consistent use of POs adds internal controls and improves three-way matches for accounts payable comparing:</p> <ol style="list-style-type: none"> 1. PO, what did the District ask of the vendor? 2. Invoice, what did the vendor say they delivered? 3. Packing slip or attestation, did the vendor deliver what they said? <p>Do all three match?</p> <p>Making POs for recurring expenditures improves cash-flow planning information for the District.</p>
<p>Included a category called "Construction Work."</p> <p>Informal Bidding: \$1,000 to \$25,000 Formal Bidding: Over \$25,000 with Board approval.</p>		<p>Adopts the state's Uniform Public Construction Cost Accounting Act ("UPCCAA") for public works expenditures. Allows the District more flexibility when awarding small contracts for public projects, repair and maintenance.</p> <p>Informal Bidding: Less than \$60,000 does not require Board approval of contract. Contracts between \$60,001 and \$200,000 require Board approval, but can use informal bidding procedures.</p> <p>Formal Bidding: Over \$200,000 with Board approval.</p>

Attachment 4

2016 Expenditure Control Guidelines	2020 Emergency COVID Declaration	2022 Proposed Procurement Policy and Procedures
<p>Categories of Recurring, Purchase Orders, Other Services. Guidelines did not detail procurement methods and requirements.</p> <ul style="list-style-type: none"> Recurring, over \$25,000 and 10% above budget Board approval needed. Others, Board Approval for over \$25,000 		<p>Makes a category of Materials, Supplies, Equipment, and Recurring Expenditures.</p> <ul style="list-style-type: none"> Less than \$5,000, no PO necessary, quotes are discretionary. \$5,001 to \$10,000 and not covered by a contractual agreement, min. two verbal quotes. \$10,000, but less than a total of \$50,000, request for quotations (RFQ) from min. two vendors. <p>Greater than \$50,000, approved by Board, Request for Proposal (RFP) or use of alternative procedures approved by Board.</p>
<p>Categories of Professional Services</p> <ul style="list-style-type: none"> Less than \$15,000 requires Request for Proposal (RFP). Implied, but not stated that over \$25,000 requires RFP. Board Approval for over \$25,000. 		<p>Changes the requirements related to Professional Services</p> <ul style="list-style-type: none"> Less than \$50,000 method (RFP, informal, etc.) approved by GM. Over \$50,000, Board approve RFP and award.

Proposed Procurement Policy: Summary of Approvals Required 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.

Attachment 4

\$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 (Dollar limits are provided in the Uniform Public Construction Cost Accounting Act and may subsequently be amended)	PROCUREMENT METHOD (Informal bidding procedures are provided in the Uniform Public Construction Cost Accounting Act and may subsequently be amended)
\$0-\$60,000	May be performed by LOCS D employees by force account, by negotiated contract, or by purchase order.

Attachment 4

<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>

Attachment 5

Date: April 7, 2016
Agenda Item: 12B
 Approved
 Denied
 Continued to

RESOLUTION NO. 2016-13

A RESOLUTION OF THE BOARD OF DIRECTORS
OF THE LOS OSOS COMMUNITY SERVICES DISTRICT
APPROVING AMENDMENTS TO THE DISTRICT'S EXPENDITURE CONTROL GUIDELINES
TO ALLOW FOR EXPENDITURES WITHIN ALL APPROVED BUDGET CLASSIFICATIONS TO BE
AUTHORIZED BY THE GENERAL MANAGER; ESTABLISHING REVISED CAPITAL EXPENDITURE
GUIDELINES, AND REVISING REQUIRED PURCHASING DOCUMENTATION

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 sixteen year old expenditure control 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 Expenditure Control Guidelines as contained herein.

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

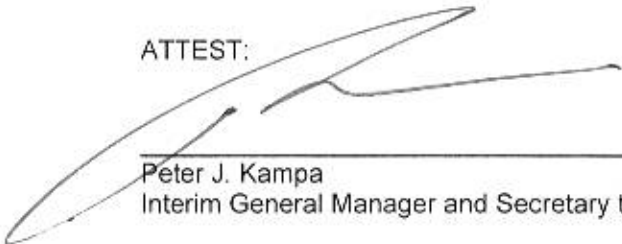
On the motion of Director Wright, seconded by Director Tornatzky,
and on the following roll call vote, to wit:

Ayes: Wright, Tornatzky, Cesena, Storm
Nays: _____
Absent: Ochylski
Conflicts: _____

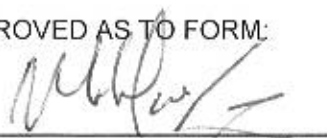
The foregoing resolution is hereby passed, approved, and adopted by the Board of Directors of the Los Osos Community Services District this 7th day of April 2016.



Marshall E. Ochylski
President, Board of Directors
Los Osos Community Services District

ATTEST:


Peter J. Kampa
Interim General Manager and Secretary to the Board

APPROVED AS TO FORM:


Michael W. Seitz
District Legal Counsel

Attachment 5

*Adopted June 15, 2000
(Exhibit A to Resolution 2000-25)*

*Revised and Adopted April 7, 2016
(Attachment to Resolution 2016-13)*

Los Osos Community Services District Expenditure Control Guidelines

Table of Contents

I.	Introduction	Page 2
II.	Expenditure Classification	Page 2
III.	Control System	Page 3
IV.	Purchase Order System	Page 5
V.	Voucher System	Page 5
VI.	Disbursement	Page 6
VII.	Summary	Page 6
	Appendix - Voucher Approval Chart	Page 7

Attachments:

- A. LOCSD Travel Approval Form
- B. LOSCO Travel Expense Form
- C. Purchase Order
- D. Blanket Purchase Order
- E. Letter to Vendors
- F. Voucher Form

Attachment 5

I. INTRODUCTION

This expenditure control system is an integral part of the internal control structure of Los Osos Community Services District (LOCSO or District). As such, it is intended to provide reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition and that transactions are executed in accordance with Board Policy including the Budget, Purchase Policies, Board By-laws and Board adopted procedures for withdrawal of District funds under management's authorization and recorded promptly in the general ledger.

It is the intent of the District to control expenditures before it is obligated to pay for goods or services. This system is designed to accomplish this goal in the most time efficient manner while providing consistency and flexibility in a clearly documented record of the entire process.

The system is intended to be used in conjunction with the existing internal control structure. Any significant change in other aspects of the control environment will require a review of the effectiveness of this system.

II. EXPENDITURE CLASSIFICATIONS

The control mechanism and methods of documentation are determined by the type of expenditure. LOCSO recognizes the following types of expenditures:

1. **Recurring** - Included are utilities, debt service payments, payroll, payroll taxes and benefits, insurance, postage, postage meter rental, office supplies, etc.
2. **Contract** - Included are formal contracts for goods and services and purchase orders for goods and services (informal contracts).
3. **Travel** - Included are advances and reimbursements for travel, mileage reimbursement for authorized use of personal automobiles, meals and travel expenses.
4. **Petty Cash** - Included are reimbursements of expenditures from the petty cash fund and increases in petty cash funds.
5. **Customer Refunds** - Included are refunds of deposits and overpayments by District customers.
6. **Debit Cards** - Included are all authorized purchases made with a District issued debit card.
7. **Other** - Included are all expenditures which cannot be classified in one of the above categories.

Attachment 5

III. CONTROL SYSTEM

Expenditures will be controlled in the classifications indicated in Section II in accordance with the following procedures:

1. Recurring – These expenditures will be controlled by the budget. The Board will adopt an annual budget that will include line items for electricity, natural gas, telephone, telemetry, pager service, payroll, payroll tax, employee benefit, debt payment, insurance, ongoing rental obligations, and budgeted items including insurance, postage, postage meters, office supplies, computer consultant, meeting room rental, computer system operations, video services, copying, copy services, computer maintenance services, janitorial cleaning, director compensation, public notices, temporary help expenses, radio expenses, computer e-mail services, fuel, and trash. Such expenditures will not normally require a purchase order.

Management will monitor the relationship of year-to-date expenditures in these line items within the adopted budget. If it becomes apparent that the budget is insufficient to cover the next anticipated expenditure in one of these line items, a budget transfer will be prepared by the appropriate Department Head and a copy provided to the General Manager for increases which are 10% or less cumulatively of the original budgeted amount. If a budgeted line item is projected to require cumulative increases beyond 10% in any year, but less than a total of \$25,000, the General Manager will approve such increases. If a budgeted line item is projected to require cumulative increases beyond 10% in any year, and in excess of \$25,000, the Board must approve such increases.

2. Contract-Contracts fall into four categories.

- a. **Construction Work:** Construction work expected to cost \$1,000 or more will require a formal contract, using the District's standard form of agreement for small construction projects, and must be submitted to the State Department of Industrial Relations (DIR) on the standard electronic form PWC-100. All construction projects costing in excess of \$1000 also require that the contractor pay the general rate of prevailing wage for each craft of work performed. Construction work expected to cost between \$1,000 and \$25,000 will require informal bidding procedures. The Board will approve contracts for construction work expected to cost \$25,000 or more, which will require formal Public Works Bidding Procedures. All construction work for projects expected to cost less than \$1,000 will be classified as Purchase Order Expenditures.
- b. **Professional Services:** Professional Services (engineering, architectural, land surveying and construction management) costing over \$25,000 will require Board approval during budget process. Professional Services expected to cost \$1,000 or more will require a formal standard District consulting contract. Professional Services expected to cost between \$15,000 and \$25,000 will require issuance of a Request for Proposals to ensure that the correct scope of work and professional expertise is received. . The Board will approve contracts for Professional Services expected to cost \$25,000 or

Attachment 5

more. Professional Services expected to cost less than \$1,000 will be classified as Other Expenditures.

- c. **Purchase Orders.** The purchase of non-reoccurring supplies, materials and capital assets will require a Purchase Order (see Attachment C). Vendors from whom the District is likely to purchase three or more small items in any month will be issued Blanket Purchase Orders (see Attachment D).

Purchases within budget and expected to be between \$5,000 and \$25,000 must be approved in advance by the General Manager. Purchases expected to be between \$100 and \$5,000 will be approved by the Department Head or General Manager.

- d. **Other Services:** Other Services expected to cost between \$1,000 and \$5,000 will be acquired through informal bidding procedures. The Board will approve contracts for Other Services expected to cost \$25,000 or more. Other Services expected to cost less than \$1,000 will be classified as Other Expenditures.

3. Travel – Business and travel expenses will be paid and reimbursed as provided in the District's Travel and Reimbursement Policy.

4. Petty Cash – Reimbursement expenditures of less than \$100 require only an accounting of petty cash expenditures. The Department Head or General Manager will approve such reimbursements. Increases in the amount of petty cash or change fund will be approved by the Board.

5. Customer Refunds – These expenditures are processed as part of the utility billing system. Normally, a closing bill will be printed which shows a balance due to the customer. The Department Head or General Manager will approve such refunds. The Department Head or General Manager will approve refunds of other deposits and fees. Customer refunds do not normally require a Purchase Order.

6. Credit Card – any purchase of any material or service by credit card will follow the process set forth in the LOCSD Employee Policy and Procedure Manual.

7. Other – All other expenditures will be approved in advance where possible, and upon receipt of goods or services. Approval will be by the Board, General Manager or Department Head in accordance with the limits of approval set forth herein.

Attachment 5

IV. PURCHASE ORDER SYSTEM DOCUMENTATION AND IMPLEMENTATION

The General Manager or a department head may initiate a purchase by preparing and submitting a Purchase Order Form (see Attachment "C").

Purchase Orders up to \$5,000 will be compiled and signed by the General Manager or Department Head in accordance with the limitations set forth in Section III-2c of this Policy. Copies of all purchase orders shall be distributed to the appropriate Department Head and to those responsible for Accounts payable activities. When goods are received, the requesting employee will mark his/her copy of the P.O. "Received", date and sign it. This copy will then be given to the appropriate department head to match with the invoice when received. In the case of a partial shipment, a photocopy of the P.O. may be made. The requesting employee will indicate which items were received and forward it to the appropriate department head.

Upon receipt and invoice, the department head will compare the amounts and descriptions to the "Receiving copy" of the P.O. If, in total, the invoice is no more than 10% greater than the P.O., the invoice may be entered for payment. If the invoice total is more than 10% greater than the P.O., then the new amounts will be entered in the General Manager's copy of the P.O. and the appropriate person will countersign and date the corrected P.O.

For vendors from whom numerous small purchases are made, the District will employ Blanket Purchase Orders (B.P.O.) (Attachment D). Each B.P.O. will indicate with an expiration date, the total of all purchases allowed on that B.P.O. during any monthly period, a list of employees authorized to make purchases included on the face of the BPO and the maximum dollar amount maximum for any one purchase. No more than one B.P.O. may be active at any time for a particular vendor. The appropriate department head will maintain a separate list of Blanket Purchase Orders.

All current vendors will be sent a letter outlining the District's policy and procedure related to the use of and authorizations under blanket purchase orders. New vendors receive a copy of the letter with the first purchase order issued to them. Staff shall secure a completed and executed W-9 from all new vendors.

V. VOUCHER SYSTEM

A voucher form will be completed for each invoice or statement to be paid (see Attachment F). The classification of expenditure will be clearly indicated on the voucher. The voucher will indicate all invoices or statements to be paid with one warrant.

All supporting documents including invoices, Purchase Order, proof of receipt, packing slip, etc. will be attached to the Voucher. The Voucher will be approved in accordance with the chart in the Appendix and the signatories will verify that the documents are internally

Attachment 5

consistent, that invoices being paid are original, that receipt of goods or services has been acknowledged by an LOCSD employee and that amounts agree between documents.

The warrant number and the date will be entered on the Voucher when the warrant is sent to the vendor. All paid Vouchers are filed by vendor and separated by the fiscal year in which the payment was made and retained for seven years.

VI. DISBURSEMENTS

All checks, warrants and drafts shall be drawn by Accounts payable staff and signed by the President and Secretary of the Board of Directors, or one of them and one member of the Board. Warrants will be issued only after the Voucher has been approved according to the process set forth in Section V.

Warrants will be issued as needed to meet deadlines and take advantage of discounts. Except under unusual circumstances approved by the General Manager, warrants will be processed and distributed every other week.

VII. SUMMARY

Good control over expenditures depends upon advance authorization and adequate documentation. The use of Purchase Orders and Vouchers provides a basis for such control and documentation.

The success of this system depends upon the understanding and cooperation of all staff. Questions are welcomed and will be promptly answered by the General Manager. Unusual situations should be documented by memorandum or letter. Suggestions for improvement will be carefully considered by management.

Attachment 5

APPENDIX

LOS OSOS COMMUNITY SERVICES DISTRICT

VOUCHER APPROVAL CHART

Expenditure Type	Less than 5,000	Over \$5,000 and Less than \$25,000	Over \$25,000
Recurring or Service Contract (within budget)	General Manager or Dept. Head ¹	General Manager or Dept. Head	General Manager
Recurring (over budget, under 110% of budget)	General Manager or Dept. Head	General Manager	Board
Recurring (over 110% of budget) ²	General Manager	Board	Board
Contract (construction)	General Manager or Dept. Head	General Manager	Board
Contract (professional and other)	General Manager or Dept. Head	General Manager	Board
Travel (staff)	General Manager or Dept. Head	General Manager	Not Allowed
Travel ³ (within budget, Board of Directors)	General Manager or Dept. Head	Board	Board
Conference ⁴ (within budget, Board of Directors)	General Manager	General Manager	Not Allowed
Petty Cash Reimbursement ⁵ (<\$200)	General Manager or Dept. Head	Not Allowed	Not Allowed

¹ Department Heads: Fire Chief, Utilities Manager, and Administrative Manager

² Requires report to Board at meeting following budget exceedance, including compensating expense adjustments if necessary

³ A written report to the Board is required summarizing the event and costs

⁴ Board Member attendance at conferences must either be approved as a budget line item or as a separate Board action in advance of attendance. A written report to the Board is required summarizing the event and costs

⁵ No petty cash reimbursements allowed over \$200

Attachment 5

LOCSD CASH ADVANCE FORM TRAVEL RECONCILIATION

Name _____ Date _____

Purpose _____

Fund Number _____

Vehicle Expenses (gas, oil, etc.) \$ _____

Meals _____ \$ _____

Lodging _____ \$ _____

Airfare _____ \$ _____

Taxi _____ \$ _____

Parking _____ \$ _____

Gratuities _____ \$ _____

Seminar or Class Expenses _____ \$ _____

Food & Drink _____ \$ _____

Office Supplies _____ \$ _____

Mileage Reimbursement: _____ miles @ \$.54 per mi. \$ _____

Rental Car _____ \$ _____

Misc _____ \$ _____

Sub Total \$ _____

Advance \$(_____)

Balance Due To/From Employee \$ _____

Supervisor's Signature _____

**PURCHASE ORDER Attachment 5
(AND REQUISITION)**

PO # _____



LOS OSOS COMMUNITY SERVICES DISTRICT
2122 9TH STREET
LOS OSOS, CA 93402

DATE _____

VENDOR & ADDRESS:

Attention:

**Billing Address: (District's)
SAME AS ABOVE**

Shipping Address:

**Shipping Method:
FOB:**

Description	GL Code	Fund	Unit of Measure	Quantity	Unit Price	Total
INSTRUCTIONS TO VENDOR: This Purchase Order is subject to the Terms and Conditions incorporated herein or in the attached document if applicable.					Subtotal	\$0.00
					Tax	
					S&H	
					TOTAL	\$0.00

Approved by Board: Agenda Item Number: Agenda Date:	Requisitioned by Employee: Date:
--	---

Approved by General Manager: Date:	Approved by Department Head: Date:
---	---

**INTERNAL USE ONLY
ATTACH AT LEAST THREE (3) QUOTES IF OVER \$5000.00**

Los Osos Community Services District
Accounts Payable Voucher

Enc# _____

Vendor ID _____

Petty Cash _____

Vendor Name _____

Credit Card _____

Invoice Date	Invoice Number	Effective Date	Item Description	G/L Account	Fund	Amount
Total Due						\$0.00

DIRECTOR SIGNATURE

GENERAL MANAGER

DEPARTMENT HEAD

DATE _____

Prepared By

Reviewed By

Attachment 6

Date: March 23, 2020

Agenda Item: 3

Approved

Denied

Continued to

RESOLUTION NO. 2020-2

DECLARATION OF EMERGENCY AND RESOLUTION OF THE LOS OSOS COMMUNITY SERVICES DISTRICT TO TEMPORARILY AUTHORIZE INCREASED AUTHORITY OF THE GENERAL MANAGER

Recitals

WHEREAS, on March 4, 2020, the Governor of the State of California declared a State of Emergency to exist in California as a result of the threat of Novel Coronavirus 2019 ("COVID-19"); and

WHEREAS, on March 12, 2020, the Governor issued Executive Order N-25-20 in further response to the spread of COVID-19, mandating compliance with state and local public health officials as pertains to measures to control the spread of COVID-19; and

WHEREAS, on March 13, 2020, the San Luis Obispo County Health Officer declared a public health emergency and the County Emergency Services Director also proclaimed a local emergency due to the COVID-19 pandemic; and

WHEREAS, on March 14, 2020, the San Luis Obispo County Public Health Department announced the first confirmed case of COVID-19 in San Luis Obispo County, and additional cases have since been confirmed; and

WHEREAS, the health, safety and welfare of the Los Osos Community Services ("District") residents, businesses, visitors and staff are of utmost importance to the Board of Directors ("Board"), and additional future measures may be needed to protect the community; and

WHEREAS, preparing for, responding to, mitigating, and recovering from the spread of COVID-19 may require the District to divert resources from normal day-to-day operations and it may impose extraordinary requirements on and expenses to the District; and

WHEREAS, the District General Manager ("General Manager") currently has spending authority up to \$25,000 under specific circumstances, without prior Board approval in addition to limited authority related to personnel matters; and

WHEREAS, in the absence of Board action, strict compliance with certain District rules and ordinances could prevent, hinder, or delay appropriate actions to prevent and mitigate the effects of COVID-19; and

WHEREAS, after consideration of all the facts reasonably available for review at the present time, the Board of Directors finds it in the best interest of the District to authorize the increase in General Manager spending authority up to \$50,000 upon authorization from the President of the Board or Vice President in his absence, and approves all acts necessary and appropriate to ensure the operation of the District.

NOW, THEREFORE, IT IS HEREBY RESOLVED by the Board of Directors of the Los Osos Community Services District, as follows:

1. The Board of Directors declares a State of Emergency to exist in District as a result of the threat of Novel Coronavirus 2019 ("COVID-19")

Attachment 6

- 2. The Board of Directors authorizes an increase in the General Manager's spending authority up to \$50,000 upon authorization from the President of the Board or Vice President in his absence. The General Manager will notify the entire Board of Directors, in writing, of expenditures above the current spending authority of up to \$25,000.
- 3. The General Manager may take all actions necessary, proper, and appropriate in his/her reasonable discretion to ensure the operation of the District, the safety of employees, and the safety of the public, including, but not limited to reasonable deviations from Board adopted Ordinances, Resolutions, Policies, and Procedures.
- 4. The authority vested in the General Manager by this resolution will terminate upon a declaration by the Governor that the State of Emergency has ended and the County Health Officer that the Public Health Emergency has ended and the County Emergency Services Director that the Local Emergency has ended.

On the motion of Director Ochnylski, seconded by Director Wamack,

and on the following roll call vote, to wit:

Ayes: Ochnylski, Wamack, Fourcroy, Cesena
 Nays: _____
 Absent: Milledge
 Conflicts: _____

The foregoing resolution is hereby passed, approved, and adopted by the Board of Directors of the Los Osos Community Services District this 23rd day of March 2020.

Charles L. Cesena
 Charles L Cesena
 President, Board of Directors
 Los Osos Community Services District

ATTEST:

APPROVED AS TO FORM:

Ron Munds
 Ron Munds
 General Manager and Secretary to the Board

Jeffery Minnery
 Jeffery Minnery
 District Legal Counsel

Attachment 6

- 2. The Board of Directors authorizes an increase in the General Manager's spending authority up to \$50,000 upon authorization from the President of the Board or Vice President in his absence. The General Manager will notify the entire Board of Directors, in writing, of expenditures above the current spending authority of up to \$25,000.
- 3. The General Manager may take all actions necessary, proper, and appropriate in his/her reasonable discretion to ensure the operation of the District, the safety of employees, and the safety of the public, including, but not limited to reasonable deviations from Board adopted Ordinances, Resolutions, Policies, and Procedures.
- 4. The authority vested in the General Manager by this resolution will terminate upon a declaration by the Governor that the State of Emergency has ended and the County Health Officer that the Public Health Emergency has ended and the County Emergency Services Director that the Local Emergency has ended.

On the motion of Director Cenylski, seconded by Director Wamack

and on the following roll call vote, to wit:

Ayes: Cenylski, Wamack, Fourcroy, Cesena
 Nays: _____
 Absent: Milledge
 Conflicts: _____

The foregoing resolution is hereby passed, approved, and adopted by the Board of Directors of the Los Osos Community Services District this 23rd day of March 2020.

Charles L Cesena
 Charles L Cesena
 President, Board of Directors
 Los Osos Community Services District

ATTEST:

APPROVED AS TO FORM:

Ron Munds
 Ron Munds
 General Manager and Secretary to the Board

Jeffery Minnery
 Jeffery Minnery
 District Legal Counsel

Attachment 6

LOCSD COVID-19 Response Plan (3/15/2020)

This COVID-19 Response Plan (Plan) has been developed by the Los Osos Community Services District (District) to best protect its employees against the current risk posed by COVID-19. The specific objectives of this plan are to: 1) identify precautionary measures that District employees can implement to best protect themselves and each other against contracting and spreading of COVID-19, and 2) to maintain critical operations of the District if COVID-19 becomes established in Los Osos.

Precautionary Actions for Immediate Implementation by District Employees

The recommended precautionary actions listed below are similar to, or the same as, measures we are all familiar with to minimize our annual risk of contracting influenza (i.e., the flu). Other precautionary measures have been added that are specific to COVID-19 at this time, as recommended by the CDC and our local health authorities.

- Employees who have symptoms of acute respiratory illness (i.e., fever and cough, and possibly trouble breathing) need to notify their supervisor and stay home and not come back to work until they are free of fever (100.4°F) or greater (using an oral thermometer), signs of fever, or other respiratory illness symptoms for at least 72 hours, without the use of fever-reducing or other symptom-altering medicines.
- If you have a family member that becomes ill with acute respiratory illness symptoms, notify your supervisor, who may request that you stay home for an appropriate period of time prior to returning to the workplace. Keep your supervisor apprised of your/family member's recovery.
- If you come down with a cough, fever, shortness of breath or other acute respiratory illness symptoms while at work, separate yourself from your co-workers, notify your supervisor, and immediately go home.
- All employees should practice the following respiratory etiquette and related practices to minimize their risk of contracting and spreading COVID-19.
 - Avoid close contact with people who are sick. Maintain 6 ft or greater distance between yourself and anyone who is coughing or sneezing.
 - Cover your nose and mouth when you cough or sneeze with a tissue and then throw the tissue away or do so into your elbow or shoulder if no tissue is available.
 - Wash your hands frequently with soap and water for at least 20 seconds.
 - If soap and water is not available, use hand sanitizer with at least 60% alcohol.
 - Avoid touching your eyes, nose and mouth with unwashed hands.
 - Put away any community snack containers.

Attachment 6

- Routinely clean all frequently touched surfaces in your workspace, such as workstations, mouse, desktop phones, cell phones, countertops, and doorknobs. Use disinfecting wipes to wipe-down common-surface places, where appropriate. Use cleaning products that contain >60% alcohol, 0.5% hydrogen peroxide, 0.1 % sodium hypochlorite (bleach), or other active ingredients known to kill viruses.

Current Situation and Response Protocol

The County of San Luis Obispo Public Health Department announced on 3/14/2020 that an individual in San Luis Obispo County tested positive for novel coronavirus (COVID-19). This is the first confirmed case in San Luis Obispo County. In order to respond swiftly and effectively to the health risks of COVID-19, the following are the two tiers of response the District will follow to best protect the District's employees while maintaining essential services to the community.

Risk Response -Tier 1

At the direction of the General Manager, the District will now further modify operations to minimize all contact of employees with the general public and will focus on maintaining essential duties necessary to maintain water service to the public, with the minimal number of employees.

Operational scenarios will now focus on how best to maintain essential services with reduced staff, should one or more District employees contract the virus. Additional operational modifications to be implemented at Tier 1 shall include, but not necessarily be limited to, the following.

- Cease collecting payments at the front office from the general public and, instead, require all customers to mail in payments and conduct business by phone or email. If a customer's requires assistance for reasons to be determined, appointments may be approved by the General Manager for one on one contact with the public.
 - Notify the public by website, media and voicemail.
 - Close-down the administrative office to the general public.
 - Notify other local agencies and vendors of the District's office closure to the public.
- Committee meetings shall be postponed; upon direction by the Board President, Board meeting may be postponed, canceled or conducted by teleconference if possible.
- Water operations staff will maintain a minimum social distancing space of 6 feet when in contact with the general public.

Attachment 6

- Ensure all supplies for treating water are fully stocked.
- Temporary flexible workplace and leave policies may be put in place and will be communicated to all District employees once determined.
- At the direction of the General Manager, certain employees may be directed to perform their duties from home or during a particular shift.
- The General Manager and Utility Systems Manager will coordinate with local agencies including water agencies to discuss procedures and mutual aid.
- Accounts Payable process will change depending on Director and/or General Manager availability or directives from federal, state and/or local health officials that limit accessibility.
 - If under the General Managers spending authority - If a Director is unavailable or there is a directives from federal, state and/or local health officials that limit accessibility, the General Manager can be the sole signer on a check being processed to avoid late bills, fees, and shut offs if under the General Manager spending authority. Once a Director becomes available or a directive is terminated, they will review and sign off on each voucher for all checks processed.
 - If over the General Manager spending authority – An email will be sent to the Board President and Vice President requesting permission for the General Manager to sign and mail the check. If both the Board President and Vice President are unavailable, another Director approval will be required. Once a Director is available or a directive is terminated, they will sign all the vouchers that were approved via email.
 - If the General Manager is unavailable the District can have a Director be the sole signer of any check and voucher. Upon return, the General Manager will approve and sign each voucher.

Risk Response -Tier 2

Because of the small size of the District, operating out of a single administrative office and one water operations office, one or more District employees (or their immediate family members) being confirmed to have contracted COVID-19 is a situation that poses a relatively high risk to other District employees of contracting the virus.

In addition to the actions and operational procedures already being implemented, additional operational modifications/actions to be implemented at Tier 2 shall include, but not necessarily be limited to, the following.

- All employees will remain home until directed otherwise by the General Manager or Assistant General Manager.

Attachment 6

- Employees not exhibiting symptoms of COVID-19 will be on-call for work activities, at the direction of the General Manager or their direct supervisor. All on-call employees must respond and be at work within 2 hours if called upon to work. On call operators shall continue to perform essentials functions including rounds, sampling, etc..
- Any employees reporting to work shall wear protective gear as determined by the General Manager and/or their supervisor, and gloves when interacting with other parties.
- Employee(s) that have contracted COVID-19 (or employees who have family members that have confirmed COVID-19) will not be allowed to return to work until they can provide a doctor's note, clearing them of COVID-19.
- If an employee has been confirmed to have COVID-19, the General Manager will inform other employees of their possible exposure to COVID-19, but will maintain confidentiality of the infected employee. All District employees will be instructed to stay home.
- Employees should refer to the County of San Luis Obispo's ReadySLO.org website for guidance and up to date information on the local COVID-19 conditions.
- Board and committee meetings shall be postponed or conducted by teleconference (if possible) rather than by in-person meetings.
- Implement any potential remaining actions identified to minimize in-person contact among employees and between employees and the public.
- Implement all identified minimum essential functions necessary to maintain only essential District services, with essential personnel, as determined by the General Manager.
- CIP work is temporarily suspended. Other actions may be implemented at the direction of the General Manager, the CDC, or local health authorities.