

STAFF REPORT

To: Coastside County Water District Board of Directors

From: David Dickson, General Manager

Agenda: January 10, 2012

Report

Date: January 5, 2012

Subject: Proposed Revisions to Policies and Procedures for Award of Contracts

Recommendation:

Approve Resolution No. 2012-01 revising the District's Policies and Procedures for Award of Contracts.

Background:

In discussing a proposed change order to the Denniston Creek Water Treatment Plant Improvements Project with the Board at the December 13, 2011 meeting, staff indicated that we would suggest procurement policy changes which would clarify existing policy and facilitate approval of change orders. Providing staff with the authority to execute certain change orders without Board approval can help keep construction projects on schedule and avoid delay costs.

Staff recommends revisions to the District's Policies and Procedures for Award of Contracts shown in strikeout format in the attached resolution. The changes raise the general approval authority of the General Manager from \$15,000 to \$30,000. Recommended revisions also include:

- Deleting Paragraph B.6 of the Policies, as similar language is included in the District's standard non-technical contract documents.
- Clarifying authority for change orders and contract amendments.
- Streamlining sole source procurement language.
- Defining "emergency" for procurement purposes.
- Setting criteria for Board or General Manager waivers of procurement procedures.
- Eliminating the requirement for newspaper bid advertisement in favor of more current approaches.

Fiscal Impact:

None.

RESOLUTION NO. 2012-01

A RESOLUTION OF THE BOARD OF DIRECTORS
OF THE COASTSIDE COUNTY WATER DISTRICT
AMENDING POLICIES AND PROCEDURES FOR AWARD OF CONTRACTS

WHEREAS, section 54202 of the California Government Code requires all local agencies to adopt policies and procedures, including bidding requirements, for purchase of equipment and supplies; and

WHEREAS, Section 30579.5 of the California Water Code authorizes the Board of Directors of a county water district to delegate to its General Manager authority to enter into contracts on behalf of the District; and

WHEREAS, the Board of Directors adopted Resolution No. 2006-05 in February of 2006 in accordance with the aforementioned statutes to establish "Policies and Procedures for Award of Contracts"; and

WHEREAS, the Board of Directors desires to amend said policies and procedures as set forth herein.

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of the Coastside County Water District hereby adopts the following Policies and Procedures for Award of Contracts, and repeals Resolution No. 2006-05, effective immediately upon adoption of this Resolution:

Policies And Procedures For Award Of Contracts

[formatted to show changes to current policies established by Resolution 2006-05]

A. Professional Services Contracts

1. Advertising and competitive bidding is not required.
2. The General Manager is authorized to employ professional consultants where the cost of work does not exceed ~~\$15,000 per year~~\$30,000. Contracts in excess of ~~\$15,000 per year~~\$30,000 must be submitted to and approved by the Board of Directors.

B. Construction Contracts

1. ~~Where-When~~ the estimated cost of the work is below ~~\$15,000~~\$30,000, the General Manager may award the contract. Contracts for work ~~where-when~~ the estimated cost is ~~\$15,000-\$30,000~~ or more must be submitted to and approved by the Board of Directors.
2. ~~Where-When~~ the estimated cost of the work is between \$15,000 and \$30,000, the General Manager shall obtain informal bids ~~and submit them to the Board of Directors,~~ but need not formally ~~advertise for the~~

~~solicitation of~~ solicit sealed competitive bids.

3. ~~Where-When~~ the estimated cost of the work exceeds \$30,000, the General Manager shall ~~solicit~~ obtain sealed competitive bids through ~~advertisement in a newspaper of general circulation in San Mateo County~~ posting on the District's website and/or soliciting from a list of contractors known to provide the services, and by implementing other means appropriate for the particular construction project to maximize the number of responsive and responsible bidders.
4. ~~In cases of emergency, the General Manager is authorized to arrange for work without formal bidding or prior Board approval, but shall report on any contracts awarded for emergency work in excess of \$15,000 at the next meeting of the Board.~~
- 5.4. The foregoing policies are not intended to preclude the General Manager from utilizing District employees to carry out work on a force account basis.
- 6.5. ~~All construction bid specifications shall include provisions requiring the prospective bidder to conduct a pre-bid physical examination of the job site including the topography and physical conditions at the site, the conformity of the project plans to the actual physical site conditions, available area for construction activities, availability of water, electric power, roads, the character of equipment and facilities needed preliminary to and during prosecution of the work, and all other matters that may in any way affect the work or the cost thereof. The specifications shall further contain an affirmative acknowledgment that the contractor has examined the character, quality and quantity of surface and subsurface materials to be encountered from inspecting the site and performing any subsurface investigation work that may be necessary, and that failure of the contractor to become acquainted with all available information that may be ascertained from a pre-bid site inspection will not be a basis for a change order or extra work. The specifications shall further require the Contractor to hold the District harmless from any claims for extra work arising from the failure to inspect the project site as detailed herein.~~

C. **Procurement Purchase of Equipment and Supplies, Including Other Than**

Vehicles

1. ~~Where-When~~ the estimated cost of materials or supplies is below ~~\$15,000~~ \$30,000, the General Manager may award the contract. Contracts for materials or supplies in excess of ~~\$15,000~~ \$30,000 must be submitted to and approved by the Board of Directors.
2. ~~Where-When~~ the estimated cost of materials or supplies is between \$15,000 and ~~\$25,000~~ \$30,000, the General Manager shall obtain informal

~~bids and submit them to the Board of Directors, but need not formally advertise for the solicitation of solicit sealed competitive bids.~~

3. ~~Where~~ When the estimated cost of materials or supplies exceeds ~~\$25,000~~ \$30,000, the General Manager shall ~~solicit~~ obtain sealed competitive bids through advertisement posting on the District's website and/or soliciting from a list of contractors, vendors, or manufacturers known to provide the services, equipment or supplies, and by implementing other means appropriate for the particular procurement to maximize the number of responsive and responsible bidders. ~~in a newspaper of general circulation in San Mateo County.~~
4. ~~In cases of emergency, the General Manager is authorized to purchase equipment and supplies without formal bidding or prior to Board approval, but shall report on any contracts awarded for emergency supplies or materials in excess of \$15,000 at the next meeting of the Board.~~

D Procurement of Vehicles

1. ~~Where the estimated cost of vehicles is \$35,000 or below, the General Manager shall obtain informal bids and submit them to the Board of Directors, but need not formally advertise for the solicitation of bids.~~
2. ~~Where the estimated cost of vehicles exceeds \$35,000, the General Manager shall solicit bids through advertisement in a newspaper of general circulation in San Mateo County.~~

E. Change Orders/Contract Amendments

1. The General Manager may approve individual change orders and contract amendments that do not exceed \$30,000 if the cumulative total of the change orders and contract amendments does not exceed ten percent (10%) of the original contract amount.
2. All individual change orders and contract amendments that exceed \$30,000 or change orders and contract amendments that cumulatively exceed either ten percent (10%) of the original contract amount or \$30,000 must be approved by the Board of Directors.

F. Sole Source Procurements

1. Regardless of the estimated cost of the procurement, the General Manager is not required to obtain bids, either formal or informal, when procuring materials, supplies, equipment or services for which there exists only one source of supply. For sole source procurements, the General Manager need only solicit a quote, bid or proposal from one source.
2. The General Manager may proceed with a sole source procurement when

the requirements for the items or services to be procured are so unusual or distinct as to narrow the possible sources down to one, for example, with the procurement of replacement parts for brand name equipment or machinery, or with a contract amendment or change order that is not within the scope of the original contract. The General Manager may also proceed with a sole source of procurement if, after solicitation from a number of sources, competition is determined to be inadequate.

3. ~~Where~~ When the estimated cost of ~~a~~ any sole source procurement ~~for professional services does not exceed \$15,000 per year~~ exceeds \$30,000, the ~~General Manager may enter into an agreement with the consultant~~ procurement must be submitted to and approved by the Board of Directors.

4. ~~Where the estimated cost of a sole source procurement for professional services exceeds \$15,000 per year, the General Manager shall submit the contract to the Board of Directors.~~

5. ~~Where the estimated cost of a sole source procurement for materials or supplies does not exceed \$15,000, the General Manager may award the contract.~~

6. ~~Where the estimated cost of a sole source procurement for materials or supplies exceeds \$15,000, the General Manager shall submit the contract to the Board of Directors.~~

7. ~~Where the estimated cost of a sole source procurement for construction is less than \$15,000, the General Manager may award the contract.~~

8. ~~Where the estimated cost of a sole source procurement for construction exceeds \$15,000, the General Manager shall submit the contract to the Board of Directors.~~

9.4. For all sole source procurements, the General Manager shall document the basis for proceeding with the sole source procurement.

G. Waivers

1. Board Waiver: The Board of Directors may waive any or all of the above requirements when the Board determines it is in the best interest of the District.

2. General Manager Waivers - Emergencies

a. For contracts that require Board approval, the General Manager may waive any or all of the procedural requirements set forth in this policy without prior Board approval in an "emergency." An "emergency" includes, but is not limited to, (1) a breakdown of essential District services, and (2) field

conditions that indicate an immediate threat to the public or employee safety or other significant impact to District facilities.

b. The General Manager shall advise the President of the Board or other Director, as soon as practicable, of any emergency. The General Manager must provide a full report of the action taken due to an emergency to the Board of Directors at the next Board meeting following the emergency condition

PASSED AND ADOPTED this tenth day of January 2012 by the following votes of the Board of Directors:

AYES:

NOES:

ABSENT:

President, Board of Directors
Coastside County Water District

David R. Dickson, Secretary of the Board