

**NOTICE OF A REGULAR MEETING  
OF THE OLIVENHAIN MUNICIPAL WATER  
DISTRICT'S FINANCE COMMITTEE  
1966 Olivenhain Road, Encinitas, CA 92024  
Tel: (760) 753-6466 • Fax: (760) 753-1578  
VIA TELECONFERENCE ONLY**

**Pursuant to AB 3035, effective January 1, 2003, any person who requires a disability related modification or accommodation in order to participate in a public meeting shall make such a request in writing to the District for immediate consideration.**

**DATE:** TUESDAY, AUGUST 3, 2021

**TIME:** 1:00 P.M.

**PLACE:** Hybrid Regular Meeting  
VIA TELECONFERENCE AND IN PERSON

Pursuant to the State of California Executive Order, and in the interest of public health, OMWD is temporarily taking actions to mitigate the COVID-19 pandemic by holding Committee Meetings electronically or by teleconference. This meeting will be a hybrid of in person and teleconference. Our Boardroom will be open to the public.

**To join this meeting via phone, please dial:**

(669) 900-9128 or (253) 215 8782

Meeting ID: 864 3505 5635 and Password: 675577

*Note: Items On The Agenda May Be Taken Out Of Sequential Order As Their Priority Is Determined By The Committee*

1. CALL TO ORDER
2. ROLL CALL (BOARD MEMBERS)
3. ADOPTION OF THE AGENDA
4. PUBLIC COMMENTS

5. CONSIDER APPROVAL OF THE MINUTES OF THE MAY 25, 2021 REGULAR FINANCE COMMITTEE MEETING
6. REVIEW AND DISCUSS A PROPOSED RESOLUTION OF INTENT TO ISSUE TAX-EXEMPT OBLIGATIONS FOR WASTEWATER (SEWER) REPLACEMENT PROJECTS IN ORDER TO FACILITATE THE ISSUANCE AND REFUNDING OF THE DISTRICT'S DEBT
7. CONSIDER QUARTERLY INVESTMENTS AND CASH REPORTS (2ND QTR 2021)
8. REVIEW AND DISCUSS STAFF PROPOSED CHANGES TO ARTICLE 6 OF THE ADMINISTRATIVE AND ETHICS CODE
9. CONSIDER FUTURE AGENDA ITEMS
10. ADJOURNMENT

**MINUTES OF A REGULAR MEETING  
OF THE FINANCE COMMITTEE  
OF OLIVENHAIN MUNICIPAL WATER DISTRICT**

**May 25, 2021**

A regular meeting of the Finance Committee of Olivenhain Municipal Water District was held on Tuesday, May 25, 2021, at the District office, 1966 Olivenhain Road, Encinitas, California via video conference.

President Watt called the meeting to order at 10:01 a.m. In attendance were Lawrence A. Watt, Board President; Christy Guerin, Board Treasurer; Kimberly Thorner, General Manager; Rainy Selamat, Finance Manager; Leo Mendez, Accounting Supervisor; and Jared Graffam, Financial Analyst. Director Watt announced that Director Bruce-Lane was also in attendance via teleconference to audit the Finance Committee Meeting, but will not participate per the Brown Act.

1. CALL TO ORDER
2. ROLL CALL (BOARD MEMBERS)
3. ADOPTION OF THE AGENDA

Director Watt moved to adopt the agenda, seconded by Director Guerin and carried unanimously.

4. PUBLIC COMMENTS

There were no public comments.

5. CONSIDER APPROVAL OF THE MINUTES OF THE MARCH 23, 2021 SPECIAL FINANCE COMMITTEE MEETING

Director Guerin moved to approve the March 23, 2021 meeting minutes, seconded by Director Watt and carried unanimously.

6. CONSIDER QUARTERLY INVESTMENTS AND CASH REPORTS (1<sup>st</sup> QTR 2021)

Finance Manager Selamat reviewed the investment report as of April 30, 2021 with the committee. Cash and investments were discussed. Finance Manager Selamat reported that the District's investments are in compliance with the investment policy and that the District has sufficient funds to meet its financial obligations for the next 120 days.

Director Watt commented that he looks for compliance with the board's investment policy and asked staff if there are any concerns with regards to District investments. Finance Manager Selamat responded there were no concerns and the District's return on investments are in line with other local agencies. General Manager Thorner added that a key component of the District's investment policy is protection of principal rather than chasing yields.

7. REVIEW AND DISCUSS CONTRACT EXTENSION BETWEEN OMWD AND THE PUN GROUP, LLP FOR PROFESSIONAL AUDITING SERVICES FOR TWO YEARS ENDING JUNE 30, 2022 AND JUNE 30, 2023

Finance Manager Selamat presented a proposed contract extension with The Pun Group, LLP for an additional two years of audit services covering fiscal years ending 2022 and 2023. The current agreement is set to expire following the District's fiscal year 2021 financial statement audit. Finance Manager Selamat reported that the total cost for both fiscal years included in the contract extension would be \$52,000, which represents a \$500 increase per fiscal year over the current contract amount. General Manager Thorner added that staff's proposal for a two-year extension of existing professional services is in compliance with the District's Administrative and Ethic's code. Accounting Supervisor Mendez also added that District staff has been pleased with The Pun Group's performance over the past two audits, particularly in light of the pandemic. The Pun Group's use of a secure portal for sharing audit documents was instrumental in completing the audits timely, and allowed for remote access and correspondence throughout the pandemic. Additionally, The Pun Group utilizes artificial intelligence to test financial data which is an added benefit for the District and its rate payers.

Both Director Watt and Direct Guerin commented the \$500 increase in cost per year seemed reasonable based on the services provided and the increase in the consumer price index since the original agreement was signed. Director Watt added that he remembered being impressed with The Pun Group's presentation during the initial auditor selection process. Both Director Watt and Director Guerin agreed to bring the proposal before the full board at the July 14, 2021 board meeting for consideration and approval.

8. CONSIDER AND APPROVE PROPOSED MID-TERM ADJUSTMENTS (FISCAL YEAR 2021/22) TO THE GENERAL MANAGER'S RECOMMENDED BIENNIAL OPERATING AND CAPITAL BUDGET AND UPDATE ON THE DISTRICT'S FIRST TWO-YEAR BUDGET PROCESS

Finance Manager Selamat began with an overview of the biennial budget process and provided an update on the projected actuals for fiscal year 2021. Finance Manager Selamat reported actual water sales are anticipated to be approximately 9.5% above the budgeted amount by year-end. Consequently, the cost of purchased water is estimated to be approximately 9.8% above budgeted as a result of increased water sales. Director

Watt asked what lead to increased sales and if the COVID-19 pandemic had an impact. Finance Manager Selamat responded that the increased water sales is primarily a result of dry weather conditions throughout the winter months. Additionally, the stay-at-home order from the pandemic lead to increased water consumption from residential customers, which was partially offset by a reduction in water consumption from Commercial customers. Director Guerin inquired if any adjustments have been made to projected sales for the next fiscal year. Finance Manager Selamat responded that staff have increased projected sales for the next fiscal year based actual consumption from April 2020 through March 2021.

Finance Manager Selamat commented that actual non-operating revenues are higher than budget because of the one-time rebate payment received from the San Diego County Water Authority in the amount of \$2.03 million, and \$2 million more than budgeted received in capacity revenue collected from developers.

Finance Manager Selamat then presented the staff-proposed adjustments to the fiscal year 2022 operating budget with revised key assumptions based on current information. Finance Manager Selamat explained the mid-term budget process which resulted in an adjustment to reduce the forecasted budget by approximately \$600 thousand. Director Watt asked if the revised budget is subject to change later. General Manager Thorner commented that the revised budget is based on a reduction in the District's controllable expenditures. Uncontrollable expenditures, such as increases in power, materials, and chemical costs over staff's estimates in the revised budget will increase the revised budget.

Finance Manager Selamat provided a summary of the capital budget adjustments proposed by staff which included a \$9 thousand increase in equipment purchases and a \$476 thousand decrease in District CIP for the biennial budget period due to the timing of projects. Financial Analyst Graffam provided a more detailed overview of on-going District projects, timing of planned capital spending, and anticipated grant funding to help offset capital project costs to the District. Finance Manager Selamat commented that the Neighborhood 1 Pump Station and Headworks replacement projects were pushed out to fiscal year 2022 due to funding issues. The District needs to issue \$5 million in sewer bonds to pay for construction.

Director Watt and Director Guerin agreed to bring the proposed budget adjustments to the full board for consideration and approval at the June 16, 2021 board meeting.

9. CONSIDER FUTURE AGENDA ITEMS

There were no future agenda items requested. However, General Manager Thorner announced to the committee that the District just received confirmation from the Fitch rating agency that the District will maintain its AAA bond rating. The AAA rating is the highest possible rating and reflects the financial strength of the District and low leverage ratio.

10. ADJOURNMENT

The meeting was adjourned at 11:11 a.m.

# Memo

Date: August 3, 2021  
To: Finance Committee  
From: Rainy Selamat, Finance Manager  
Via: Kimberly Thorner, General Manager  
Subject: **REVIEW AND DISCUSS A PROPOSED RESOLUTION OF INTENTION TO ISSUE TAX-EXEMPT OBLIGATIONS FOR WASTEWATER (SEWER) REPLACEMENT PROJECTS IN ORDER TO FACILITATE THE ISSUANCE AND REFUNDING OF THE DISTRICT'S DEBT**

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## Purpose

The purpose of this agenda item is to review and discuss a proposed resolution of intention to issue tax-exempt bonds to pay for the District's sewer capital improvement needs. The issuance of the sewer bonds was contemplated and included in the Mid-term Biennial Budget updates adopted by OMWD Board at its June 2021 Board meeting.

Adopting the resolution would allow the District to get reimbursement from the proceeds of tax-exempt bonds. Adopting the resolution does not obligate the District to issue any bonds. This resolution only allows the bonds to be tax-exempt, if issued.

## Recommendation

Staff recommends that the Committee review and approve the attached resolution. Adoption of the attached resolution would be critical step to be considered by the Board prior to issuance of any tax-exempt bonds, should the District decide to proceed with debt financing. Following the Committee's review and approval, Staff will bring this item forward for consideration and adoption by the Board at the September 8, 2021 meeting.

## **Background**

Over the next five years, the District is planning to execute over \$20.5 million in wastewater capital replacement and rehabilitation projects per its ten-year wastewater capital spending plan. As part of the 2020 Wastewater Rate Study Report and Mid-term Biennial Budget update, the District included a new debt issuance of \$5 million in fiscal year 2022 in order to prevent a rate spike or depletion of its wastewater reserves in light of the intensive capital project load in wastewater.

Proceeds from this debt issuance will be used to finance significant sewer capital improvement projects, including the rehabilitation of the existing Neighborhood One Sewer Pump Station and the Headworks Screening System improvements at the 4S Ranch Wastewater Treatment Plant.

## **Discussion**

The attached resolution was prepared by the District's bond counsel, Lawrence Chan with Stradling, Yocca, Carlson, & Rauth, and was reviewed by staff. Staff had several discussions with the District's Municipal Advisor, Fieldman and Rolapp, regarding debt financing options. Staff and Fieldman and Rolapp will be available for discussion with the Committee during the meeting.

Attachment: Resolution of the Board of Directors of the Olivenhain Municipal Water District Regarding its Intention to Issue Tax-Exempt Obligations



RESOLUTION NO. \_\_\_\_\_

RESOLUTION OF THE BOARD OF DIRECTORS OF THE  
OLIVENHAIN MUNICIPAL WATER DISTRICT  
REGARDING ITS INTENTION TO ISSUE TAX-EXEMPT  
OBLIGATIONS

WHEREAS, the Board of Directors of the Olivenhain Municipal Water District (the “Issuer”) desires to finance the costs of acquiring certain public facilities and improvements, as provided in Exhibit A attached hereto and incorporated herein (the “Project”);

WHEREAS, the Issuer intends to finance the acquisition of the Project or portions of the Project with the proceeds of the sale of obligations the interest upon which is excluded from gross income for federal income tax purposes (the “Obligations”); and

WHEREAS, prior to the issuance of the Obligations the Issuer desires to incur certain expenditures with respect to the Project from available monies of the Issuer which expenditures are desired to be reimbursed by the Issuer from a portion of the proceeds of the sale of the Obligations;

NOW, THEREFORE, the BOARD OF DIRECTORS OF THE OLIVENHAIN MUNICIPAL WATER DISTRICT DOES HEREBY RESOLVE, ORDER AND DETERMINE AS FOLLOWS:

SECTION 1. The Issuer hereby states its intention and reasonably expects to reimburse Project costs incurred prior to the issuance of the Obligations with proceeds of the Obligations. Exhibit A describes either the general character, type, purpose, and function of the Project, or the fund or account from which Project costs are to be paid and the general functional purpose of the fund or account.

SECTION 2. The reasonably expected maximum principal amount of the Obligations is \$5,500,000.

SECTION 3. This resolution is being adopted on or prior to the date (the “Expenditures Date or Dates”) that the Issuer will expend monies for the portion of the Project costs to be reimbursed from proceeds of the Obligations.

SECTION 4. Except as described below, the expected date of issue of the Obligations will be within eighteen months of the later of the Expenditure Date or Dates and the date the Project is placed in service; provided, the reimbursement may not be made more than three years after the original expenditure is paid. For Obligations subject to the small issuer exception of Section 148(f)(4)(D) of the Internal Revenue Code, the “eighteen-month limit” of the previous sentence is changed to “three years” and the limitation of the previous sentence beginning with “; provided, . . . .” is not applicable.

SECTION 5. Proceeds of the Obligations to be used to reimburse for Project costs are not expected to be used, within one year of reimbursement, directly or indirectly to pay debt service with respect to any obligation (other than to pay current debt service coming due within the next succeeding one year period on any tax-exempt obligation of the Issuer (other than the Obligations)) or

to be held as a reasonably required reserve or replacement fund with respect to an obligation of the Issuer or any entity related in any manner to the Issuer, or to reimburse any expenditure that was originally paid with the proceeds of any obligation, or to replace funds that are or will be used in such manner.

SECTION 6. This resolution is consistent with the budgetary and financial circumstances of the Issuer, as of the date hereof. No monies from sources other than the Obligation issue are, or are reasonably expected to be reserved, allocated on a long-term basis, or otherwise set aside by the Issuer (or any related party) pursuant to their budget or financial policies with respect to the Project costs. To the best of our knowledge, this Board of Directors is not aware of the previous adoption of official intents by the Issuer that have been made as a matter of course for the purpose of reimbursing expenditures and for which tax-exempt obligations have not been issued.

SECTION 7. The limitations described in Section 3 and Section 4 do not apply to (a) costs of issuance of the Obligations, (b) an amount not in excess of the lesser of \$100,000 or five percent (5%) of the proceeds of the Obligations, or (c) any preliminary expenditures, such as architectural, engineering, surveying, soil testing, and similar costs other than land acquisition, site preparation, and similar costs incident to commencement of construction, not in excess of twenty percent (20%) of the aggregate issue price of the Obligations that finances the Project for which the preliminary expenditures were incurred.

SECTION 8. This resolution is adopted as official action of the Issuer in order to comply with Treasury Regulation § 1.150-2 and any other regulations of the Internal Revenue Service relating to the qualification for reimbursement of Issuer expenditures incurred prior to the date of issue of the Obligations, is part of the Issuer's official proceedings, and will be available for inspection by the general public at the main administrative office of the Issuer.

SECTION 9. All the recitals in this Resolution are true and correct and this Board of Directors so finds, determines and represents.

PASSED, ADOPTED AND APPROVED at a regular Board meeting of the Board of Directors of the Olivenhain Municipal Water District held on September 8, 2021.

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Lawrence A. Watt, President  
Board of Directors  
Olivenhain Municipal Water District

Attest:

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Robert F. Topolovac, Secretary  
Board of Directors  
Olivenhain Municipal Water District

## EXHIBIT A

### DESCRIPTION OF PROJECT

Approximately \$5 million of the proceeds of the Obligations will be used to finance the construction of certain rehabilitations, replacements, and modifications to the existing Neighborhood One Sewer Pump Station and the Headworks Screening System at the 4S Wastewater Treatment Plant. The projects will consist of installation of new and modified components (including new pumps, electrical systems, mechanical systems, odor control equipment, structural modifications, automatic screen and wash press equipment replacement) used in the wastewater (sewer) treatment and collection process to improve the overall 4S Wastewater Treatment Plant operational performance.



FIELDMAN  
ROLAPP  
& ASSOCIATES



# 2021 SEWER FINANCING PLAN

Finance Committee Meeting



August 3, 2021

12

# FINANCIAL PLAN OVERVIEW

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- Staff identified approximately \$5 million in critical capital projects for the sewer system that can be financed through debt obligation
  - The recent Prop 218 sewer notice assumed a 2021 debt issuance to fund these capital projects
  - Reimbursement Resolution allows the District to recover prior incurred costs with proceeds issued with tax-exempt debt
- District has outstanding a \$5.5 million loan with CB&T/ ZB issued in 2018
  - Currently there is approximately \$4 million outstanding with a final maturity in 2028
  - The loan can be called at par at any date
- Finance plan is to finance needed sewer capital projects through a private placement and refinance the existing CB&T Loan

# DEBT ISSUANCE CONSIDERATIONS

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## ➤ Legal Covenants

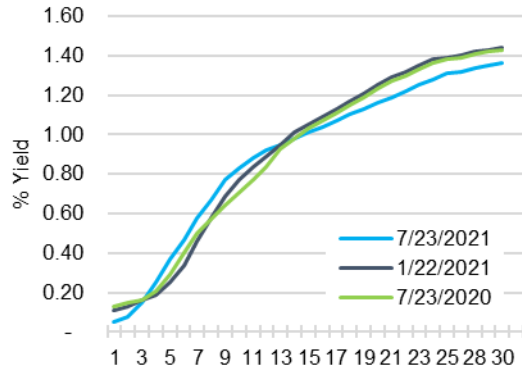
- Rate covenant: pledge to set rates of the Wastewater system = 125% of annual debt payments
  - Current rate covenant is 125% on the 2018 Loan

## ➤ Public offering v. Private Placements

- Public Offering requires disclosure document and underwriter
  - Preliminary Official Statement: used to sell debt to investors
  - Describes transaction, credit and legal rights of parties
- Private Placement sold directly to typically one investor (bank)
  - Typically, no formal disclosure required
  - No credit rating; this has been the District's approach to finance sewer capital funding
  - Typically, more cost effective where capital funding is below \$10 million
  - Placement Agent used to solicit RFP to multiple banks

# TAX-EXEMPT MARKET OVERVIEW | MMD

AAA MMD Yield Curve Comparison



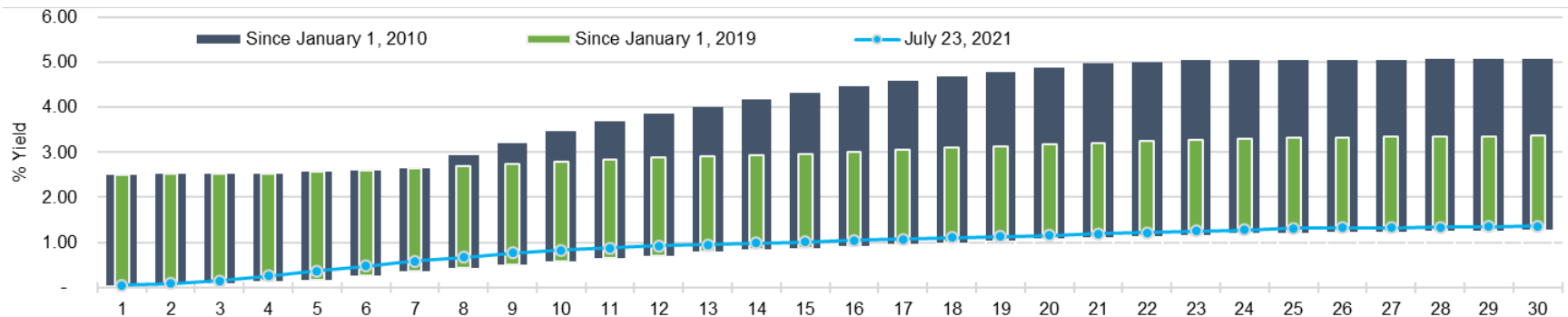
MMD Credit Spreads to AAA – 1/1/10 to 7/23/21



AAA Yield Curve Steepness – 1/1/10 to 7/23/21

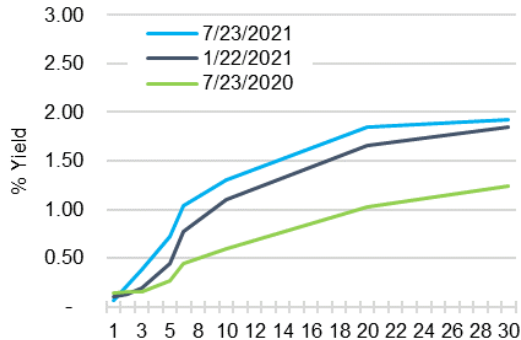


Maximum and Minimum AAA MMD Yields

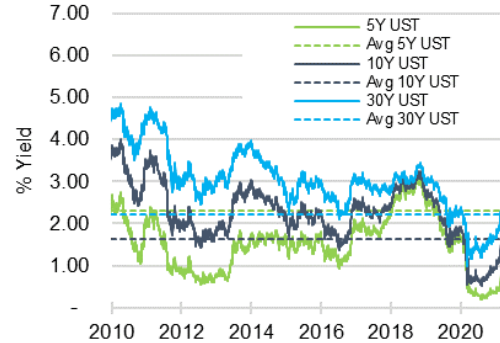


# TAXABLE MARKET OVERVIEW | U.S. TREASURIES

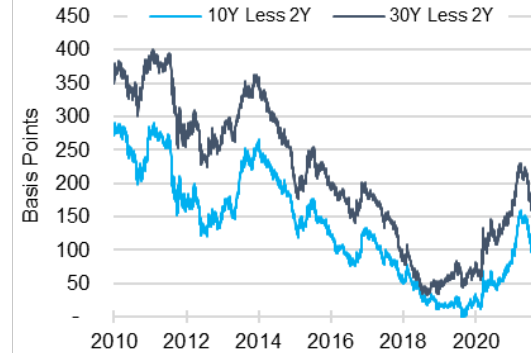
UST Yield Curve Comparison



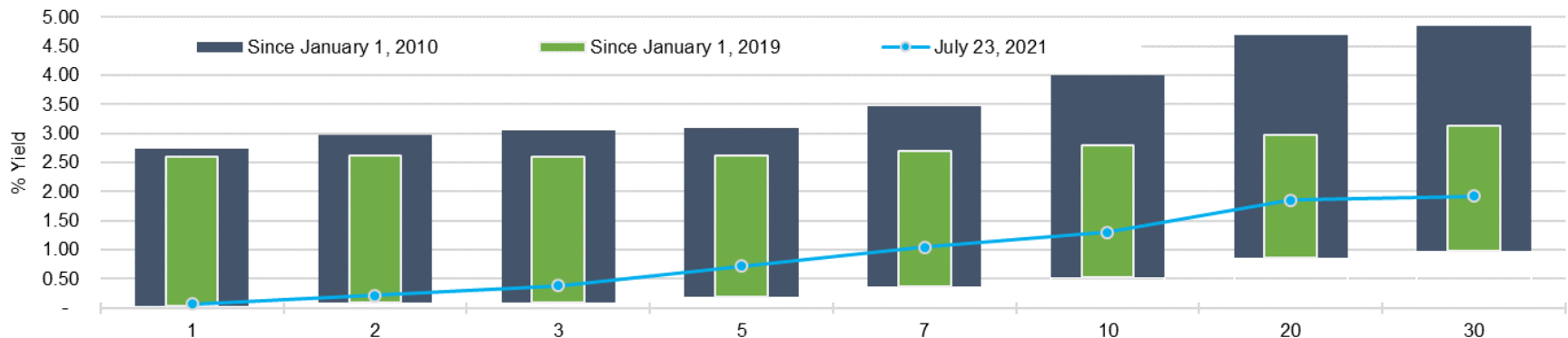
UST Rates – 1/1/10 to 7/23/21



UST Yield Curve Steepness - 1/1/10 to 7/23/21

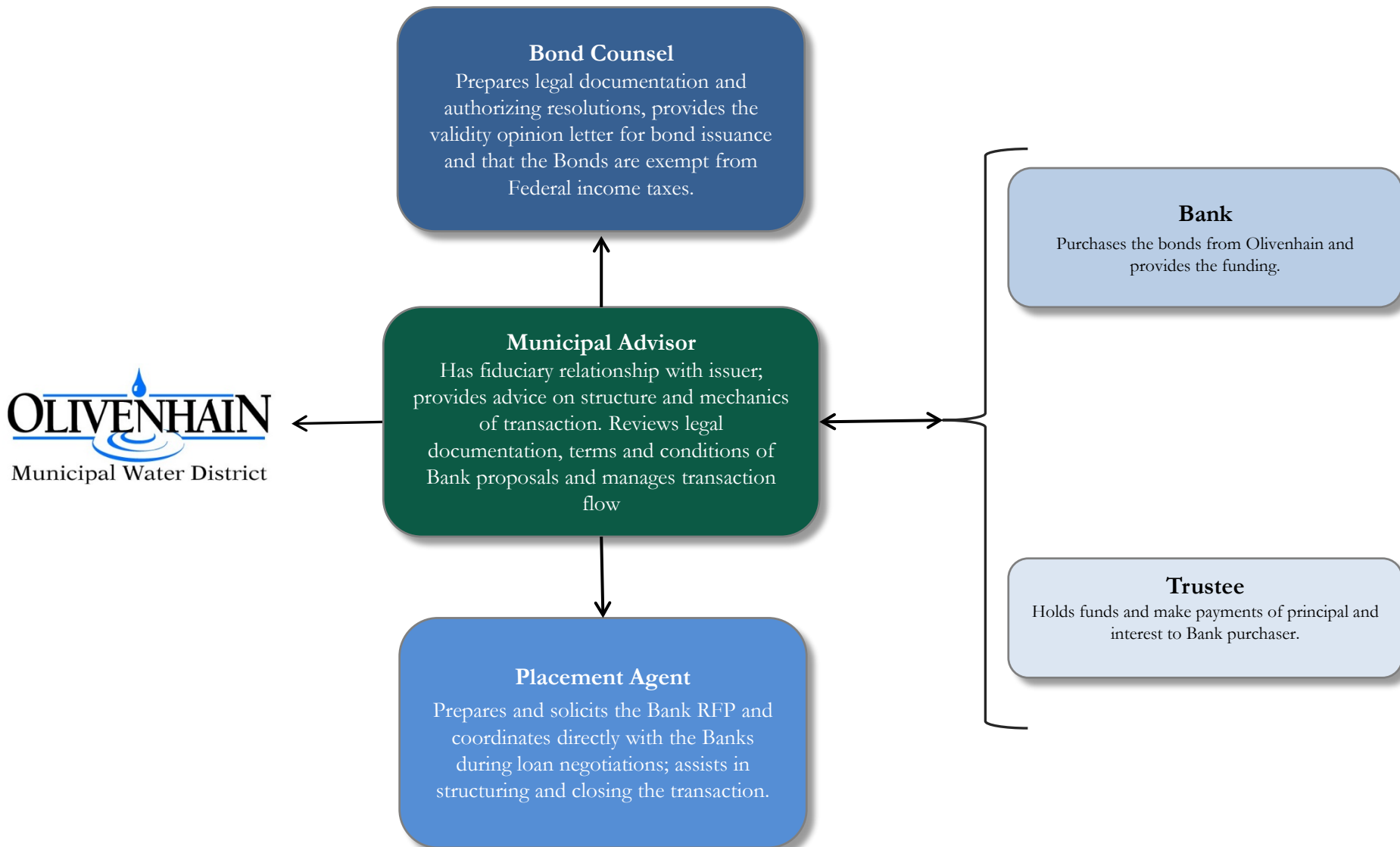


Maximum and Minimum UST Yields





# PROPOSED FINANCE TEAM



# DEBT FINANCING TIMELINE

Date	Description
<b>Tuesday, August 3, 2021</b>	<b>Finance Committee Meeting to review and approve:</b> a) <b>Financing plan and process</b> b) <b>Financing team selection</b> c) <b>Resolution of Intent to Issue Tax-exempt obligations</b>
<b>Friday, August 20, 2021</b>	<b>Distribute Private Placement Bank RFP</b>
<b>Wednesday, September 8, 2021</b>	<b>Board Meeting to approve to provide update on financing and to adopt Resolution of Intent</b>
<b>Wednesday, September 8, 2021</b>	<b>Receive Bank RFPs</b>
<b>Monday, September 20, 2021</b>	<b>Finance Committee Meeting:</b> a) <b>Review of Bank selection and bid results</b>
<b>Monday, October 4, 2021</b>	<b>Distribute near-final drafts of legal documents</b>
<b>Wednesday, October 13, 2021</b>	<b>Board Meeting to approve and adopt:</b> a) <b>Resolution approving issuance of 2021 Installment Purchase Agreement(s) and forms of the legal documents</b>
<b>Tuesday, October 26, 2021</b>	<b>Pre-closing</b>
<b>Wednesday, October 27, 2021</b>	<b>Closing and receipt of funds</b> <b>Prepayment of prior CB&amp;T 2018 Loan</b>

# RECOMMENDATION

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- Consider and approve the Resolution to allow the District to recover prior incurred capital costs for consideration at September 8 2021 Board meeting
- Authorize staff to proceed with the recommended finance team to bid out the District's 2018 refinancing and capital financing with Fieldman Rolapp & Associates as Municipal Advisor, Hilltop Securities as Placement Agent and Stradling as Bond Counsel based on qualifications, experience, expertise, and prior familiarity of OMWD

# DISCLAIMER

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Fieldman, Rolapp & Associates, Inc. is an SEC-registered Municipal Advisor, undertaking a fiduciary duty in providing financial advice to public agencies. Compensation contingent on the completion of a financing or project is customary for municipal financial advisors. To the extent that our compensation for a transaction is contingent on successful completion of the transaction, a potential conflict of interest exists as we would have a potential incentive to recommend the completion of a transaction that might not be optimal for the public agency. However, Fieldman, Rolapp & Associates, Inc. undertakes a fiduciary duty in advising public agencies regardless of compensation structure.

# Memo

Date: August 3, 2021  
To: Finance Committee  
From: Rainy Selamat, Finance Manager  
Via: Kimberly Thorner, General Manager  
Subject: QUARTERLY REVIEW OF INVESTMENTS AND CASH REPORT (2<sup>nd</sup> QTR 2021)

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## **Purpose**

The purpose of this agenda is to provide a verbal report on the District's investment activities and cash information to the Finance Committee to comply with the annual investment policy approved by the Board.

## **Recommendation**

It is recommended that the Committee review and receive the attached report as presented.

## **Background**

The attached reports are presented to provide information to the Finance Committee as required by the District's Annual Investment Policy, which was adopted by the Board at the December 2020 board meeting.

The purpose of the District's Investment Policy is to identify policies and procedures that shall govern the investment of all District funds. The ultimate goal of the policy is to enhance the economic position of the District while protecting its funds. These policies have been followed in making all investment decisions on behalf of the District.

The Annual Investment Policy also states that at least once each quarter, the District's Finance Manager shall provide an oral report on the District's investments for review and discussion.

## **Discussion**

Staff will be available for discussion with the Committee during the meeting.

Attachment: Monthly Cash and Investment Summary Report as of June 30, 2021.

**Olivenhain Municipal Water District**  
**MONTHLY CASH AND INVESTMENT SUMMARY**  
**As of June 30, 2021**

**Active Deposits**

	<b><u>Book Value</u></b>
Checking Accounts	\$ 13,392,135
Cash Restricted for Specific Use	597,415
Petty Cash/Disaster Preparedness	1,496
Total Active Deposits	<u>\$ 13,991,046</u>

**Deposits Not Covered by Investment Policy**

Cash with Fiscal Agents	1,450,746
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<b><u>Investments</u></b>	<b><u>Face Value</u></b>	<b><u>Market Value</u></b>	<b><u>Current Yield</u></b>	
LAIF	\$ 27,146,357	27,279,721	0.32%	\$ 27,146,357
CAMP	7,032,934	7,032,934	0.05%	7,032,934
Money Market Funds	65,931	65,931	0.01%	65,931
Municipal Bonds	1,000,000	1,173,910	4.26%	1,216,760
U.S. Treasury Securities	2,000,000	2,016,520	0.99%	2,021,162
U.S. Agency Securities	30,876,111	30,670,791	0.48%	30,872,931
Total Investments	<u>\$ 68,121,333</u>	<u>\$ 68,239,807</u>	<u>0.45%</u>	<u>\$ 68,356,075</u>

**Total - All Deposits/Investments**

**\$ 83,797,867**

**Maturity Analysis of Investments**

	<b><u>Percent</u></b>	<b><u>Balance</u></b>
Demand Deposits	50.1%	\$ 34,245,222
Maturity within the next two months	0.0%	-
Maturity within three months and one year	1.5%	1,036,684
Maturity beyond one year	48.4%	33,074,169
Total Investments	<u>100.0%</u>	<u>\$ 68,356,075</u>

**Weighted Average Days to Maturity**

**719**

**Other Required Disclosures:**

Accrued interest receivable as of 06/30/2021

\$ 80,883

The above investments are in accordance with the portfolio limitations in the Investment Policy approved by the Board in December 2020.

The District has sufficient funds on hand to meet the next 30 days' obligations.

**Olivenhain Municipal Water District**  
**PORTFOLIO LIMITATIONS ANALYSIS PER INVESTMENT POLICY**  
**June 30, 2021**

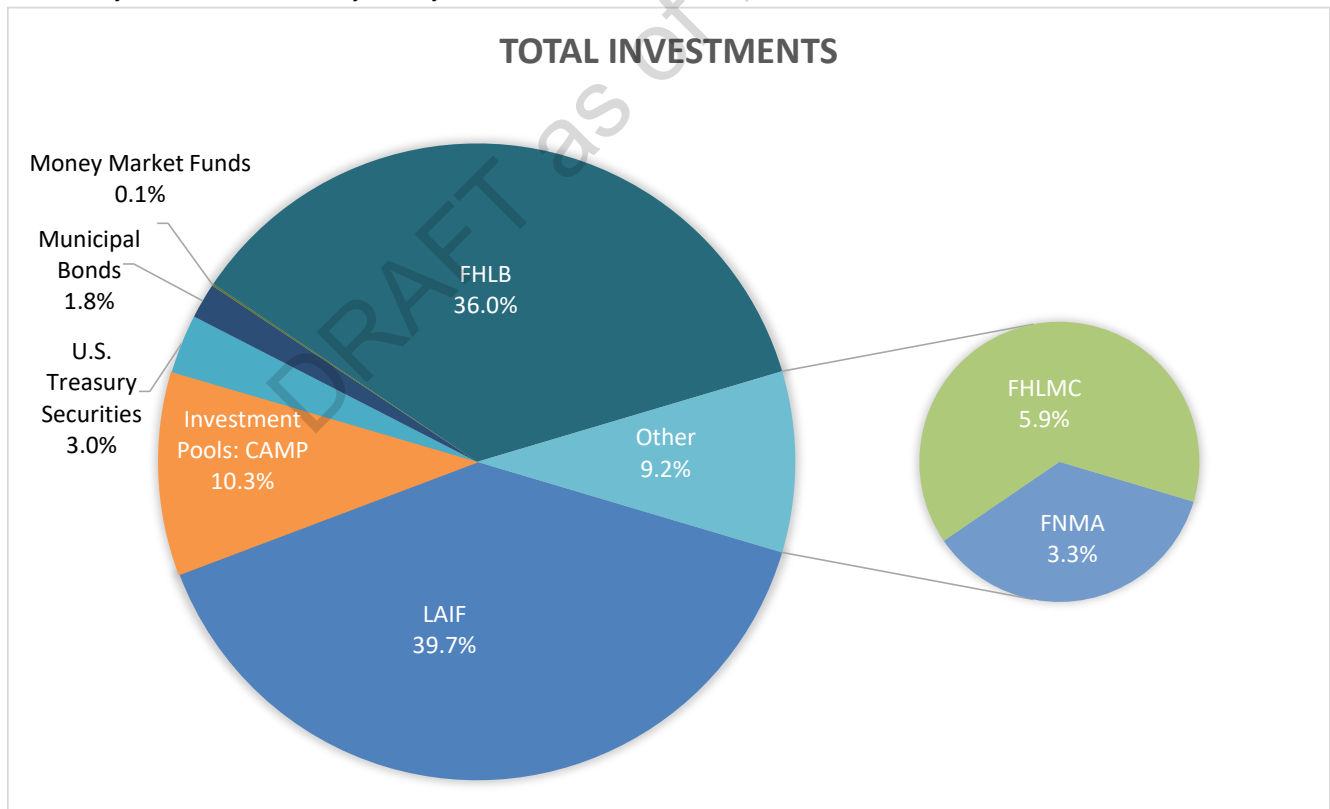
	<u>Book Value</u>	<u>Percent</u>	<u>Permitted Percent</u>	<u>In Compliance?</u>
LAIF	\$ 27,146,357	39.7%	40.0% <sup>(1)</sup>	Yes
Investment Pools: CAMP	7,032,934	10.3%	30.0%	Yes
U.S. Treasury Securities	2,021,162	3.0%	100.0% <sup>(2)</sup>	Yes
Municipal Bonds	1,216,760	1.8%	30.0%	Yes
Money Market Funds	65,931	0.1%	20.0% <sup>(3)</sup>	Yes
U.S. Agency Securities	30,872,931	45.2%	50.0%	Yes
<i>FHLB</i> <i>Federal Home Loan Bank</i>	24,623,111	36.0%		
<i>FNMA</i> <i>Fannie Mae</i>	2,250,000	3.3%		
<i>FHLMC</i> <i>Freddie Mac</i>	3,999,820	5.9%		
<b>Total Investments</b>	<b>\$ 68,356,075</b>	<b>100%</b>		

Note:

<sup>(1)</sup> New limit of 40% approved by the board in May 2020.

<sup>(2)</sup> No limit.

<sup>(3)</sup> May not exceed 5% in any money market fund.



\* Total may not add up to 100% due to rounding.



**Olivenhain Municipal Water District**  
**MONTHLY INVESTMENTS DETAIL**  
**June 30, 2021**

**ACTIVE DEPOSIT**

	<b>Book Value</b>
Checking A/C California Bank and Trust for General Purpose	13,392,135
California Bank and Trust for Specific Purpose	597,415
Petty Cash/Disaster Preparedness	1,496
<b>Total - Active Deposits</b>	<b>13,991,046</b>

**DEPOSITS NOT COVERED BY INVESTMENT POLICY**

**Cash with Fiscal Agents:**

Union Bank - RAD 96-1 Refunding Bond	697,927
Union Bank - 2015A Refunding Bond	862
SRF Loan	750,391
Union Bank - 2016A Refunding Bond	215
Union Bank - 2018 Revenue Bond	1,351

**Total Deposits Not Covered by Investment Policy**

**1,450,746**

	<b>RATING</b>		<b>DATE</b>				<b>Weighted Average Days to Maturity</b>	<b>Call</b>	<b>Stated Coupon</b>	<b>Current Yield</b>	<b>Market Value</b>	<b>Face Value</b>	<b>Book Value</b>
	<b>Moody's</b>	<b>S&amp;P</b>	<b>Purchase</b>	<b>Maturity</b>	<b>Next Call</b>	<b>Next S-U</b>							

**INVESTMENTS**

<b>Invest. Pools</b> Calif. Asset Mgmt Prgm (CAMP)				Demand			1			0.05%	\$ 7,032,934	\$ 7,032,934	\$ 7,032,934
State Local Agency Investment Fund (LAIF)				Demand			1			0.32%	27,279,721	27,146,357	27,146,357
JP Morgan US Gov't Money Market Fund Premier Class SHS				Demand			1			0.01%	65,931	65,931	65,931

**U.S. Treasury Notes/Bills**

912828YH7 U.S. Treasury Notes	Aaa	-	03/09/21	02/28/26			1,705		1.50%	1.45%	1,031,680	1,000,000	1,036,684
91282CBQ3 U.S. Treasury Notes	Aaa	-	03/09/21	09/30/24			1,189		0.50%	0.51%	984,840	1,000,000	984,478

<b>95</b>	<b>1.00%</b>	<b>0.99%</b>	<b>\$ 2,016,520</b>	<b>\$ 2,000,000</b>	<b>\$ 2,021,162</b>
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**U.S. Agency Securities**

3134GXKH6 FHLMC Callable	Aaa	AA+	01/27/21	01/27/23	10/27/21		577	120	0.13%	0.13%	997,590	1,000,000	999,820
3134GW2F2 FHLMC Callable	Aaa	AA+	08/25/20	05/25/23	08/25/21		695	57	0.30%	0.30%	1,996,280	2,000,000	2,000,000
3130AJZJ1 FHLB Callable	Aaa	AA+	09/02/20	08/25/23	Anytime		787	1	0.32%	0.32%	1,150,662	1,151,111	1,151,111
3136G4P56 FNMA Callable	Aaa	AA+	08/26/20	02/26/24	08/26/22		972	423	0.40%	0.40%	1,247,863	1,250,000	1,250,000
3130ALHM9 FHLB Callable	Aaa	AA+	03/10/21	06/10/24	03/10/22		1,077	254	0.30%	0.30%	995,090	1,000,000	999,000
3136G4A29 FNMA Callable	Aaa	AA+	07/30/20	07/30/24	07/30/21		1,127	31	0.55%	0.55%	1,000,120	1,000,000	1,000,000
3130AKEW2 FHLB Callable	Aaa	AA+	11/04/20	11/04/24	08/04/21		1,224	36	0.43%	0.43%	1,988,920	2,000,000	2,000,000
3134GWAQ9 FHLMC Callable	Aaa	AA+	07/28/20	07/28/25	07/28/21		1,490	29	0.65%	0.65%	995,980	1,000,000	1,000,000
3130AKGX8 FHLB Step-up Callable	Aaa	AA+	12/15/20	12/15/25	09/15/21	12/15/21	1,630	78	0.20%	0.20%	1,988,840	2,000,000	2,000,000
3130AKMD5 FHLB Callable	Aaa	AA+	01/26/21	01/26/26	07/26/21		1,672	27	0.50%	0.51%	984,670	1,000,000	999,500
3130AKU53 FHLB Callable	Aaa	AA+	01/28/21	01/28/26	07/28/21		1,674	29	0.52%	0.53%	983,670	1,000,000	1,000,000
3130AKN69 FHLB Callable	Aaa	AA+	01/28/21	01/28/26	01/28/22		1,674	213	0.50%	0.51%	984,690	1,000,000	1,000,000
3130AKVN3 FHLB Callable	Aaa	AA+	01/29/21	01/29/26	07/29/21		1,675	30	0.52%	0.53%	983,520	1,000,000	1,000,000
3130AKWK8 FHLB Callable	Aaa	AA+	02/12/21	02/12/26	11/12/21		1,689	136	0.51%	0.52%	982,820	1,000,000	1,000,000
3130AKX43 FHLB Step-up Callable	Aaa	AA+	02/24/21	02/24/26	11/24/21	11/24/21	1,701	148	0.30%	0.30%	1,986,300	2,000,000	2,000,000
3130AL7M0 FHLB Callable	Aaa	AA+	02/24/21	02/24/26	08/24/21		1,701	56	0.63%	0.63%	990,020	1,000,000	1,000,000
3130AKYR1 FHLB Callable	Aaa	AA+	02/25/21	02/25/26	02/25/22		1,702	241	0.55%	0.56%	986,660	1,000,000	1,000,000
3130AL6K5 FHLB Callable	Aaa	AA+	02/25/21	02/25/26	02/25/22		1,702	241	0.58%	0.59%	985,470	1,000,000	1,000,000
3130ALD76 FHLB Callable	Aaa	AA+	02/25/21	02/25/26	08/25/21		1,702	57	0.70%	0.71%	988,700	1,000,000	1,000,000
3130ALCW2 FHLB Callable	Aaa	AA+	02/25/21	02/25/26	02/25/22		1,702	241	0.63%	0.63%	988,910	1,000,000	998,500
3130AL6Q2 FHLB Callable	Aaa	AA+	02/26/21	02/26/26	08/26/21		1,703	58	0.22%	0.22%	994,330	1,000,000	1,000,000
3130ALGJ7 FHLB Callable	Aaa	AA+	03/23/21	03/23/26	10/23/21		1,728	116	1.00%	1.00%	974,756	975,000	975,000
3130ALNNO FHLB Callable	Aaa	AA+	03/30/21	03/30/26	06/30/21		1,735	1	1.05%	1.05%	1,000,050	1,000,000	1,000,000
3130ALPQ1 FHLB Step-up Callable	Aaa	AA+	03/30/21	03/30/26	09/30/21		1,735	93	0.50%	0.50%	999,030	1,000,000	1,000,000
3130ALVC5 FHLB Step-up Callable	Aaa	AA+	04/14/21	04/14/26	10/14/21		1,750	107	0.60%	0.60%	999,750	1,000,000	1,000,000
3130AMMV1 FHLB Callable	Aaa	AA+	06/03/21	06/03/24	09/03/21		1,070	66	0.40%	0.40%	498,140	500,000	500,000
3130AMKE1 FHLB Callable	Aaa	AA+	05/27/21	02/27/25	08/27/21		1,339	59	0.66%	0.66%	997,960	1,000,000	1,000,000

<b>1,434</b>	<b>3,337</b>	<b>0.48%</b>	<b>0.48%</b>	<b>\$ 30,670,791</b>	<b>\$ 30,876,111</b>	<b>\$ 30,872,931</b>
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**Municipal Bonds**

882724RA7 TEXAS ST PUB FIN AUTH	Aaa	AAA	10/30/20	10/01/25			1,555		5.00%	4.26%	1,173,910	1,000,000	1,216,760
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<b>1,555</b>	<b>5.00%</b>	<b>4.26%</b>	<b>\$ 1,173,910</b>	<b>\$ 1,000,000</b>	<b>\$ 1,216,760</b>
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**Total Investments**

<b>719</b>	<b>0.45%</b>	<b>0.45%</b>	<b>\$ 68,239,807</b>	<b>\$ 68,121,333</b>	<b>\$ 68,356,075</b>
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**TOTAL - ALL DEPOSITS AND INVESTMENTS**

**\$ 83,797,867**

**Olivenhain Municipal Water District  
INVESTMENTS TRANSACTION  
June 30, 2021**

**PURCHASED**

DATE				Investment Description	Stated	Current	Face Value	Book Value
Purchase	Maturity	Call	Step-Up		Coupon	Yield		
06/03/21	06/03/24	09/03/21		FHLB Callable	0.400%	0.401%	500,000	500,000

**MATURED / REDEEMED / CALLED**

DATE				Investment Description	Stated	Current	Face Value	Book Value
Redemption	Maturity	Call	Step-Up		Coupon	Yield		
06/29/21	11/29/24	06/29/21		FHLB Callable	0.650%	0.650%	1,000,000	1,000,000
06/23/21	03/23/26	06/23/21		FHLB Callable - Partial Call	1.000%	1.000%	25,000	25,000

**Olivenhain Municipal Water District**  
**UNAUDITED CASH POSITION BY FUNDING SOURCES**  
**As of June 30, 2021**

<b><u>Water Funds (Potable &amp; Recycled)</u></b>		<b><u>Balance</u></b>
10050-100	Cash - Petty Cash Fund	\$ 1,496
10030-100	Cash - Capital and Equipment Fund	36,930,544
10010-100	Cash - Operating Fund	14,899,350
10060-100	Cash - Deposit Work for Other	402,058
10040-100	Cash - Rate Stabilization	10,487,331
14000-500	Restricted Cash - Capacity Fee Fund	5,027,297
<b>Total Water Funds (Potable &amp; Recycled)</b>		<b>\$ 67,748,076</b>
 <b><u>Wastewater Funds</u></b>		
10010-110	Wastewater - Operating Fund	1,742,959
10030-110	Wastewater - Capital Replacement Fund	9,658,477
10040-110	Wastewater - Rate Stabilization Fund	2,600,193
<b>Total Wastewater Funds</b>		<b>\$ 14,001,630</b>
 <b><u>Non Fiscal Agent Debt Service Cash</u></b>		
14020-570	Cash non-agent - RAD 96-1	584,604
10070-561	Cash non-agent - Bond 2015A	621
10070-581	Cash non-agent - Bond 2016A	10,580
14020-512	Cash non-agent - Bond 2018	1,610
<b>Total Non Fiscal Agent Debt Service Cash</b>		<b>\$ 597,415</b>
 <b><u>Debt Service Funds</u></b>		
14030-510	SRF Loan - Fiscal Agent	750,391
14105-570	Redemption fund - RAD 96-1	648,977
14110-570	Reserve fund - RAD 96-1	48,950
14100-561	Redemption fund - Bond 2015A	862
14100-581	Redemption fund - Bond 2016A	215
14100-512	Redemption fund - CB&T 2018	1,351
<b>Total Debt Service Funds</b>		<b>\$ 1,450,746</b>
<b>TOTAL FUND BALANCES</b>		<b>\$ 83,797,867</b>

# Memo

Date: August 3, 2021  
To: Finance Committee  
From: Geoff Fulks, Operations Manager  
Jason Hubbard, Engineering Manager  
Via: Kimberly Thorner, General Manager  
Subject: **REVIEW AND DISCUSS PROPOSED UPDATES TO ARTICLE 6 OF THE  
ADMINISTRATIVE AND ETHICS CODE**

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## Purpose

The purpose of this agenda item is to review and discuss proposed updates to Article 6 of the Administrative and Ethics Code with the Finance Committee. Updating Article 6 is an Annual Objective for 2021 to bring the policy in-line with industry standards.

## Recommendation

It is recommended that the Committee review and approve the proposed updates and forward the updates to the full Board for consideration.

## **Background**

The purpose of Article 6 of the Administrative and Ethics Code is to ensure procurement decisions made by the District are in compliance with state regulations, are transparent and accountable, set fair procedures for awarding contracts and provide clear expectations. The last revision to the District's Article 6 was made on May 17, 2017 and did not include adjustments of purchase authority limits.

The proposed updates are intended to bring the District's procurement policies and processes up-to-date, and in-line with industry best practices. The suggested updates, if approved, will create more efficient and transparent processes, will provide more flexibility of critical operational needs, and will bring purchase authority limits to current levels based on past rates of inflation.

## **Discussion**

Staff will be available for discussion with the Committee during the meeting.

### **Attachments:**

PPT

Article 6 - clean version with highlighted changes

Article 6 - strike-through version

# ARTICLE 6

## REGULATIONS GOVERNING PURCHASES & SURPLUS SALES

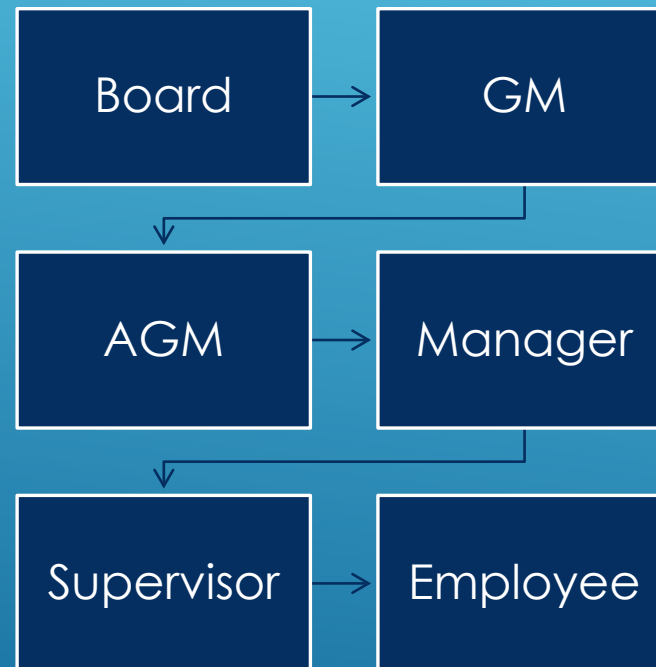
Update to align with industry standards and practices

# WHY WE'RE HERE

Update our current procurement process to ensure OMWD is utilizing industry best practices in the delivery of goods and services.

Items to discuss:

- Purpose of Article 6
- Proposed changes
- Intended outcome
- Discussion



# ARTICLE 6

## REGULATIONS GOVERNING PURCHASES & SURPLUS SALES

California Government Code section 54202-

*Every local agency shall adopt policies and procedures, including bidding regulations, governing purchases of supplies and equipment by the local agency. Purchases of supplies and equipment by the local agency shall be in accordance with said duly adopted policies and in accordance with all provisions of law governing same. No policy, procedure, or regulation shall be adopted which is inconsistent or in conflict with statute.*

Article 6 ensures the following with all procurement decisions the District makes:

- Transparency and Accountability
- Use of best practices in procurement
- Fairness in awarding contracts
- Compliance with regulations
- Clear policy expectations



Proposed updates must not compromise the integrity or merit of the Article

Last revised 5/17/2017



# Section 6.1 - Industry examples

Comprehensive definition of “Sole source” and increased purchase-value limitations

## Padre Dam

### 18.13.7 Sole or Single Source Purchases

A *sole source* purchase is one where there is only one vendor capable of providing a good or service making it impossible to obtain competitive bids. A *single source purchase* is one where there are multiple sources of supply but the purchase should be made from a specific vendor for particular reasons. Few situations should arise that justify sole or single source procurement and such situations must be thoroughly analyzed before determining a non-competitive environment for a purchase exists. The use of sole/single source purchasing is restricted to the following situations:

- The good or service is available only from one vendor.
- Urgency or a public emergency does not permit the delay caused by a competitive process.
- Competition is deemed inadequate after soliciting a number of sources.
- A pre-existing vendor relationship exists where continuity of service will produce a better result.
- Vendor holds a unique set of skills or expertise that makes it impossible/unlikely anyone else can do the work or the same quality of work.
- A grant or agency funding a project authorizes sole source, non-competitive negotiation.

## Section 6.1- Industry examples cont.

Comprehensive definition of “Sole source” and increase purchase-value limitations

### Moulton Niguel

**Single Source Purchase** - Procurement where: (1) there is a compelling reason for only one source, a preferred brand, like material, etc., to be procured; or (2) the commodity is unique, including, but not limited to, acquisition of data processing, telecommunications and word processing equipment, goods and services; or (3) the purchase of a specific brand name, make or model is necessary to match existing District equipment or facilitate effective maintenance and support; or (4) when it is in the best interest of the District to extend or renew a Contract from a previous contract period, based on satisfactory service, reasonable prices, avoidance of start-up costs, avoidance of interruptions to District business, or good business practices.

**Sole Source Purchase** - Procurement where only one viable source exists. This is usually due to legal restrictions of patent rights, a proprietary process, warranty issues, original equipment, copyrights, etc.



# Section 6.1 –Addition of a new Sole Source Procurement Form for transparency and auditing purposes



## SOLE SOURCE PROCUREMENT FORM

Requestor Name: \_\_\_\_\_

Item/Service to be procured: \_\_\_\_\_

Reason for requesting sole source (Check all that apply):

The purchase item is unique or obtainable only from that vendor based on availability.

The purchase item is compatible with or replaces like in-kind equipment or facilitates effective maintenance, support, or avoids disruption to critical processes.

It is in the best interest of the District based upon avoidance of start-up costs, avoidance of interruptions to District business or good business practices.

An emergency declared by the General Manager in accordance with Section 3.2.1.

Other: \_\_\_\_\_

Department Manager Name: \_\_\_\_\_

Department Manager Approval: \_\_\_\_\_ Date: \_\_\_\_\_

AGM Approval: \_\_\_\_\_ Date: \_\_\_\_\_

GM Approval: \_\_\_\_\_ Date: \_\_\_\_\_

**NOTE: This form must be attached to a requisition (when creating a purchase order) or an invoice (when using a warrant request). Invoices for a sole source procurement purchase will NOT be paid unless accompanied by an approved Sole Source Procurement Form.**

# Section 6.2 - Industry examples

## Increase departmental purchase authority limits

### Moulton Niguel

Table 1

Procurement Limits and Contract Signature Authority		
Title	Expenditures	Contract Signature Authority
General Manager	up to \$75,000	\$75,001 and over with Board authorization  Up to \$75,000 without Board authorization
Assistant General Manager	up to \$50,000	Up to \$50,000
Staff Directors, Assistant Directors	up to \$25,000	Up to \$25,000
Board Secretary	up to \$20,000	None
Superintendents, Managers, Controller, Principal Engineers	up to \$10,000	None
Supervisors, Coordinators, Administrative Personnel	up to \$5,000	None

### Otay

CHAPTER 2 ADMINISTRATION OF THE DISTRICT

SECTION 2 MANAGEMENT OF THE DISTRICT

2.01 AUTHORITY OF THE GENERAL MANAGER

Pursuant to Sections 71362 and 71363 of the California Water Code, and other applicable laws of the State of California, the General Manager shall, subject to the approval and direction of the Board of Directors, operate and manage the affairs of the District. The General Manager shall have the following specifically enumerated powers and authority:

A. To control the administration, maintenance, operation and construction of the water and sewer systems and facilities of the District in an efficient manner.

B. To employ and discharge all employees and assistants, other than those referred to in Section 71340 of the California Water Code, and to prescribe their duties and promulgate specific rules and regulations for such employees and assistants.

C. To promulgate policies and procedures necessary to enhance the security of the District and increase the transparency of District operations, including provisions for the disclosure of conflicts of interest by employees.

D. To establish the terms and conditions for collection of receivables, thereby facilitating the efficient administration of the District's receivables. The General Manager or designee is given this authority as well as the authority to waive, adjust, or reduce any receivable for amounts up to \$10,000.

E. To execute agreements, contracts, other documents, or commitments on behalf of the District where the amount involved does not exceed \$75,000, provided that Public Works Contracts shall be awarded in compliance with applicable laws.

# Inflation

- Current authority limits were established pre-2000
- Average inflation rate of 2.13%

## Inflation Calculator

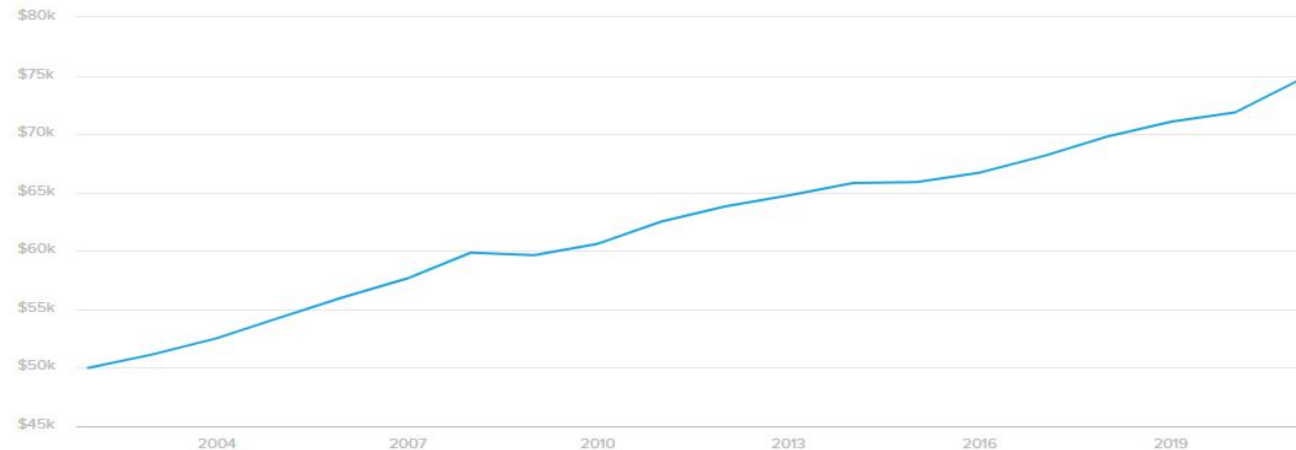
This calculator helps determine the buying power of a dollar over time in the United States

\$50,000 in 2002 will be worth **\$74,615** in 2021

This is an average inflation rate of **2.13%** and cumulative inflation of **49.23%**.

### Value of a Dollar Over Time

The following chart shows the change in value of \$50,000 from 2002 to 2021.



CPI for All Urban Consumers (CPI-U)				
12-Month Percent Change				
Series Id:	CUURS49ESA0			
Not Seasonally Adjusted				
Series Title:	All items in San Diego-Carlsbad, CA, all urban			
Area:	San Diego-Carlsbad, CA			
Item:	All items			
Base Period:	1982-84=100			
Years:	2002 to 2021			
Year	%	CPI-U Adj		
2002	3.5%	\$ 50,000.00		
2003	3.7%	\$ 51,850.00		
2004	3.7%	\$ 53,768.45		
2005	3.7%	\$ 55,757.88		
2006	3.4%	\$ 57,653.65		
2007	2.3%	\$ 58,979.68		
2008	3.9%	\$ 61,279.89		
2009	0.0%	\$ 61,279.89		
2010	1.3%	\$ 62,076.53		
2011	3.0%	\$ 63,938.83		
2012	1.6%	\$ 64,961.85		
2013	1.3%	\$ 65,806.35		
2014	1.9%	\$ 67,056.67		
2015	1.6%	\$ 68,129.58		
2016	2.0%	\$ 69,492.17		
2017	3.0%	\$ 71,576.94		
2018	3.4%	\$ 74,010.55		
2019	2.4%	\$ 75,786.81		
2020	1.5%	\$ 76,923.61		



# Section 6.4 - Industry examples

## Expanded exception list to competitive bid process

### Moulton Niguel

7.1.3 Exceptions from Competitive Solicitation Process - Generally. Solicitation of bids or proposals is preferable whenever practicable. In addition, to the exceptions stated under Section 7.3.2, the competitive solicitation requirements set forth under Table 2 may be waived when any of the following is applicable:

- Sole Source Purchases.
- Single Source Purchases.
- Emergency expenditures.
- Supplies, materials or equipment procured through a Cooperative Purchasing program with federal, state, county, or other public agencies.
- After a reasonable attempt has been made to obtain competitive quotes/ responses and it has been determined that no additional suppliers/providers/contractors/Consultants can be located; the District has a lack of response from suppliers/providers/contractors/Consultants to a competitive solicitation; or, when sufficient, satisfactory bids/proposals are not received, based on the District's sole discretion.
- Purchases to replenish the District's warehouse inventory within established inventory re-order levels.
- As dictated by law.

## Great Basin

### 1.1. BID EXCEPTIONS

In no event shall formal bid procedures be dispensed with when required by federal or state law.

Grant or special funding items may have regulations that prevail over the District's policies and procedures for procurement. In the case of grant or special funding the MORE restrictive of either the District or funding agency's procedure will apply to a purchase.

Specific Source purchases may be made in a non-competitive manner only if the price is considered reasonable. The facts and circumstances justifying the purchase from a Specific Source must be approved by the appropriate level authority in Table 1. The following are examples of a Specific Source justification:

- **One-of-a-kind:** The material or service has no competitive product or service and is available from only one supplier.
- **Compatibility:** The material or service matches existing brand of equipment for compatibility and is only available from one supplier.
- **Replacement Part:** The item is a replacement part for a specific brand of existing equipment and is only available from one supplier.
- **District Standards:** The material or service must comply with established District standards and is only available from one supplier.
- **Used:** When used equipment can be acquired which meets the needs of the District and costs less.
- **Cooperative Purchase:** When participating in cooperative contracts with another government agency.
- **Piggyback Purchase:** When "piggybacking" off the pricing that was previously established by another government agency; provided the original solicitation was made in a competitive manner and awarded to the lowest responsible bidder.
- **Delivery Date:** Only one supplier can meet necessary delivery date requirements.
- **Research continuity:** The material or service is needed to maintain research continuity and is only available from one supplier.
- **Unique Design:** the material or service must meet physical design or quality requirements and is only available from one supplier.
- **Specialized training/expertise:** Staff has extensive training or expertise with the subject purchase and retraining for a different purchase would incur substantial cost in time and/or funding.
- **Testing:** The specific product is being ordered for testing the suitability of the product for the District's application.
- **Sole Manufacturer/Distributor:** The required item is only available through authorized distributors with little or no variance in price.
- **Public interest:** When the public interest otherwise requires that bidding be dispensed with provided the Board approves the purchase by majority vote and, as part of its approval, indicates the reasons bidding was dispensed with; or the APCO makes similar findings for purchase orders or contracts with a value of twenty-five thousand dollars or less.

# Section 6.6 – Industry examples

Expanded language for disposal of items of minimal value

## Otay

### 12.1 GENERAL:

- a. It is staff's responsibility to keep the District's inventories as low as possible and to standardize materials, supplies and equipment in order to minimize the number of articles carried in stock while
- b. Surplus Items - The General Manager shall develop, on an as need basis, an inventory of properties that are surplus to the District's needs. The General Manager or his/her designee may declare items with a residual value less than \$10,000.00 as surplus to the needs of the District and authorize their disposal. Where the residual value of an item exceeds \$10,000.00, only the Board of Directors may declare the property surplus and authorize its disposal.
- c. Items of Little or No Value – Items that have no value to the District and little or no value in the market place except as scrap or for a purpose other than its originally intended use, the General Manager or his/her designee shall have authority to declare said properties trash or scrap and



# Section 6.8 – Industry examples

## Increased change order authority limits

### Otay

E. To execute agreements, contracts, other documents, or commitments on behalf of the District where the amount involved does not exceed \$75,000, provided that Public Works Contracts shall be awarded in compliance with applicable laws.

F. To approve change orders to agreements, contracts, or other commitments on behalf of the District. If the underlying contract is awarded by the General Manager pursuant to paragraph 2.01-E above, the cumulative value of the approved change orders and the underlying agreement, contract, or commitment shall not exceed the General Manager's signatory authority established above. If the underlying contract is awarded by the Board, the General Manager may approve change orders thereto in an

### VID

#### 4.3.12 Contract Change Orders

- A. The General Manager has authority to execute individual change orders not exceeding 10% of the contract amount or \$120,000, whichever is less, and not cumulatively exceeding 20% of the contract amount or \$240,000, whichever is less.
- B. The Board of Directors must formally approve all change orders that exceed the amounts set forth in 4.3.12 A.



# Section 6.8 – Industry examples cont.

## Increased change order authority limits

### **Moulton Niguel**

8.1.1 Change Orders – PO Only. Change Orders up to 10% (to a maximum additional \$1,000) of the original PO amount may be issued by the Purchasing Department without further approvals. A revised Purchase Order Requisition must be completed and approved at the appropriate authorization levels under Table 1 for any Change Order request exceeding the original amount by more than 10% or the \$1,000 limit.

8.1.2 Change Orders – Formal Contracts and Amendments.

(1) For Contracts and Amendments under \$75,000:

- a. Change Orders up to 10% of the original Contract amount can be approved by the appropriate authorization levels as outlined in Table 1 up to a maximum total Contract amount of \$75,000 without Board approval.
- b. Board approval is required for Change Order requests exceeding the original Contract amount by more than 10%, or resulting in a total Contract amount over \$75,000.

# Agency Comparison Chart

Agency	Customers Served	Signature Max	Contracts	Sole-Source	Competitive Bids (non-professional)	Contract Change Order
Olivenhain MWD	87,000	50K / 35K / 15K / 2.5K		Yes- - certain criteria	under \$2,500 no bids	GM < 50K
Otay WD	220,213	75K - GM		Yes - GM or Board	under 10K nothing / Over 10K 3 bids if possible	10%
Padre Dam MWD	100,000	50K / 35K / 15K	required over 10K	Yes - See form	10K - Nothing / 10 - 35K two bids / Over 35K three bids	Within Dept. Signing Limits
Vista ID	129,000	60K - GM	required for services	Yes - See form	Informal bids 6K - 60K / Over 60K formal bids	10%
Moulton Niguel WD	170,000	75K / 50K / 25K / 15K	required for services over 5K	yes and Non- Discretionary Services. Single and Sole source	10K - 75K three quotes	10%

WITH THESE UPDATES IN PLACE, WE EXPECT IMPROVEMENTS TO THE PROCUREMENT PROCESSES IN THE FOLLOWING AREAS:

- Process improvements
- Flexibility of critical operational needs
- Improved efficiencies and transparency

DISCUSSION/ QUESTIONS?

<b>OLIVENHAIN MUNICIPAL WATER DISTRICT</b>	Article No. 6	Page 1 of 8
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## ARTICLE 6. REGULATIONS GOVERNING PURCHASES & SURPLUS SALES

### Sec. 6.1.A.

#### Sec. 6.1. General.

- A. Each purchase shall follow the appropriate procedures identified for that type of purchase. Separate procedures have been established for the procurement of supplies, equipment, non-professional services, public works contracts, and professional services contracts.
- B. The Board reviews and approves a annual budget authorizing the purchase of materials, supplies, equipment and inventory; funding for capital items and projects; professional services and the general operation of the District's potable water, recycled water, wastewater, and Elfin Forest Recreational Reserve.
- C. Sole-source procurement from a single vendor may be conducted if:

(a) the purchase item is unique or obtainable only from that vendor based on availability; (b) replaces like-in kind equipment or facilitates effective maintenance, or avoids disruption to critical processes, such as water meters, pumps and motors and online analyzers; (c) when it is in the best interest of the District, avoids start-up costs, avoids interruptions to District business or good business practices; or (d) an emergency is declared by General Manager in accordance with Section 3.2.1.

Sole-source purchases shall be supported by written documentation and an approved sole source form (hard or electronic copy) authorized by and within the General Manager or Assistant General Manager authorized limits (Sec. 6.2). Approved sole-source procurement form and documentation shall be maintained in a project or accounts payable file and held per retention policy. Final authorization of a sole-source purchase will be approved according to the purchasing procedures identified for each type of purchase.

- D. Any expenditure exceeding \$75,000 which is not provided for in the operating or capital budget or appropriated by the Board of Directors will require approval by the Board of Directors prior to purchase, except for Non-Discretionary Purchases (Sec. 6.4-I) and expenditures deemed to be an emergency by the General Manager in accordance with Section 3.2.1. Expenditures provided for in the



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budget shall be procured by the General Manager within the amount set in the budget.

- E. The General Manager shall execute all contracts on behalf of the District with the exception of routine annual maintenance and service contracts such as office equipment and facilities maintenance which may be executed by the department manager from which the contract originated within the authorization limits and competitive bidding requirements limits of Section 6.2.

*Sec. 6.2. revised by Ordinance No. 449 / May 17, 2017*

### Sec. 6.2. Authority Limits and Competitive Bid Requirements - Supplies, Equipment, and Non-professional services.

- A. Purchases up to \$5,000 for supplies, equipment, and non-professional services shall be made at the discretion of the Department Supervisor without the need for a competitive bid.
- B. Purchases up to \$25,000 for supplies, equipment, and non-professional services shall be made at the discretion of the Department Manager through the use of a competitive bid process when practical. Three bids or quotes shall be obtained based on appropriate procedures identified for that type of purchase.
- C. Purchases up to \$50,000 for supplies, equipment, and non-professional services shall be made through the use of a competitive bid process at the discretion of the Assistant General Manager. Three bids or quotes must be obtained based on appropriate procedures identified for that type of purchase.
- D. Purchases up to \$75,000 for supplies, equipment, and non-professional services must be made through the use of a competitive bid process at the discretion of the General Manager. Three bids or quotes must be obtained based on appropriate procedures identified for that type of purchase.
- E. Purchases over \$75,000 for supplies, equipment, and non-professional services included in the budget, will require a formal bid process, including, but not limited to, the preparation and circulation of a request for a proposal to qualified sources, as determined in the discretion of the General Manager, to permit reasonable competition

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consistent with the nature and requirements of the proposed purchases. If the supplies, equipment or non-professional service is not provided for in the budget, Board approval is required.

### Sec. 6.3. Public Work Contracts

- A. Contractors for Public Work will be required to provide proof of insurance and other requirements according to applicable public contracting laws and regulations.
- B. Public Works Contracts for Work not exceeding \$35,000 shall be procured at the discretion of the General Manager. While not specifically required by this section, competitive quotations for public works are always encouraged and may be requested by the General Manager prior to approving the contract.
- C. Public Works Contracts for Work Exceeding \$35,000 not Done by Force Account. When work is not to be done by the District itself by force account, and the amount involved is \$35,000 or more, and competitive bidding of the contract is required by law, any contract for such work shall be let to the lowest responsive and responsible bidder after publication of notice inviting sealed bids in a newspaper or periodical of general circulation to be designated by the General Manager for such time as shall be fixed by law. A canvas of all bids received shall be presented by the General Manager to the Board of Directors, together with a statement of the lowest responsive bid and the General Manager's recommendation on the bidder who should receive the award. Such recommendation shall be subject to approval by the Board of Directors prior to award of the contract on which bids were received. The Board of Directors may reject any and all bids, determine a bid is non-responsive, determine a bidder is not responsible, or take such further action.
- D. Pre-Qualification. The General Manager is hereby authorized to prequalify bidders. Bidders may be prequalified on an annual basis or on a project specific basis. Such prequalification shall be consistent with the requirements of the California Public Contract Code.

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### Sec. 6.4 Exceptions to Competitive Bidding Requirements:

The competitive bidding policies specified in this article shall not apply in the following cases or circumstances:

- A. Where an emergency has been declared by the General Manager in accordance with Section 3.2.1
- B. Sole source purchases as defined in Section 6.1.C.
- C. Any contract not required to be competitively bid under California law.
- D. A contract for the acquisition or disposal of any real property.
- E. A contract for the purchase of water or water rights.
- F. A contract for experimental or unique products.
- G. A contract for legal, engineering and other professional services.
- H. Contracts where competitive proposals or bids would be incongruous and would not result in any advantage to the District.
- I. Non-Discretionary Items – Payments to utilities, temporary employment agencies, software license renewals that support critical business activities, insurance providers, healthcare providers, national, state and local agencies that relate to regulatory or routine obligations and expenses essential to the District's ability to provide service approved in operating and capital budgets.
- J. Materials in instances where the work and materials are considered critical or may be purchased regularly using a blanket purchase order. Such items shall be bid periodically but not less than biennially in order to ensure best pricing:
  - 1. Asphalt and Concrete
  - 2. Aggregate (sand, base and similar materials)
  - 3. Treatment Chemicals
  - 4. Laboratory Supplies and Testing Services
  - 5. Office Supplies



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### **6. Warehouse Supply Purchases to Maintain Established Inventory Levels within Budget**

#### Sec. 6.5. Purchasing Documentation.

- A. Each purchase shall be requested and executed using the appropriate form or document. The standard purchasing forms and documents, depending on type of purchase, shall be the purchase request, purchase order, bid package, **sole source procurement form**, and service contract. Forms or documents can be submitted in hard or electronic copy. All contracts and purchase orders (electronic or hard copy) must be approved and signed by authorized individuals.
- B. Approved purchase orders will be used for most purchases. Exceptions include items covered by other contracts, utilities and similar services recurring professional services, water purchases, postage, expense reimbursements, newspaper ads, subscriptions, petty cash items, and other items of similar nature.

#### Sec. 6.6. Surplus Sales.

- A. Surplus items having a saleable value shall be accumulated by District personnel and may be sold at the discretion of the General Manager or his/her designee. Surplus items with an estimated value in excess of \$500 for a specific category shall be appropriately advertised and either auctioned or sold on a negotiated basis depending upon the circumstances. The General Manager or his/her designee shall determine the method of sale and the objective shall always be to obtain the maximum benefit possible for the District. **The Asset Disposal Form shall be completed on all surplus items sold or disposed of for auditing purposes. In the case of surplus property determined by the General Manager to be trash or scrap with De Minimus value, staff may dispose of the property in an appropriate manner.**
- B. All applicable laws governing sales of surplus District property shall be adhered to, including restrictions on District Board Directors, employees, and/or Directors or employees' relatives receiving such property.

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### Sec. 6.7. Delegation to General Manager.

- A. The General Manager or his/her designee is authorized to negotiate for and enter into agreements for work to be done by consultants and contractors where the project has been previously approved by the Board of Directors and funds have been appropriated or budgeted. The General Manager or his/her designee shall comply with bidding requirements as contained in Article 6 of the Administrative Code.
- B. Hydraulic analysis for subdivisions and line extensions shall be considered and, if appropriate, approved by the General Manager. The General Manager is authorized to execute the District's standard subdivision agreement with the developer or proponent.
- C. The General Manager is authorized to approve the transfer in writing of water commitments from one owner to another in accordance with Article 13, Section 13.8.K of the District's Administrative Code.

### Sec. 6.8. Regulations Governing Change Orders **for District Contracts for the Construction of Public Works.**

The General Manager shall have certain authority for the signing of change orders governing District contracts. This authority shall extend only to projects that have Board approved appropriations in sufficient amounts to cover the costs of the change order(s). Change orders shall be presented to the Board of Directors at the earliest opportunity for their information and/or approval.

- A. Change orders **\$75,000** and less may be approved and signed at the discretion of the General Manager.
- B. Change orders totaling more than **\$75,000** per contract shall be reviewed and approved by the Board of Directors
- C. Construction Change Orders decreasing the contract value or No-Cost Construction Change Orders may be executed by the Department Manager.

### Sec. 6.9. Professional Service Contracts Selection Policy.

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Professional service providers are those entities that provide advice, opinions, technical expertise, general and administrative services to support the District's potable water, recycled water, wastewater, and Elfin Forest Recreational Reserve operations. Examples of professional service providers include attorneys, accountants, financial consultants, banking services, invoice processing and bill pay providers, public relations professionals, educational trainers, engineers, surveyors, material and special inspectors/testers, construction managers, realtors, right-of-way service providers, landscape service providers, information technology specialists, etc. Depending upon the trade, these individuals may or may not hold professional licenses.

A. For professional service contracts anticipated to be less than \$200,000, staff shall provide written or oral Requests for Proposals (RFPs) to at least two firms. A short form RFP is acceptable. No rating/interview panel is required. Approval criteria shall include, but not be limited to, experience, expertise, availability and qualifications of consultants staff, completeness and responsiveness of proposal, and cost.

B. For professional service contracts anticipated to exceed \$200,000, staff shall request proposals in writing to at least three firms. A detailed RFP shall be used. An in-house panel shall be established for rating and shall consist of at least one person from a different department than the one conducting the detailed RFP process. The in-house panel may conduct interviews at the discretion of the department manager for the department conducting the detailed RFP process. Approval criteria shall include, but not be limited to, experience, expertise, availability and qualifications of consultants staff, completeness and responsiveness of proposal, and cost.

~~For professional service contracts that are anticipated to exceed \$500,000, staff shall provide formal written requests to at least three firms. A detailed RFP shall be used. An in-house panel shall be established for rating/interviewing and shall consist of at least one person from a different department than the one conducting the RFP process. In addition, an outside person from another agency or organization having experience or expertise in the services being requested shall also be on the rating interview panel.~~

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- C. Where it is apparent a RFP process would be incongruous and would not result in an advantage to the District, an exception to the foregoing processes may be granted. Exceptions may include where the staff is looking for a particular skill or ability, or where a consultant is already providing current services for the District and there would be economies and efficiencies of scale by continuing with the consultant. Emergencies are also exempted from the RFP process. Staff shall consult with the General Manager and his/her designee prior to commencing the selection process in order to review if the exception to the standard procedures is warranted.

### D. Authority Limits and Amendment Requirements

1. Purchases up to \$5,000 for professional services and amendments shall be made at the discretion of the Department Supervisor.
2. Purchases up to \$25,000 for professional services and amendments shall be made at the discretion of the Department Manager.
3. Purchases up to \$50,000 for professional services and amendments at the discretion of the Assistant General Manager.
4. Purchases up to \$75,000 for professional services and amendments at the discretion of the General Manager.
5. Purchases over \$75,000 for professional services and amendments not provided for in the budget, Board approval is required.

## Strike-Out Version of Ordinance

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### ARTICLE 6. REGULATIONS GOVERNING PURCHASES & SURPLUS SALES

Sec. 6.1.A. revised by Ordinance No. 445 / November 2, 2016

#### Sec. 6.1. General.

- A. Each purchase shall follow the appropriate procedures identified for that type of purchase. Separate procedures have been established for the procurement of supplies, equipment, non-professional services, public works contracts, and professional services contracts.
- B. The Board reviews and approves an ~~annual~~ budget authorizing the purchase of materials, supplies, equipment and inventory; funding for capital items and projects; professional services and the general operation of the District's potable water, recycled water, wastewater, and Elfin Forest Recreational Reserve.

C. ~~Sole-source procurement from a single vendor may be conducted if: the purchase item is obtainable only from that vendor based on availability and compatibility criteria or in emergency circumstances. Sole-source purchases shall be supported by written documentation (hard or electronic copy) approved and authorized by the General Manager and forwarded and maintained in a project or accounts payable file. Final authorization of a sole-source purchase will be approved according to the purchasing procedures identified for each type of purchase.~~

(a) the purchase item is unique or obtainable only from that vendor based on availability; (b) replaces like-in kind equipment or facilitates effective maintenance, or avoids disruption to critical processes, such as water meters, pumps and motors and online analyzers; (c) when it is in the best interest of the District, avoids start-up costs, avoids interruptions to District business or good business practices; or (d) an emergency is declared by General Manager in accordance with Section 3.2.1.

Sole-source purchases shall be supported by written documentation and an approved sole source form (hard or electronic copy) authorized by and within the General Manager or Assistant General Manager authorized limits (Sec. 6.2). Approved sole-source procurement form and documentation shall be maintained in a project or accounts payable file and held per retention policy. Final authorization of a sole-source purchase will be approved according to the purchasing procedures identified for each type of purchase.

C.

- D. Any item exceeding ~~\$50,000~~ \$75,000 which is not provided for in the annual budget or appropriated by the Board of Directors will require

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approval by the Board of Directors prior to purchase, except for ~~items deemed to be of urgent necessity by the General Manager or designee~~ Non-Discretionary Purchases (Sec. 6.4-I) and expenditures deemed to be an emergency by the General Manager in accordance with Section 3.2.1. Items provided for in the annual budget shall be procured by the General Manager within the amount set in the budget.

- ~~D.~~  
E. The General Manager shall execute all contracts on behalf of the District with the exception of routine annual maintenance and service contracts such as office equipment and facilities maintenance which may be executed by the department manager from which the contract originated within the authorization limits and competitive bidding requirements limits of Section 6.2.

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Sec. 6.2. revised by Ordinance No. 449 / May 17, 2017

Sec. 6.2. ~~Supplies, Equipment, and Non-professional services~~ Authority Limits and Competitive Bid Requirements - Supplies, Equipment, and Non-professional services.

- A. Purchases up to ~~\$2,500~~ \$5,000 for supplies, equipment, and non-professional services shall be made at the discretion of the Department Supervisor without the need for a competitive bid.
- B. Purchases up to ~~\$15,000~~ \$25,000 for supplies, equipment, and non-professional services shall be made at the discretion of the Department Manager through the use of a competitive bid process

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when practical. Three bids or quotes shall be obtained based on appropriate procedures identified for that type of purchase.

- C. Purchases up to ~~\$35,000~~ \$50,000 for supplies, equipment, and non-professional services shall be made through the use of a competitive bid process at the discretion of the Assistant General Manager. Three bids or quotes must be obtained based on appropriate procedures identified for that type of purchase.
- D. Purchases up to ~~\$50,000~~ \$75,000 for supplies, equipment, and non-professional services must be made through the use of a competitive bid process at the discretion of the General Manager. Three bids or quotes must be obtained based on appropriate procedures identified for that type of purchase.
- E. Purchases over ~~\$50,000~~ \$75,000 for supplies, equipment, and non-professional services will require a formal bid process, including, but not limited to, the preparation and circulation of a request for a proposal to qualified sources, as determined in the discretion of the General Manager or designee, to permit reasonable competition consistent with the nature and requirements of the proposed purchases. If the supplies, equipment or non-professional service is not provided for in the budget, Board approval is required.

#### Sec. 6.3. Public Work Contracts

- A. Contractors for Public Work will be required to provide proof of insurance and other requirements according to applicable public contracting laws and regulations.
- B. Public Works Contracts for Work not exceeding \$35,000 shall be procured at the discretion of the General Manager. While not specifically required by this section, competitive quotations for public works are always encouraged and may be requested by the General Manager prior to approving the contract.
- C. Public Works Contracts for Work Exceeding \$35,000 not Done by Force Account. When work is not to be done by the District itself by force account, and the amount involved is \$35,000 or more, and competitive bidding of the contract is required by law, any contract for such work shall be let to the lowest responsive and responsible bidder after publication of notice inviting sealed bids in a newspaper or periodical of general circulation to be designated by the General Manager for such time as shall be fixed by law. A canvas of all bids

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received shall be presented by the General Manager to the Board of Directors, together with a statement of the lowest responsive bid and the General Manager's recommendation on the bidder who should receive the award. Such recommendation shall be subject to approval by the Board of Directors prior to award of the contract on which bids were received. The Board of Directors may reject any and all bids, determine that a bid is non-responsive, determine that a bidder is not responsible, or take such further action.

D. Pre-Qualification. The General Manager is hereby authorized to prequalify bidders. Bidders may be prequalified on an annual basis or on a project specific basis. Such prequalification shall be consistent with the requirements of the California Public Contract Code.

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#### Sec. 6.4. Exceptions to Competitive Bidding Requirements: Quotation and Bidding. The following purchases shall not be subject to the competitive quotation and bidding requirements contained in this section:

The competitive bidding policies specified in this article shall not apply in the following cases or circumstances:

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A. Personal service contracts requiring a particular skill or ability.

B. Contracts for purchase of patented products.

C. Contracts for experimental or unique products.

D. The acquisition or disposition of real or personal property.

E. Where an emergency exists requiring completion of the work.

F. Contracts where competitive proposals or bids would be incongruous and would not result in any advantage to the District.

G. Insurance coverage proposals.

H. All professional service contracts.

I. Any contract not required to be competitively bid under California law.

A. Where an emergency has been declared by the General Manager in accordance with Section 3.2.1

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- B. Sole source purchases as defined in Section 6.1.C.
- C. Any contract not required to be competitively bid under California law.
- D. A contract for the acquisition or disposal of any real property.
- E. A contract for the purchase of water or water rights.
- F. A contract for experimental or unique products.
- G. A contract for legal, engineering and other professional services.
- H. Contracts where competitive proposals or bids would be incongruous and would not result in any advantage to the District.
- I. Non-Discretionary Items – Payments to utilities, temporary employment agencies, software license renewals that support critical business activities, insurance providers, healthcare providers, national, state and local agencies that relate to regulatory or routine obligations and expenses essential to the District's ability to provide service approved in operating and capital budgets.
- J. Materials in instances where the work and materials are considered critical or may be purchased regularly using a blanket purchase order. Such items shall be bid periodically but not less than biennially in order to ensure best pricing:
  - 1. Asphalt and Concrete
  - 2. Aggregate (sand, base and similar materials)
  - 3. Treatment Chemicals
  - 4. Laboratory Supplies and Testing Services
  - 5. Office Supplies
  - 6. Warehouse Supply Purchases to Maintain Established Inventory Levels within Budget

#### Sec. 6.5. Purchasing Documentation.

- A. Each purchase shall be requested and executed using the appropriate form or document. The standard purchasing forms and documents, depending on type of purchase, shall be the purchase request, purchase order, bid package, sole source procurement form, and service contract. Forms or documents can be submitted in hard or electronic copy.  
All contracts and purchase orders (electronic or hard copy) must be approved and signed by authorized individuals.

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- B. Approved purchase orders will be used for most purchases. Exceptions include items covered by other contracts, utilities and similar services recurring professional services, water purchases, postage, expense reimbursements, newspaper ads, subscriptions, petty cash items, and other items of similar nature.

##### Sec. 6.6. Surplus Sales.

- A. Surplus items having a saleable value shall be accumulated by District personnel and may be sold at the discretion of the General Manager or his/her designee. Surplus items with an estimated value in excess of \$500 for a specific category shall be appropriately advertised and either auctioned or sold on a negotiated basis depending upon the circumstances. The General Manager or his/her designee shall determine the method of sale and the objective shall always be to obtain the maximum benefit possible for the District. The Asset Disposal Form shall be completed on all surplus items sold or disposed of for auditing purposes. In the case of surplus property determined by the General Manager to be trash or scrap with De Minimus value, staff may dispose of the property in an appropriate manner
- B. All applicable laws governing sales of surplus District property shall be adhered to, including restrictions on District Board Directors, employees, and/or Directors or employees' relatives receiving such property.

##### Sec. 6.7. Delegation to General Manager

- A. The General Manager or his/her designee is authorized to negotiate for and enter into agreements for work to be done by consultants and contractors where the project has been previously approved by the Board of Directors and funds have been appropriated or budgeted. The General Manager or his/her designee shall comply with bidding requirements as contained in Article 6 of the Administrative Code.
- B. Hydraulic analysis for subdivisions and line extensions shall be considered and, if appropriate, approved by the General Manager. The General Manager is authorized to execute the District's standard subdivision agreement with the developer or proponent.
- C. The General Manager is authorized to approve the transfer in writing of water commitments from one owner to another in accordance with Article 13, Section 13.8.K of the District's Administrative Code.

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### Sec. 6.8. Regulations Governing Change Orders ~~for District Contracts for the Construction of Public Works~~

The General Manager shall have certain authority for the signing of change orders governing District contracts. This authority shall extend only to projects that have Board approved appropriations in sufficient amounts to cover the costs of the change order(s). Change orders shall be presented to the Board of Directors at the earliest opportunity for their information and/or approval.

A. Change orders less than ~~\$50,000~~ \$75,000 may be approved and signed at the discretion of the General Manager.

B. Change orders totaling more than ~~\$50,000~~ \$75,000 per contract shall be reviewed and approved by the Board of Directors

~~B.C.~~ Construction Change Orders decreasing the contract value or No-Cost Construction Change Orders may be executed by the Department Manager.

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### Sec. 6.9. Professional Service Contracts Selection Policy

Professional service providers are those entities that provide advice, opinions, technical expertise, general and administrative services to support the District's potable water, recycled water, wastewater, and Elfin Forest Recreational Reserve operations. Examples of professional service providers include attorneys, accountants, financial consultants, banking services, invoice processing and bill pay providers, public relations professionals, educational trainers, engineers, surveyors, material and special inspectors/testers, construction managers, realtors, right-of-way service providers, landscape service providers, information technology specialists, etc. Depending upon the trade, these individuals may or may not hold professional licenses.

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A. For professional service contracts that are anticipated to be less than \$200,000, staff shall provide written or oral Requests for Proposals (RFPs) to at least two firms. A short form RFP is acceptable. No rating/interview panel is required. Approval criteria shall include, but not be limited to, experience, expertise, availability and qualifications of consultants staff, completeness and responsiveness of proposal, and cost.

B. For professional service contracts that are anticipated to be between exceed \$200,000 to \$500,000, staff shall request proposals in writing to at least three firms. A detailed RFP shall be used. An in-house panel shall be established for rating/interviewing and shall consist of at least

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one person from a different department than the one conducting the detailed RFP process. The in-house panel may conduct interviews at the discretion of the department manager for the department conducting the detailed RFP process. Approval criteria shall include, but not be limited to, experience, expertise, availability and qualifications of consultants staff, completeness and responsiveness of proposal, and cost.

~~C. For professional service contracts that are anticipated to exceed \$500,000, staff shall provide formal written requests to at least three firms. A detailed RFP shall be used. An in-house panel shall be established for rating/interviewing and shall consist of at least one person from a different department than the one conducting the RFP process. In addition, an outside person from another agency or organization having experience or expertise in the services being requested shall also be on the rating interview panel.~~

~~D.C.~~ Where it is apparent that an RFP process would be incongruous and would not result in an advantage to the District, an exception to the foregoing processes may be granted. Exceptions may include where the staff is looking for a particular skill or ability, or where a consultant is already providing current services for the District and there would be economies and efficiencies of scale by continuing with the consultant. Emergencies are also exempted from the RFP process. Staff shall consult with the General Manager and his/her designee prior to commencing the selection process in order to review if the exception to the standard procedures is warranted.

#### D. Authority Limits and Amendment Requirements

1. Purchases up to \$5,000 for professional services and amendments shall be made at the discretion of the Department Supervisor.
2. Purchases up to \$25,000 for professional services and amendments shall be made at the discretion of the Department Manager.
3. Purchases up to \$50,000 for professional services and amendments at the discretion of the Assistant General Manager.
4. Purchases up to \$75,000 for professional services and amendments at the discretion of the General Manager.
5. Purchases over \$75,000 for professional services and amendments not provided for in the budget, Board approval is required.

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