




## COMMITTEE MEMORANDUM

**DATE:** November 15, 2021

**TO:** Finance and Administration Committee

**FROM:** Rochelle Patterson   
Director of Finance and Administration

**SUBJECT:** Recommend Approval of a Revised Purchasing Policy

### SUMMARY AND DISCUSSION

Management recommends approval of the attached Revised Purchasing Policy for the Santa Clara Valley Water Agency (Agency). The Purchasing Policy is a written guide that designates how the Agency purchases goods and services. It is best practice to regularly review policies and procedures for clarification, relevancy and accuracy. Routine maintenance and changes to policies and procedures are inevitable in order to adjust to the Agency's needs. The Purchasing Policy was last revised in May 2020.

In August 2021, staff presented an item to approve the purchase of resin for the PFAS treatment system. At that time, there was a recommendation to exclude this type of purchase from the Agency's Purchasing Policy. Staff is recommending adding language in Section 3.0 and adding Section 4.3.1 (notated in red, below) of the existing purchasing policy in order to streamline the purchasing process. No other changes are proposed at this time.

#### 3.0 AUTHORITY OF GENERAL MANAGER TO EXECUTE CONTRACTS

The Agency's General Manager is hereby empowered to execute contracts for the purchase of goods, services and equipment up to a limit of \$100,000 per transaction in accordance (and with limited exceptions specified in Section 4) with Section 4.0. Sales tax and delivery fees shall not be included for purposes of determining whether a transaction exceeds the \$100,000 limit. In times of his/her absence, the General Manager may delegate his/her power.

#### 4.3.1 Limited Authority to Execute Contracts for Budgeted Water Treatment Resin Purchases Exceeding \$100,000. Treatment resin purchases, the cost or estimated cost of which equals or exceeds \$100,000 in any single acquisition (excluding sales tax and delivery fees), shall be submitted to the General Manager for approval before purchase. Once approved by the General Manager, the items may be acquired by requesting up to (3) quotations from qualified vendors, and then purchasing the item from the responsible vendor whose product or service offers the Agency the best value, in the sole and absolute discretion of the General Manager. If the item is (1) of a specified brand or type which is the only article which will properly meet the needs of the Agency, or (2) is not readily obtainable on the open market, or (3) is an item or service for which comparable quotations or bids cannot be secured, the determination of sole source must be approved by the General Manager.

In order to comply with the Division of Drinking Water operating permit and to ensure the PFAS treatment process is operating appropriately, the resin needs to be replaced periodically, and as a result has been included in the annual budget. Staff is requesting to add language to the existing policy, which gives authority to the General Manager to approve treatment resin purchases in excess of \$100,000, as described in Section 4.3.1.

### **FINANCIAL CONSIDERATIONS**

PFAS resin changeouts are included in the Agency's operating budget.

### **RECOMMENDATION**

The Finance and Administration Committee recommends that the Board of Directors approve the attached revised Section 3.0 and the addition of Section 4.3.1 of the Agency's Purchasing Policy.

RP

Attachment

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<b>POLICIES, RULES AND REGULATIONS</b>	
Title: <b>PURCHASING POLICY</b>	
Approval Date: <a href="#">December 2021</a> <del>May 2020</del>	Effective Date: <a href="#">December 2021</a> <del>May 2020</del>
Approved By: Board of Directors	DMS # <a href="#">2731022046</a>

## PURCHASING POLICY

### 1.0 INTRODUCTION

This Purchasing Policy provides uniform procedures for acquiring goods, services and equipment for the operations of the Santa Clarita Valley Water Agency (SCV Water).

Staff will seek quotes from local vendors whenever feasible and will select local vendors when they provide the best product or service at the most favorable price. Requests for proposals, quotes, bids or other such processes may be advertised in the local newspaper, on the Agency's website and on other local websites, where appropriate.

### 2.0 STATEMENT OF PURPOSE

This Purchasing Policy authorizes the conditions under which the Chief Financial and Administrative Officer is authorized to release Agency funds. All purchases of goods, services and equipment to be paid for by the Agency must comply with the methods, authority and dollar limits set forth in this Purchasing Policy. This Purchasing Policy does not apply to non-discretionary operating expenditures including, but not limited to, utilities, payroll, employee benefits, water purchases, election costs, conservation rebates, reimbursable expenditures (such as grants or litigation settlements), deposit refunds, insurance and payroll taxes. Improvements or units of construction work are subject to the competitive bidding requirements of Public Contract Code, section 21530 et seq.

This Purchasing Policy does not supersede statutory law in existence at the time the Agency enters into a contract for the purchase of goods, services or equipment. California statutes that govern such contracts shall control to the extent they are in conflict with this Purchasing Policy.

### 3.0 AUTHORITY OF GENERAL MANAGER TO EXECUTE CONTRACTS

The Agency's General Manager is hereby empowered to execute contracts for the purchase of goods, services and equipment up to a limit of \$100,000 per transaction in accordance (and with limited exceptions specified in Section 4) with Section 4.0. Sales tax and delivery fees shall not be included for purposes of determining whether a transaction exceeds the \$100,000 limit. In times of his/her absence, the General Manager may delegate his/her power.

### 4.0 METHODS OF ACQUISITION - GENERAL RULES

Except as provided in Section 5.0, the following methods of acquisition shall be used in the circumstances indicated:



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4.1 Items of less than \$30,000. The General Manager or designee, may acquire items, the cost or estimated cost of which does not exceed \$30,000 (excluding sales tax and delivery fees) in any single acquisition, from any vendor who, in the General Manager’s judgment, will provide the best product or service at the most favorable price.

4.2 Items of \$30,000 or more but less than \$100,000. The General Manager may acquire items, the cost or estimated cost of \$30,000 or more but less than \$100,000 (excluding sales tax and delivery fees) in any single acquisition, by requesting three (3) or more quotations from qualified vendors, and then purchasing the item from the responsible vendor whose product or service offers SCVWA the best value. The General Manager may consider quality and relevant factors other than price in reaching his/her decision as to what product or service to purchase. If fewer than three vendors or contractors are available, or if the product is not readily obtainable on the open market, or in the event of an emergency, this procedure shall be adjusted as required and the reasons for such adjustments shall be noted on the purchase records. If an acquisition is made pursuant to this Subsection and has a cost or is estimated to have a cost of more than \$50,000 and is not listed in the budget, the Board approval procedures established in Subsection (4.3) below shall apply.

4.3 Items of \$100,000 or more (excluding sales tax and delivery fees). Items, the cost or estimated cost of which equals or exceeds \$100,000 in any single acquisition (excluding sales tax and delivery fees), shall be submitted to the Board for approval before purchase. Once approved by the Board, the General Manager may acquire such items by requesting (3) or more quotations from qualified vendors, and then purchasing the item from the responsible vendor whose product or service offers the Agency the best value, in the sole and absolute discretion of the Board. If the item is (1) of a specified brand or type which is the only article which will properly meet the needs of the Agency, or (2) is not readily obtainable on the open market, or (3) is an item or service for which comparable quotations or bids cannot be secured, the determination of sole source must be approved by the Board.

4.34.3.1 Limited Authority to Execute Contracts for Budgeted Water Treatment Resin Purchases Exceeding \$100,000. Treatment resin purchases, the cost or estimated cost of which equals or exceeds \$100,000 in any single acquisition (excluding sales tax and delivery fees), shall be submitted to the General Manager for approval before purchase. Once approved by the General Manager, the items may be acquired by requesting up to (3) quotations from qualified vendors, and



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then purchasing the item from the responsible vendor whose product or service offers the Agency the best value, in the sole and absolute discretion of the General Manager. If the item is (1) of a specified brand or type which is the only article which will properly meet the needs of the Agency, or (2) is not readily obtainable on the open market, or (3) is an item or service for which comparable quotations or bids cannot be secured, the determination of sole source must be approved by the General Manager.

## 5.0 METHODS OF ACQUISITION – SPECIAL RULES

- 5.1 The requirements of Section 4.0 shall not be applicable if:
- a. The item is a utility service such as telephone, power or other such item where the rates or prices therefore are fixed by legislation, government regulation or contract, or
  - b. The item is to be used in improvements or units of construction work subject to the competitive bidding requirements of Public Contract Code, section 21530 et seq.
- 5.2 In the event of an emergency and a written finding by the General Manager that it is immediately necessary to purchase or contract for goods, services and equipment, and the emergency will not permit a delay resulting from complying with Section 4 or, if applicable, Public Contract Code Section 21531, the General Manager is authorized to make the required purchase(s) or enter into the required contract(s). The General Manager shall, report at the next meeting of the Board any such action involving a cost of more than \$30,000 and shall describe the emergency and the actual or probable impact on the Agency, the reasons justifying why the action is necessary to respond to the emergency, and why the emergency will not permit a delay resulting from compliance with Section 4 or, if applicable, Public Contract Code Section 21531.

In the case of any action subject to the requirements of Public Contract Code section 21531, the Board shall review any such action within 7 days of it being taken, or at its next regularly scheduled Board meeting if that meeting will occur not more than 14 days after the action, and at every regularly scheduled Board meeting thereafter until the action is terminated, to determine by a four-fifths vote that there is a need to continue the action, unless the General Manager has completed the action prior to the review by the Board. When the Board reviews the emergency action it shall terminate the action at the earliest possible date that conditions warrant so that the remainder of the emergency action may be completed by giving notice for bids to let contracts.



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5.3 The Agency purchases goods or services in which: (1) a competitive purchasing procedure has been conducted by another public agency, including, but not limited to, another local agency, the State through the California Multiple Award Schedule (CMAS), the federal government through the General Services Administration (GSA), or a joint powers agency, authority or alliance that procures competitive contracts; and (2) the price to the Agency is equal to or better than the price to that public agency.

5.4 The Agency Board finds that the nature of the subject of the contract is such that competitive proposals would be unavailing or would not produce an advantage, and the advertisement for competitive bid would thus be undesirable, impractical, or impossible.

6.0 MOTOR VEHICLES

The State of California shall be used as the first source of supply for vehicle procurement. In the event the State does not offer the vehicle desired or a lower price can be found on the open market, Section 4.0 shall be in force. The General Manager shall report any vehicle purchase to the Board as soon as practical.

7.0 ITEMS MANUFACTURED FOR SCV Water

When necessary, the Agency may contract for goods or equipment, which must be manufactured especially for the Agency and are not suitable for sale to others in the ordinary course of business. Such contracts may provide for progress payments for work performed and cost incurred, so long as not less than 5% of the contract price is withheld until after final delivery and acceptance of the supplies or equipment. Such contracts may also provide for a faithful performance bond in a sum determined by the Agency.

8.0 AUTHORITY OF GENERAL MANAGER AND CHIEF FINANCIAL AND ADMINISTRATIVE OFFICER TO MAKE DISBURSEMENTS

The General Manager and Chief Financial and Administrative Officer are hereby authorized to make all necessary disbursements in payment for goods, services and equipment contracted for pursuant to this Purchasing Policy. This disbursement authority is, however, subject to the Agency's rules and procedures on checks exceeding \$30,000.

9.0 AUTHORITY OF GENERAL MANAGER TO EXECUTE CONSTRUCTION CHANGE ORDERS

The Agency's General Manager is hereby empowered to bind the Agency by change order up to the total amounts identified below based on the original Contract amount.

Original Contract Amount

Change Order Authority







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Engineering services will be performed by a pool of engineering consulting firms working under an on-call engineering services contract.

**(A) Engineering Services Consultant Selection.** Every four years, or more often if necessary, the Agency will request proposals from interested and qualified consulting engineering firms. Submitted proposals will be reviewed, and staff will recommend to the Engineering and Operations Committee and Board of Directors the qualified firms to provide Engineering services.

**(B) Work Assignments.** Engineering services will be provided by the selected consultants based on the firm’s qualifications, experience, similar project experience, convenience, schedule, historical knowledge and overall cost. Scope of work, schedule, and compensation for each work assignment will be detailed in a specific Work Authorization.

When a specific project requires unique qualifications or a specialty service, as determined by the General Manager, the Agency may develop a specific selection procedure and select a consultant without regard to the pool of engineering consulting firms.

**(C) Contract Duration.** Each firm in the pool will be under contract to provide services for the four-year duration noted above. However, should a firm have a work authorization underway at the end of the four-year term, its work and its contract with the Agency will remain in effect until the completion of the work authorization.

12.0 AUTHORITY OF GENERAL MANAGER TO APPROVE PLANS AND SPECIFICATIONS FOR ADVERTISING, ACCEPTANCE OF CONSTRUCTION PROJECTS, AND REVIEW CONSTRUCTABILITY OF CAPITAL IMPROVEMENT PROJECTS

**(A)** The General Manager shall have the authority to approve plans and specifications prepared for advertising capital improvement projects for construction bids.

**(B)** The General Manager shall have the authority to accept construction projects and issue and record the Notice of Completion with the Los Angeles County Recorder’s Office. Staff shall notify the Board of Directors each time the General Manager accepts a construction project.





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(C) Constructability reviews shall be performed on all major capital improvement projects and other capital improvement projects, as appropriate, as determined by the General Manager or his designee.

**13.0 WORK AUTHORIZATIONS**

A written Work Authorization shall be executed to define scope, schedule, and budget for tasks or projects authorized under General Services Contracts. Staff will prepare and the General Manager or his designee is authorized to execute Work Authorizations where the value is \$100,000 or less, provided the item is listed in the budget. The Board of Directors shall approve Work Authorizations when the value is greater than \$100,000, provided the item is listed in the budget. If the item is not listed in the budget, the General Manager or his designee is authorized to execute Work Authorizations when the value is \$50,000 or less. If the item is not listed in the budget, the Board of Directors shall approve Work Authorizations when the value is greater than \$50,000. Approval by the Board shall be in accordance with its customary procedures. The General Manager shall have the authority to approve changes in Professional Services Contracts or Work Authorizations up to ten percent of the Amount authorized by the Board of Directors. When the General Manager approves such an increase, details of the change shall be reported to the Board of Directors at its next meeting. An appropriate Committee, as determined by the Board of Directors, shall review contracts as needed to determine if the terms still meet the requirements and needs of the Agency or if the contracts should be modified.

**14.0 AUTHORITY OF GENERAL MANAGER TO ENTER INTO THIRD PARTY FUNDED DESIGN AND/OR CONSTRUCTION CONTRACTS**

The General Manager shall have the authority to enter into design agreements and/or construction contracts where the value is more than \$100,000 that are solely funded by third parties (i.e. private developers, The City of Santa Clarita, Los Angeles County, etc.) provided that funds have been deposited with the Agency prior to the execution of the design agreement and/or construction contract. Details of such agreements and contracts shall be reported to the appropriate Committee and the Board of Directors.

**15.0 PROCUREMENT POLICY FOR FEDERAL GRANTS**

Organizations receiving federal funds are subject to the procurement guidelines of the Uniform Guidance (UG), formally 2 C.F.R 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards. Projects seeking federal grant funding will follow the UG procurement standards.

*(Originally Adopted January 2018)  
 (Revised February 2018; September 2019; December 2019, ~~and~~ May 2020 and December 2021)*

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