

PURCHASING, CONTRACTING, AND EXPENSE REIMBURSEMENT POLICY

Adopted: [DATE]

Reviewed: [DATE]

Resolution No. [NUMBER]

PURPOSE

This Policy on Procurement and Purchasing (“Policy”) sets forth the principles that the **ENTITY** (“District”) and the District Board of Directors (“Board”) must follow in procuring goods and services for the benefit of the District and its residents, in accordance with Government Code sections 54201 through 54204. The Policy contains the delegated authority granted by the District Board to the ***district manager*** and/or the manager’s designees in order to fulfill the District’s operational needs in an efficient and cost-effective manner. All involved in the purchasing process will strive to exercise sound financial decision-making and quality assurance over services and supplies. The Board shall not have the authority to direct the purchasing of supplies or services unless explicitly stated herein. Otherwise the ***district manager*** shall hold sole authority to determine the “how, when, and who” of all District procurement. This Policy explicitly does not apply to the application, receipt, distribution, or closeout of grants.

ETHICS AND CONFLICTS OF INTEREST

The procurement process will be conducted in a fair and objective manner, with the goal of getting the District the most cost effective services and products for the needs and purpose of the District whenever possible, while balancing the District’s best interests as allowed in this Policy and as authorized by applicable state and federal laws. Participants in the procurement process will comply with the requirements and guidelines herein.

EXPENSE REIMBURSEMENT GUIDELINES

Authorized Expenses

Employees, Board Members, volunteers, and other authorized representatives of **[District Name]** may be reimbursed for reasonable and necessary expenses incurred while conducting official District business, as set forth herein or elsewhere.

Eligible expenses may include:

- Travel
- Mileage
- Lodging
- Meals
- Registration fees
- Training and conferences
- Emergency purchases
- Other District-approved expenditures

Pre-Approval

Expenses requiring advance authorization shall receive written approval from the **[General Manager/Fire Chief/District Manager/Board Chair]** prior to incurring costs.

Documentation Requirements

Requests for reimbursement shall include:

- Completed reimbursement form
- Original itemized receipts
- Proof of payment
- Date(s) incurred
- Description of public purpose
- Identification of District event or activity

Mileage claims shall include:

- Date of travel
- Origin and destination
- Purpose of trip
- Total miles traveled

Submission Deadline

Reimbursement requests shall be submitted within **[30/60/90]** days of the expense.

Non-Reimbursable Expenses

The following shall not be reimbursed:

- Personal expenses
- Alcoholic beverages
- Traffic citations
- Late fees
- Unapproved upgrades
- Expenses lacking adequate documentation

Approval Authority

Reimbursements shall be reviewed and approved by the **[District Manager/General Manager]** and paid in accordance with District financial procedures.

PURCHASING AGENT

The **[name employee position]** will be the primary Purchasing Agent in charge of procurement activities for the District. At his/her discretion, the Purchasing Agent may appoint, in writing, one or more designees to act as secondary Purchasing Agent(s) on an as-needed or limited scope basis.

The Purchasing Agent has the authority to:

1. Purchase or contract for supplies and services for the District in accordance with the procedures in this Policy;
2. Negotiate, execute, and/or recommend to the District Board the execution of contracts for supplies and services based on the limitations herein;
3. Supervise inspection of all supplies and services purchased or contracted for, to ensure conformance with quality expectations;
4. Recommend the transfer of surplus or used supplies and equipment between divisions as needed;
5. Maintain an approved vendor list, vendors' catalogue file, and/or other records needed for the efficient operation of the District as needed or convenient;
6. Issue, cancel, maintain, and collect purchase cards (credit cards) for the District;
7. Keep informed of current developments in the field of purchasing, prices, market conditions and new products;
8. Prepare and recommend revisions and amendments to the purchasing rules;
9. Have general authority to effectuate the goals of this Policy;
10. Furnish the Board with such reports and information as the Board may require.

Except in cases of (1) emergency; (2) where the Board has retained explicit authority; or (3) where otherwise authorized by law or District policies, no purchase of supplies or services by any person other than the Purchasing Agent or an authorized designee shall be binding upon the District or constitute a lawful charge against District funds.

The District Board delegates to the Purchasing Agent the ability to make purchases up to the maximum amounts specified herein and for the associated supplies or services. Purchases exceeding the allowable types and/or amounts below will need to be approved by the District Board and then can be executed by the Purchasing Agent. Regardless of the cost per month of a service or supply, for any agreement that has an unlimited term, the Board shall be required to approve those agreements. For the total cost of an agreement, it is the total cost per month added up for the entire length of the agreement.

PURCHASING AUTHORITY

- a. *Goods, Supplies, and Equipment:* The Purchasing Agent has the authority to purchase goods, supplies, and equipment for the District valued at less than or equal to \$25,000, as long as the Purchasing Agent complies with the provisions below.
 - i. *Recycled Products:* In the event that both recycled and nonrecycled products are available for purchase, the quality between the products is the same, and the cost of the recycled products is the same or lower, the District will purchase recycled products. If the District is unable to determine the quality of the products in comparison to each other, the District may purchase the non-recycled products.

- ii. *Surplus:* The Purchasing Agent has authority over surplus products less than or equal to \$10,000. This is an exception to the \$25,000 authority for goods, supplies, and equipment; the District Board retains authority for surplus products over \$10,000.
- b. *Construction Services:* The Purchasing Agent is authorized to conduct procurement, enter into negotiations, and execute contracts for Construction Services valued at less than or equal to \$25,000.
- c. *Other Services:* The Purchasing Agent is authorized to conduct procurement, enter into negotiations, and execute contracts for General Services (e.g., maintenance) and Special Services (e.g., accounting, architectural, engineering, legal, and other professional services) valued at less than or equal to \$50,000.

To summarize, the Purchasing Agent's authority under this section is:

Procurement Activity	Dollar Amount
Surplus Goods, Supplies, and Equipment	Less Than or Equal To \$10,000
Non-Surplus Goods, Supplies, and Equipment	Less Than or Equal To \$25,000
Construction Services	Less Than or Equal To \$25,000
Other Services	Less Than or Equal To \$50,000

CONTRACTING AUTHORITY

The Purchasing Agent has the authority to enter into the following contracts without Board approval:

- a. *No-Cost Time-Extensions:* If contract amendments are needed to extend the term of the contract, without increasing the maximum compensation of the contract, the Purchasing Agent may execute these amendments regardless of overall contract value. The maximum term of each District contract is five (5) years.
- b. *No-Cost Amendments:* If a contract needs to be amended for reasons other than its upcoming expiration, and there is no increase to the maximum compensation of the contract, the Purchasing Agent may execute such amendments regardless of overall contract value.
- c. *Early Terminations:* If a contract needs to be terminated before its designated expiration date, whether for cause, convenience, or other applicable reasons, the Purchasing Agent has the authority to terminate such a contract as long as the overall value of the contract is less than or equal to \$50,000. Contracts valued above \$50,000 will require District Board approval for early termination. Unlimited term contracts need Board approval for terminations.

To summarize, the Purchasing Agent's authority under this section is:

Contracting Authority	Amount Limit or Time Limit
Contracts Time Extensions Only	Maximum Contract Term is 5 Years
Contracts No-Cost Amendments	No Limit
Contracts Early Terminations	Less Than or Equal To \$50,000

BUDGET CONTROL

Before engaging in the procurement process, the Purchasing Agent or designee should generally confirm the availability of funds in the District's budget to cover the expenses associated with the purchase or contract. However, lack of funds in a budget shall not prohibit any purchase or contract. Rather, when convenient, after or before the purchase or contract, the Board shall reevaluate the budget.

COMPETITIVE SOLICITATIONS

Solicitations may be informal or formal. Both informal and formal solicitations are competitive solicitations, which means that the District may be in communication with more than one vendor or service provider to obtain the goods or services it is looking for. Competitive solicitations are not required for expenditures (whether for supplies or services) less than or equal to \$10,000 in value. Neither informal or formal solicitations are required for expenditures less than \$10,000.

1. **Informal Solicitations:** Informal Solicitations are required for goods, supplies, and equipment, and Special Services valued at more than \$10,000 but less than or equal to \$50,000 (Construction Services have different rules, as explained below). Informal Solicitations require the Purchasing Agent or designee to attempt to solicit a minimum of three (3) informal written quotes, to the extent feasible under the particular circumstances. Construction services between \$10,000 and \$25,000 requires informal solicitations.
 - a. *Evaluation:* Awards will be made on the basis of best value, not lowest value, to the District as determined by the authorized purchasing authority designated in this Policy.
 - b. *Documentation:* Items or services will be procured by issuing a purchase order or executing a contract.
2. **Formal Solicitations:** Formal Solicitations will be published on the District's website and may be any of the following:
 - a. *Requests for Bids:* RFBs are used for soliciting Construction Services above \$25,000; as well as goods, supplies, and equipment valued at more than \$50,000. When the RFB process is used, District must select the lowest-cost responsive and responsible vendor. The procedures for RFBs are:
 - i. *Notice:* The District will issue an invitation and notice its need for services/goods. The notice will include the District's requirements and specifications. The notice will state whether a pre-bid walk-through/site inspection is required, as well as set a date for the opening of the bids. If the RFB is for goods or services, no walk-through is necessary.

- ii. *Publication of Notice:* The notice shall be published on the District's website.
 - iii. *Bond Requirements:* Payment and performance bonds will be required for all construction projects over \$25,000 (unless waived by the District Board) for 100% of the bid amount. The form and amounts of the bonds will be included in the notice inviting bids.
 - iv. *Bid Opening:* Bids will be opened publicly in the presence of one or more witnesses, and only on the date and time indicated on the notice for the bid opening. The amount of the bid(s), the name of the bidder(s), and other information the District deems appropriate, will be open to public inspection in accordance with the California Public Records Act (Government Code Section 7920, *et seq.*).
 - v. *Correction and/or Withdrawals of Bids:* Mistakes discovered before the Bid Opening may be modified or withdrawn by written notice received by the individual named as the procurement contact for the bid. After bid opening, no corrections or modifications are allowed; but, a bidder may withdraw a bid if: (1) the mistake is clearly apparent on the face of the bid document; or (2) the bidder submits evidence that clearly indicates a mistake was made.
 - vi. *Determination of Non-Responsibility:* If a bidder who otherwise would have been awarded a contract is found non-responsible, the Purchasing Agent will prepare a written determination to that effect. The written determination will include the basis for the non-responsibility and will be sent to the bidder.
 - vii. *Bid Evaluation and Award:* Bids will be evaluated according to the criteria in the bid notice, and the bid award will go to the lowest-cost responsive and responsible bidder or otherwise as legally allowed.
 - viii. *Bid Tie:* If two or more bids are the same and both are the lowest or the bids are equally scored, then the District may accept the one it chooses.
 - ix. *Rejection of Bids:* The District may reject any bids presented and/or readvertise a bid, in its sole discretion, or choose to do nothing.
 - x. *Protests:* Parties may file a bid protest with the Purchasing Agent, where the protest is based on alleged violations of federal, state, or local laws. Protests must be in writing and comply with the following:
 - 1. State the specific alleged violation;
 - 2. Provide contact information for the bidder;
 - 3. Be filed no later than five (5) calendar days after the Notice of Intent to Award Letter is published.
- b. *Requests for Proposals:* RFPs are typically used to procure Special Services (as defined in this Policy), valued above \$50,000. When RFPs are used, the District will evaluate vendors according to their demonstrated competence and professional qualifications necessary

to satisfy performance of the services required by the District. Cost is a consideration, but the District does not need to award to the lowest responder if the District deems this responder would not be the best fit for the District's needs.

- c. *Requests for Qualifications:* RFQs may be used to develop vendor lists, on-call lists for the District, or master agreements pursuant to which the District may issue task orders. Awards are generally made based on the knowledge, quality, and skill of the responder. Cost is a consideration, but the District does not need to award to the lowest responder if the District deems this responder would not be the best fit for the District's needs.
- d. *Requests for Information:* RFIs may be used if the District is interested in obtaining information on availability and qualifications of vendors. RFIs are typically used to better understand the market and to prepare for a complex RFP. RFIs typically do not lead to awards or promises of awards to responders.

To summarize, the solicitation requirements under this section are:

Type of Purchase	Solicitation Requirement
Goods, Supplies, and Equipment; Construction Services; and Other Services \$0 – \$10,000	No competitive solicitation is required.
Goods, Supplies, and Equipment; and Other Services \$10,001 – \$50,000	Informal solicitation is required. The Purchasing Agent or designee should attempt to acquire a minimum of three (3) written quotes.
Goods, Supplies, and Equipment Above \$50,000	Formal solicitation is required.
Other Services Above \$50,000	Formal solicitation is required.
Construction Services \$0 – \$10,000	No competitive solicitation is required.
Construction Services \$10,000 – \$25,000	Informal solicitation is required. The Purchasing Agent or designee should attempt to acquire a minimum of three (3) written quotes.
Construction Services Above \$25,000	Formal solicitation is required.

EXCEPTIONS TO COMPETITIVE SOLICITATIONS

Formal or informal solicitation process is not necessary in the following circumstances:

1. *Sole Source.* When the items or services can only be obtained from one vendor, they may be awarded without a competitive solicitation process. In order to sole source, the Purchasing Agent must determine in writing, after conducting a good faith review of available sources, that there is

only one source for the required materials or services. The Purchasing Agent or designee may require that negotiations are conducted for pricing, delivery, or other terms. Documentation of the sole source rationale will be maintained in the District's records.

2. *Impracticability.* When competitive solicitation is impractical, such as solicitations for utilities, advertising, insurance, courier services such as UPS or FedEx, trainings/seminars/classes for District staff, or expenses for which the cost of items is set by state or federal law.
3. *Emergency.* In an emergency, and in accordance with the procedures outlined in Public Contract Code section 22050, the District may repair or replace a public facility, take any directly related immediate action required by the emergency, and procure necessary equipment, services, and supplies for emergency purposes without giving notice for bids. The Board may authorize the Purchasing Agent to take action pursuant to this section.
4. *Public Interest.* When the Board finds that the adherence to the procedures in this Policy would be insufficient and obstructive, such as when making a purchase without a competitive solicitation process is needed to avoid lengthy delays to District functions. Additionally, unless otherwise required by law or funding source, the Purchasing Agent or Board of Directors may award a contract without conducting a competitive process required by this Policy when doing so is in the best interest in the District. This determination shall be made in writing and maintained in the project file.
5. *Lack of Response:* If the District does not receive adequate responses or if the purchasing agent, via a diligent search, cannot find any reasonable resources or contractors, the District may award a contract without conducting a full competitive process.

SURPLUS

Surplus property includes any property that is no longer needed or usable by the District. The Purchasing Agent or designee may declare items with a market value of \$10,000 or less as surplus. Items valued at more than \$10,000 must be formally declared surplus by the District Board. After items are declared surplus, the Purchasing Agent or designee may dispose of them in the following manner as would be in the best interests of the District:

1. *Trade-in:* Items may be offered as trade-in credit toward new items.
2. *Public Auction:* Items may be disposed of via public auction.
3. *Sale for Scrap:* Items may be sold for scrap if the value of their raw materials equals or exceeds their overall value.
4. *Negotiated Sale:* Items may be sold to a single buyer if there is only one interested buyer.
5. *Other:* The Purchasing Agent may dispose of surplus items in other manners that are in the best interests of the District.

COOPERATIVE AGREEMENTS

The District may enter into cooperative purchasing agreements with other government agencies without conducting a separate competitive solicitation if:

1. Another government agency has already solicited bids and/or awarded a contract for services or materials that the District would like to obtain; and

2. The contract recipient or vendor is willing to agree to provide the goods or services to the District; and
3. The District Board and/or Purchasing Agent (pursuant to the authority granted in this Policy) determine that entering into a cooperative agreement will be in the best interests of the District.

CREDIT CARDS

The Purchasing Agent will issue credit cards to designees on an as-needed basis. Credit cards can only be used for official District business. No personal transactions of any kind are permitted. Additional rules apply:

1. Credit cards are the property of the District and may be collected, revoked, or cancelled at any time at the District's discretion.
2. The Purchasing Agent shall determine the credit card limits for all credit cards, and the maximum credit limit for any card will be \$7,500.
3. Credit cards cannot be used for any unlawful or unauthorized purposes. Individuals who hold credit cards must save all receipts associated with credit card transactions and deliver them monthly to the Purchasing Agent.
4. If a credit card is lost or stolen, the credit card holder must contact both the credit card company and the Purchasing Agent as soon as possible.

PUBLIC WORKS PROJECTS (MORE THAN \$1,000)

Public works projects that exceed \$1,000 are subject to California Labor Code Sections 1720, *et seq.*, as well as California Code of Regulations, Title 8, Section 16000, *et seq.*, (the "**Prevailing Wage Laws**"), which require the payment of prevailing wage rates and the performance of other requirements on such projects. The District may require its vendors and contractors to certify that they are aware of the California Prevailing Wage Laws, for example by asking vendors to include such certifications in their quotes, purchase orders, or contracts. Before awarding such projects, the District should generally consider whether the work may be performed internally by utilizing existing personnel or resources, if such personnel or resources are available.

VENDOR LIST

The Purchasing Agent may maintain a prospective Vendor List. Inclusion of a name of a person or company on such a list shall not indicate that the person or company will be selected for a particular procurement process or would be successful in performing on a contract for the District. Persons or companies desiring to be included on the Vendor List may register electronically with the Purchasing Agent. The District may remove a person or company from the Vendor List if it determines that inclusion is not in the District's best interests. It is vendors' sole responsibility to ensure their contact information is accurate and active.

RECORDS RETENTION

Records related to unsuccessful and successful quotes or bids shall be preserved consistent with the District's Record Retention Policy.

CONFIDENTIAL INFORMATION

All bids, proposals, offers, specifications, or protests submitted to the District are subject to public inspection and disclosure under the California Public Records Act (Government Code Section 7920, *et seq.*). If a vendor or service provider believes that any portion of its bid, proposal, offer, specifications or protest is exempt from public disclosure, such portion may be marked “confidential.” While the District will use reasonable means to safeguard confidential information, the marking of a document as “confidential” does not alone provide the District with grounds to withhold a document from legally valid disclosure. Any applicant/bidder who contests the disclosure of such materials shall bear all responsibility and costs associated with opposing the District’s good faith release of such records.

NO ARTIFICIAL DIVISION

Contract requirements shall not be artificially divided or phased to constitute smaller purchases for the purposes of bypassing the fiscal limits set forth in this Policy.

OTHER FUNDING REQUIREMENTS

In the event the requirements of a separate funding agreement or grant are more stringent than this Procurement Policy, the requirements set forth in the funding agreement or grant will be followed.

APPENDIX A

Appendix A to this policy summarizes the types of procurement, dollar amounts, solicitation requirements, contract requirements, and Purchasing Agent authority.

CONTRACTS REQUIREMENT

The District, both the Board and the Purchasing Agent, shall not accepting supplies or services, of any kind, nature, or quantity, without having an executed contract in place signed and reviewed by the parties. However, the District may accept supplies or services without a contract when it is commercially unreasonable and highly uncommon to enter into one, such as buying office supplies from an online retailer. All services provided to the District shall have an associated contract for said services.

Contractor Review

The Purchasing Agent shall ensure that all contractors used by the District to provide supplies or services, of any kind, nature, or quantity, are given a review either after the completion or closeout of the contract or on a yearly or as needed basis for unlimited term contracts. The Purchasing Agent shall provide said review to the Board, when necessary or convenient, who shall determine if the contractor should be kept, replaced, or otherwise.

Insurance Requirements

Contractors shall maintain insurance coverage as determined appropriate by [District Name] and provide certificates of insurance before commencing work.

Contract Files

Executed contracts and supporting procurement documentation shall be retained in **[District Name]** official records.

TRAINING AND RECORDKEEPING

Required Training

All Staff and Board Members will receive Training in the area of spending approval and reimbursements as it relates to their core functions within **[District Name]**.

Board Members, employees, and other personnel involved in procurement, reimbursement approval, contracting, or financial oversight shall receive training appropriate to their responsibilities.

Training may include:

- AB 1234 Ethics Training
- Conflict of Interest requirements
- Procurement and competitive bidding procedures
- Reimbursement policy requirements
- Internal controls and fraud prevention
- Contract administration

Training Frequency

Required training shall be completed:

- Within **[30/60/90]** days of appointment or hire
- Every two years where required by law
- Whenever significant policy changes occur

Training Documentation

The District shall maintain records of:

- Training completion
- Attendance logs
- Certificates
- Renewal dates

Procurement Recordkeeping

Procurement records shall be retained in accordance with **[District Name]**'s retention requirements and applicable law.

Records shall include:

- Quotes
- Bids
- Evaluations
- Contracts
- Amendments

- Reimbursement requests
- Approval documentation

ENFORCEMENT AND COMPLIANCE

Compliance Responsibility

The **[General Manager/District Manager/Chief Administrative Officer]** shall oversee compliance with this policy.

Violations

Examples of violations include:

- Unauthorized purchases
- Contract splitting
- Improper sole-source procurement
- False reimbursement claims
- Failure to disclose conflicts of interest
- Failure to maintain required documentation

Corrective Action

Violations may result in:

- Denial of reimbursement
- Mandatory retraining
- Revocation of purchasing authority
- Disciplinary action
- Contract termination
- Referral to legal authorities

Audit and Review

Procurement and reimbursement activities are subject to:

- Internal review
- Independent audit
- Board oversight

Any suspected misuse of public funds, fraud, or unlawful conduct may be referred to appropriate enforcement agencies.

ETHICS AND CONFLICT OF INTEREST

All District officials, employees, and representatives shall comply with:

- Government Code §§53232–53232.4 (AB 1234)
- Political Reform Act
- FPPC regulations
- District Conflict of Interest Code

- Applicable state and federal laws

No individual shall participate in a procurement decision where an actual or perceived conflict of interest exists.

Board Adoption

This policy was adopted by the Board of Directors/Trustees of the:

[DISTRICT NAME]

On: _____

Chairperson: _____

General Manager / Fire Chief / Executive Director: _____

APPENDIX A: SUMMARY OF PROCUREMENT AND PURCHASING PROCEDURES

Type of Procurement Activity	Dollar Amount	Solicitation: None / Informal / Formal	Credit Card (CC) / Purchase Order (PO) or Contract	Signing/ Contracting Authority
Goods, Supplies, and Equipment	\$0 – \$10,000	None	CC, PO or Contract	Purchasing Agent
	\$10,001 – \$25,000	Informal (min 3 written quotes)	PO or Contract	Purchasing Agent
	\$25,001 – \$50,000	Informal (min 3 written quotes)	PO or Contract	District Board
	More Than \$50,000	Formal - RFB	PO or Contract	District Board
Construction	\$0 – \$10,000	None	CC, PO or Contract	Purchasing Agent
	\$10,001 – \$25,000	None	PO or Contract	Purchasing Agent
	More Than \$25,000	Formal - RFB	Contract	District Board
Services	\$0 – \$10,000	None	CC, PO or Contract	Purchasing Agent
	\$10,001 – \$50,000	Informal (min 3 written quotes)	PO or Contract	Purchasing Agent
	More Than \$50,001	Formal – RFP	Contract	District Board
Surplus	\$0 – \$10,000	--		Purchasing Agent
	More Than \$10,000	--		District Board
Contracts – Time Ext	--		Contract	Purchasing Agent (max 5 years)
Contracts – No-Cost Amendment	--			Purchasing Agent
Contracts – Early Terminations	\$0 – \$50,000	--	Contract	Purchasing Agent
	More Than \$50,000	--		District Board