

Golden West Community Services District

Purchasing, Contracting and Capital Asset Policy DRAFT

DRAFT November 14, 2021

Section 1. Purpose

The purpose of this policy is to standardize the procedures the Golden West Community Services District (the "District") shall employ for all purchasing, contracting and asset-management activities. In connection with these activities, this policy further describes certain District operations, lists District assets, and sets forth appropriate practices for the General Manager and other District representatives.

The District's resources and scope of operations do not lend themselves to purchases of assets which meet the capital asset standard. However, this document may be useful in describing the conditions of roads and aiding formalization of scheduling for major and minor maintenance on these roads. The policy is intended to support long term plans, not supersede them.

The Golden West Community Services District has as its sole authority the maintenance of approximately eight miles of roadways adjacent to California State Highway 49 outside of the township of El Dorado in El Dorado County. This authority is executed by obtaining materiel and hiring contractors to perform (a) routine maintenance tasks such as weed spraying, tree trimming, pothole repair, surface- and crack sealing, drainage clearing and shoulder maintenance, and (b) major maintenance and construction tasks involving paving, re-surfacing and reconstruction of roadways. Since the District contracts for this work, the District does not acquire capital assets such as equipment and supplies as such items and materials are included in contract costs for work performed.

The District does not maintain an individual bank account. Invoices must be processed into voucher requests prior to submission to the County for payment against the District account by the district finance officer. The District does not maintain a credit account or credit cards.

Section 2. Definitions

Definitions pertinent to this policy are covered in Addendum 1 of this document. Please refer to these definitions for specifics.

Section 3. General Provisions

- A) This Purchasing and Capital Asset Policy supersedes all prior purchasing, contracting and/or asset policies adopted by the District.
- B) In cases of conflict between the provisions of this policy and the District's Bylaws, the Bylaws shall take precedence.

- C) In cases of conflict between the provisions of this policy and District policies and procedures other than the District Bylaws, the Board shall adjudicate the conflict and establish precedence by resolution.
- D) The President of the District Board is the legal binding authority of the District and shall sign contracts awarded pursuant to informal and formal bidding processes, and commitments for purchases exceeding the capitalization threshold.
- E) No individual contract, purchase or group of contracts and/or purchases shall encumber the District beyond available cash on hand minus a prudent reserve for emergencies.

Section 4. Purchase of Construction Supplies

- A) The District shall follow the procedures set forth in California Public Contracts Code Sections 22000 et seq. for purchase of construction supplies and materiel.
- B) Any purchase whose cost exceeds \$5,000 must be approved in advance by the Board. Purchases of construction supplies costing less than \$5,000 may be made by the General Manager, who is then obligated to inform the Board in a timely manner of the cost and legitimate purpose of each purchase.

Section 5. Construction Contracts

- A) The District shall follow the procedures set forth in California Public Contracts Code Sections 22000 et seq. for soliciting required bids, evaluating proposals and offers, and selecting contractors for its maintenance activities and construction projects.
 - 1. Bids solicited under a formal bidding process, and contracts awarded against such bids shall conform with the requirements of Addendum 2.
- B) Any contract whose cost exceeds \$5,000 must be approved in advance by the Board.
- C) The General Manager may directly engage contractors to perform work costing less than \$5,000 under the following circumstances:
 - 1. The General Manager informs the Board of the cost, purpose and schedule of the contracted work prior to the start of said work;
 - 2. If the contracted work involves temporary closures of roadway lanes or encroachments, the contracted work must include appropriate traffic control measures in the negotiated cost;
 - 3. The General Manager cannot authorize changes to the agreed scope that bring the aggregate cost of the contracted work above \$5,000 without prior approval of the Board.
- D) Under no circumstance are contracts or work packages to be divided for the purpose of subverting the fiscal limitations described above and in Public Contracts Code Section 22000 et seq.

Section 5. Other Contracts

The purchase of services, equipment and non-construction supplies or materiel shall be on the basis of competitive pricing to the maximum practical extent. The District must comply with the following requirements with respect to Purchases that are not subject to the provisions of Sections 4 and 5 above:

- A) Formal Bids. Purchases shall be made by a formal bidding process whenever such process is required pursuant to the Public Contracts Code.
- B) Record of Bids and Awards. Records of bids and contract awards shall be held and disclosed in accordance with the District’s Records Retention Policy.
- C) Sole Source and Professional Services Contracts. Upon approval by the Board, the District may issue contracts on a non-competitive basis for professional services or for other work, materiel or services not related to construction that are best obtained from a unique or uniquely qualified source. Such contracts must be in aggregate amounts below the threshold for an informal bidding process as defined in Public Contracts Code Section 22000 et seq., and must otherwise conform to the requirements of the Public Contracts Code.
- D) Approval. No Purchase of Supplies or Services exceeding \$5,000 shall be made by any District representative or the General Manager without the approval of the District Board.
- E) Requisitions. Purchases involving the immediate encumbrance of District funds shall be made only based on an invoice.

Section 6. Emergencies

- A) The District shall follow the procedures set forth in California Public Contracts Code Sections 22000 et seq. and including Section 22050, for approving, initiating, executing and documenting contracted work and purchased items and services necessary to respond to emergency situations.

Section 7. Capital Assets

- A) The purpose of the Capital Asset Policy and its guidelines is to assist Board members and the community to understand the District’s assets and the method by which decisions are made regarding updating, repair or replacement of capital assets.
- B) Capital Asset Types and Lives. The Table below lists types, categories, useful lives and locations of the District’s existing capital assets and assets otherwise typically owned by government agencies.

ASSET TYPE	ASSET CATEGORY	ASSET LIFE	ASSET LOCATION
Land	Real Property	Infinite	Off Dolomite Dr.
Improvements	Pipes, pumps, drains	30 years	Crystal, Dolomite
Buildings	Structures	Variable	None
Roads	Infrastructure	5-10 years	See Road Policy
Cars, Trucks	Vehicles	Variable	None
Equipment	Mechanical Equipment	Variable	None
Office Equipment	Printers, copiers, furniture	Variable	None

- C) Scope: The GWCSB Board will annually review its assets to prioritize projects from year to year and establish plans for completing the projects. Assets will be capitalized if the cost exceeds the threshold, including where groups of similar assets such as large roadside drains combine to exceed the threshold.
- D) Capitalization Threshold: The capitalization threshold for the District is \$5000.
- E) Approval: All capital purchases will be approved by the District Board at a regular or special meeting.
- F) Sources of Capital:
 - 1. Taxes: The District currently has two major funding sources; ad valorem tax revenues and the special tax (\$120/year/parcel) approved in 1983.
 - 2. Carryover: Any carryover from prior year budget will be incorporated into budgeting process to insure all funds are accounted for.
 - 3. Other: Any grants or other outside funding sources will be incorporated into the annual budget with a budget amendment, and allocated among appropriate budget categories.
- G) Accounting: All purchases and billing will be accounted for by the Finance Officer and regularly reported to the Board. Any funds remaining due to projects under budget will remain in appropriate budget categories.
- H) Management of Assets: District assets will be regularly reviewed for condition and need for update, maintenance or repair. Considerations for such review shall include:
 - 1. Operating costs over the life of the asset.
 - 2. Definition of the scope of repair or maintenance required and its relative priority
 - 3. Asset replacement if the asset shows excessive wear or degradation
 - 4. Historical and projected costs of the asset's repair, maintenance or replacement.
- I) Disposal of Assets: Upon determination by the Board that an asset is surplus, the property may be disposed of appropriately.
 - 1. A disposition proposal should include original purchase price of the asset, residual value, and fair market value.
 - 2. The method used to determine the value of the asset will include local agents, comparable listings of similar assets and current market.
 - 3. Proceeds from the disposal of an asset shall be added to the regular annual budget with a budget amendment.
- J) The Board will annually review the Capital Asset policy and guidelines and make changes as needed.

Section 8. Scope of General Manager's Authority

- A) The District's General Manager shall purchase or contract for all Supplies, Services, and Capital Equipment needed in accordance with procedures prescribed by this adopted policy and such additional lawful rules, not inconsistent herewith, as the District General Manger shall employ for the efficient internal management and operation of the District.
 - 1. Temporary Absences. During periods of temporary absences of the General Manager, the authority to implement the provisions of this policy will be held by a District staff member

so appointed by the General Manager and approved by the Board for the period of the absence.

- B) Tax Exemptions. The General Manager shall act to procure for the District all Federal and State tax exemptions to which the District is entitled.
- C) Cooperative Purchasing. The General Manager shall have the authority to join other units of government including Federal, State, County, Municipal and Municipal sub-divisions, such as Water Districts, Sewer Districts, School Districts, Special Districts and Councils of Government in cooperative purchasing plans when:
 - 1. the best interests of the District would be served thereby;
 - 2. such action is in accordance with and pursuant to law;
 - 3. such cooperation is approved by the District Board in each instance.
- D) Other Duties. The District's General Manager shall perform such other duties related to the functions, duties, and authorities set forth herein, as may be prescribed by the Board and by any applicable state or local laws.

Section 10. Conflict of Interest

No District representative, including General Manager, staff or Board member, shall enter into any agreement, contract, or solicit bids with any individual, firm, corporation, or organization in which said representative, or relative of same has a financial interest. No District representative shall accept any gift or gratuity, directly or indirectly, from any person, firm, corporation, or organization to which any purchase or contract is, or might be, awarded, any rebate, gift, or anything of value whatsoever, except where given for the express use and benefit of the District. Inexpensive advertising items, bearing the name of a vendor, such as pens, pencils, paper weights, cups, candy, calendars, etc., are not considered articles of value or gifts in relation to this policy.

ADDENDUM 1: DEFINITION OF TERMS

Board: The Board of Directors of the Golden West Community Services District.

Capital Asset: Non-financial assets used in operations with an initial life in excess of one year.

Capital Expenditure: Expenditure of District funds to acquire, construct, maintain or repair a capital asset.

Capital Improvement Project: Any expenditure that relates to construction or improvement of a capital asset.

Capitalization Threshold: Minimum cost which an asset must exceed in order to be capitalized.

Competitive Bidding: The process of obtaining the bid most advantageous to the District for any Purchase conducted through a Formal Bidding process as defined by Public Contracts Code Section 22000 et seq.

Depreciation: The process of allocating the cost of an asset over a period of time.

District: the Golden West Community Services District.

Equipment: Non-construction related mechanical vehicles, loaders, or tools used in the course of maintaining district roads, property or administrative activities.

Formal Bid – A bid for services, supplies and/or equipment of a quoted value equal to or exceeding the threshold for a formal bidding process required by Public Contracts Code Section 22000 et seq.

Informal Bid - A bid for services, supplies and/or equipment of a quoted value equal to or exceeding the threshold for an informal bidding process but not the threshold for a formal bidding process required by Public Contracts Code Section 22000 et seq.

Intangible Assets: An asset that is not tangible in nature.

Lowest Bid: The smallest bid in monetary terms received by the District for the cost of a project subject to the requirements of formal or informal bidding processes.

Non-construction Supplies: Goods used for activities other than construction-related projects.

Plans: Drawings or diagrams made to scale showing the structure or arrangement of a construction project, or a method or program showing a level of service or benefit defined within a contract.

Purchase: Buying, renting, leasing or otherwise acquiring Supplies or Services for a price.

Responsible Bid: A bid made by a Contractor who possesses the trustworthiness, quality, fitness, ability, capacity, and experience to satisfactorily perform a District project subject to Competitive Bidding.

Responsive Bid: A bid received by the District for a project subject to Competitive Bidding that substantially conforms to the bid Specifications and all applicable statutory requirements.

Services: All labor furnished to the District by persons, firms, individuals or corporations not part of or connected with the District.

Sole Source Contractor: A contractor or consultant that has been evaluated to provide unique or specialized Services or Supplies that cannot be obtained from other contractors or consultants.

Specifications: Standards, including quality, set by the General Manager, supervisory staff or consultants as a guide and as a measure of that which successful vendors must achieve.

Splitting Purchases: The intentional separation of a District project into smaller portions in order to avoid any of the Purchasing limits established by this policy.

Supplies: All materials and equipment.

Tangible Assets: Assets that have a physical form.

Useful Life: The amount of time that an asset is expected to provide benefit to the District.

Vendors: those contractors and sellers approved by the County Auditor that provide goods and services to the District.

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ADDENDUM 2. Formal Bid and Contract Requirements

This Addendum to the Golden West Community Services District's Purchasing and Capital Assets Policy delineates requirements in addition to those contained in Public Contracting Code Sections 22000 et seq. for bids solicited and contracts awarded pursuant to a formal bidding process.

- A) Bid Security. All formal bids for construction work and/or supplies shall be presented under sealed cover and shall be accompanied by bidder's security in the form of either cash, a cashier's check made payable to the District, a certified check made payable to the District, or a bidder's bond executed by an admitted surety insurer made payable to the District. Upon an award to the bidder, the security of an unsuccessful bidder shall be returned in a reasonable period of time, but in no event shall that security be held by the District beyond 60 days from the time the award is made.
- B) Non-collusion Affidavit. Bidders shall be required to declare, by signing and submitting a formal bid proposal, that the proposal is not made in the interest of, or on behalf of, any undisclosed person, partnership, company, association, organization, or corporation; that the proposal is genuine and not collusive or sham; that the vendor has not directly or indirectly induced or solicited any other vendor to put in a false or sham proposal, and has not directly or indirectly colluded, conspired, connived, or agreed with any vendor or anyone else to put in a sham proposal, or that anyone shall refrain from bidding; that the vendor has not in any manner, directly or indirectly, sought by agreement, communication, or conference with anyone to fix the proposal price of the vendor or any other bidder, or to fix any overhead, profit, or cost element of the proposal price, or of that of any other vendor, or to secure any advantage against the public body awarding the contract of anyone interested in the proposed contract; that all statements contained in the proposal are true; and, further, that the vendor has not, directly or indirectly, submitted his or her proposal price or any breakdown thereof, or the contents thereof, or divulged information or data relative thereto, or paid, and will not pay, any fee to any corporation, partnership, company association, organization, proposal depository, or to any member or agent thereof to effectuate a collusive or sham proposal.
- C) Specifications. Project specifications shall be either
1. Technical specifications for bids, which shall state formulations as broadly as practicable, yet shall be specific enough to describe the requirements of the District;
 2. Non-technical specification for bids, which shall state the quality required in general terms. Specifications will become part of the awarded contract.
- All bidders will be afforded an opportunity to examine the specifications.
- D) Contract Content. Contracts awarded under a formal bidding process shall include provision which protect the interests of the District and shall include the following:
- E) A detailed scope of work that clearly describes the work to be performed by contractors in such a way that multiple contractors can completely and competently perform required work even if new to projects. The scope of work shall use to maximum extent practical standard construction industry terminology and specifications. The scope of work shall identify the specific part of the district where work will be performed.
- F) Contract wording that limits the district's liability for project work.

- G) Contract wording that requires the contractor to maintain insurance coverage and for contracts in excess of \$10,000 to specifically name the District as additional insured.
- H) Contract wording that requires contractors to indemnify, defend and hold harmless the District and its officers, officials, employees, agent and volunteers from any and all liabilities, claims, demands, 'damages, losses and expense (including without limitation defense costs and attorney fees of litigation) which may arise or which the District may incur as a consequence of any occurrence arising out of this contract, except such loss or damage which was caused by the sole negligence or willful misconduct of the District or its officers, officials, employees, agents, and volunteers.
- I) Precise compensation wording for specific job, scope of work, or unit of work. The compensation description shall limit to the maximum extent practicable open ended cost and cost overruns.
- J) Contract wording that describes the effective period of the contract and termination provisions.

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