



Procedure 140

EFFECTIVE 01 JUL 10

SUPERSEDES 21 APR 08

LEAD DEPARTMENT ADMIN

SUPPLIER SELECTION FOR MATERIALS AND SUPPLIES PURCHASES

PURPOSE – To provide detailed instructions for supplier selection for materials and supplies purchases.

Scope This procedure applies to all materials and supplies transactions.

Forms	Title	Number	Source
	Purchase Request (PR)	X-004	Stores Warehouse
	Purchase Order (PO)	P-004	Purchasing Division
	Contract Change Order	E-227	Stores Warehouse
	BD-1 for Materials and Supplies	BD-1	Forms Shop
	General Manager Approval	GM-1	Forms Shop

Procedure Approval levels for authorizing acquisitions and approving funds for this purpose are detailed in Table 1:

Table 1

Transaction Amount	Buying Method	Approval Level	Authorized District Personnel	Steps Required
Up to \$2,500	Purchase Card	Cardholder	Purchase Card Holders ¹	Detailed in Purchase Card Procedure 131.
Up to \$10,000	Purchase Request	Supervisors	Supervisors, Assistant Superintendents	Requires Simple Sourcing. User initiates action by submitting a PR and may recommend vendor(s). Buyer executes transaction and selects vendor.
Up to \$20,000	Purchase Request	Section Managers	“Supervisor of...”, “Superintendents of...”, Senior Engineers, Principal Management Analysts, Secretary of the District, Administrators, Officers and Special Assistant IIs	Requires telephone or fax quotes; minimum of three (3) bid contacts. Support documentation of telephone calls is acceptable. User initiates action by submitting a PR and may provide quotes or identify potential vendors. Buyer executes transaction after verifying or completing the competitive process.

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<u>Transaction Amount</u>	<u>Buying Method</u>	<u>Approval Level</u>	<u>Authorized District Personnel</u>	<u>Steps Required</u>
Up to \$30,000	Purchase Request	Division/ Department Managers	Department Managers, Controller, Treasurer	Same as up to \$20,000
Up to \$70,000	Purchase Request	General Manager (GM) Staff	Special Assistant IVs, General Counsel, Department Directors, and Manager of Purchasing (annual orders only)	Requires an attempt to obtain 3 written quotes (fax quotes are acceptable). User initiates action by submitting a PR and may identify potential vendors. Buyer executes transaction after verifying or completing the competitive process.
Up to \$99,999	Purchase Request	GM Staff (approves PR) GM (approves GM-1)	Special Assistant IVs, General Counsel, Department Directors, and Manager of Purchasing (annual orders only) GM	Requires formal bid process. User starts process by initiating a PR, Purchasing conducts a formal bid process and selection. The Manager of Purchasing initials a form GM-1 for concurrence with Department Director prior to routing GM-1 to the GM for approval and prepares required notification to the Board of Directors. Contract Equity Program information will be included.

<u>Transaction Amount</u>	<u>Buying Method</u>	<u>Approval Level</u>	<u>Authorized District Personnel</u>	<u>Steps Required</u>
\$100,000 and above	Purchase Request	GM Staff (approves PR) Board of Directors (approves BD-1)	Special Assistant IVs, General Counsel, Department Directors, and Manager of Purchasing (annual orders only) Board of Directors	Requires formal bid process. User starts process by initiating a PR, Purchasing conducts the formal bid process and selection process The BD-1 is prepared and routed to the Manager of Purchasing for review prior to submittal to the GM and Board of Directors for approval. Contract Equity Program information will be included in the BD-1.
<p>¹ Dollar amount may exceed \$2,500, but must remain lower than \$7,500. In those cases where the amount exceeds \$2,500 specific permission is required from the Manager of Purchasing and the employee's Division Manager.</p>				

Any increase to the authorized approval level must be requested in advance, submitted to Purchasing in writing for coordination, and approved by the GM. Lower approval levels will be internal to Departments and Departments will be responsible for enforcement of any lower levels.

Process

District Buyers and other designated staff will follow the steps outlined below for acquiring materials and supplies. Full compliance with all Contract Equity Program related community objectives and considerations is expected for all transactions.

1. Up to \$2,500 Transactions: The primary method for obtaining materials and supplies, excluding Stores purchases, in this price range will be via the Purchase Card (see Purchase Card Procedure 131 and Purchase Card Users Guide for further information).
2. Up \$10,000 Transactions: Purchases that cannot be made with the Purchase Card (i.e., no card, transaction exceeds limit, services, etc.) will be accomplished through a District Buyer via a PR. The Buyer may elect to award the purchase to any responsive vendor and will use his/her best judgment in meeting the District's needs.
3. Up to \$30,000 Transactions: The end user submits a PR to -Purchasing indicating the commodity needed. The Buyer and/or end user will attempt to obtain a minimum of three (3) telephone or fax quotes on the items desired. In the event the minimum three (3) responses cannot be obtained, the Buyer will confer with the Manager of Purchasing for final decision. Based on the results, the Buyer will annotate the results and award the purchase to the vendor with the lowest overall total cost to the District. Section Managers can approve PRs up to \$20,000 and Division or Department Managers can approve PRs up to \$30,000.
4. Up to \$70,000 Transactions: The end user submits a PR for the item(s) needed to

the Buyer. The Buyer and/or end user will attempt to obtain a minimum of three (3) signed bids or offers in writing prior to vendor selection. Faxed quote sheets from vendors are acceptable. In the event the minimum three (3) responses cannot be obtained, the Buyer will confer with the Purchasing management for final decision. Based on the results, the Buyer will annotate the results and award the purchase to the vendor with the lowest overall total cost to the District.

5. Up to \$99,999 Transactions: A formal bid process is required for these acquisitions. The end user initiates the process via a PR and submits to Purchasing. Purchasing will conduct the selection process, select the vendor(s) with lowest overall total cost to the District, and route a GM-1 to the GM for approval. The GM-1 will also include all pertinent Contract Equity Program information. Purchasing will also prepare the required notification to the Board of Directors for General Manager action under his/her delegated authority.
6. Transactions of \$100,000 and above: A formal bid process is required for these acquisitions. The end user initiates the process via a PR and submits to Purchasing. Purchasing will conduct the bidding process, select the vendor(s), and recommend the vendor with the lowest overall total cost to the District. The User will prepare the BD-1 for non-Stores items and Purchasing will prepare BD-1s for Stores items. In both cases, the BD-1 will be submitted to the Manager of Purchasing for review prior to the GM's review and Board of Director's approval. The BD-1 will also include all pertinent Contract Equity Program information. Upon Board of Director's approval, Purchasing will execute the purchase.

**Authorization
Values for
Contracts with
Options**

Contracts that include "Option Years" must include the following two conditions:

- The decision to exercise an option must reside solely with the District; i.e., "The District may exercise an option to extend this agreement for two additional one year periods."
- The option(s) must be binding on both parties except for price adjustments made in accordance with terms and conditions outlined in the agreement. Further negotiation of terms and conditions outlined in the agreement in the option years is not allowed.

To calculate the value of the contract for signature approval purposes, multiply the annual value of the contract by the number of possible years the agreement could last if all extensions were exercised. *EXAMPLE: a contract with an annual value of \$55,000 that has an initial term of two years with two one-year options will be viewed as a \$220,000 [$\$55,000 \times (2+1+1)$] contract for approval purposes.*

**Special
Requirements**

In addition to the above process, special processing requirements exist for hardware, software, telecommunications and furniture. Contact Purchasing for further guidance.

1. Hardware, software and telecommunications PRs will be routed through the Information Systems Department for approval.
2. Furniture PRs will be routed through the Facilities Engineering Section for approval.

Change Orders Non-Board or GM-approved Contracts
All changes to POs must have appropriate dollar level approval before they will be processed.

Board or GM-approved Contracts
Change orders for materials and supplies purchases are limited to the parameters described below and must be recommended by the Manager of Purchasing for approval by the Director of Administration:

- To exercise option years to a contract as described in the original Board or GM-approved contract.
- To modify unit pricing in accordance with the provisions for such changes already described in the respective Board or GM-approved contract.

Changes in quantities, specifications, dates, or prices will generally not be made unless provisions for such changes are described in the existing Board-approved contract. If not described in the existing Board approved contract, a re-bid may be necessary.

Emergency Response Purchases As Directed by The Emergency Operations Team When the Emergency Operations Team assembles in response to an emergency or a potential emergency, the Emergency Operations Director (EOD) has authority to suspend competition requirements for purchases valued between \$10,000 and \$70,000 if the EOD believes that such action is warranted. This action will position the Emergency Operations Center to take preemptive action in an effort to minimize the impacts of the apparent emergency and shall remain in force until an emergency is properly declared by the GM and President of the Board of Directors or until the EOD rescinds the under \$70,000 competitive requirement suspension. For purchases valued greater than \$70,000, staff shall follow the process outlined in this procedure or refer to Procedure 122, Emergency Purchases.

Sustainable Purchasing The District strives to integrate and balance environmental, social, and economic objectives into its decision-making, policies, programs, and work practices regarding purchasing materials and supplies. Please consider making sustainable purchases where possible. See Sustainable Purchasing Guidelines for more information.

References Policy 1.03 – Contract Equity Program
Policy 1.09 – Purchasing and Materials Management
Procedure 104 – Contract Equity and Contractors’ Compliance with Equal Employment Opportunity
Procedure 118 – Contract Execution and Administration
Procedure 122 – Emergency Purchases
Procedure 129 – Open Market Purchases
Procedure 130 – Processing of Purchase Requests and Purchase Orders
Procedure 131 – Purchase Card Procedure
Procedure 304 – Facility Modifications, Including Furniture Purchases and Staff Relocations

Guidelines for Preparing EBMUD Board Materials
Guidelines for Preparing a GM-1
Sustainable Purchasing Guidelines

Authority Resolution No. 33764-10, April 27, 2010
