

Mission Springs Water District

Policy & Practice Manual

Policy No. 2025-02 Policy for Procurement, Purchasing, and Disbursement of District Funds

Rescinding Policies: 2013-01 Bidding & Contracts Procedures and 2018-15 Procurement Policy

Adopted:

Approved by:

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SECTION 1.0 PROCUREMENT MISSION STATEMENT

The Mission Springs Water District ensures quality, integrity, and fair treatment in its procurement process for all parties involved. It ensures that supplies and services are procured efficiently, effectively, and at the most favorable prices available to the District while promoting competition in contracting and assurance that MSWD purchasing actions are in full compliance with all applicable Federal standards, State, and local laws.

SECTION 2.0 PURPOSE OF THE PROCUREMENT POLICY

The purpose of this Policy is to define the practices governing the procurement of supplies, materials, equipment and services, including construction and capital improvements, for MSWD use and relate the procedures used with applicable provisions of governing law and to MSWD administrative policies. With the adoption of this Policy, the Board is empowering the General Manager and his designated staff with the duties and responsibilities that are essential for the day-to-day operation of the District.

SECTION 3.0 POLICY STATEMENT

California law requires all local agencies to formally adopt policies and procedures governing the acquisition of materials, supplies, equipment and services as referenced below.

California Government Code section 54202: "Every local agency shall adopt policies and procedures, including bidding regulations, governing purchases of supplies and equipment by the local agency. Purchases of supplies and equipment by the local agency shall be in accordance with said duly adopted policies and in accordance with all provisions of law governing same. No policy, procedure, or regulation shall be adopted which is inconsistent or in conflict with statute."

This Policy is subject to change, as it may be revised from time to time by the Board of Directors.

SECTION 4.0 DEFINITION OF TERMS

The following definitions shall apply as they relate to this Policy:

- "Addendum" shall mean any alteration, correction, or adjustment to a solicitation document (RFP, RFQ, etc.) prior to award.
- "Approver" shall be the individual with the authority to designate appropriated funding for a specific procurement.
- "Blanket Purchase Order" shall mean a contract or agreement to purchase a given quantity of specific goods over a specified period of time, usually one year.
- "Change Order or Task Order" shall mean any modification to an existing procurement or respective contractual document subsequent to award.
- "Consultant" shall mean a person or company that provides a Professional Service to MSWD.
- "Contract Documents" shall mean all documents that together form the terms and conditions for procurement of goods or services from suppliers, vendors, or contactors to MSWD. This includes, but is not limited to, the contract agreement, general and special conditions, specifications, drawings, addenda, and any modifications issued after contract award.

- "Contractor" shall mean any person who submits a bid, proposal, or contract in connection with a procurement or service. This term also includes any person who conducts business as an agent or representative of the contractor.
- "Decentralized Procurement" shall mean that purchasing authority has been delegated to department heads and it is their responsibility to determine the specifications of goods or services, to solicit proper bids according to bid procedures within this Policy, and to obtain proper approvals as specified in this policy.
- "Emergency" shall mean a 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. This includes natural disasters, significant infrastructure failures, or other urgent situations that necessitate immediate procurement actions to ensure public safety and continuity of services.
- "Formal Solicitation" shall mean the issuance of a written request for formal bids, proposals, or quotations, typically used for procurements exceeding a specified monetary threshold. This process includes public advertisement, detailed specifications, and a formal bid opening procedure to ensure transparency and competitiveness.
- "General Manager" shall mean the executive in charge of day-to-day MSWD operations or its authorized designee.
- "Informal Solicitation" shall mean the written request for a written bid, proposal, or quotation, generally used for procurements below a specified monetary threshold. This is a less formal process but still requires obtaining multiple quotes to ensure fair competition and reasonable pricing.
- "Invitation for Bids" shall mean a formal process for soliciting formal bids from qualified suppliers. Typically, it involves advertising the solicitation, a formal bid opening, and the awarding of a contract to a responsive and responsible supplier based on price and other specified factors.
- "Offeror" shall mean a person or entity that submits an offer to MSWD to provide goods or services.
- "Operation and Maintenance" shall mean the functions to ensure continuous operations and viability of MSWD's infrastructure.
- "Piggyback Procurement" or "Cooperative Procurement" shall mean utilizing another public agency's contract or agreement to obtain more advantageous prices and terms than can be otherwise obtained on the open market.
- "Public Works," shall have the same definition as "public project" as defined by California Public Contract Code Section 22002, including construction, reconstruction, alteration, renovation, improvement, demolition, and repair work involving any publicly owned, leased or operated facility. Maintenance work is not considered a public project for purposes of this definition.
- "Procurement" shall mean the purchase or otherwise compensatory securing of materials, supplies, services, leases, and equipment, real property, or public works services.
- "Professional Services" shall mean any specially trained and experienced person, firm or corporation, providing services and advice in financial, economic, accounting, engineering,

information services, technical, architectural, or other administrative/ professional matters.

- "Purchase Order Requisition" or "Requisition" shall mean a standardized form that specifies the items/services to be obtained for approval in order to create a Purchase Order.
- "Request for Proposal" (RFP) shall mean a formal solicitation of proposals which involves a qualification-based selection process which may include price as part of the evaluation criteria.
- "Request for Qualification" (RFQ) shall mean a formal solicitation which involves detailed vendor background and experience providing a specific good or service.
- "Request for Quotation" shall mean an informal solicitation for quotes that involve only price for a specified service or product.
- "Responsible" shall mean a bidder or proposer who has proper resources, technical capabilities, and financial capacity to deliver materials or perform the work.
- "Responsive" shall mean a bidder or proposer whose bid/proposal complies in all aspects with the Invitation for Bids or Request for Proposal by the bid opening or proposal closing date.
- "Single Source" shall mean procurement where there is a compelling reason for using only one source, a preferred brand, like material, etc., to be procured.
- "Sole Source" shall mean procurement where only one viable source exists. This is usually due to legal restrictions on patent rights, a proprietary process, warranty issues, original equipment, copyrights, etc.

SECTION 5.0 PROJECT DEFINITIONS

- a. Minor Project. A project or service required by the District which is estimated by the General Manager to cost \$100,000 or less, and which may be awarded and negotiated by the General Manager, in contract or purchase order form.
- b. Intermediate Project. A project or service required by the District which is estimated by the General Manager to cost more than \$100,000.01 but less than \$150,000 to complete.
- c. Major Project. A project or service for a capital expenditure by the District which is estimated by the General Manager to cost \$150,000 or more to complete.
- d. Maintenance Work. Includes but is not limited to any of the following:
 1. Routine, recurring, ongoing, systematic and/or usual work for the operation, preservation or protection of any District-owned or operated facility, equipment or property, for its intended purposes, including without limitation, systematic or system-wide replacements intended to keep District systems and equipment in optimal condition and efficiency. Such work includes, but is not limited to testing, service and replacement of back-flow valves and lateral lines.
 2. Repainting, cleaning and other property maintenance work.
 3. Landscape maintenance, including mowing, watering, trimming, pruning, planting, replacement of plants, and servicing of irrigation and sprinkler systems.

SECTION 6.0 PROCUREMENT AUTHORITY

The General Manager or his designees are authorized to:

- Enter into contractual obligations on behalf of MSWD for the acquisition of supplies, materials, equipment, and services necessary to support MSWD functions in accordance with this Procurement Policy.
- Obtain full and open competition in accordance with prescribed processes in a manner that presents the best overall value to MSWD.
- Provide for the uniform treatment of vendors, suppliers, and contractors.
- Prepare and recommend revisions and amendments to procurement policies and requirements governing the purchase of materials, supplies, equipment and services and submit them periodically to the Board for approval. Revisions to procurement rules and requirements shall adhere to all related laws and industry standards.
- Supervise the receipt and inspection of all materials, supplies, equipment, and services purchased to ensure conformance with specifications.
- Recommend the disposition of surplus or unused supplies, materials, equipment, and scrap through sale or other means.
- Maintain necessary records for the efficient operation of procurement.
- Operate a centralized warehouse to efficiently manage commonly used supplies and materials as required to support MSWD functions.

SECTION 7.0 DELEGATION OF PROCUREMENT AUTHORITY TO OTHERS

The General Manager, Assistant General Manager, Director of Finance, and Director of Operations have been granted the authority and responsibility for procurement of all materials, equipment, supplies, and services necessary to support the day-to-day operation of MSWD.

The General Manager may delegate to certain individuals the responsibility for the performance of specific procurement activities. Only those persons so delegated are authorized to contractually obligate MSWD to purchase materials, equipment, supplies, and services.

Other delegation may be through the authorized use of District Credit Cards, Purchase Orders, or other written authorization. All such purchases will be made in conformity with the policies and procedures prescribed within this manual.

SECTION 8.0 PETTY CASH DISBURSEMENT / REPLENISHMENT

This District has established a \$500 Petty Cash fund to cover minor or incidental expenses, such as office supplies or employee reimbursements under \$50.

The Petty Cash Fund undergoes periodic reconciliation, and transactional receipts are documented and recorded in the District's Financial system.

Petty Cash transactions adhere to the approval limits set forth in the Procurement Policy. They are limited to a nominal amount readily accessible for paying expenses too small to merit writing a check

or using a credit card. The District's Petty Cash Disbursement Policy in Exhibit D provides the administrative processes associated with Petty Cash reimbursements.

SECTION 9.0 DISTRICT CREDIT CARDS

The issuance of credit cards assists the Finance Department in keeping an accurate record of charges incurred by everyone assigned a card. This system provides management with a checks and balance method for budgeting items such as seminars, conferences, travel, and training, plus individual purchases of necessary District materials and supplies.

These cards are provided as a convenience to those most required to travel and conduct District business. Please see the District Credit Card Policy in Exhibit F for specific administrative processes associated with using District cards.

SECTION 10.0 EXCEPTIONS FROM A DECENTRALIZED PROCUREMENT

MSWD utilizes a decentralized procurement process in which the responsibility to determine specifications of goods or services, to solicit proper bids according to bid procedures within this Policy, and to obtain proper approvals have been delegated to department heads. MSWD's Contracts Analyst retains the responsibility to review and examine requisitions, bid documents, and contracts.

Except for emergencies, any purchase made outside the confines of this procurement policy will be deemed void and of no effect and may be subject to non-payment. The individual employee responsible for creating the unauthorized obligation may be subject to disciplinary action and/or subject to termination.

Certain purchases are not readily adaptable to open market and formal-bidding process. These purchases are generally for items where the competitive bid process is not applicable. Purchases that are exempt from the procurement process are limited to the following, and authorization for these transactions shall be in accordance with the approval limits and dollar thresholds set forth in this Policy.

Advertising
Agency Contribution (Gov't Agencies)
Fees & Permits (Gov't Agencies) *Insurance**
*Leases or Purchase of Real Property**
Application Fees
Medical Services
*Assessment District Expenses**
Professional Organization Memberships
Association Fees
Public Notices
*Attorney & Legal Fees**
P-Card Purchase (See P-Card Policy)
*Bank Charges and Fees**
*Payroll Related**
Board Expenses
Petty Cash (See Petty Cash Policy)
*Bond Transactions**
Postage
Water Purchases (Imported Water)

Claims & Refunds (Construction & Billing)
Conferences / Seminars
Court Reporting
Debt Service
Employee Reimbursements that Adhere to Policy (i.e. boots, conference travel)
Environmental Fees & Permits
Subscriptions
Travel Expenses, Lodging & Meals
*Utilities**

**Potentially greater than \$100,000.*

For Board Approved budgeted expenditures, the General Manager or designee shall have authority to approve individual disbursements exceeding prescribed spending limits in order to facilitate timely payment for the categories noted above. These expenditures are subject to Board review as requested.

SECTION 11.0

STANDARDS OF CONDUCT IN PROCUREMENT

Conflict of Interest

Employees must follow the Conflict-of-Interest Code adopted by the Board of Directors. Employees must follow applicable laws, rules, and regulations in regard to conflicts of interest including, but not limited to, the Political Reform Act, the prohibition against contractual conflicts of interest, and guidelines in the California Code of Regulations regarding acceptance of gifts.

Vendor Gifts and Gratuities

The receiving of gifts and/or other symbols of appreciation may compromise the integrity of professional relationships and can lead to inappropriate business practices.

Subject to guidelines in the California Code of Regulations, no officer, or employee, shall receive or agree to receive, directly or indirectly, any compensation, reward, or gift from any source except from his or her appointing authority or employer, for any action related to the conduct of MSWD's business, except as set forth below:

Acceptance of food and refreshments of nominal value on infrequent occasions in the ordinary course of a breakfast, luncheon, or dinner meeting or other meeting or a tour where the arrangements are consistent with the transaction of official business.

Acceptance of transportation, meals or refreshment, in connection with attendance at widely attended gatherings sponsored by industrial, technical or professional organizations; or in connection with attendance at public ceremonies or similar activities financed by non-governmental sources where the officer's or employee's participation on behalf of MSWD is the result of an invitation addressed to him or her in his or her official capacity, and the transportation, meals or refreshment accepted is related to, and is in keeping with, his or her official participation.

Purchase of items or entry fees at advantageous rates where such rates are offered to MSWD personnel as a class, such as discounts provided to government employees.

Acceptance of unsolicited advertising or promotional material, such as pens, pencils, note pads, calendars, or other items of nominal value, not exceeding \$50.

Acceptance of incidental transportation from a private organization provided it is furnished in connection with the performance of the officer's or employee's official duties and is of a type customarily provided by the private organization.

Acceptance of commendations, certificates, or plaques for outstanding individual service or work on MSWD projects.

A gift or gratuity, the receipt of which is prohibited under this section, shall be returned to the donor within 30 calendar days. If return is not possible, the gift or gratuity shall be turned over to a public or charitable institution within 30 calendar days without being claimed as a charitable deduction and any other requirements for disposition of such gifts.

Personal Purchases from Suppliers, Vendors, or Contractors

Employees of MSWD or their immediate relatives are NOT to utilize the employee's position with MSWD to solicit or utilize discounts, promotions, or other concessions from MSWD suppliers, vendors, or contractors to purchase supplies, equipment, tools, etc. Employees of MSWD or their immediate relatives are permitted to utilize discounts, promotions, etc. offered to the general public by MSWD suppliers, vendors, or contractors.

Contracts with MSWD Employees or Organizations Owned by Them

Employees shall not knowingly award a contract, agreement, or purchase order to an MSWD employee or to a business or other organization owned or substantially owned or controlled by one or more MSWD employees. This Policy is intended to avoid any conflict of interest that might arise between the employees' interests and their MSWD duties and to avoid the appearance of favoritism or preferential treatment by MSWD toward its employees.

The Board or the General Manager may authorize an exception to this Policy only if there is a most compelling reason to do so, such as when MSWD's needs cannot reasonably be otherwise met.

Ethical Procurement Practices

It is the Policy of MSWD to maintain good working relationships with its vendors and suppliers, as well as the community at large. Every employee has the ability to influence the opinions of others through daily interaction with the business community. In personal contacts with vendors and suppliers, employees shall represent the best interests of MSWD by conducting business in a fair, equitable, and ethical manner.

MSWD subscribes to the following Principles and Standards of Ethical Supply Management Conduct:

1. Avoid the intent and appearance of unethical or compromising practice in relationships, actions, and communications.
2. Avoid any personal business or professional activity that would create a conflict between personal interests and the interests of MSWD.
3. Avoid soliciting or accepting money, loans, credits, or preferential discounts and the acceptance of gifts, entertainment, favors, or services from present or potential suppliers that might influence, or appear to influence, supply management decisions.
4. Handle confidential or proprietary information with due care and proper consideration of ethical and legal ramifications and governmental regulations.

5. Conduct supply management activities in accordance with state, national, and international laws, customs, and practices, MSWD policies, and these ethical principles and standards of conduct.
6. Develop and maintain professional competence.

SECTION 12.0 AUTHORIZATION TABLES

The Procurement Authorization and Check Signing Authorization Tables are set forth in Exhibits A and B, which are incorporated herein by reference.

In the absence of the designated approver for a given request, authorization will be obtained from his/her designee or the next highest authority in accordance with the Procurement Authorization Table in Exhibit A.

The Procurement Authorization Table shall also apply to all Capital Improvement Projects. All capital procurements that exceed the General Manager's authorization level must be approved by the Board of Directors.

For multiple-year agreements, procurement authorization shall be determined by the maximum total dollar value that may be awarded over the duration of the contract, including any option years. If provided for in the original agreement, the District may negotiate a reasonable price revision based on escalation during the option years, if any. Yearly renewals, if required (and noted in the original Board Action Item), may then be authorized by the General Manager or its designee, regardless of the dollar amount.

Example 1: A multiple-year agreement, including optional years, for goods is estimated at \$105,000 in the first year. This would require Board authorization for the first year of the contract and all option years. The execution of optional years would be approved by the General Manager provided the terms and conditions of the original agreement remain unchanged and the option years were noted in the original Board Action Item.

Example 2: A five-year agreement for services estimated at \$39,000 each year. Although each year is individually under the General Manager's authorization, the total cost of the five-year procurement exceeds \$100,000 and must be approved by the Board of Directors.

SECTION 13.0 GENERAL PROCUREMENT POLICIES

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

This Policy applies to all procurement and disbursement actions of MSWD, except where the application of such conflicts with funding requirements, such as Federal grants. In addition, this Policy will be applied in coordination with all other District policies including but not limited to:

- Procurement practices shall comply with laws, regulations and guidelines of the State of California and the provisions of grant or funding agreements, if applicable.
- Any employee impacting any procurement action outside of the procedures established within this Policy and without Board authorization to do so, may be subject to disciplinary action and/or termination.
- Splitting or separating of material, supply, service, lease, and equipment orders or projects for

the expressed purpose of evading the requirements of this Policy is strictly prohibited.

- Contract administration methods shall be maintained to ensure that goods and services received by MSWD meet the terms and conditions of the contract.
- Authority related to all capital projects will follow the dollar thresholds set forth in this Procurement Policy.
- Operation and Maintenance services performed by outside contractors and large equipment purchases require Board approval if the total cost is above the General Manager's approval authority.
- Any amendment to any purchase order or contract that will increase MSWD's adopted annual budget will require Board approval.

Examples:

A new project has been identified that requires a design services consultant. MSWD solicits proposals and awards the contract to a consultant for \$55,000. The contract does not require Board approval because it is below the \$100,000 authorization limit. This contract would require the General Manager's signature.

In addition, it is determined that project management services are required. MSWD solicits proposals and awards the contract to a project management services firm for \$45,000 for the same project, but a different consulting firm. This contract would require the General Manager's signature.

It is determined by staff that MSWD requires geotechnical tests for this project. MSWD receives three informal quotes and awards the contract to a new vendor for \$20,000. This contract would require the General Manager's signature.

Although the total expenditure for this project is \$120,000, none of these contracts would require Board approval because they are separate transactions, each managed by MSWD personnel, and within the General Manager's approval authority.

SECTION 14.0

COMPETITION

All procurements for materials, supplies, equipment, services, and construction shall employ competitive bidding whenever practicable. Detailed records of all competitive bidding processes, including the rationale for selecting the winning bid, must be maintained and made publicly accessible within five business days of issuance or award. All procurements over \$50,000 will adhere to the formal RFP/Bid process.

The General Manager may grant exceptions up to his/her signing authority to the competitive process for emergency conditions, supply limitation, or other circumstances with justification for such a waiver such as single and sole source authorization. For the purposes of Public Contract Code section 3400, the General Manager has been authorized by the Board to make Single/Sole Source findings and sign the Single/Sole Source Justification Form for procurement of any dollar amount notwithstanding his/her authority.

COMPETITIVE BIDDING TABLE	
\$0 - \$5,000	One Informal Quote
\$5,001 - \$50,000	Three Informal Quotes
\$50,001+	Formal Solicitation Process

Exceptions

Exceptions to the competitive requirements are:

1. Emergency procurement as defined herein.
2. Sole or single source procurement as defined herein.
3. Time constraints or other circumstances where the General Manager has determined it is in the best interest of MSWD.
4. "Cooperative" or "Piggyback" purchases or leases, when it is in MSWD's best interest to utilize the contracts of other governmental agencies or non-profit governmental entities.
5. When the General Manager has determined that a negotiation with a vendor or supplier is in the best interest of MSWD.
6. Professional Services.

Pre-bid Conference

A pre-bid conference may be used, generally in a complex procurement, as a means of briefing prospective bidders and explaining complicated specifications and requirements to them as early as possible after the invitation has been issued and before the bids are opened. It shall never be used as a substitute for amending a defective or ambiguous invitation.

Addendum of Invitation for Bids

If it becomes necessary to make changes in quantity, specifications, delivery schedules, opening dates, etc., or to correct a defective or ambiguous invitation, such changes shall be accomplished by an addendum to the Invitation for Bids. The fact that a change was mentioned at a pre-bid conference does not relieve the necessity for issuing an addendum. If an addendum is required that materially changes the solicitation, it must be sent a minimum of 72 hours before the time for bid opening, to everyone to whom invitations have been furnished and shall be displayed on MSWD's electronic bid system.

Before issuing a material addendum, the period of time remaining until the bid opening and the need to extend this period shall be considered. If less than 72 hours remain before the bid opening, the time of bid opening shall be extended to allow bidders at least 72 hours to review the addendum and submit or resubmit bids. Such an extension must be confirmed in the addendum. Any information concerning an Invitation for Bids shall be furnished promptly to all prospective

bidders as an addendum to the invitation if such information is necessary for bidders to submit bids.

Cancellation of Invitation Before Opening

The cancelation of an Invitation for Bids usually involves a loss of time, effort, and money spent by MSWD and bidders. Invitations should not be canceled unless cancelation is in the public or MSWD's best interest.

Example 1: Where there is no longer a requirement for the supplies or services.

Example 2: Where addenda to the Invitation for Bids would be of such magnitude that a new invitation is desirable.

When an Invitation for Bids is canceled, a general notice of cancelation shall be posted electronically to the MSWD bid system.

Release of Procurement Information

The District will use the following when releasing procurement information:

1. Before solicitation. Information concerning a proposed procurement shall not be released outside MSWD before solicitation except for long-range acquisition estimates in the annual budget.
2. After solicitation. Discussions with prospective bidders regarding a solicitation shall be conducted and technical or other information shall be transmitted only by the Contracts Analyst or by others specifically authorized. Such personnel shall not furnish any information to a prospective bidder that alone or together with other information may afford an advantage over others.
3. During negotiations. Information contained in proposals shall not be released until negotiations have been completed and a recommendation is forwarded to the Board or other approving authority. Such information shall be transmitted only by the Contracts Analyst or by others specifically authorized.
4. Confidential information. If any information in a bid or proposal is claimed to be confidential by the bidder or proposer, and such information is clearly identified in the bid or proposal as confidential, along with a statement of the basis of the claim, then a copy of any Public Records Act request or other request for disclosure of the information will be sent to the bidder or proposer. At its sole cost and expense, the bidder or proposer may seek, within the required timeframe for disclosure, to enjoin the production of the information it claims to be confidential. The bidder or proposer must defend, indemnify and hold harmless MSWD for any costs associated with withholding the information.

Modification or Withdrawal of Bids

Bids may be modified or withdrawn if notice is received no later than the time set for opening of bids. If the withdrawal of an electronically transmitted bid is necessary, the withdrawal must be made by the bidder or its authorized representative through MSWD's electronic bid system. If withdrawn prior to the time set for the bid opening, the data received shall not be evaluated.

Any bid, modification, or withdrawal of a bid received at the MSWD office after the exact time

specified for receipt of bids is "late" and will not be considered.

Award of Bids

Award of competitive bids shall be made to the lowest responsible and responsive bidder. Notice of Award will be sent by the Contracts Analyst to the successful bidder either by mail, email, or electronic bid system.

Unsuccessful bidders will be notified through electronic correspondence or public posting on the MSWD electronic bid system.

Rejection of Bids

Any bid that fails to conform to the essential requirements of the Invitation for Bids shall be rejected. Any bid that does not conform to the applicable specifications shall be rejected unless the invitation authorized the submission of alternate bids, and the supplies offered as alternates meet the requirements specified in the invitation.

Any bid that fails to conform to the delivery schedule or permissible alternates stated in the invitation shall be rejected.

A bid shall be rejected when the bidder imposes conditions that would modify the requirements of the invitation or limit the bidder's liability to MSWD. For example, bids shall be rejected in which the bidder:

- Fails to state a price or indicates that the price shall be the "price in effect at time of delivery".
- Limits rights of MSWD under any contract clause.

Any bid may be rejected if MSWD determines that it is unreasonable as to price. Unreasonableness of price includes not only the total price of the bid, but the prices for individual line items as well. Any bid may be rejected if the prices for any items are materially unbalanced.

When a bid guarantee is required and a bidder fails to furnish the guarantee in accordance with the requirements of the Invitation for Bids, the bid shall be rejected.

A bid shall be rejected if the bidder is found not responsible. Prior to finding a bidder not responsible, MSWD shall notify the bidder of any evidence reflecting upon the bidder's responsibility, afford the bidder an opportunity to rebut such adverse evidence, and permit the bidder to present evidence of qualification.

Contractor Qualifications

Purchases shall be made from, and contracts shall be awarded to, responsible contractors only. A prospective contractor must affirmatively demonstrate its responsibility, including, when necessary, the responsibility of its proposed subcontractors.

MSWD reserves the right to evaluate the qualifications of contractors submitting bids or proposals and to determine if the lowest offer is in the best interest of MSWD.

To be determined responsible, a prospective contractor must:

1. Have adequate financial resources to perform the contract, or the ability to obtain them.
2. Be able to comply with the required or proposed delivery or performance schedule, taking into consideration all existing commercial and governmental business commitments.
3. Have a satisfactory performance record. A prospective contractor shall not be determined responsible or non-responsible solely on the basis of a lack of relevant performance history.
4. Have a satisfactory record of integrity and business ethics.
5. Have the necessary organization, experience, accounting and operational controls, and technical skills, or the ability to obtain them.
6. Have demonstrated the attribute of trustworthiness as well as quality, fitness, capacity, and experience to satisfactorily perform the contract.

All contractors shall possess all applicable licenses required by local, County and State and appropriate insurance set forth in this Policy, and all licenses must remain active for the duration of the contract period.

MSWD may at its discretion prequalify contractors through a uniform, unbiased prequalification process and may limit bids or proposals it receives to the prequalified contractors.

Notice to Bidders of Rejection of All Bids

MSWD expressly reserves the right to reject any or all bids. When it is determined necessary or prudent, or otherwise in the best interest of MSWD to reject all bids, MSWD shall notify each bidder electronically that all bids have been rejected.

Minor Informalities or Irregularities in Bids

A minor informality or irregularity is one that is merely a matter of form and not of substance. It also pertains to some immaterial defect in a bid or variation of a bid from the exact requirements of the invitation that can be corrected or waived without being prejudicial to other bidders. The defect or variation is immaterial when there is no effect on price, quantity, quality, or delivery. MSWD may give the bidder an opportunity to cure any immaterial deviation and waive the deficiency or reject the bid, at MSWD's discretion.

Mistakes on Bids

After the opening of bids, MSWD shall examine the low bid for mistakes. In cases of apparent mistakes and in cases where MSWD has reason to believe that a mistake may have been made, the District may request the bidder verify the bid, calling attention to the suspected mistake.

The bid may be withdrawn if the bidder can establish to the satisfaction of MSWD that a mistake was made, and:

- The bidder gave MSWD written notice within (5) working days after the opening of bids of the mistake, specifying in the notice in detail how the mistake occurred, and;
- The mistake made the bid materially different than the bidder intended it to be, and;

- The mistake was made in filling out the bid and not due to error in judgment or to carelessness in inspecting the contract documents.

MSWD may accept the withdrawal of a bid if it is deemed in the best interest of MSWD.

A bidder who claims a mistake or is otherwise relieved of its bid is prohibited from participating in further bidding or participation on the project on which the mistake was claimed or its bid withdrawn.

Equal Low Bids

When two or more low bids are equal in all respects, the award shall be made by a drawing of names or flipping of a coin between those bidders. If time permits, the bidders involved shall be given an opportunity to attend the drawing. The drawing shall be witnessed by at least three people.

Award of Contracts

MSWD shall make a contract award by written or electronic notice as specified in the bid documents. Award shall not be made until all required approvals have been obtained.

If less than three bids have been received, MSWD will examine the situation to ascertain the reasons for the small number of responses. Awards may be made notwithstanding the limited number of bids. If appropriate, corrective action will be taken to increase competition in future solicitations for the same or similar items.

Awards shall be made by mailing, electronic communication, or otherwise furnishing a properly executed award document to the successful bidder.

When a notice of intent to the award is issued, it shall be followed as soon as possible by the formal award.

When more than one award results from any single Invitation for Bids, separate award documents shall be executed.

All provisions of the Invitation for Bids shall be clearly and accurately set forth (either expressly or by reference) in the award document.

Formal Solicitations

Solicitation includes tax, delivery, and all other costs associated with the procurement.

Formal and advertised competitive solicitations are required for goods, services, and non-capital construction estimated to cost greater than \$50,000; or at the discretion of the General Manager or his or her designee.

Whenever possible and practical, solicitations shall provide a minimum of fourteen (14) calendar days for response.

Advertising means any form of advertisement designed to reach a reasonable and sufficient amount of prospective bidders or offerors, whether by newspaper, Internet, or other means.

Informal Solicitations

Solicitation thresholds include tax, delivery, and all other costs associated with the procurement. All solicitations in this section shall be documented. Three competitive documented responses shall be solicited for procurements estimated to cost more than \$50,000.

Contract Signatures

Only the General Manager or its authorized designee shall sign contracts on behalf of MSWD.

Electronic Commerce

MSWD may accept electronic signatures and records in connection with MSWD procurements.

Procurement Records

Procurement records must maintain complete transactional history. MSWD staff shall establish files containing the records of all contractual actions in accordance with MSWD's Record Retention Policy and established procedures. The documentation in the files shall be sufficient to constitute a complete history of the transaction.

Emergency Purchases

The General Manager, or its designee, is authorized to approve procurements in an emergency.

Bid Security

MSWD shall determine whether bid security is necessary for a solicitation. Bid security may be in the form of (a) cash, (b) cashier's/certified check made payable to MSWD, or (c) a bid bond.

Insurance Requirements

MSWD shall determine the type and amount of insurance necessary for each solicitation (see Section 15).

Outside Funding Sources

In the event that a procurement for materials, supplies, equipment, services, or construction is subject to funding from a Federal, State, or local funding source, the procurement shall comply with the provisions of the Grant.

SECTION 15.0 EMERGENCY PROCUREMENT PROCEDURES

In the event of an Emergency, MSWD, pursuant to a four- fifths vote of the Board, may repair or replace a public facility, take any directly related and immediate action required by that Emergency, and procure the necessary equipment, services, and supplies for those purposes, without following the purchasing procedures prescribed by this Policy.

General Manager Authority

The Board has authorized the General Manager, or its designee, to approve Emergency procurements and take any action set forth in this Section.

If the Emergency procurement exceeds the General Manager's approval authority, the General Manager, or its designee, in conjunction with the Department requesting a declaration of an Emergency, shall report to the Board, at its next meeting the reasons justifying why the Emergency did not permit a delay resulting from complying with purchasing requirements and why the action was necessary to respond to the Emergency.

Before MSWD takes any action, it shall make a finding, based on substantial evidence set forth in the minutes of its meeting, that the Emergency would not permit a delay resulting from complying with purchasing requirements, and that the action was necessary to respond to the Emergency.

Board Ratification

If the Board orders any action specified in this Section, the Board shall review the Emergency action at its next regularly scheduled meeting and at every regularly scheduled meeting thereafter until the action is terminated to determine, by a four-fifths vote, whether there is a need to continue the action.

If the General Manager, or its designee, orders any action specified in this Section, the Board shall initially review the Emergency action not later than seven days after the action, or at its next regularly scheduled meeting if that meeting will occur not later than fourteen days after the action, and at least at every regularly scheduled meeting thereafter until the action is terminated, to determine, by a four-fifths vote, whether there is a need to continue the action, unless the General Manager, or its designee, has already terminated that action prior to the Board's review.

The Board 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.

Federally Declared Emergencies; Procurement and Contracting Requirements.

In the event of an emergency declared by the President of the United States, MSWD 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.

Federal Emergency Procurement Procedures

Micro-Purchases

Purchases within the micro-purchase threshold (e.g., currently set at purchases of \$3,000 or less but periodically adjusted for inflation) may be awarded without soliciting competitive quotations if MSWD considers the price to be reasonable.

To the extent practicable, MSWD must distribute micro-purchases equitably among qualified suppliers.

Small Purchases

Purchases within the simplified acquisition threshold (e.g., currently set at purchases of \$250,000 or less) shall not be required to be formally bid.

Price quotations must be received from no less than three (3) sources.

Formal, Sealed Bidding

Formal, sealed bidding is required for purchases greater than the simplified acquisition threshold, which is currently set at \$250,000, or as may be adjusted by the Federal Acquisition Regulation, pursuant to 48 CFR § 2.101.

MSWD must publicly advertise the Invitation for Bids and publicly open all bids at the time and place prescribed in the invitation.

Any contracts awarded pursuant to this procedure shall be to the lowest responsible bidder submitting a responsive bid and shall be for a firm fixed price.

Solicitation of Competitive Proposals

When the nature of a procurement does not lend itself to formal, sealed bidding (e.g., professional services), MSWD may solicit competitive proposals.

A request for proposals (RFP) must be publicly advertised, and MSWD must solicit proposals from an adequate number of sources. The RFP must identify all evaluation factors and their relative importance; however, the numerical or percentage ratings or weights need not be disclosed.

Any contract awarded based on the competitive proposal procurement process cannot be based exclusively on price or price-related factors.

If a contract is awarded, it shall be to the responsible firm whose proposal is most advantageous to MSWD ("best value"), with price and other factors considered.

Federal Emergency Noncompetitive Procurements

Contracts may be procured through a noncompetitive proposal only when:

- The item is only available from a single source;
- The public exigency or emergency for the requirement will not permit a delay resulting from competitive solicitation;
- MSWD authorizes noncompetitive proposals, as otherwise permitted by the Procurement Policy; or
- Competition is deemed inadequate after the solicitation of a number of sources.
- Federal Emergency Contracting with Small and Minority Firms, Women's Business Enterprises, and Labor Area Surplus Firms
- MSWD must conduct all necessary affirmative steps to ensure the use of minority businesses, women's business enterprises, veteran owned businesses, or labor surplus area firms when possible, as set forth at 2 CFR § 200.321.

Federal Emergency Cost or Price Analysis

MSWD shall perform a cost or price analysis in connection with every procurement action, including contract modifications, in excess of the simplified acquisition threshold. While the method and degree of analysis depend on the facts surrounding the particular procurement situation, MSWD must, at a minimum, make independent estimates before receiving bids or proposals.

MSWD shall negotiate profit as a separate element of the price for each contract in which there is no price competition and in all cases where a cost analysis is performed as required by 2 CFR § 200.323(b).

Federal Emergency Payment Procedures

Contracts entered into pursuant to this Section shall utilize only fixed-price, cost-reimbursement, or, to a limited extent, time and materials payment methods.

Time and Materials (T&M) Contracts

T&M contracts should be used rarely, and the use of T&M contracts should be limited to a reasonable time period (e.g., no more than 70 hours) based on circumstances during which MSWD cannot define a clear scope of work.

MSWD shall only enter into a time and materials contract if all of the following apply:

- No other contract was suitable; and
- The contract has a guaranteed maximum price that the contractor exceeds at its own risk; and
- MSWD provides a high degree of oversight to obtain reasonable assurance that the contractor is using efficient methods and effective cost controls.

MSWD must define the scope of work as soon as possible to enable procurement of a more acceptable type of contract (i.e., non-T&M).

Separate Invoicing

All purchases made during a proclaimed Emergency shall require separate invoicing from routine (i.e., non-emergency related) purchases. All invoices shall state the goods, services, or equipment provided and shall specify where the goods or services were delivered. All invoices shall specify the location(s) where the goods or services were used, if possible. Any invoice which fails to properly identify the emergency nature of the purchase and provide details as to the date(s) and location(s), as appropriate, shall not be paid until such errors are corrected by the vendor and re-submitted in correct form.

Auditing of Invoices for Debris Removal

All invoices for debris clearance and removal shall be audited prior to payment to the vendor. Vendors shall be notified of this requirement prior to the award of any contract for debris clearance and/or removal. Audits shall be in accordance with procedures for debris removal monitoring specified in FEMA's Publication 325, Debris Management Guide.

SECTION 16.0 PROTESTS

Any protest relating to the form or content of a solicitation must be submitted in writing and received by MSWD no later than 5:00 p.m. on the third business day following the bid opening or proposal submission date.

The protest must be made in writing (letter, e-mail, or facsimile) and must contain the following information:

- Name, address, and phone number of the protestor.
- The title and solicitation number of the solicitation being protested.

- A detailed statement citing the provisions being protested, including the reason(s) for the protest.
- Late protests shall not be considered.
- If the protest is timely and complies with all of the above requirements, MSWD shall review the protest and all relevant information. MSWD will provide a written response to the protestor.

Any contractor who submits a bid or proposal without making a protest shall be deemed to have waived any objection to the form or content of the solicitation.

Protest After Solicitation Opening

Submitted bids or proposals will be made available for review in a timely manner, upon written request of any Contractor.

Contractors wishing to file a protest must comply with all protest requirements. Specifically, the protest must:

- Be made in writing (letter, email, or facsimile) to, and received by MSWD no later than 5:00 p.m. on the third business day following the bid opening or proposal submission date.
- Clearly identify the alleged irregularity or other basis for the protest.
- Specify, in detail, the factual and legal grounds for the protest.
- Include all relevant, supporting documentation with the protest at time of filing.

If the protest does not meet all of these requirements, MSWD may reject it without further review.

If the protest is timely and complies with all the above requirements, MSWD shall review the protest, any response to the protest received from the challenged contractor, and all relevant information.

MSWD will provide a written response to the protestor.

Exclusive Remedy

The procedure and time limits set forth in this section are mandatory and are the sole and exclusive remedy in the event of a protest. Failure to comply with these procedures shall constitute a failure to exhaust administrative remedies and a waiver of any right to further pursue the protest, including filing a Government Code Claim or legal proceedings.

Protests of Procurement Actions

The protesting party shall only communicate with the contact listed in the solicitation while the protest is pending.

SECTION 17.0 INSURANCE AND BONDS

Unless authorized by MSWD, Certificates of Insurance and Endorsement forms are required for all quotes, bids, RFPs, RFQs, and Contracts awarded by MSWD.

MSWD, in coordination with JPIA and Counsel determines the minimum insurance requirements for

work performed by contractors. The determination is based on project specific risk factors and MSWD's liability exposure. MSWD requires insurance in all instances in which contractors:

- Repair, install, service, maintain, or construct MSWD property or facilities.
- Provide certain consulting services.
- Haul waste or other items from MSWD property or facilities.
- MSWD staff shall not authorize work/services before the contractor's insurance certificate and endorsement forms have been reviewed and conform to MSWD requirements. Under no circumstance should a Purchase Order, agreement, or contract be issued or executed before the appropriate Certificates of Insurance and Endorsement forms are on file and satisfactory to MSWD.
- Contractors are required to maintain all requisite insurance for the duration required by the Contract and must ensure that current, satisfactory Certificates of Insurance and Endorsement forms are on file with MSWD. Failure to furnish such evidence may be considered contractor default.
- The Contracts Analyst is responsible for obtaining all required Certificates of Insurance and Endorsement forms.

Insurance Requirements

The minimum insurance policy and endorsement requirements are:

- Commercial General Liability. Insurance written on a per occurrence basis with limits not less than \$2,000,000 per claim and \$4,000,000 annual aggregate, for bodily injury and property damage including coverage for contractual liability, personal injury, independent contractors, property in the Vendor's care, or control, ongoing and products and completed operations.
- Commercial Automobile Liability. Insurance written on a per accident/occurrence basis with a single limit of liability in the amount of \$1,000,000 for bodily injury and property damage. Said Policy shall include coverage for any auto, owned, non- owned, leased and hired cars.
- Workers' Compensation. Insurance policy as required by the Labor Code or legally self-insured pursuant to Labor Code section 3700 et seq. along with employer's liability limits of \$1,000,000.

MSWD reserves the right to reduce or waive the minimum insurance requirements for professional services when no work will be done on MSWD premises. Such waivers require General Manager approval.

Each of the vendor's insurance policies shall contain the following:

- A provision or endorsement that the insurer names MSWD, its officers, directors, members, partners, employees, agents, consultants, and subcontractors as additional insured's (except Workers' Compensation and Professional Liability).
- Along with the vendor waiving its right to subrogation, a provision or endorsement whereby the insurer waives all rights of subrogation against MSWD, its representatives, officers, directors, members, partners, employees, agents, consultants, and subcontractors (except Professional Liability).

- Vendor is required to provide notice of cancellation or material coverage change to MSWD within ten (10) days of receipt, along with an endorsement from the insurer providing that written notice shall be given to MSWD at least thirty (30) days prior to termination, cancellation, or reduction of coverage in the Policy.
- A provision or endorsement that such insurance is primary and non-contributory with respect to the interests of the additional insureds and that any other insurance maintained by the additional insureds is excess and not contributing insurance with the insurance required.
- A provision or endorsement with a "cross liability" or "severability of interest" clause.
- These specific insurance requirements are mandated should the work involve any of the following activities:
- Professional Liability: (Also known as Errors & Omission) Insurance appropriate to the Consultant profession, with limits no less than \$1,000,000 per occurrence or claim, and \$2,000,000 policy aggregate.
- Contractor's Pollution Liability: If required, Pollution Liability will be included in the bid specifications. For applicable large projects with project involves environmental hazards, MSWD requires limits no less than \$5,000,000 per occurrence or claim, and \$10,000,000 policy aggregate. If pollution liability is needed for a smaller project, MSWD requires \$1,000,000 per occurrence.
- Cyber Liability Insurance (Technology Professional Liability – Errors and Omissions): Limits not less than \$2,000,000 per occurrence or claim, and \$2,000,000 aggregate or the full per occurrence limits of the policies available, whichever is greater. Coverage shall be sufficiently broad to respond to the duties and obligations as is undertaken by the vendor. This includes, but is not limited to, claims involving infringement of intellectual property, infringement of copyright, trademark, trade dress, invasion of privacy violations, information theft, damage to or destruction of electronic information, release of private information, alteration of electronic information, extortion and network security. The policy shall provide coverage for breach response costs as well as regulatory fines and penalties as well as credit monitoring expenses with limits sufficient to respond to these obligations.
- Excess/Umbrella Liability Policy may be provided to insure the total limits required for Commercial General Liability and Automobile Liability and must apply to all primary coverage afforded, including but not limited to general liability, owned and non-owned automobiles, leased and hired cars.

Payment and Performance Bonds

Payment Bonds are required by law on all public works projects in excess of \$25,000. MSWD shall determine whether payment and/or performance bonds are required.

SECTION 18.0 PROFESSIONAL/CONTRACT SERVICES/LARGE PURCHASES

Except as required by this Section, practical and possible competitive proposals will be solicited from more than one service provider.

In accordance with Section 13, at least one informal quote must be obtained for procurements of \$5,000 or less, and at least three informal quotes must be obtained for procurements of \$5,001 to \$50,000. All procurements over \$50,000 must adhere to the formal RFP/bid process.

Pursuant to Government Code section 4526, when MSWD seeks to procure professional services of architectural, landscape architectural, engineering, environmental, land surveying, or construction management firms, selection shall be on the basis of demonstrated competence and qualifications for the types of services to be performed and at a fair and reasonable price.

Professional services are defined as any specially trained and experienced person, firm, or corporation specializing in financial, economic, accounting, engineering, technical, legal, architectural, or other specialized disciplines (aka consulting services). Technical and maintenance services (e.g., janitorial services, landscape maintenance, etc.) differ from professional services in that they involve limited discretionary judgment and are primarily manual in nature. For example:

- The use of a designer to do layout work for a magazine is considered professional service. The printing of the magazine is not.

Contract Services

Contracts that are not professional in nature such as technical and maintenance services (e.g., janitorial services, landscape maintenance, etc.) may be procured utilizing standard bidding requirements or qualification-based selection pursuant to a Request for Proposal in accordance with this Policy whenever practicable.

Large Purchases (Non-Inventory)

Large purchases of non-inventory goods, materials, and equipment over \$50,000 shall be procured utilizing standard bidding requirements and applicable Contract Documents set forth in this Policy whenever practicable.

Authority Levels

All professional and contract services and large purchases shall be governed by the Procurement Authorization Table set forth in Exhibit A of this Policy.

Agreement Templates

MSWD has developed template contract documents for Professional Services, Maintenance Services, and Capital Projects. The templates have been reviewed and approved by MSWD counsel and should not be modified without the approval of counsel.

SECTION 19.0 PUBLIC WORKS

Contracts for Public Works projects shall comply with all requirements for Public Works contracts under State law, including rules for:

- Listing subcontractors.
- Posting payment bonds equal to no less than 100 percent of the total contract amount (for all Public Works contracts over \$25,000).
- Paying prevailing wages (for all contracts for Public Works exceeding \$1,000), or as otherwise required by law.

Public Work Project Retention Bonds

The District requires performance bonds for all Public Works Contracts equal to no less than 100 percent of the total contract amount. Public Works Contracts let by an Invitation to Bid will be awarded to the lowest responsive, responsible bidder as allowed by State law and the District's standard Public Works contract documents.

The Contractor will be required to furnish with the contract a Contract Performance Bond in the amount of one hundred percent (100%) of the aggregate amount of the bid, and a Payment Bond in the amount of one hundred percent (100%) of the aggregate amount of the Bid. The Contractor will also furnish certificates of insurance evidencing all insurance coverage as required by the specifications. Contractor may, upon written request, and at its sole expense after the Board of Director's approval, deposit securities referenced in Government Code Section 16430, or bank or savings and loan certificates of deposit, as authorized by Public Code Section 22300 in lieu of retention monies withheld to ensure performance.

Public Work Prevailing Wage Requirements

All workers employed on public works projects must be paid the prevailing wage determined by the Director of the Department of Industrial Relations, according to the type of work and location of the project pursuant to the provisions of Section 1773 of the Labor Code of the State of California.

Copies are available to any interested party upon request. Further, a copy shall be posted at each job site during the course of construction.

SECTION 20.0 MULTIPLE YEAR CONTRACTING

Multiple year contracting may be used to acquire goods or services required for continuity of operations and uninterrupted support at the sole option of MSWD. Funds for option years may not be obligated until the option year(s) are exercised. These contracts may be procured by competitive bidding or negotiation in compliance with this Policy. The total performance period of a multiple-year contract shall not exceed five (5) years unless authorized by the Board or General Manager. The option years available in a multiple-year contract do not obligate MSWD beyond the initial award period.

Option Year Contract Requirements

The bid/solicitation package shall state the base contract period and the number of option years available to be exercised.

MSWD shall provide notice of its intent to exercise an option year so as to provide the contractor adequate lead time to ensure continuous performance.

MSWD at its sole discretion may exercise a portion of an option year if it is deemed in the best interest of MSWD.

If the base contract duration exceeds one year, funds will typically be encumbered for the first year only. Should funds not be budgeted in subsequent years, MSWD retains the right to terminate the contract in accordance with the contract terms.

Exercise of Option Years

When the contract provides for economic price adjustment and the contractor requests a revision of the price, MSWD will evaluate the effect of the adjustment on prices under the option year before the option year is exercised.

MSWD may exercise options only after determining that:

- Funds have been budgeted.
- The vendor's requested economic price adjustment is reasonable and justified.
- The exercise of the option is the most advantageous method of fulfilling MSWD's needs, price, and other factors considered.

MSWD will not employ option years if:

- The vendor's requested economic price adjustment is unreasonable in light of current economic indicators.
- Market prices or competition for the supplies or services involved have changed.
- MSWD requirements have changed since the original contract was awarded, unless it is deemed that continuing with the contract is in the best interest of MSWD.
- It is not in the best interest of MSWD.

SECTION 21.0 CHANGE ORDERS/TASK ORDERS

MSWD may issue change orders/task orders as required to complete the original scope of work or procurement as necessary to meet MSWD's needs ("Change Orders"). The following guidelines apply to Change Orders in accordance with MSWD's Procurement Authorization Table:

1. Under no circumstances shall an individual approve changes to a contract in excess of that individual's procurement authority established in the Procurement Authorization Table (see Exhibit A).
2. The monetary value of a Change Order should be evaluated to determine proper execution authority. If the monetary value of a Change Order exceeds an Approver's procurement authority, it must be approved by an Approver with a higher authority level in accordance with Exhibit A. For example:

Example 1: MSWD solicits bids for a new construction project. The lowest responsive, responsible bid for this construction project is \$250,000. Awarding this contract requires Board approval because it is over the \$100,000 approval limits of the General Manager. As part of the Board approval, \$30,000 in contingency is approved.

Staff later negotiates a \$23,000 change order with the contractor. This change order could be signed by a Director, Assistant General Manager or General Manager because it is within their authority level and within the approved contingency amount.

Staff later negotiates another change order with the contractor in the amount of \$10,000 and would seek Board approval because the cumulative amount of the change orders exceeds the previously approved contingency.

Staff determined that they need to retain a construction management firm on the same project. After receiving three informal quotes, it seeks to award a contract in the amount of \$24,000. Since the Board has already approved this project with a contingency that has been expended, and no unused project funds are available, this contract could not be considered a separate transaction and would require Board approval.

Example 2: A new project has been identified that requires a design services consultant. MSWD solicits proposals and awards the contract to a consultant for \$35,000 for design services. This contract requires a Director, Assistant General Manager or General Manager's signature.

MSWD then executes a task order for \$24,000 for additional design services on the same project and by the same consultant. This order could be carried out by the General Manager because the combined total of both actions is still under the General Manager's procurement authority.

MSWD then desires to execute another task order for \$45,000 for a separate issue related to the same initial project and by the same consultant. The second task order would have to be approved by the Board because the original contract value, plus the task orders, now exceed the \$100,000 authority level of the General Manager.

Example 3: MSWD requires the help of a consultant for a potential project. A task order is issued to a previously awarded on-call engineering firm in the amount of \$60,000. This task order requires the General Manager's signature.

MSWD then requires the help of the same consultant but for a different project. A task order for \$50,000 is awarded requiring Board approval because the cumulative amount for this vendor is over the General Manager's authority.

Change Orders that affect the scope, terms, or duration of a contract, but do not affect the agreement price, will be authorized by the original approval authority. See examples below.

Example 1: A change to the contract term of a \$60,000 agreement extending it from one year to two years with no increase to the approved funds. This would require General Manager authorization, and the appropriate funds must be re-budgeted to the new fiscal year.

Example 2: A change to the contract term of a \$125,000 agreement extending it from one year to two years with no increase to the approved funds. This would require Board authorization because the Board approved the original agreement. The appropriate funds must be re-budgeted to the new fiscal year.

Any Change Order that requires a budget amendment that increases the adopted fiscal year budget, regardless of dollar amount, must be approved by the Board.

EXHIBIT A
MISSION SPRINGS WATER DISTRICT
PROCUREMENT & CREDIT CARD AUTHORIZATION TABLE

Dollar Amount	Employee/ Supervisor	Manager	Director/AGM	General Manager	Board
Up to \$5,000	X				
Up to \$10,000		X			
Up to \$50,000			X		
Up to \$100,000				X	
\$100,000.01 +					X

**Note: The Employee/Supervisor category may include any employee whose specific job function relates to the procurement of goods or services. This includes District Credit Cards checked out for specific travel or administrative purposes. The spending limits of Employees/Supervisors are not automatic and must be justified and approved in writing by the Department Manager or General Manager.*

EXHIBIT B
MISSION SPRINGS WATER DISTRICT
CHECK SIGNING AUTHORITY TABLE

Dollar Amount	Director/AGM	General Manager	Board
Up to \$75,000	X		
Up to \$500,000		X	
\$500,000.01 +		X	X

*Note: The authority to sign checks on behalf of MSWD is extended to include electronic or written approval for any digital transfers or wire transactions. This policy ensures that all financial transactions, whether conducted via traditional checks or through electronic means, are subject to the same level of oversight and authorization as designated in the chart above. For purposes of this authority, "Board" refers to the Board President, or Vice President in his or her absence. Approvals can be in the form of a digital signature or in writing.

EXHIBIT C
MISSION SPRINGS WATER DISTRICT
SINGLE/SOLE SOURCE JUSTIFICATION FORM

When a request is made for a non-competitive purchase and the specifications limit the bidding to one source, service, and/or brand or trade name, due to emergency or source limitations the requesting Department may complete the following. This form shall be authorized by the requesting Department's Director and approved by the General Manager or its designee. *Please note, this form will be digitized in the future.*

Type of request (pick one) ☐ Single Source ☐ Sole Source

Employee Making Request:

Title:

Approved Budget Amount:

Job Number (if applicable):

Item/Service:

Vendor/Brand Name:

☐ Is this an emergency purchase, as outlined in Section 15 of the Policy for Procurement, Purchasing, and Disbursement of District Funds Policy? *Please note: In the event of Emergency, contracts may be awarded by the General Manager in the event the Board may not be immediately convened.*

☐ If this is **not** an emergency purchase, please complete the following:

1. The requested product or service has unique design and/or performance specifications or quality requirements that have not been found in similar products or services. Identify unique features or services and why they are required (not merely preferred):

2. Have you contacted other suppliers or vendors to evaluate items/services with similar features and capabilities? If so, please list below. If not, explain why.

3. Does the requested product or service lower associated costs due to the reduced of training or the use of staff expertise? If so, please explain:

4. If the goods or services are available from any other manufacturers or designated service representatives describe the unique qualifications, rights, licenses, etc. this vendor possesses and the distinctive service to be provided:

5. *For goods only:* If the requested product is an integral repair part or accessory compatible with existing equipment, please list the existing equipment and manufacturer and model numbers:

Please attach all quotes, proposals or related documentation.

I am aware that this justification form is only valid for one year from the date it is signed by the General Manager. I am aware of the MSWD policy for competitive purchasing and certify that the above information is accurate to the best of my knowledge.

Requestor Name:	Signature:	Date:
Requestor Supervisor:		
Requestor Director/Department Manager: <i>(required)</i>		
General Manager: <i>(required)</i>		

EXHIBIT D
MISSION SPRINGS WATER DISTRICT
PETTY CASH DISBURSEMENT POLICY 2025-03

Rescinding Policy No. 2010-3

Adopted:

Approved by:

Policy Summary

Policy Statement

This Policy aims to outline provisions for the disbursement and replenishment of the petty cash fund, ensuring that all petty cash-related functions are properly executed, documented, and reported.

Administrative Guidelines

1. The petty cash fund is established at \$500.
2. The Accounting Manager is the custodian of the fund. In the custodian's absence, the Front Office Manager/Senior Customer Service Representative acts as custodian.
 - a. It is the fund custodian's responsibility to determine when the fund requires cash replenishment.
 - b. To obtain replenishment of the fund, the custodian will prepare a Check Request form.
 - c. Attached to the Check Request form will be a list of the paid-out receipts with the appropriate account numbers to which the Accounting Department will charge the expenditure.

Cash Disbursement/ Reimbursement

Upon request, the custodian will disburse funds in advance to employees for District expenditures.

Employees must sign a notice of receipt at the time cash is disbursed and return any remaining change and a receipt to the custodian, at which time an adjustment to the notice of receipt will be made.

Any cash expense of \$50 or less will be reimbursed from the fund. Cash expenditures over \$50 should be submitted on an Expense Report to the Accounting Department and will be reimbursed to the employee within 10 business days following approval of the Report.

An employee requesting reimbursement for a cash expenditure must submit a receipt, approved by a supervisor and coded with the appropriate account number, at the time of reimbursement.

EXHIBIT E
MISSION SPRINGS WATER DISTRICT
PAPER/HAND DELIVERED CHECK REQUEST POLICY 2025-04

Adopted: _____

Approved by:

Policy Summary

Policy Statement

Requisitions are used to initiate payment for services or goods that do not require a purchase order, fall under a contract, or cannot be processed using an MSWD Credit Card or Petty Cash Reimbursement. Paper/ Hand Delivered Check Requests should be made under the requirements set forth in the MSWD Procurement Policy and related Accounts Payable policies. The Request for Paper / Hand Delivered Check Request Policy only dictates the manner in which a payment is made and not the authority of its issuance.

Administrative Guidelines

After all appropriate approvals and verifications have been obtained, checks are prepared by the MSWD Payment Processing vendor and sent directly to vendors electronically or by regular mail. The Request for Paper/Hand Delivered Check process makes hard copy paper checks available for staff distribution. To be eligible for distribution all the following conditions must apply:

1. The Request for Paper/Hand Delivered Check has the appropriate name and signature for both the form preparer and the payment approver.
2. Department Manager/Director reviews and signs based on their signing authority.
3. Payee's Vendor Number must be provided in the Paper/Hand Delivered Check Request Form. Preparers should use the ERP or Laserfiche system to look up existing vendor numbers or initiate a new vendor set-up using the New Vendor Form located in the Laserfiche Forms Repository. Please note this requires a complete and signed W9 form.

Digital copies of the MSWD Request for Check Form are available on the District's internal intranet and Laserfiche Form repository. Preparers should allow up to 10 business days for payment processing procedures.

EXHIBIT F
MISSION SPRINGS WATER DISTRICT
District Credit Cards Policy 2025-05

Rescinding Policy No. 2011-1

Adopted:

Approved by:

Policy Summary

Background

This Policy supersedes Policy 2011-1. It will be referenced in conjunction with the Procurement and Distribution of District Funds Policy.

Purpose

The issuance of credit cards provides management with a checks and balance method for budgeting items such as seminars, conferences, travel and training, and individual purchases of necessary District materials and supplies that do not meet the normal procurement process.

Procedure

All cards assigned to specific employees are held and maintained by those individuals, with oversight by the General Manager and his designee, who is hereby referred to as the District Credit Card Secretary.

Cards not issued to personnel on a standing basis may be signed out by the District Credit Card Secretary to employees on an "as needed" basis for travel or administrative purchases. These cards will be returned to the District Credit Card Secretary immediately after completing the assignment or travel.

The District Credit Card Secretary shall keep the credit cards in a secure place. Lost or stolen cards shall be immediately reported to the card issuer and the District Credit Card Secretary. Unauthorized charges shall be reported to the District Credit Card Secretary, who, in turn, shall make appropriate notification.

Provisions

Limitation of Policy: No provision of this Policy shall (a) limit the applicability of any legal authority requiring competitive bidding or (b) allow any MSWD cardholder to use a District credit card in a manner that creates a conflict of interest.

Public Resource, No Privacy in Use: An MSWD credit card is a public resource owned by MSWD. No cardholder shall have any expectation of privacy in documents relating to using an MSWD credit card.

Violation of Policy: Within the discretion of MSWD and other lawful authorities, a MSWD cardholder's violation of this Policy shall be subject to employee disciplinary action up to and including termination and to criminal, civil, or administrative liability. Each cardholder using an MSWD credit card shall be accountable per this Policy for any violation of the same that said cardholder knew or reasonably should have known would arise from a particular action, omission, or purchase.

Authorized Cardholders Only: Only employees or Board members serving in an official capacity may receive or use an MSWD credit card.

Card limits: No cardholder shall use a credit card to pay costs and expenses exceeding their signing authority or the amount approved on their Travel or Credit Card Pre-Approval Forms accessible in the District's Laserfiche Forms Repository. See the

District Business Only: Cardholders shall only use an MSWD credit card in order to accomplish tasks and fulfill responsibilities related to District business. "District business" means activity exclusively limited to the course and scope of a cardholder's official duties on behalf of MSWD.

No Personal Purpose: No MSWD cardholder shall use an MSWD credit card for any personal purpose. "Personal purpose" means any activity, the primary purpose of which is personal enjoyment, private gain or advantage, or any endeavor not related to District business. Using an MSWD credit card for a personal purpose shall not be excused because of intent or action to reimburse MSWD after such use. Furthermore, except as otherwise required by law, MSWD shall deem personal purpose to include even the incidental and minimal use of an MSWD credit card.

Suspected Abuse: Every MSWD employee is encouraged to report to his/her direct supervisor any reasonable belief that another employee has engaged in conduct representing a violation of this Policy. In the event that an employee reasonably believes that the General Manager has violated this Policy, that employee is encouraged to report the conduct in question to the President of the Board of Directors.

Prohibited Purchases: The MSWD credit card shall not be used to purchase, make payment for, or otherwise acquire any item as listed in Resolution 2024-03 or any other item prohibited by an MSWD department's restrictions.

Violation of Policy: Within the discretion of MSWD and other lawful authorities, an employee's violation of this Policy, shall subject an employee to personnel/disciplinary action up to and including termination, and also to criminal, civil or administrative liability. Each employee using an MSWD credit card shall be accountable per this Policy for any violation of same that said employee knew or reasonably should have known would arise from a particular action, omission or purchase.

Card limits: No MSWD employee shall use a credit card to pay costs and expenses in an amount exceeding their assigned authority or pre-approved travel amount.

Administration of District Credit Cards: Expense reports, including credit card transactions, must be filed as outlined in MSWD's Resolution 2024-03, Expense Reimbursement and Use of Public Resources.

Each employee assigned a credit card must sign a Cardholder Acknowledgement and Responsibility Form. Every credit card purchase shall be supported by a credit card receipt. Credit card accounts are to be maintained in a manner that facilitates a clear audit trail.

Departments will not split purchases to circumvent a cardholder's purchase limits. As published in the Procurement and Credit Card Authorization Table, cardholders will not split transactions to avoid competitive bidding or purchasing authority limits.

EXHIBIT G
MISSION SPRINGS WATER DISTRICT
Consultant/Vendor Invoice Processing 2025-06

Rescinding Policy No. 2009-1

Adopted:

Approved by:

Policy Summary

Background

This Policy supersedes Policy 2009-01. It will be referenced in conjunction with the Procurement and Distribution of District Funds Policy.

Purpose

Department supervisory staff are authorized to obligate the District for necessary costs and expenses required to fulfill the goals of the adopted budgets (OPERATIONS & MAINTENANCE and CAPITAL EXPENDITURES) authorized by the Board of Directors.

During the fiscal year, certain costs and expenses may arise due to unforeseen events that are not specifically identified in the budgets. Examples of this would be "reimbursable jobs - including pass thru costs" and components of capital projects that are not specifically identified in the CAPITAL EXPENDITURES budget.

Procedure

The Director of Finance will create and cause to be distributed or made available for distribution the necessary reports to assist in the control of costs and expenses consistent with the budgets adopted by the Board of Directors and/or subsequent authorizations by the General Manager.

The Accounting Department is not charged with ascertaining the appropriateness of any particular vendor invoice. The Accounting Department is charged with prompt payment of any vendor invoice that has been signed-off on by responsible employee(s) after the invoice has been processed according to the following internal control procedures.

1. As requisitions are generally prepared after the goods or services have been delivered, the requisition will be prepared only after verification of receipt of the goods or services by the approving employee.
2. Receipt of goods or services shall be verified by the employee who witnessed or had direct oversight of the actual performance of the work and/or who is most familiar with the delivery of the goods or services, by signature on the invoice by line item after verification of vendor employee hours applied and goods received.
3. The vendor invoice will be reviewed by the department supervisor, approved for payment by signature and date, and forwarded to Accounts Payable along with supporting documentation for labor hours, shipping documents, receiving documents etc.

4. Accounts payable will process the above items for payment matching invoice to requisition and create a purchase order to become part of the voucher file.
5. An edit listing of accounts payable will be presented to the Director of Finance, Director of Operations, Assistant General Manager, General Manager and Board of Directors, in accordance with Exhibit B - The check signing authority table .
6. Once approved, checks will be created by the District's payment Processing Vendor and sent directly to the payee based on the address provided on the vendor W9; unless, a Check Request Form has been submitted and approved prior to issuance. Checks can be hand delivered or mailed by employees only if a Check Request Form is completed and approved at the time of submission.

All consultant invoices must be submitted to Accounts Payable in a timely manner upon receipt, with the appropriate documentation to substantiate the charge(s).

EXHIBIT H
MISSION SPRINGS WATER DISTRICT
Capitalization Policy 2025-07

Adopted:

Approved by:

Policy Summary

Background

The Mission Springs Water District (MSWD) is committed to maintaining accurate and consistent financial records. This Capitalization Policy establishes guidelines for capitalizing assets to ensure compliance with accounting standards and to provide a clear framework for asset management. The policy applies to all departments within MSWD and covers all tangible and intangible assets acquired by the district.

Purpose

The purpose of this Capitalization Policy is to establish clear criteria for capitalizing assets, and to ensure consistency in their recording and reporting. It also provides guidelines for the management and disposal of capital assets to enhance transparency and accountability in the District's financial practices.

Procedure

The following procedures outline the steps for capitalizing assets within MSWD:

- **Acquisition:**
 - All asset acquisitions must be documented with appropriate purchase orders, invoices, and receipts.
 - The Finance Department will review all acquisitions to determine if they meet the capitalization criteria.
- **Recording:**
 - Capital assets will be recorded at their historical cost, which includes the purchase price and any costs necessary to prepare the asset for its intended use (e.g., installation, delivery, and legal fees).
 - Donated assets will be recorded at their fair market value at the time of donation.
- **Depreciation:**
 - Capital assets will be depreciated over their estimated useful lives using the straight-line method.
 - Land is not subject to depreciation.
- **Impairment:**
 - The Finance Department will review capital assets annually for any indicators of impairment. If an asset is deemed impaired, the carrying amount will be adjusted accordingly.
- **Disposal:**
 - When a capital asset is disposed of, the Finance Department will remove the asset from the accounting records and recognize any gain or loss on disposal.

Provisions

The following provisions detail the capitalization thresholds and specific guidelines for different asset categories:

1. **Vehicles:**
 - **Capitalization Threshold:** \$25,000
 - **Description:** Includes all motor vehicles such as cars, trucks, and specialized utility vehicles used for district operations.
2. **Land:**
 - **Capitalization Threshold:** \$100,000
 - **Description:** Includes all land purchases, land improvements, and easements.
3. **Buildings:**
 - **Capitalization Threshold:** \$150,000
 - **Description:** Includes all structures such as office buildings, treatment plants, and storage facilities.
4. **Infrastructure:**
 - **Capitalization Threshold:** \$50,000
 - **Description:** Includes water and sewer lines, pumping stations, reservoirs, and other infrastructure assets.
5. **Equipment:**
 - **Capitalization Threshold:** \$10,000
 - **Description:** Includes machinery, tools, and other equipment used in district operations.
6. **Software:**
 - **Capitalization Threshold:** \$20,000
 - **Description:** Includes software purchases and significant upgrades to existing software systems.

Responsibilities

- **Department Heads:** Responsible for ensuring that all asset acquisitions are properly documented and submitted to the Finance Department.
- **Finance Department:** Responsible for reviewing acquisitions, recording capital assets, calculating depreciation, and maintaining accurate asset records.

Review and Revision

This policy will be reviewed regularly by the Finance Department and updated as necessary to ensure compliance with accounting standards and district needs.