



BUDGET AND FINANCE COMMITTEE MEETING

RAINBOW MUNICIPAL WATER DISTRICT
Tuesday, February 11, 2020
Budget and Finance Committee Meeting - Time: 1:00 p.m.

District Office 3707 Old Highway 395 Fallbrook, CA 92028

Notice is hereby given that the Budget and Finance Committee will be holding a regular meeting beginning at 1:00 p.m. on Tuesday, February 11, 2020.

AGENDA

- 1. CALL TO ORDER**
- 2. PLEDGE OF ALLEGIANCE**
- 3. ROLL CALL: Flint Nelson (Chair)_____ Randy Ross (Vice Chair)_____**
Members: Peter Hensley _____ Pam Moss_____ Mig Gasca _____
- 4. ADDITIONS/DELETIONS/AMENDMENTS TO THE AGENDA (Government Code §54954.2)**
- 5. PUBLIC COMMENT RELATING TO ITEMS NOT ON THE AGENDA (Limit 3 Minutes)**
- 6. COMMITTEE MEMBER COMMENTS**
- *7. APPROVAL OF MINUTES**
 - A. January 14, 2020**
- 8. REVIEW THE FOLLOWING:**
 - A. Statement of Revenue and Expenses**
 - B. Balance Sheet**
 - C. Treasurer’s Report**
 - D. Surplus Property Report**
 - E. Outstanding Construction Units Report**
 - F. Cash Reserve Compliance Report**
- 9. AUDITOR CONTRACT**
- *10. DISCUSSION REGARDING ADMINISTRATIVE CODE SECTION CHAPTER 5.02 – PURCHASING**
- 11. WSUP UPDATE**

12. GENERAL MANAGER COMMENTS

13. LIST OF SUGGESTED AGENDA ITEMS FOR THE NEXT SCHEDULED BUDGET AND FINANCE COMMITTEE MEETING

14. ADJOURNMENT

ATTEST TO POSTING:



FOR: Carl Rindfleisch
Secretary of the Board

2-6-20 @ 12:45 p.m.
Date and Time of Posting
Outside Display Cases

**MINUTES OF THE BUDGET AND FINANCE COMMITTEE MEETING
OF THE RAINBOW MUNICIPAL WATER DISTRICT
JANUARY 14, 2020**

1. CALL TO ORDER: The Budget & Finance Committee meeting of the Rainbow Municipal Water District was called to order on January 14, 2020 by Chairperson Nelson in the Board Room of the District Office at 3707 Old Highway 395, Fallbrook, CA 92028 at 1:00 p.m. Chairperson Nelson presiding.

2. PLEDGE OF ALLEGIANCE

3. ROLL CALL:

Present: Member Hensley, Member Moss, Member Gasca, Member Nelson.

Also Present: General Manager Kennedy, Executive Assistant Washburn, Finance Manager Largent.

Absent: Member Ross.

No members of the public were present.

4. ADDITIONS/DELETIONS/AMENDMENTS TO THE AGENDA (Government Code §54954.2)

There were no changes to the agenda.

5. PUBLIC COMMENT RELATING TO ITEMS NOT ON THE AGENDA (Limit 3 Minutes)

There were no comments.

6. COMMITTEE MEMBER COMMENTS

Mr. Nelson said he has realized the District has worked diligently to update a great deal of enterprise systems to run RMWD. He requested a quick presentation on these updated systems including the integration be given at the next committee meeting. Mr. Kennedy pointed out RMWD has a list of these systems on its website; however, it would be good to present additional information to the committee members.

Ms. Moss recommended return envelopes not be sent to those customers who use the auto pay system. Discussion ensued.

***7. APPROVAL OF MINUTES**

A. December 10, 2019

Mr. Gasca pointed out on the top of page 5-7 of the agenda packet, the word “stated” was omitted.

Motion:

To approve the minutes as revised.

DRAFT

DRAFT

DRAFT

Action: Approve, Moved by Member Hensley, Seconded by Member Gasca.

Vote: Motion carried by unanimous vote (summary: Ayes = 4).

Ayes: Member Hensley, Member Moss, Member Gasca, Member Nelson.

8. REVIEW THE FOLLOWING:

- A.** Statement of Revenue and Expenses
- B.** Balance Sheet
- C.** Treasurer's Report
- D.** Surplus Property Report
- E.** Outstanding Construction Units Report
- F.** Cash Reserve Compliance Report

Ms. Largent reviewed the information provided in the handouts. She noted the Statement of Revenue and Expenses report has been revised to include the most up-to-date information.

Mr. Kennedy announced the Board approved recent staff changes to include Cynthia Gray now taking on the role of Customer Service and Communications Supervisor and Renee Rubio becoming the Senior Accountant.

Ms. Largent pointed out the projects have been listed out for both the five-year CIP as well as proposed mid-year budget adjustments. She explained how going forward there will be a solid book of finance records within CloudSuite financials and then conduct a mid-year adjustment. Discussion followed.

Ms. Largent noted the developer projections has not changed since the previous month. Discussion ensued regarding the Ocean Breeze project. Ms. Moss suggested the Leatherbury development should be removed from the projections list. Mr. Kennedy asked Ms. Largent to confirm this change with Mr. Strapac.

Mr. Kennedy pointed out there may be a change to the surplus property report after the January Board meeting. He also reported the lower yard property will be vacated due to a lease expiration as well as a lease violation.

Ms. Largent referenced the Cash Reserve Policy 5.03.220 Compliance report she will be presenting to the Board at their January meeting. She noted this report was for informational purposes only.

9. WATER SERVICE UPGRADE PROGRAM (WSUP) UPDATE

Mr. Kennedy reported as of today, RMWD crews were out in the field vacuuming the first boxes. He noted on February 4th Concord will be out on site to start the program after which there will be a short pause to ensure it is running smoothly or to make any adjustments as deemed necessary. He mentioned information will be provided to all the customers notifying them of the program as well as how the meter replacements may positively or negatively impact their water bills.

Mr. Nelson asked how a customer could find out when their meter was scheduled to be replaced. Mr. Kennedy explained the initial schedule is tentative and may be altered as the work progresses.

Discussion ensued.

10. RATE MODEL UPDATE

Ms. Largent mentioned the same presentation given to this committee will be presented to the Board in January after which time she will provide the committee with the Board's feedback.

11. DISCUSSION AND POSSIBLE ACTION TO RESCHEDULE BUDGET AND FINANCE COMMITTEE DECEMBER 2020 MEETING DATE DUE TO BOARD MEETING SCHEDULE CONFLICT

Mr. Nelson recommended tentatively moving the December 8, 2020 committee meeting to Tuesday, December 15, 2020 at 1:00 p.m. There were no objections from the committee.

12. LIST OF SUGGESTED AGENDA ITEMS FOR THE NEXT SCHEDULED BUDGET AND FINANCE COMMITTEE MEETING

It was noted updates on the detachment from SDCWA, rate model, Water Service Upgrade Program and regular financial reports be on the next committee agenda.

Mr. Gasca excused himself from the meeting at 1:45 p.m.

Mr. Hensley noted the updated financial reports designs are a massive improvement.

13. ADJOURNMENT

Mr. Nelson adjourned the meeting at 1:46 p.m.

Flint Nelson, Committee Chairperson

Dawn M. Washburn, Board Secretary

**Chapter 5.02
PURCHASING**

Sections:

- 5.02.010 Centralized Purchasing**
- 5.02.020 Purchasing Procedures**
- 5.02.030 Purchase Requisitions**
- 5.02.040 Purchase Orders**
- 5.02.050 Alternative Methods of Procurement**
 - 5.02.050.01 Check Requests**
 - 5.02.050.02 Petty Cash**
 - 5.02.050.03 Credit Card Expenditures**
- 5.02.060 Emergency Purchases**
- 5.02.070 Open Purchase Orders**
- 5.02.080 Quantities to be Purchased**
- 5.02.090 Value Purchasing**
 - 5.02.090.01 Quality and Need**
 - 5.02.090.02 Price**
 - 5.02.090.03 Service**
 - 5.02.090.04 Delivery**
- 5.02.100 Quotations**
- 5.02.110 Professional Services-Requests for Proposals**
- 5.02.120 Insurance/Licensing**
- 5.02.130 Departmental Responsibilities**
- 5.02.140 Formal Bids**
- 5.02.150 Contract Delivery/Inspection**
- 5.02.160 Warehouse and Stationery Supplies**
- 5.02.170 Invoices**
- 5.02.180 Duties and Functions of Assigned District Purchasing Agent**
- 5.02.190 Purchasing Department**
 - 5.02.190.01 Purchasing Department - Responsibilities**
- 5.02.200 Purchasing Department - Relationship between District and Vendors**
- 5.02.210 Purchasing and Change Order Approval Requirements - Appendix**

Section 5.02.010
Centralized Purchasing

5.02.010.01 Rainbow Municipal Water District has adopted a centralized system under the direction and control of the General Manager.

5.02.010.01.1 The purchasing system is administered by the Finance Manager and includes:

1. Purchase of supplies, equipment, and services.
2. Sale and disposal of obsolete and surplus property.
3. Transfer of equipment and supplies between departments.
4. Management of the inventory control system.

5.02.010.02 Purchasing policies of Rainbow Municipal Water District are established by the Board of Directors.

1. The purchase of supplies, services, and equipment shall be made at the lowest possible cost commensurate with the quality needed.
2. All purchases shall be of a quality to suit the intended purpose.
3. Financial control over District purchases shall be exercised to insure adherence to the requirement that expenditures do not exceed amounts appropriated.
4. Authority for the purchasing function shall be clearly defined.
5. Per Resolution No. 02-02, when the price is comparable, Rainbow Municipal Water District will buy material and/or services from business in the greater Fallbrook area (to include Fallbrook, Bonsall and Rainbow).

The Purpose of this policy is to state in some detail the rules, regulations and procedures necessary to adhere to the policies.

Section 5.02.020
Purchasing Procedures

5.02.020.01 There are eight ways that items and supplies can be purchased or requisitioned or services paid for at Rainbow Municipal Water District:

1. Purchase Requisition
2. Check Request
3. Petty Cash
4. Credit Card
5. Emergency Purposes
6. Open Purchase Orders

Each of the above is explained in the following pages. It is essential that the appropriate form be utilized and distributed correctly.

Section 5.02.030
Purchase Requisitions

5.02.030.1 The Purchase Requisition form is used to inform the purchasing agent of the needs of the department and to define the material requested. Purchase Requisitions should be prepared well in advance of the date the goods will be needed to enable the purchasing department to secure competitive prices and the vendor to make delivery.

5.02.030.2 The Requisition *must* contain the following information:

5.02.030.2.1 Vendors - If known, suggested vendors whose product was purchased in the past and was satisfactory.

5.02.030.2.3 Requisition Date - The date the requisition is written.

5.02.030.2.4 Originator - Employee completing the Requisition.

5.02.030.2.5 Approval - Supervisor approving the Requisition.

5.02.030.2.6 Required Date - A definite date by which delivery is needed. Prepare far enough in advance so as not to create an emergency.

5.02.030.2.7 Quantity and Unit - The number required, and clarified by use of the proper abbreviation, such as: ea. = each, doz. = dozen, cs. = case, M = 1,000, etc.

5.02.030.2.8 Description - A clear presentation of the item desired, including size, color, type, grade, etc. In cases of formal and detailed specifications, separate sheets may be attached to the requisition. If a discount is known, it should be stated.

5.02.030.2.9 Unit Price - If the price is known to the Originator, the Originator may insert it in this column. If not known, leave this space blank.

5.02.030.2.10 Account Number - The department and account number to which the supplies or equipment will be charged.

5.02.030.2.1 Signature - The Originator will sign the requisition.

5.02.030.3 The Originator will obtain the approval of their Department Manager and will send the Requisition to the purchasing department. The purchasing department will complete the Requisition by indicating the vendor selected, inserting the correct prices and forwarding to his/her Department Manager for approval. The purchasing department will then issue a Purchase Order.

5.02.030.4 Employees are not authorized to commit the District for materials or services without prior approval of the General Manager or designee. Purchases or agreements to purchase made by any employee without the approval of the purchasing department may not be honored for payment by the District.

5.02.030.5 The purchasing department shall have the authority to change vendors and revise specifications as to quality, quantity, or estimated cost. Any revision affecting quality, quantity, or cost shall be in accordance with the standards and specifications established and will be concurred to by the requisitioning department as well as the purchasing agent's Department Manager before the order is confirmed with the vendor. The purchasing department cannot revise specifications without the agreement of the requisitioning department.

Section 5.02.040
Purchase Orders

5.02.040.1 Purchase Orders will be issued by the purchasing agent only after receipt of a Purchase Requisition, signed by a Department Manager or an authorized employee. Only the purchasing agent shall issue Purchase Orders. All Requisitions will be filed with the purchasing department, and no purchase will be made until a Purchase Order has been obtained from the purchasing agent. All Purchase Orders must be approved according to Section 5.02.210(A) of the Administrative Code. A Department Manager may authorize exceptions for minor purchases. An approved Purchase Order form is used for all purchases:

5.02.040.1.1 The original copy is sent to the vendor and the copy is kept by the purchasing agent.

5.02.040.1.3 A copy is sent to the Originator.

5.02.041 Specific information such as: ship to address; quantity ordered; description ordered; unit cost and extended cost appear on the Purchase Order, and it is important that they be observed.

5.02.041.1 The Purchase Order number should appear on all invoices, shipping notices, bills of lading, express receipts and packages.

Section 5.02.050
Alternative Methods of Procurement

The following descriptions for the use of check requests and petty cash are to acquaint staff with their existence and proper usage. If utilized correctly, they provide a viable alternative to the Request For Purchase/Purchase Order method of conducting business on a daily basis. Their usage can save a considerable amount of time and, in some cases, money. Please use them when applicable.

Section 5.02.050.01
Check Requests

Check requests should be used when payment must accompany an order, and for such things as magazine subscriptions and organizational dues. A check is requested by completing the Check Request form. Please attach the order form for the item or service required to the Check Request form.

Section 5.02.050.02

Petty Cash

The purchase of items by the use of Petty Cash is limited to transactions of \$50.00 or less. Petty Cash can be used for reimbursement of business lunches, mileage, travel and like items. Cash advances for any of these purposes can be obtained from Petty Cash. Cash is advanced through Petty Cash by filling out a petty cash slip, indicating the amount to be advanced, the proper account number, the purpose and by writing "cash advance" at the top of the form. When the transaction is completed a receipt should be returned, along with any remaining funds, and the exact amount of the purchase indicated on the form and the words "cash advance" crossed out.

Before any reimbursement can be made from Petty Cash, a petty cash slip, indicating the purpose, amount, and the account number must be completed, with the Department Manager's signature. A receipt must be turned in with the petty cash slip to document the purchase. In the case of reimbursed mileage, a completed travel expense form must be attached.

Section 5.02.050.03
Credit Card Expenditures

There are no certain transactions that require advances or immediate payment which can be facilitated by the use of a credit card. Some examples of approved District credit card transactions include, but are not limited to:

- Travel arrangements
- Conference registrations
- Workshop registrations
- Hotel reservations
- Travel expenses

The District's Travel Policy still applies to all travel related expenditures. Use of the District credit card will be limited to reserving and pre-paying verifiable advance expenditures for registration, lodging and transportation. For incidental travel expenses, including meals, a traveling employee (with the exception of the General Manager) must use his/her own personal credit card, including incidentals charged against the hotel room.

The credit card is not to be used to circumvent established purchasing procedures. It is not to be used to purchase materials, supplies and services that can be purchased through the established purchasing process.

The General Manager is the authorizing District agent for credit card expenditures.

The District's accounts payable system will be used in processing monthly credit card statements for payment. Supporting documentation for credit card payments should be the same as for any other accounts payable item. The original invoice (or receipts), along with credit card receipts, must be retained and reconciled to the credit card statement. The statement and supporting documentation must be submitted to the Accounting Department within two days of receipt or be returned to the District from an approved District related trip.

Staff who are responsible for credit card are accountable for ensuring that the credit vendor and Finance Manager are notified immediately if the card is lost or stolen.

Section 5.02.060
Emergency Purchases

While the need for occasional emergency purchases is recognized, the practice shall be limited as much as possible by anticipating needs in time for the use of regular purchasing procedures.

Emergency purchases are to be made only in cases when it is essential to prevent serious delays or interruptions of service to the public, or which vitally affects the preservation of life, health, safety or property.

Emergency purchases required during normal operating hours are still to be processed by the Purchasing Department. To initiate an emergency purchase in excess of \$150.00, the using department will complete the requisition and present the same to the Department at which time Purchasing will either issue a Purchase Order or will issue a Purchase Order number.

If an emergency should arise, as declared by the General Manager or Department Manager, during a time when the Purchasing Department is normally closed, the using Department will follow the same procedure as above, except that the department may select a vendor and the employee number will be used in lieu of a purchase order number at the transaction. However, a memo of explanation justifying the need for the emergency purchase must accompany the requisition. Any confirming requisition not accompanied by a memo will have to be approved by the General Manager.

It is the goal of the Purchasing Department to save money on all purchases. By reducing emergency purchases, dollars will be saved for future operation.

Section 5.02.070
Open Purchase Orders

Open Purchase Orders are issued to vendors who supply small miscellaneous items, such as nuts and bolts, or material that is purchased at varying times in small quantities. The purpose of the Open Purchase Order is to eliminate individual billing for small amounts for those items not practical for the District to store.

Open Purchase Orders are not to be used as a method to circumvent purchase orders; and, for this reason, any purchase exceeding the approved limit indicated on the Open Purchase Order must have a separate purchase order.

Open Purchase Orders are always issued for a specific maximum amount. If this amount is used up, a new Open Purchase Order must be issued for any excess purchases. Billings for Open Purchase Orders will be monthly.

So that there will be no question when invoices are received from vendors holding Open Purchase Orders, it will be necessary for each department to submit to Purchasing the vendor packing slip and/or the sales receipt from the vendor. Without these it is impossible to verify the charges on a statement, thereby making it impossible to pay the bill. This paperwork must be turned in within 48 hours after the purchase is made and must carry the proper account code, signature, and employee ID number of the receiving employee, as well as approval by an authorized individual.

Section 5.02.080
Quantities to be Purchased

In order to establish the quantity to be purchased, it is necessary to combine several factors such as demand, delivery time, and cost in such a manner that the materials will cost least in terms of ultimate cost.

Specifically, the factors that determine quantity are:

1. Need
2. Price advantage of quantity purchase
3. Storage facilities available and cost of storage
4. The obsolescence and/or deterioration factor of the item
5. Price trends
6. Time required for delivery
7. Minimum economical manufacturing quantity
8. Amount budgeted

Section 5.02.090
Value Purchasing

Buying at the proper price means obtaining the greatest possible ultimate value. Value is measured by the following factors:

1. Quality offered
2. Need
3. Net delivered cost
4. Service required and availability
5. Delivery date
6. Compliance with District, Cal-OSHA, and OSHA safety standards
7. Warranties

An evaluation of the above factors is necessary to arrive at a proper price.

Section 5.02.090.01
Quality and Need

The Purchasing Department must be familiar with the uses to be made of an item to be purchased, so that it may judge the value of the quality offered.

Section 5.02.090.02
Price

To control the price factor, it is necessary to develop competition by establishing several satisfactory sources of supply. Before placing an order, quotations are normally invited from a number of satisfactory sources of supply. In determining the net delivered cost, consideration must be given to the following:

1. Price quoted
2. Trade-in allowances
3. F.O.B. point
4. Delivery costs
5. Cash discounts
6. Applicable insurance
7. Sales tax

Section 5.02.090.03
Service

Very often the product purchased, by its nature, requires continuous servicing by the manufacturer and replacement of parts for its maintenance. Improper evaluation of this factor could greatly affect the ultimate value received.

Section 5.02.090.04
Delivery

Good planning on the part of the using department will generally permit sufficient time for a reasonable delivery date. A delivery date is an important factor to the using department and must be given full consideration by the Purchasing Department in the evaluation of price.

The use of a vendor's delivery vehicle will in most cases greatly reduce the total cost of an item purchased. Keep in mind, a pickup by District personnel, especially outside the District boundaries, costs the District labor hours, vehicle wear & tear and fuel.

Section 5.02.100
Quotations

Upon receipt of a Requisition For Purchase, the Purchasing Department shall review the source of supply. The bidder's list will be reviewed for firms that will give the best price, proper quality, and service.

When the total cost is less than \$500, or an emergency exists which will not permit the delay incidental to request for quotation, or the commodity is a "sole source" item, quotations will not be required. For purchases of \$500 to \$5,000, a minimum of three quotes is required (See Appendix).

The Purchasing Department will solicit quotations in one of two forms depending upon the equipment, supplies or service required. Telephone quotations will be used for lower dollar amounts for equipment and supplies when clear, open and competitive specifications are included with the requisition. Written requests for quotations are preferred for high dollar amounts and especially for any contracted services. The Purchasing Agent will determine which form will be used. Written requests for quotation will include the following instructions and information:

1. Quotes must be returned in a sealed envelope.
2. The time, date and place or receiving quotations.
3. The quantity desired.
4. A full description requested of the materials and specifications or service.
5. Rainbow Municipal Water District reserves the right to accept or reject any or all quotes.
6. If a bidder does not wish to quote, the quotation form is to be returned and reason stated, otherwise the Purchasing Department has the option to remove the bidder's name from the bidder's list.
7. In the case of small Capital Improvement Projects (under \$5,000), or maintenance agreements, the contractor shall have the current and properly classified contractor's license.
8. A contractor performing work as in Item 7 shall be required to carry a minimum of \$1,000,000 in liability insurance in which the District is also named as "additional insured", as well as provide a signed agreement "holding the District harmless".
9. As in Capital Improvement Project contracts in excess of \$5,000 and at the discretion of the General Manager, the contractor may be required to post a

10% bid security as well as 100% performance bonds for performance, material, and labor.

Sealed quotations submitted pursuant to the above will be kept unopened, until the day set for the opening. The Purchasing Department, or designee will open the quotations. All quotations shall be attached to the Purchase Order and kept on file.

All extensions, additions, and other computations on quotations will be checked and verified. All quotes will be abstracted to a bid result form for ease of comparison of prices, terms, delivery, and other pertinent information. Awards will be made to the lowest responsible bidder, with consideration also given to the bidder who offers items closest to the specification.

Section 5.02.110
Professional Services-Requests for Proposals

While it is not required to formally advertise for competitive bids for professional services (consultants, architects, etc.), it is the policy of the District to prepare a comprehensive request for proposal (RFP).

The following items are the principal topics that should be included in any RFP.

1. A complete description of the problem and the objectives of the project.
2. An estimate, as close as possible, of the extent of the services required, including staff and resources and an indication of any monetary limits.
3. A description of the overall work plan that the person/company offering the proposal is expected to carry out and an explanation of the relationship that is expected between that firm and District staff.
4. A requirement for the starting and completion dates for each phase of the work plan.
5. A requirement for a breakdown of estimated project costs, listing separately those attributable to expenses for such things as travel and phones, etc., and those for professional services.
6. Require the identification and background of each member of the firm proposed to work on the project.
7. Request a list of clients for whom the proposing firm has performed similar services in the recent past.

It is not necessary to follow any specific format. The important issue is that all seven points are incorporated.

Section 5.02.120
Insurance/Licensing

When contracting for services of any kind, no matter what the value of the contract, there are two items the contractor must have:

A. Policy of general liability insurance covering the contractor against claims and judgments arising from their products or activities for the District. The insurance policy shall be extended, by endorsement, naming the District as additional insured.

B. The contractor must be licensed to perform work in the State of California, and the license must be current and properly classified.

No matter how small the contract may be, nor how insignificant the work may seem -- WORK MAY NOT BEGIN UNTIL BOTH OF THESE REQUIREMENTS ARE *MET*. The required dollar limits of insurance will be provided by the Finance Manager.

Section 5.02.130
Departmental Responsibilities

Responsibilities:

1. To anticipate their needs so as to give the Purchasing Department the time necessary to get materials and services at the lowest cost consistent with the Purchasing Ordinance and purchasing policy.
2. To prepare specifications which are technical in scope and within the area of the using departments, and to keep such specifications as nonrestrictive as possible.
3. To assist the Purchasing Department in determining what items shall be stocked in central supplies, in setting stock levels, in adding new items and dropping old ones, and to keep Purchasing advised of any upcoming abnormal demands.
4. To list anticipated requirements in advance when requested.
5. When making contact with suppliers directly, in no case obligate the Purchasing Department without such authority.
6. To requisition equipment and supplies that comply with District, Cal-OSHA and OSHA safety standards. This should be verified with the Operations Manager by the using department.
7. To be sure that budget funds are available for all items requisitioned.

Section 5.02.140

Formal Bids

For any purchase which will exceed \$35,000 in value, a formal bid is required and the following procedure shall be followed:

1. All formally bid items must be submitted to and be approved by the General Manager in concept before any formal action will be taken.
2. A draft copy of the specifications for suppliers, services, or equipment should be submitted to the Purchasing Department along with any other pertinent information.
3. The bid package for items other than Capital Improvement Projects will be prepared by the Purchasing Department and returned to the originating department for review.

Once the bid package has been reviewed, it must be returned to Purchasing along with a list, if available, of desired prospective bidders.

Upon completion of the final bid package the bid will be formally advertised and a notice to bidders will be sent to prospective bidders.

The Notice will include the following instructions and information:

- A. Bids must be sealed.
- B. The latest time, date, and place of receiving bids.
- C. The time, date, and place of bid opening.
- D. The quantity desired (if applicable).
- E. A full description of the material and specifications.
- F. Rainbow Municipal Water District reserves the right to accept or reject any or all bids.
- G. Insurance and bonding requirements.

Sealed bids submitted pursuant to the above will be kept unopened until the hour set for the bid opening. The Board Secretary or designee will announce when the opening time has come. The bids will then be publicly opened by the Board Secretary or designee and the bid prices announced. Any bid received after the scheduled time of the bid opening shall be returned to the bidder unopened.

Section 5.02.150
Contract Delivery/Inspection

The Purchasing Department shall inspect all materials, supplies, and equipment received to determine its conformance with the specifications set forth in the order or contract.

Although most materials, supplies and equipment should be delivered to the warehouse, there may be need to ship items to other locations in the District. The Purchasing Department may authorize the using department to check materials against a Purchase Order for conformance as to quality, quantity, and specifications. When merchandise is received by the department per a Purchase Order, the following procedure shall be observed:

1. Check the delivery slip to see that it agrees with the merchandise received.
2. Check the delivery slip against the Purchase Order.
3. If the order is complete, check that the Purchase Order number is shown. Sign and forward the receiving copy of the Purchase Order and packing slip to the Purchasing Department.
4. In the case of a "partial" delivery, complete the receiving copy of the Purchase Order, indicating what portions of the order were received.
5. Forward this copy with the packing slip to the Purchasing Department, who will then make a photocopy and forward a duplicate of the receiving copy to Accounts Payable. This should be done each time a partial shipment is received until the order is complete, at which time you must forward the original receiving copy of the Purchase Order to the Accounts Payable Department.
6. In case of an overage or shortage (unless shown as a back order) or damaged delivery, notify the delivery driver and the Purchasing Department immediately.
7. Any employee receiving merchandise is instructed not to sign collect freight bills, but to notify the delivery service that the freight bill must be prepaid, and advise the Purchasing Department.
8. Do not accept any delivery without obtaining some form of delivery ticket. Every driver must obtain signature for his records, but be sure he/she leaves a copy for our records.

Section 5.02.160
Warehouse and Stationery Supplies

The warehouse will stock all items necessary for the maintenance, operation and repair of the District as well as janitorial supplies and bulk stationery items.

The inventory and purchases relative to the inventory will be continuously reviewed by the Purchasing Department.

All departments will be able to obtain materials from the warehouse for their use by filling out (in its entirety) a Warehouse Requisition. All information blocks must be filled out. No material will be issued without a Warehouse Requisition.

Stationery Supplies necessary to the administrative functions of the District (paper, pens, paper clips, etc.) will also be stored in the warehouse and monitored by the Purchasing Department. In order to obtain stationery items it is also necessary to present a completed Warehouse Requisition. No material will be issued without the presentation of a Warehouse Requisition.

Section 5.02.170
Invoices

Invoices are the media which guide the District in the settlement of financial obligations incurred. An invoice is the vendor's statement of his/her charges against the District for materials or services rendered, based on the Purchase Order.

All invoices, except those related to the Capital Improvement Projects, will be processed by Purchasing and Accounts Payable for payment.

Capital Improvement Projects - Progress Payments Invoices/billings will be processed as follows:

Progress payment forms are to be submitted to the District by the contractor monthly.

Upon review by the inspector and the responsible engineer, a brief memo from the engineer to the General Manager or his/her designee shall be attached to each progress payment. The memo shall state the amount paid and the date you request a check to be issued by Accounts Payable.

Section 5.02.180

Duties and Functions of Assigned District Purchasing Agent

The day to day operation of the Purchasing Department is the responsibility of the assigned District purchasing agent, who is responsible to the Finance Manager. The duties and functions of Purchasing/Warehouse Technician are as follows:

1. Maintain the Purchasing Manual and enforce the purchasing policies of the District.
2. Make all purchases required by the various departments of the District in conformity with the control procedures established for that purpose. The term "purchases" shall include all materials, supplies, equipment, and services (contractual and otherwise).
3. Operate and maintain the warehouse, and such control necessary for the proper inventory of stocks and supplies.
4. Prepare or obtain and maintain standard specifications for materials, supplies, and equipment whenever practical.
5. Keep informed and maintains records as to the source of supply for all classes of purchases, bids, and price quotations.
6. Arrange for the sale or disposal of obsolete and/or surplus property of the District in accordance with Administrative Code Section 5.04.03-Disposition of Surplus Assets.
7. Arrange for the transfer of equipment between the various District Departments.
8. Advise and assist the Financial Department in formulation of policies and procedures in connection with the purchasing activities of the District.
9. Perform such other duties as may be required by the Finance Manager.

Section 5.02.190
Purchasing Department

The Purchasing Department exists to provide a service for other departments of the District. Cooperation is essential for the successful operation of the purchasing function. The purpose of this section is to emphasize the responsibilities.

Section 5.02.190.01

Purchasing Department - Responsibilities

1. To become acquainted with the needs of the various District departments.
2. To procure a product that will meet the departments' requirements at the least cost to the District.
3. To seek and investigate new sources of supply.
4. To standardize whenever possible.
5. To see that all equipment and supplies comply with District or OSHA safety standards.
6. To keep informed of products and changes in the marketplace.
7. To maintain up-to-date vendor files.
8. To ensure proper cost application of expenses by using accurate Fund and Cost Center coding on all expenses.
9. To conduct an inventory in conjunction with the annual financial audit of the District.

Section 5.02.200

Purchasing Department - Relationship between District and Vendors

The promotion of good vendor relations is an important function of the Purchasing Department. It is the responsibility of the Purchasing Department to establish a relationship of mutual confidence and satisfaction between the District and suppliers. It is, therefore, necessary that the Purchasing Department be aware of all transactions that are conducted between the District and vendors. The departments should not be burdened with visits from suppliers without appointments. The District's time and that of the suppliers will be saved if the following procedures are observed:

1. When it is necessary for vendors to talk with departments, the interview shall be arranged by the Purchasing Department.
2. The Purchasing Department will inform or pass along to departments useful information received from interviews, catalogs, advertising, etc.
3. If a vendor should contact a department directly, any appearance on the part of operating or administrative personnel to making a commitment to buy, except through the Purchasing Department, must be avoided.
4. Requests for prices, specifications, samples, or other information concerned with specific purchases are to be made through Purchasing.
5. Copies of subsequent correspondence with prospective suppliers, which may be necessary, will be furnished by the assigned District purchasing agent.
6. All District personnel will be required to keep an objective and unobligated viewpoint. This includes the refusal to accept any and all gifts over a nominal value and gratuities from vendors and prospective vendors.

Section 5.02.210

Purchasing and Change Order Approval Requirements – Appendix

APPENDIX APPROVAL REQUIREMENTS; CHANGE ORDERS

A. APPROVAL REQUIREMENTS – LIMITS

Approval requirements of purchases and/or change orders for work or professional services are based on the total dollar amount of the purchase and/or change orders, as follows:

DOLLAR AMOUNT	REQUIRED APPROVAL SIGNATURES
\$2,000 or Less	Department Manager
\$2,000-\$5,000	Finance Manager
\$5,000-\$50,000	Finance Manager and General Manager
More than \$50,000	General Manager and Board of Directors

These limits are primarily for purchases of capital items and payment for work or professional services and do not apply to routine purchases of warehouse inventory items that are necessary for the conduct of daily District business. Transactions may not be split in order to circumvent these limits.

B. CHANGE ORDERS

As set forth in Public Contract Code section 20642 and Section 5.02.140 of this Administrative Code, when work is not to be done by the district itself by force account, and the amount involved is thirty-five thousand dollars (\$35,000), or more, any contract for the performance of work or services shall be let to the lowest responsible bidder, after publication, in the manner prescribed by the board, of notices inviting bids therefor. The General Manager is authorized by this section to approve any reasonable change order or modification to a contract for work or services that does not exceed \$25,000 or ten percent (10%) of the contract price, whichever amount is greater. Any proposed change order or modification to a contract for work or services that exceeds \$25,000 or 10% of the contract price, whichever amount is greater, shall be presented to the Board for consideration and approval. These approval requirements will not operate to conflict with relevant requirements of the Public Contract Code, including but not limited to sections 20640 et seq.