

**METROPOLITAN DOMESTIC WATER IMPROVEMENT DISTRICT
PROCUREMENT POLICY
NOVEMBER 14, 2018**

PURPOSE

The purpose of the Metropolitan Domestic Water Improvement District Procurement Policy is to ensure the prudent and economical use of public monies in the best interests of the ratepayers of the District.

APPLICABILITY

The Procurement Policy applies to expenditures of the District. Contracts for construction and professional services are governed by the provisions of Title 34 of the Arizona Revised Statutes. Title 34 prevails if a conflict between Title 34 and this Policy arises. Nothing in this Procurement Policy shall prevent the District from complying with the terms and conditions of any grant or intergovernmental agreement. For all other areas of the Procurement Policy, the ultimate discretion is that of the Board of Directors and the General Manager per the Authorization to Purchase.

STANDARD

The District shall make no purchase that in any way adversely impacts the image of the District. Each purchase shall be made impartially, fairly, without conflict of interest or nepotism, and without direct personal benefit to the District representative involved in the procurement process. A District representative shall not demand or accept a gift or money or the promise of any gift or money as part of a procurement process.

DEFINITIONS

Bid – The price a contractor is willing to do the work specified by the District's Notice of Intention to Receive Sealed Bids. The bid is received by a specified time and is opened with other sealed bids.

Proposal – A detailed document submitted as part of a competitive process to meet the District's specified requirements.

Quote – A written or verbal price a supplier can provide for material or services for a specified period of time.

AUTHORIZATION FOR CHECK SIGNING

The General Manager is authorized to sign checks for up to \$1,999.99. Two Board members are required to sign checks for \$2,000 or more.

BOARD OF DIRECTOR'S AUTHORIZATION

Procurement for materials, services, and professional services of \$15,000 or greater will be presented to the Board of Directors for approval and contracts to be signed by the Chair of the Board.

PURCHASES UNDER \$15,000

The General Manager has the authority for procurement of materials, services, and professional services required to operate the District. The General Manager may delegate the authority for procurements to a Team Manager but the General Manager is ultimately responsible.

Expenditures with an aggregate amount of \$50 or less can be purchased with petty cash funds if approved by the appropriate Team Manager. Receipts for any purchases with petty cash funds or via a District credit card shall be signed by the appropriate Team Manager and given to the Accounting Specialist within three (3) business days after returning to work. Employee funds shall not be used for purchases other than petty cash reimbursements of \$50 or less.

Purchase orders of \$500 or less can be signed solely by the responsible Team Manager. Procurements over \$500 require a purchase order signed by the General Manager. A one-year blanket purchase order may be used for recurring small purchases such as for supplies and printed materials.

Team Managers are authorized to sign recurring invoices for items such as utility bills, insurance, postage, lease agreements, fleet fuel, medical, employee screenings, etc., and for prior approved contracts and purchase orders exceeding \$500.

For purchases of materials and services costing \$500 or less, quotes or a non-competitive purchase may be used if it is determined the price is fair and reasonable.

Three written quotes are to be requested for purchases of materials and services costing between \$500.01 and \$14,999.99.

The names of the business submitting quotes and the date and amount of each quote shall be recorded and maintained as a public record in accordance with the District's records retention schedule. The lowest responsive and responsible quote meeting specifications will be selected. If other than the lowest quote is recommended, justification is to be given to the General Manager for the General Manager's approval. In the event of an emergency, the General Manager may deviate from this Policy as noted under Emergency Procurements section of this Policy.

If it is advantageous to the District to enter into a contract for materials and non-professional services, the General Manager may sign a one-year contract for materials and non-professional services with an option to extend annually provided that the annual cost is \$14,999.99 or less. If the contract is for professional services selected in accordance with this policy, the

General Manager may sign a one-year contract for professional services with options to extend up to four additional years, per Arizona Revised Statutes 41-2580, provided that the annual cost is less than \$15,000. If the annual cost for a multi-year contract is \$15,000 or above, the contract will be brought before the Board of Directors for approval.

The City of Tucson Cooperative Purchase Agreement, Arizona State Bid List, or a Board of Directors approved purchasing agreement may be utilized in lieu of a direct solicitation.

ANNUAL QUOTES

Annual quotes are requested for services and materials in which a single purchase cost is generally under \$15,000 but a cumulative total may exceed \$15,000 during a given fiscal year.

The Board of Directors approves the annual quotes received from multiple vendors. Staff is to use the low bidder for a specific service or material unless the performance or quality of the low bidder does not meet the District's needs.

GOVERNMENT PURCHASING AGREEMENTS

The City of Tucson Cooperative Purchasing Agreement and Arizona State Bid List allows the District to streamline its procurement process for materials, services and construction. The City of Tucson and State use a rigorous bidding and contractor selection that allows the District to reduce its overall procurement costs by not having to do a separate bid process and could yield savings due to greater economy of scales. To use one of the contracts under the City of Tucson Cooperative Purchasing Agreement or the Arizona State Bid List, the District deals directly with the vendors or contractors, not with the City of Tucson or the State. These purchasing agreements may be used for materials, services and construction based on the discretion of the General Manager. Procurements of \$15,000 and greater will be presented to the Board of Directors for approval.

If the Board of Directors approves a purchasing agreement with another entity or agency, the purchasing agreement will be treated the same as the City of Tucson Cooperative Purchasing Agreement and Arizona State Bid List under this procurement policy.

COMPETITIVE SEALED BIDS

Competitive sealed bidding shall be used for contracts for services or material acquisition of \$15,000 and greater unless the City of Tucson Cooperative Purchase Agreement, Arizona State Bid List, or a Board of Directors approved purchasing agreement is used.

A Notice of Intention to Receive Sealed Bids shall be issued as required by statute and shall set forth the evaluation criteria to be used.

A bid is late if it is received at the location designated in the invitation for bids after the

time and date set for bid opening. All late bids shall be rejected, returned to the bidder and shall not be opened except for identification purposes.

Bids shall be opened publicly in the presence of a District representative along with the Team Manager requesting the bid at a time and place designated in the invitation for bids. The District representative will be either the General Manager, Deputy General Manager, Chief Financial Officer or a representative designated by the General Manager, in writing, on a case-by-case basis. To ensure transparency and internal controls, the Team Manager requesting the bid cannot also serve as the District representative. The amount of each bid and other relevant information deemed appropriate, together with the name of each bidder, shall be announced or recorded. This record shall be open for public inspection.

Bids shall be evaluated based on requirements set forth in the Notice of Intention to Receive Sealed Bids.

Mistakes discovered before the bid opening may be modified or withdrawn by written notice received prior to the time set for bid opening. After the bid opening, corrections in bids shall be permitted only if the bidder can show by clear and convincing evidence that a mistake was made regarding the intended information and only if corrections would not be detrimental to the interest of the District or undermine fair competition.

In lieu of bid correction, a low bidder alleging a material mistake of fact may be permitted to withdraw its bid if: a) the mistake is clearly evident on the face of the bid document but the intended correct bid is not similarly evident; or b) the bidder submits evidence which clearly and convincingly demonstrates that a mistake was made. The General Manager shall make a recommendation to the Board of Directors to either accept or reject the mistake.

A recommendation for award based on the lowest responsive and responsible bid meeting specifications will be presented to the Board of Directors for consideration and approval. If other than the low bidder is recommended, justification is to be provided to the Board of Directors.

SELECTION OF PROFESSIONAL SERVICES

Professional services are to be procured in accordance with this section and Arizona Revised Statutes. Professional Services are defined by Arizona Revised Statutes 41-2578 and include architect services, engineer services, landscape architect services, assayer services, geologist services and land surveying services.

The District shall issue a request for Statement of Qualifications based on the criteria determined by the Team Manager to be used to judge the quality of the firms that submit proposals. A selection committee shall evaluate submitted proposals and make a recommendation to the General Manager. If the estimated cost of the professional service is anticipated to be \$15,000 or greater, the General Manager will then make a recommendation to the Board of Directors. The

General Manger will negotiate and execute the final scope of services and contract if the estimated cost of the professional service is under \$15,000 or if the selection is approved by the Board of Directors. Contracts for professional services shall have a term not exceeding five years.

If a person or firm on the final list withdraws or is removed from the procurement, or if the District is not able to negotiate a satisfactory contract with the highest qualified person or firm on the final list, the District may undertake negotiations with the next most qualified person or firm on the final list until an agreement is reached or a determination is made to reject all persons or firms on the final list.

SELECTION OF NON-PROFESSIONAL SERVICES

The District shall issue a request for Statement of Qualifications based on the criteria determined by the Team Manager or request bids based on the type of non-professional services required by the District. A selection committee shall evaluate submitted proposals, or review bids received, and make a recommendation to the General Manager. If the estimated cost of the non-professional service is anticipated to be \$15,000 or greater, the General Manager will then make a recommendation to the Board of Directors for approval.

If it is deemed in the best interest of the District, contracts for non-professional services may be automatically renewed on an annual basis unless the entity provided said service is not sufficiently performing the non-professional service or if an increase in cost, as determined by staff and the General Manager, is deemed excessive. Examples of non-professional services for this section include such activities as auditing services, billing software services, mail services, software support, building maintenance contracts, equipment maintenance etc.

SOLE SOURCE PROCUREMENT

A procurement may be made for a material or service without competition if there is documented justification that only one source exists for the required material or service, and/or that no reasonable alternative source exists. The requesting Team Manager or supervisor will provide the request and justification in writing to the General Manager. No cost information shall be requested from a professional service provider until selection is approved.

Materials, non-professional services, and professional services of \$15,000 and greater shall be approved by the Board of Directors prior to the purchase.

EMERGENCY PROCUREMENTS

The General Manager may authorize emergency procurements of materials and services over \$15,000 in value if there exists a threat to public health, welfare, property or safety, or if a situation exists that makes complying with normal purchasing practices is impracticable and negatively impacts the District.

The City of Tucson Cooperative Purchasing Agreement, Arizona State Bid List or a Board of Directors approved purchasing agreement shall be used first. If the emergency material, non-professional service or professional service procurement cannot be found under the City of Tucson Cooperative Purchasing Agreement, Arizona State Bid List or a Board of Directors approved purchasing agreement, emergency procurements shall be made with such competition as is practicable under the circumstances; however, normal procurement practices may be waived in order to meet the District's emergency needs. Emergency procurements shall be limited to those materials or services necessary to satisfy the emergency needs.

Written justification of the basis of the emergency shall be provided by the requesting Team Manager to the General Manager.

Emergency materials, non-professional service, or professional service procurements shall be awarded by the General Manager and a procurement over \$15,000 will be ratified at the subsequent Board meeting. Such procurements in excess of \$50,000 shall require the signature of the Chair of the Board, or depending on availability, the Vice-Chair or one of the three remaining Board members, and then shall be ratified at the subsequent Board meeting.

PROCUREMENT THRESHOLDS

\$15,000+	Competitive Seal Bids, Professional Services, Government Purchasing Agreements, Annual Quotes		
----- +\$15,000 Board of Directors Approval -----			
\$14,999.99	} Written Quotes	Purchase Order	GM Approval
\$500.01			
\$500	Quotes or Best Judgement	Purchase Order	Team Manager Approval
<\$50	Petty Cash	Signed Receipt	Team Manager Approval