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| <b>POLICIES, RULES AND REGULATIONS</b> |                             |
| Title: <b>PURCHASING POLICY</b>        |                             |
| Approval Date: May 2025                | Effective Date: May 6, 2025 |
| Approved By: Board of Directors        | DMS #40386                  |

## **PURCHASING POLICY**

### **1.0 INTRODUCTION**

This Purchasing Policy provides uniform procedures for acquiring goods, services and equipment for the operations of the Santa Clarita Valley Water Agency (SCV Water/Agency).

Staff will seek quotes from local vendors whenever feasible and will select local vendors when they provide the best product or service at the most favorable price. Requests for proposals, quotes, bids or other such processes may be advertised in the local newspaper, on the Agency’s website and on other local websites, where appropriate.

### **2.0 STATEMENT OF PURPOSE**

This Purchasing Policy authorizes the conditions under which the Chief Financial and Administrative Officer is authorized to release Agency funds. All purchases of goods, services and equipment to be paid for by the Agency must comply with the methods, authority and dollar limits set forth in this Purchasing Policy. This Purchasing Policy does not apply to non-discretionary operating expenditures including, but not limited to, utilities, payroll, employee benefits, water purchases, election costs, conservation rebates, reimbursable expenditures (such as grants or litigation settlements), PFAS resin changeouts, deposit refunds, insurance, customer billing, legal (pertaining to litigation or settlements), and payroll taxes. Improvements or units of construction work are subject to the competitive bidding requirements of Public Contract Code, section 21530 et seq.

This Purchasing Policy does not supersede statutory law in existence at the time the Agency enters into a contract for the purchase of goods, services or equipment. California statutes that govern such contracts shall control to the extent they are in conflict with this Purchasing Policy.

### **3.0 AUTHORITY OF GENERAL MANAGER TO EXECUTE PURCHASES AND CONTRACTS**

Each fiscal year, the Board of Directors approves the Agency Budget, detailing capital items and authorizing expenditures for goods, services, and equipment necessary for SCV Water’s operations. For the purposes of this purchasing policy:

- **“Budgeted items”** refer to purchases of goods, services, and equipment specifically detailed in the current Board-approved Agency Budget.



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- 3.1 General Manager’s Authority over Budgeted Items:
  - a. The General Manager is authorized to approve purchases for budgeted items, including goods, services, and equipment, up to a limit of **\$150,000 per transaction** (excluding sales tax and delivery fees).
  - b. Any individual purchase of budgeted items valued at \$150,000 (excluding sales tax and delivery fees) or greater must be submitted to the Board for approval.
  
- 3.2 Non-Budgeted Items:
  - a. For items not included in the Board-approved Budget, the General Manager has the authority to approve expenditures up to **\$50,000 per transaction**.
  - b. Any non-budgeted purchases over \$50,000 require Board approval.
  
- 3.3 Inventory Acquisition Authority:
  - a. The General Manager is authorized to acquire inventory items, such as parts, supplies, and materials necessary for the Agency's regular operations, without requiring Board approval, provided that these items are included in the Board-approved Budget.
  - b. This authority applies to purchases that maintain adequate stock levels for operational needs and is limited to items that have been budgeted for the fiscal year.
  
- 3.4 Purchases for Specific Categories:
  - a. Board-Authorized Projects: Purchases made for Board-authorized projects may be approved by the General Manager up to any amount, provided they remain within the total authorized project budget.
  - b. Renewals and Subscriptions: The General Manager is authorized to approve renewals for existing, regularly recurring and necessary for Agency operations, computer software and hardware licenses, maintenance agreements and cloud-based subscriptions, as long as these items are specifically identified in the approved Budget.
  
- 3.5 Delegation of Authority in Absence:
  - a. In the event of their absence, the General Manager may delegate their purchasing authority to a designated representative. This delegated authority grants the representative the same authority as the General Manager to execute purchases, contracts, and other expenditures, in accordance with the established limits and requirements of this policy.



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**4.0 METHODS OF ACQUISITION - GENERAL RULES**

Except as provided in Sections 3.3, 3.4 and 5.0, the following methods of acquisition shall be used in the circumstances indicated:

- 4.1 Items of less than \$30,000: The General Manager or designee may acquire items, the cost or estimated cost of which does not exceed \$30,000 (excluding sales tax and delivery fees) in any single acquisition, from any vendor who, in the General Manager’s judgment, will provide the best product or service at the most favorable price.
  
- 4.2 Items of \$30,000 or more but less than \$150,000: The General Manager may acquire items, the cost or estimated cost of \$30,000 or more but less than \$150,000 (excluding sales tax and delivery fees) in any single acquisition, by requesting three (3) or more quotations from qualified vendors, and then purchasing the item from the responsible vendor whose product or service offers SCV Water the best value. The General Manager may consider quality and relevant factors other than price in reaching their decision as to what product or service to purchase. If fewer than three vendors or contractors are available, or if the product is not readily obtainable on the open market, or in the event of an emergency, this procedure shall be adjusted as required and the reasons for such adjustments shall be noted on the purchase records. If an acquisition is made pursuant to this subsection and has a cost or is estimated to have a cost of more than \$50,000 and is not listed in the budget, the Board approval procedures established in Subsection 4.3 below shall apply.
  
- 4.3 Items of \$150,000 or more (excluding sales tax and delivery fees): For budgeted items, with a cost or estimated cost of which equal or exceeds \$150,000 in any single acquisition (excluding sales tax and delivery fees), the General Manager shall obtain at least three (3) quotations from qualified vendors. After the quotations are received, the recommended purchase shall be submitted to the Board for approval. Upon Board approval, the General Manager may proceed with purchasing the item from the responsible vendor offering the best value to the Agency. If the item is (1) of a specified brand or type which is the only article which will properly meet the needs of the Agency, or (2) is not readily obtainable on the open market, or (3) is an item or service for which comparable quotations or bids cannot be secured, the determination of sole source must be approved by the Board.



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**5.0 METHODS OF ACQUISITION – SPECIAL RULES**

- 5.1 The requirements of Section 4.0 shall not be applicable if:
  - a. The item is a utility service such as telephone, power or other such item where the rates or prices therefore are fixed by legislation, government regulation or contract, or
  - b. The item is to be used in improvements or units of construction work subject to the competitive bidding requirements of Public Contract Code, section 21530 et seq.

- 5.2 In the event of an emergency and a written finding by the General Manager that it is immediately necessary to purchase or contract for goods, services and equipment, and the emergency will not permit a delay resulting from complying with Section 4.0 or, if applicable, Public Contract Code Section 21531, the General Manager is authorized to make the required purchase(s) or enter into the required contract(s). The General Manager shall, report at the next meeting of the Board any such action involving a cost of more than \$30,000 and shall describe the emergency and the actual or probable impact on the Agency, the reasons justifying why the action is necessary to respond to the emergency, and why the emergency will not permit a delay resulting from compliance with Section 4.0 or, if applicable, Public Contract Code Section 21531.

In the case of any action subject to the requirements of Public Contract Code section 21531, the Board shall review any such action within 7 days of it being taken, or at its next regularly scheduled Board meeting if that meeting will occur not more than 14 days after the action, and at every regularly scheduled Board meeting thereafter until the action is terminated, to determine by a four-fifths vote that there is a need to continue the action, unless the General Manager has completed the action prior to the review by the Board. When the Board reviews the emergency action it shall terminate the action at the earliest possible date that conditions warrant so that the remainder of the emergency action may be completed by giving notice for bids to let contracts.

- 5.3 The Agency purchases goods or services in which: (1) a competitive purchasing procedure has been conducted by another public agency, including, but not limited to, another local agency, the State through the California Multiple Award Schedule (CMAS), the federal government through the General Services Administration (GSA), or a joint powers agency, authority or alliance that procures competitive contracts; and (2) the price to the Agency is equal to or better than the price to that public agency.



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5.4 The Agency Board finds that the nature of the subject of the contract is such that competitive proposals would be unavailing or would not produce an advantage, and the advertisement for competitive bid would thus be undesirable, impractical, or impossible.

6.0 MOTOR VEHICLES

The State of California shall be used as the first source of supply for vehicle procurement. In the event the State does not offer the desired vehicle or a lower price can be found on the open market, Section 4.0 shall be in force. The General Manager, or appropriate department shall report any vehicle purchase to the Board as soon as practical.

7.0 ITEMS MANUFACTURED FOR SCV WATER

When necessary, the Agency may contract for goods or equipment, which must be manufactured especially for the Agency and are not suitable for sale to others in the ordinary course of business. Such contracts may provide for progress payments for work performed and cost incurred, so long as not less than 5% of the contract price is withheld until after final delivery and acceptance of the supplies or equipment. Such contracts may also provide for a faithful performance bond in a sum determined by the Agency.

8.0 AUTHORITY OF GENERAL MANAGER AND CHIEF FINANCIAL AND ADMINISTRATIVE OFFICER TO MAKE DISBURSEMENTS

The General Manager and Chief Financial and Administrative Officer are hereby authorized to make all necessary disbursements in payment for goods, services and equipment contracted for pursuant to this Purchasing Policy. This disbursement authority is, however, subject to the Agency’s rules and procedures on checks exceeding \$30,000.

9.0 AUTHORITY OF GENERAL MANAGER TO EXECUTE CONSTRUCTION CONTRACT AMOUNT

The Agency’s General Manager is hereby empowered to bind the Agency by change order up to the total amounts identified below based on the original contract amount.

The General Manager has the authority to approve all construction change orders not to exceed 5% cumulative of the original construction amount. Staff will review all change orders and minimize change orders wherever possible.

The Board may grant different change order authority on a project-specific basis. Board approval is required for any and all change orders once the total amount of change orders reaches the specific level of authority given to the General Manager. The General Manager shall brief the appropriate Committee and the Board on the details of all final approved change orders.



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10.0 **PROFESSIONAL SERVICE CONTRACTS**

Professional services are defined as unique, technical and/or infrequent functions performed by an independent contractor/vendor qualified by education, experience, certification and/or technical ability to provide services. Typical Agency services that are obtained through professional services contracts include engineering and design, construction and project management, land surveying, legal, finance, planning, environmental studies, legislative advocacy, public relations and outreach, organizational studies and strategic planning.

Professional services contracts shall be awarded based on demonstrated competence and on the professional qualifications necessary for the satisfactory performance of the services required, at fair and reasonable prices to the Agency. All professional service contracts or purchase requisitions in excess of \$150,000 annually, except as noted in Section 3.4, shall be approved by the Board. The General Manager shall have the authority to approve changes in professional service contracts or purchase requisitions up to 10% (cumulative) of the amount authorized by the Board. When the General Manager makes such an increase, details of the changes shall be reported to the appropriate Committee and the Board as soon as practical. On an annual basis, the Chief Financial and Administrative Officer will present to the Finance and Administration Committee a report of current professional services contracts in excess of \$150,000. This report will include the name, service, amount, and expiration date. If the General Manager enters into a legal services agreement that exceeds \$30,000, the General Manager shall notify the Board as soon as practicable.

11.0 **ENGINEERING SERVICES**

Engineering services provided by consulting firms for the Agency include conducting evaluations, performing studies, preparing preliminary and final designs, preparing technical specifications, providing engineering support during construction, performing construction management and inspection, water resources and other miscellaneous services.

Engineering services will be performed by a pool of engineering consulting firms working under an on-call engineering services contract.

**(A) Engineering Services Consultant Selection.** Every four years, or more often if necessary, the Agency will request proposals from interested and qualified consulting engineering firms. Submitted proposals will be reviewed, and staff will recommend to the Engineering and Operations Committee and Board of Directors the qualified firms to provide Engineering services.



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**(B) Work Assignments.** Engineering services will be provided by the selected consultants based on the firm’s qualifications, experience, similar project experience, convenience, schedule, historical knowledge and overall cost. Scope of work, schedule, and compensation for each work assignment will be detailed in a specific requisition/purchase order.

When a specific project requires unique qualifications or a specialty service, as determined by the General Manager, the Agency may develop a specific selection procedure and select a consultant without regard to the pool of engineering consulting firms.

**(C) Contract Duration.** Each firm in the pool will be under contract to provide services for the four-year duration noted above. However, should a firm have a requisition/purchase order underway at the end of the four-year term, its work and its contract with the Agency will remain in effect until the completion of the requisition/purchase order.

12.0 **AUTHORITY OF GENERAL MANAGER TO APPROVE PLANS AND SPECIFICATIONS FOR ADVERTISING, ACCEPTANCE OF CONSTRUCTION PROJECTS, AND REVIEW CONSTRUCTABILITY OF CAPITAL IMPROVEMENT PROJECTS**

**(A)** The General Manager shall have the authority to approve plans and specifications prepared for advertising capital improvement projects for construction bids.

**(B)** The General Manager shall have the authority to accept construction projects and issue and record the Notice of Completion with the Los Angeles County Recorder’s Office. Staff shall notify the Board of Directors each time the General Manager accepts a construction project.

**(C)** Constructability reviews shall be performed on all major capital improvement projects and other capital improvement projects, as appropriate, as determined by the General Manager or his designee.

13.0 **AUTHORITY OF GENERAL MANAGER TO ENTER INTO THIRD PARTY FUNDED DESIGN AND/OR CONSTRUCTION CONTRACTS**

The General Manager shall have the authority to enter into design agreements and/or construction contracts where the value is more than \$150,000 that are solely funded by third parties (i.e. private developers, The City of Santa Clarita, Los Angeles County, etc.) provided that funds have been deposited with the Agency prior to the execution of the



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design agreement and/or construction contract. Details of such agreements and contracts shall be reported to the appropriate Committee and the Board of Directors.

14.0 PROCUREMENT POLICY FOR FEDERAL GRANTS

Organizations receiving federal funds are subject to the procurement guidelines of the Uniform Guidance (UG), formally 2 C.F.R 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards. Projects seeking federal grant funding will follow the UG procurement standards.

*(Originally Adopted January 2018; revised February 2018, September 2019, December 2019, May 2020, December 2021, August 2023, December 2024 and May 2025.)*