

PROCUREMENT POLICY

TRI-CITY REGIONAL SANITARY DISTRICT

Purpose

This Procurement Policy (“Policy”) provides a broad overview of the standards and methods which will guide the Tri-City Regional Sanitary District (“District”) in obtaining goods, equipment, materials, and professional and technical services. It shall be the District’s policy to procure all goods and services in an open manner that permits, wherever possible, the District to receive the best quality and best value for the public funds expended. To this end, this Policy has been prepared to give direction to the Board and employees.

Wherever in this Policy the Board is the designated authority, such authority shall be understood to include a designee of the Board.

A. Fundamental Principles

The District's Procurement Policy is guided by the following seven fundamental principles which are designed to:

1. Foster open competition for District contracts;
2. Promote economy and efficiency in District procurement activities;
3. Ensure adherence to proper standards of conduct by District Board members, officers and employees to guard against corruption, fraud, waste and abuse;
4. Maintain procurement policies and procedures that ensure compliance with applicable state and federal laws and regulations;
5. Establish and maintain an arm's length relationship with all vendors;
6. Treat all prospective contractors, consultants, and vendors in a fair and equitable manner;
7. Provide appropriate public access to contracting information.

Based on these fundamental principles and the general standards of public sector procurement, the following set of procurement and contracting policies have been developed.

B. Conflicts of Interest

No director, officer, employee or agent of the District shall participate in any procedures, tasks, or decisions relative to initiation, evaluation, award, or administration of a contract if a conflict of interest, real or apparent, exists. The standards governing the determination as to whether such a conflict of interest exists are set forth in the District’s conflict of interest policy.

C. Procurement Authority

1. Board authorization is required for all procurements exceeding \$250,000.

2. The Board, at its discretion, may authorize a designee to approve all procurements, execute agreements, and amend agreements and change orders.

D. Methods of Procurement

1. All purchases and contracts, whether by quotes or formal procurements, shall be made on a competitive basis to the greatest extent practicable.
2. The method of procurement shall be appropriate for the type of procurement and shall be in the best interest of the District.
 - **Micro-Purchases (\$0-\$9,999)** - May be awarded without soliciting competitive price or rate quotations if the District entity considers the price to be reasonable based on research, experience, purchase history or other information and documents its files accordingly. Purchase cards can be used for micro-purchases if procedures are documented and approved by the Board.
 - **Written Quotes (\$10,000 - \$249,999)** - A minimum of three written quotes shall be obtained that permit prices and other terms to be compared. The District will make every effort to undertake adequate outreach to ensure open competition. The District's informal bidding procedures using a lowest responsive, responsible bidder standard for bid comparison will serve as the typical standard on which to base the purchase, unless it is determined in writing that it is in the District's best interest to apply a "best value" approach.
 - **Formal Procurements (\$250,000 or more)** - A competitive negotiation process utilizing competitive bidding ("Bids") or Request for Proposal ("RFP") process will be necessary to accomplish compliance with the District's procurement goals.

Special Considerations

The District may purchase items or services without further competition under the following conditions:

- (a) When no bids or proposals are received in response to an Invitation to Bid or Request for Proposals, in which case the Board is authorized to procure the required item or services through direct negotiations with a vendor or to resolicit as appropriate.
- (b) In the event that three written quotes cannot be obtained, the District should document its attempts to solicit the quotes and document that the vendor selected is in the best interest of the District.
3. The use of existing cooperative agreements (as defined in section L below) resulting from a cooperative procurement is encouraged in order to reduce duplicative effort and to achieve cost economies.
4. When federal funds are used, the District is subject to the requirements outlined in 2 C.F.R 200 including, but not limited to, suspension and debarment requirements.

E. Procurement Documentation and Consideration of Bids and Proposals

1. Formal competitive bidding requires preparation of bid documents that clearly set forth all requirements which must be fulfilled in order for the bid to be responsive and, once bids are received, an award, if made, to the lowest responsive and responsible bidder.
2. Formal competitive proposals, including the "best value" approach, require issuance of RFPs, which clearly set forth all the requirements, and state the qualitative factors, in addition to price, which will be used to evaluate and rank the Proposals. An award, if made, will be to the proposer receiving the highest consensus ranking based on the evaluation criteria set forth in the RFP, subject to successful negotiations with the District as may be applicable.
3. Board approval is required when rejecting all bids received for any procurement exceeding \$250,000.
4. The District may only contract with persons, firms or entities that are qualified and possess the ability to perform successfully under the terms and conditions of the solicitation documents.
5. The Board is authorized to establish protest procedures for competitive bidding processes.

F. Execution of Procurement Contract Documents

1. All District contracts and amendments will be in writing and executed prior to beginning performance under the contract.
2. The Board President or designee shall execute all contracts on behalf of the District.

G. Contract Administration

The District shall administer all contracts to ensure that contractors conform to the terms, conditions, and specifications of all contracts and to ensure all purchases and services are received in a timely manner.

H. Excluded from Procurement Policy

A non-exclusive list of examples of non-discretionary services not governed under this Policy includes, but is not limited to:

1. Electrical, water, or other regulated utility services provided by a municipality or vendor
2. Advertisements placed in a newspaper of general circulation
3. Non-discretionary payments to other government agencies
4. Association dues

I. Sole and Single Source Procurements

Regardless of the estimated cost of the procurement, the District is not required to engage in the competitive bidding process when procuring materials, equipment, supplies or services for which there exists a single or proprietary sole source of supply. The Board is authorized to make a single or sole source determination in lieu of following the competitive procurement requirements outlined in Section D of this policy. Written determinations relating to such single or sole source procurements should be documented and retained.

J. Discretion to Waive the Competitive Process

The Board may waive the requirements for formal competitive bidding, or other procedures set forth in this Policy, when a determination is made that the best interests of the District are served thereby, and provided there is adequate documentation of the need. These circumstances shall be evaluated on a case-by-case basis, keeping in mind the fundamental principles of procurement set forth in this Policy. The findings justifying the waiver must be documented in the record.

If federal funds will be utilized in the procurement process, the district will ensure compliance with federal Uniform Guidance 2 C.F.R. 200.

K. Emergency Contracts

For procurements requiring competitive bidding and/or Board approval, in case of any sudden, unexpected occurrence that poses a clear and imminent danger, requiring immediate action to prevent or mitigate the loss or impairment of life, health, property, or essential public services, the Board may take all necessary and proper measures in such emergency conditions to maintain the District's systems in operation. The Board has the authority to determine that there is insufficient time for competitive bidding and that public interest and necessity demand the immediate expenditure of public money to safeguard life, health, or property. If the Board makes such a determination, the Board may expend funds, or enter into a contract involving the expenditure of any sum, needed in such emergency without observance of the provisions requiring competition, bids or notice. The reasons and necessity for proceeding without a competitive solicitation shall be reported to the Board at the next available meeting, no later than 30 days after such emergency action was taken. Upon hearing the report, the Board shall determine, by a majority vote, whether or not there is a need to continue the emergency action. The Board shall continue to evaluate the emergency action, determining whether or not the emergency procurement is still required, at every regularly scheduled meeting thereafter until the action is terminated.

L. Cooperative Purchasing Agreements

To foster greater economy and efficiency, the District may avail itself of national, state and local intergovernmental agreements for procurement or use of common goods, materials and services. Joint procurements, state cooperative purchasing programs, and assignment of existing contract rights ("piggyback" procurements) with other public agencies may be used when consistent with applicable regulatory requirements. Such

programs may be used in lieu of following the other allowable methods of procurement set forth in this policy.

M. Purchasing and Accounts Payable Credit Card Programs

The District does not currently utilize these types of programs but will establish policies and procedures at a later date should it wish to participate.

N. Disposal of Surplus Materials or Equipment

Due to procedural changes, certain supplies, materials or equipment are sometimes retired from use. Also, design and specification changes sometimes leave commodities unused, new systems can produce stocks of leftover items, and the installation of more complex hardware can render older equipment obsolete. All of these retired, unused and leftover items should be declared surplus or obsolete.

Declared surplus and obsolete items will be stored at the direction of the Board until requested by another department or until such time as the item(s) can be disposed of. Surplus supplies, materials or equipment that cannot be effectively utilized by the District must be disposed of in a manner clearly most advantageous to the District as established by the Board.

O. Revenue Generating Contracts/Concessions

To the extent they are not otherwise governed by District policies, concession agreements are contracts where the District grants permission to use District facilities or property to vendors to sell products or services, for which the District may receive a percentage of the proceeds and/or a flat rate of compensation. Generally, these arrangements are at no direct cost to the District.

Where it is determined that a number of potential vendors are available to provide similar products or services, a competitive procurement procedure should be followed taking into consideration the economic return to the District, quality of the product, service and experience of the vendor, or other criteria that may be established in the RFP.

Concession agreements generating \$100,000 per year or more in revenue are subject to Board approval. Concession agreements generating less than \$100,000 per year in revenue shall be approved according to procedures established by the Board.

P. Procurement Administrative Guidelines

This Policy sets forth the standards and methods to be followed by the District in obtaining goods and services. The Board shall have the authority to maintain and update the Procurement Policy and may make subsequent revisions if necessary to implement changes in applicable laws and regulations and best procurement practices and standards, or other well accepted external references.