



## BEAR VALLEY COMMUNITY SERVICES DISTRICT

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### FINANCE COMMITTEE AGENDA December 18, 2019, 9:00 am

**ROLL CALL:** Chair: Terry Quinn; Vice-Chair: Gregory Hahn  
Staff: Bill Malinen, General Manager; Hamed Jones, Administrative Services Director;  
Kristy McEwen, Secretary of the Board  
Citizen Volunteers: Leana Bowman; Kathy Carey; Allan Klinker

#### AGENDA ITEMS:

1. **Approval of Agenda**
2. **Approve Minutes of the August 21, 2019 meeting.**
3. **Public Comments on Non-Agenda Items**  
Members of the public may address the Committee on items within its subject matter area which are not listed on this Agenda. The Committee cannot take action on any item that is not on the Agenda. The Committee or staff may briefly respond to statements made or questions posed, or may ask questions for clarification. These items may also be referred to staff or scheduled on a future Agenda. There will be a separate opportunity for public comment for each item on the Agenda.
4. **Information & Discussion Items:**
  - A. Purchasing Policy
5. **Committee Member Comments**
6. **Staff Comments**
7. **Adjournment** – The next meeting of the Finance Committee is February 19, 2020.

Signed December 11, 2019

*Kristy McEwen*

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Kristy McEwen, Secretary of the Board

**INFORMATION REGARDING AGENDA ITEMS:** Copies of the staff reports and other disclosable public records related to each open session item of business referred to on the agenda are on file in the office of the District Secretary and are available for public information during regular business hours. Any person who has a question concerning any of the agenda items may call the District Secretary at 661.821.4428.

**ADA compliance statement:** In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact the District Secretary to the Board of Directors, Kristy McEwen, at 661.821.4428. Notification 48 hours prior to the meeting will enable the District to make reasonable arrangements to ensure accessibility to this meeting.

*BEAR VALLEY  
COMMUNITY SERVICES DISTRICT  
FINANCE COMMITTEE STAFF REPORT*

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TO: FINANCE COMMITTEE

PREPARED BY: HAMED JONES

FOR: FINANCE COMMITTEE MEETING – DECEMBER 18, 2019

DATE: DECEMBER 17, 2019

ITEM: PURCHASING DISCUSSION

SUMMARY

The District does not currently have a Purchasing Policies and Procedures document, but follows Purchasing guidelines in accordance with sections contained in District Code sections 1-8-6 through 1-8-9. These sections were last amended in January 2009. District Code Chapter 11 was added in January 2016 to cover Public Project Contracting Procedures. Staff now desires to analyze the Purchasing code sections to determine if standards are up to date and if improvements and efficiencies can be gained. Furthermore, staff desires to create a Purchasing Policies and Procedures document that provides departments with clear guidance of the District's purchasing rules and procedures. Areas suggested to be examined but not limited to are as follows:

1. Purchasing authority & limits for General Manager.
2. Delegation authority of General Manager.
3. Public Project Contracting.
4. Process for and dollar thresholds for competitive bidding.
5. Process for and dollar thresholds for Credit Card purchases.
6. Sole Source purchasing.

## **1-8-6: PURCHASING:**

- A. **Applicability:** This section shall apply to either contracts not covered by the Public Contract Code or contracts covered by the Public Contract Code only to the extent that the Public Contract Code does not provide guidance.
  
- B. **Centralized Purchasing System:** In order to establish efficient procedures for the purchase of supplies, materials and equipment, and to secure for all departments of the district supplies, materials and equipment at the lowest possible cost commensurate with the quality needed, to exercise positive financial control over purchases, to clearly define authority for the purchasing functions, and to assure the quality of purchases, a centralized purchasing system is adopted. Other than as described in section [1-8-9](#) of this chapter, there shall be no exemption from centralized purchasing and no district department shall be authorized to purchase or contract for the purchase of supplies, services or equipment independently.
  
- C. **Purchasing Agent:** The purchase and sale of all supplies, services, materials and equipment shall be the responsibility of the general manager who shall be the purchasing agent. The purchasing agent will justify acquisition of any capital items over five thousand dollars (\$5,000.00) and related expenditures and ensure that all the district's bills are paid on time.
  
- D. **Estimates Of Requirements:** All departments shall file detailed estimates of their requirements for supplies, materials and equipment in such manner, at such time, and for such future periods as the purchasing agent shall prescribe.
  
- E. **Requisitions:** All departments shall submit requests for supplies, materials and equipment to the purchasing agent on standard requisition forms.
  
- F. **Purchase Orders:** Purchases of supplies, materials and equipment shall be made only by purchase order and signed by the purchasing agent.
  
- G. **Encumbrance Of Funds:** The purchasing agent shall not issue any purchase order for supplies, materials or equipment unless there exists an unencumbered appropriation in the department or fund against which the purchase is to be charged. (Ord. 09-230, 1-8-2009)
  
- H. **Purchases Made By Credit Card:** The general manager, assistant general manager, chief of police, superintendent of public works, finance director and district secretary are authorized to use a district credit card issued in their names. Purchases made by credit card will be limited to items for which issuing a check is impractical, such as travel expenses or online purchases. All purchases made by credit card must be preapproved

by the general manager. At the close of each billing cycle (monthly), individual monthly credit card statements will be received and reconciled by the district. Individual card holders are responsible for providing all pertinent receipts and other documentation necessary for a full reconciliation. A report shall be maintained in the district files and include the following information: name of purchaser, item purchased, date and amount of purchase. (Ord. 11-235, 7-14-2011)

## **1-8-7: FORMAL CONTRACT PROCEDURE:**

Except as otherwise provided in this chapter, purchases and contracts for supplies, materials and equipment of a value greater than twenty five thousand dollars (\$25,000.00) shall be by a written contract with the lowest possible and best bidder, pursuant to the procedures described in this section.

- A. Notice Inviting Bids: Notices inviting bids shall include a general description of the articles to be purchased, shall state where bid blanks and specifications may be secured, and the time and place for opening bids.
  
- B. Publication And Mailing: The notice inviting bids shall be published at least ten (10) days before the opening of bids in a newspaper of general circulation in the district. The purchasing agent may establish and maintain a list of prospective bidders. The prospective bidders shall be listed on said list according to the service or product provided as indicated by the prospective bidder. It shall be the responsibility of prospective bidders to ensure that the list contains current information in respect to their address, service or product. The purchasing agent is authorized to mail invitations to bid directly to appropriate prospective bidders appearing on said list and to other prospective bidders.
  
- C. Bidder's Security: Each bid or proposal shall be required by the purchasing agent to be accompanied by a bidder's bond, certified or cashier's check, or cash in an amount not to exceed more than ten percent (10%) of the total bid. Bidder's security shall be prescribed in the public notices inviting bids. Bidders shall be entitled to return of bid security, provided that a successful bidder shall forfeit his bid security upon refusal or failure to execute the contract within ten (10) days after the notice of award has been mailed, unless and to the extent the district is responsible for the delay. The board of directors may, on refusal or failure of the successful bidder to execute the contract, award it to the next lowest and best bidder. If the board of directors awards the contract to the next lowest and best bidder, the amount of the lowest bidder's required security shall be applied by the district to the difference between the low bid and second lowest bid, and the surplus, if any, shall be returned to the lowest bidder.
  
- D. Bid Opening Procedure: Sealed bids shall be submitted to the purchasing agent and shall be identified as bids on the envelope. Bids shall be opened in public at the time and place stated in the public notices. A record of the bids received shall be available for

public inspection after bids have been opened, indicating the amounts bid by the various bidders and the basis for awarding the contract or purchase order if other than the lowest bidder. Such list shall be available for thirty (30) days after the award has been made.

- E. Rejection Of Bids: At its discretion, the board of directors shall have the power to reject any and all bids presented and readvertise for bids.
- F. Award Of Contracts: Contracts shall be awarded by the board of directors, by board order, to the lowest and best bidder except as otherwise provided herein.
- G. Tie Bids: If two (2) or more bids received are for the same total amount or unit price, quality and service being equal, and if the public interest will not permit the delay of readvertising for bids, the board of directors may accept the one it chooses, or accept the lowest bid made by negotiation with the tie bidders at the time of the bid opening.
- H. Performance Bonds: The board of directors shall have authority to require a performance bond before executing a contract in such amount as it shall find reasonably necessary to protect the best interests of the district. If the board requires a performance bond, the form and amount of the bond shall be described in the notice inviting bids. (Ord. 09-230, 1-8-2009)

### **1-8-8: OPEN MARKET PURCHASES:**

Purchase of supplies, materials, equipment and contractual services of a value between five thousand dollars (\$5,000.00) and twenty five thousand dollars (\$25,000.00) may be made by the purchasing agent in the open market, in accordance with the following procedure:

- A. Minimum Number Of Bids: Wherever possible, open market purchases shall be based on at least three (3) bids and shall be awarded to the lowest and best bidder.
- B. Notice Inviting Bids: The purchasing agent shall solicit bids by written request or by telephone to prospective vendors.
- C. Bids: The purchasing agent may receive bids either in writing or by telephone (provided that a written verification of the bid by U.S. mail, e-mail or fax is provided by the prospective vendor following the telephone call) and shall keep a record of all open market orders and bids for the required period of time after the submission of bids or the placing of orders. This record while so kept, shall be open to public inspection.

D. Open Market Purchases For Which No Bids Are Required: For open market purchases not exceeding five thousand dollars (\$5,000.00), the purchasing agent shall have the authority to select a specific vendor and place an order without obtaining additional competitive bids. (Ord. 09-230, 1-8-2009)

### **1-8-9: EXEMPTIONS FROM CENTRALIZED PURCHASING:**

A. Emergency Purchase: In the case of an emergency, which is so urgent as to preclude advance action by the board of directors, the general manager may secure in the open market at the lowest obtainable price, any supplies, materials, equipment or contractual services needed. This emergency authority shall extend to all purchases, irrespective of the fact that the amount might exceed the authorized limitation for open market purchases. In all instances a full written explanation of the emergency circumstances shall be filed with the board of directors.

B. Used Equipment: In the case of the purchase or contract for used supplies, materials or equipment, the purchasing agent is not required to comply with the centralized purchasing policy. However, when the used supplies, materials or equipment are valued in excess of fifteen thousand dollars (\$15,000.00), the purchasing agent shall file a report with the board of directors justifying the purchase or contract for the used supplies, materials or equipment. The board of directors shall approve the purchase or contract for the used supplies, materials or equipment in excess of fifteen thousand dollars (\$15,000.00) prior to the purchase or entering into the contract for the used supplies, materials or equipment. (Ord. 09-230, 1-8-2009)

## **Chapter 11**

# **PUBLIC PROJECT CONTRACTING PROCEDURES**

### **1-11-1: PURPOSE:**

This chapter is enacted for the purpose of implementing the uniform public construction cost accounting act ("act")<sup>1</sup> and the policies and procedures of the California uniform construction cost accounting commission ("commission") as authorized by Public Contract Code sections 20682(g) and 20682.5(j). (Ord. 16-244, 1-28-2016)

### **1-11-2: DEFINITIONS:**

Unless specifically defined in this chapter, all words and phrases have the meaning set forth in the act. (Ord. 16-244, 1-28-2016)

### **1-11-3: PUBLIC PROJECT BIDDING REQUIREMENTS:**

The cost limitations and circumstances for determining whether a district public project may be performed by force account, negotiated contract, purchase order, informal bidding, or formal bidding are those set forth in the act. (Ord. 16-244, 1-28-2016)

### **1-11-4: INFORMAL BIDDING PROCEDURES:**

Public projects subject to informal bid procedures may be let to contract as follows:

- A. The district will develop and maintain a list of contractors in accordance with the act and the criteria established by the commission.
- B. The district will solicit bids by written request to contractors licensed and experienced for the type of public project work to be performed from the district's list of qualified contractors established pursuant to this section. Qualified contractors on the list for the category of work to be performed and all construction trade journals specified by the commission will be mailed a notice inviting informal bids unless the product or service is proprietary.
- C. The notice inviting informal bids must describe: 1) the project in general terms, 2) how to obtain more detailed information concerning the project, and 3) state the time and place for the submission of bids.
- D. The mailing of notices to such qualified contractors and construction trade journals will be done in accordance with the procedures specified in the act.
- E. The award of contract may be made to the lowest responsible bidder.
- F. The district reserves the right to reject any and all bids presented. If no bids are received, the public project may be performed by district employees by force account or by negotiated contract. (Ord. 16-244, 1-28-2016)

### **1-11-5: FORMAL BIDDING PROCEDURES:**

Public projects that exceed the maximum permitted amount under the act for informal bidding and are not otherwise exempt must be let to contract by formal bidding procedures in accordance with the act and the applicable provisions of the Public Contract Code. (Ord. 16-244, 1-28-2016)

## **1-11-6: DELEGATION OF AUTHORITY TO AWARD REGULAR CONTRACTS:**

The general manager is authorized to award contracts pursuant to this chapter in an amount up to twenty five thousand dollars (\$25,000.00). (Ord. 16-244, 1-28-2016)

## **1-11-7: DELEGATION OF AUTHORITY FOR EMERGENCY CONTRACTS:**

In accordance with Public Contract Code section 22050, in the event of an emergency where immediate action is needed to procure necessary equipment, supplies or services, the general manager is authorized to take such immediate action without compliance with the bid noticing requirements of the act or board approval requirements of this chapter; provided, however, that the general manager and board of directors, as applicable, must promptly comply with the reporting and review procedures set forth in Public Contract Code section 22050 following any such emergency contracting. (Ord. 16-244, 1-28-2016)