

# Exhibit C



**Sacramento Regional County Sanitation District  
Sacramento Area Sewer District  
Sanitation Districts Agency**

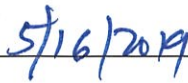
**Regional San and SASD Purchasing Procedure**

<b>Category</b>	<input type="checkbox"/> Policy <input checked="" type="checkbox"/> Procedure <input type="checkbox"/> Guideline <input type="checkbox"/> Process <input type="checkbox"/> Agreements <input type="checkbox"/> Supplemental Materials
<b>Purpose</b>	Direction to Regional San and SASD staff on the procedures associated with purchasing.
<b>Revision Cycle</b>	36 months
<b>Approved Date</b>	As indicated below by approving signature
<b>Effective Date</b>	As indicated below by approving signature
<b>Original Effective Date</b>	June 9, 2016
<b>Key Stakeholders</b>	Regional San and SASD
<b>Author</b>	Sanitation Districts Purchasing Manager
<b>Owner</b>	Sanitation Districts Purchasing Manager
<b>Sponsor</b>	Director of Internal Services
<b>Approving Authority</b>	Prabhakar Somavarapu, District Engineer
<b>File Name and Location</b>	Policies and procedures web page for Regional San and SASD

APPROVED:

  
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Prabhakar Somavarapu  
SASD District Engineer  
Regional San District Engineer

  
\_\_\_\_\_

Date



## Regional San and SASD Purchasing Procedure

<b>Purpose</b>	The purpose of this document is to highlight the policies and authorities associated with purchasing, provide procedures for contracts and agreements related to purchasing, and identify related forms and procedures.
<b>Subject</b>	Regional San and SASD Purchasing
<b>Scope</b>	The scope for this document is to provide clear instructions to Regional San and Sacramento Area Sewer District employees who may be involved in the purchase of goods.
<b>Definitions</b>	<p>For the purposes of this procedure the following definitions are provided.</p> <p><b><i>Annual Contract:</i></b> An agreement for the purchase of goods or services, typically based on a maximum five-year duration.</p> <p><b><i>Best Value:</i></b> Determination of the best value may include consideration of factors such as cost, qualification, quality, performance, and availability.</p> <p><b><i>Capital Improvement Project:</i></b> Construction, expansion, or renovation of a facility or asset that exceeds \$100,000 in cost.</p> <p><b><i>Competitive Process:</i></b> Request for bid, request for proposal and request for quote are used for the purpose of obtaining competitive pricing and quality goods and services.</p> <p><b><i>Consultants and Experts:</i></b> A person or business that provides professional services in a specialized area such as engineering, finance, testing, or other consulting services.</p>

**Contract:** A written agreement for the purchase of goods or services that sets forth terms, conditions, and the statement of work or services to be performed or goods that will be provided.

**Contractor:** A person or firm that provides labor and materials to perform a service or to do a job, such as providing construction labor and materials.

**Designated Manager:** Directors, manager of the Finance Office, and manager of the Public Affairs Office.

**Districts Purchasing Manager (Purchasing Manager):** The person designated by the District Engineer who oversees the purchasing activities for the District.

**Emergency:** An occasion when there is at present or anticipated a public calamity, including an extraordinary fire, flood, storm, or any other disaster that poses a threat to the continued operations of the wastewater collection systems and facilities owned by the District. Emergency events include those events in which actions are required for the preservation or protection of life, health, property, or safety.

**Force Account:** Work done by District staff where time and materials are documented.

**Formal Bid:** A written bid, completed in conformance with a prescribed format, submitted in a sealed envelope to be opened at a specified date and time.

**Immediate-Need Purchase Requests:** Purchase requests that are for goods or services such as:

- urgent service needs (i.e., sewer overflow),
- minor parts that are unexpectedly required for a current job when returning to the warehouse would be extremely inefficient, and
- sprinkler heads, fence boards, or plants to repair simple, or minimal damage done to a customer's property.

**Incidental Upgrade:** Replacement of a system component such as equipment or pipe with a new, similar component that is an upgrade from the existing item.

**Informal Bid or Proposal:** A quote, estimate, or other unsealed bid document submitted by letter, fax, or email in response to an invitation to bid. Verbal quotes that are documented in writing by District staff are considered to be informal bids and proposals.

***Lowest Responsible Bidder:*** Bidder who has the lowest bid and who has demonstrated the attributes of trustworthiness, quality, capability, capacity and experience to perform in a satisfactory and timely manner.

***Maintenance and Repair:*** Activities related to routine or special maintenance and repair that are performed on existing District assets. These activities may include labor, materials, and equipment. Examples of maintenance and repair activities include the following;

- changes that don't substantially alter a system's or component's function or purpose,
- work performed to keep, operate, or maintain systems or facilities,
- repainting / recoating of tanks or structures,
- replacement of a roof due to age or damage,
- replacement or repair of a defective mechanical component,
- equipment replacement or modification that is required to complete a repair, or
- improvements related to or incidental to rehabilitation or repair (such as replacement of pumps or valves associated with rehabilitation).

***Non-Sewer Maintenance or Repair:*** Applies to existing equipment, systems or facilities that are not used for the conveyance, handling, treatment, or disposal of sewage or industrial waste, or the associated operation and controls. Examples of nonsewer maintenance and repair activities include those performed on walls, floors, and roofs of administrative buildings, electrical substations, laboratories, administrative facilities, yard lighting conduits, and roads.

***Sewer Maintenance or Repair:*** Applies to existing equipment, systems, or facilities that are used for the conveyance, handling, treatment, or disposal of sewage or industrial waste. This includes systems associated with the operation or control of the sewer system. Examples include: electrical switchgear maintenance, sewer pump control system maintenance, lateral cleaning and process equipment repair or replacement.

***Open Item Contract:*** A contract that is used for the periodic purchase of goods or services on an "as needed" basis

***Procurement Card (P-Card):*** A District credit card.

***PCC:*** California Public Contract Code.

***Request for Quote (RFQ):*** A purchasing method generally used for small orders under \$35,000.00. A request is sent to suppliers along with a description of commodity or services needed and the supplier is asked to respond with price and other information by a pre-determined date. Evaluation and recommendation for award should be based on the quotation

that best meets price, quality, delivery, service, past performance and reliability.

***Sole Source:*** The requirement of a unique product or a specific manufacturer or vendor. See section titled Sole Source Criteria.

***Total Aggregate Contract Cost:*** The cost of the original contract plus amendments.

***Verbal Quote:*** An informal bid given verbally by a vendor or service provider. The recipient of the verbal quote must document this type of quote in writing.

***Works of Improvement:*** The construction, reconstruction, or significant modification or alteration of facilities, structures, and equipment; also the reconstruction or modification of similar items. This includes the furnishing of labor and materials for such works. Examples of works of improvement include the following:

- construction of a new facility or system,
- construction of a new trunk or interceptor,
- planned upsizing of mechanical systems, or
- replacement of a complete system or facility that includes modifications to substantially alter system capacity or function.

<b>Applicability</b>	This procedure applies to all Regional San and SASD employees who must adhere to the provisions of this document when purchasing goods or services.
<b>Background</b>	<p>On October 11, 2017, the SASD and Regional San boards of directors adopted Resolutions SD-0267 and SR-2900, respectively, which authorized the District Engineer to designate a District Purchasing Manager (Purchasing Manager). The duties of the Purchasing Manager include overseeing the daily purchasing activities for the Districts with the required purchasing authority to implement the provisions of the Resolutions. The Resolutions further allow the District Engineer and the Purchasing Manager to delegate purchasing authority to appropriate staff and to develop guidelines as required for implementation.</p> <p>The District Purchasing Manager has authorized certain designees who may approve purchases, contracts, and related documents for departments within the Districts. All authorized individuals are listed on the following documents, which are updated periodically and are located on the District intranet pages:</p> <ol style="list-style-type: none"> <li>1. SDA Purchasing Authority List.</li> <li>2. SASD Purchasing / Encumbrance Authority Limits</li> <li>3. SDA Authorized Signature List</li> <li>4. SRWTP Purchase Request System Embedded Authorizations.</li> </ol>
<b>Updates</b>	In addition to updated formatting, the principal update is to increase the dollar threshold from \$100,000 to \$150,000 per Regional San Authority, SR-2900, and SASD Resolution SD-0267, Authority 1.
<b>Roles &amp; Responsibilities</b>	All employees are responsible for following the purchasing procedures. The Internal Services Director and the Purchasing Section are responsible for making sure that these procedures are followed.
<b>Policy or Procedure</b>	<p>This purchasing procedure outlines the requirements that are necessary to procure goods and services for both Regional San and SASD.</p> <p>Policies and procedures related to purchasing and procurement of items described in this document must comply with the board-delegated authorities approved by the Board of Directors.</p> <p>Regional San and SASD use policies and procedures that comply with law and in some instances are more stringent than statutory requirements. This includes the application of bidding guidance included in Public Contract Code 20783 and the requirements of Government Code 4526, where applicable.</p>

The Purchasing Manager and approved designees are authorized to make purchases on contracts and purchase orders for departments within the Districts. The Purchasing Manager and designees are responsible for the administration of all the requirements in this document and all other Regional San and SASD policies and procedures related to purchasing and contracts.

A copy of authorized signature lists associated with payments of contracts and agreements described in this document will be maintained on file with the County of Sacramento Department of Finance.

### **Process and Procedures**

#### ***A. New Contracts or Agreements***

The Purchasing and Contracts Office will coordinate the required or necessary review of contracts and agreements with Legal Counsel and Risk Management. This may include a review of items such as new contracts and agreements, non-standard contracts and agreements, requested changes to a standard template, and a review of insurance and indemnification language.

The bid solicitation or proposal solicitation document for formal and informal bids and proposals must state whether the contract will be awarded based on lowest cost, best value, or other determining factor.

Attachment 1, entitled "SUMMARY: MINIMUM BID AND PROPOSAL REQUIREMENTS FOR PURCHASES AND AGREEMENTS" provides requirements for contracts and agreements.

#### ***B. Goods and Services, Annual Contracts for Goods and Services, Sewer Maintenance and Repair***

Goods and services may be procured separately, through annual contracts, or through open-item contracts.

Contracts for general use goods are primarily for the purchase and procurement of tangible items. However, there may be a minor component of labor associated with these contracts. Examples of goods include consumables, warehouse goods, immediate needs purchases, IT items.

Service contracts typically contain a significant labor component, but may also include a minor component for deliverable materials or other tangible items. Examples of services are landscaping, IT support, and maintenance (or annual maintenance) activities that may include incidental upgrades.

Contracts for sewer maintenance and repair are typically service contracts and apply to equipment, systems, or facilities that are used for the conveyance, handling, treatment, or disposal of sewage or industrial waste. Goods may also be purchased for sewer maintenance and repair. Examples of

maintenance and repair activities are included in the definitions section of this document.

Information Technology (IT) purchases for goods and services include those related to computer hardware and software, video equipment, cell phones and similar or related items. Some IT purchases require analysis and approval by the ISD Information Technology section in collaboration with the Section Manager(s). There are separate District procedures related to IT purchases.

***C. Bid, Proposal, and Award Requirements***

Bids are typically used for purchases of goods. Proposals are typically used for service contracts.

The criteria for bids, proposals, and award of contracts depends on the type of purchase and the total cost. The following minimum requirements typically apply:

- Informal bids or proposals must be documented in writing and must be transmitted to Purchasing.
- A competitive process shall be used for formal bids and formal proposals.
- Award of contracts that receive proposals will be based on the best value as described in the solicitation document.
- Award of contracts that receive bids will be based on the lowest responsible and responsive bid cost.

The District Engineer or his designee are authorized to award all contracts and agreements in this section. However, contracts for sewer maintenance and repair that exceed \$5,000,000 are submitted to the Board for approval.

***D. Works of Improvement and Non-Sewer Maintenance and Repair***

Works of Improvement include the construction, reconstruction, or significant modification, or alteration of facilities, structures, and equipment, including the furnishing of labor and materials for such works. Examples of Works of Improvement are included in the Definitions section of this document.

Non-sewer maintenance and repair applies to items and facilities that are not directly related to the sewer system. Examples of maintenance and repair activities are included in the Definitions section of this document.

***E. Bid, Proposal, and Award Requirements***

Work totaling \$5,000 or less may be performed by District staff on a force account basis.

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Informal bids or proposals must be documented in writing and must be transmitted to Purchasing.



Projects exceeding \$35,000 will be based on formal bids and will be awarded based on the lowest cost from a responsible bidder. Public Contracts Code section 20783 details the required publication or posting of notices at least 10 days before bid opening if costs exceed \$35,000 for contracts or agreements related to construction, acquisition, disposition, or operation of any property of works.

Once project plans are approved by the Board and the bidding process is complete, under certain conditions the District Engineer or designee are authorized to award contracts and agreements up to a value of \$5,000,000. The process and forms for the use of that authority are located in the document "[Process for Award of Contracts Up to \\$5million.](#)"

***F. Consultants and Experts***

The selection process for Consultants and Experts is described in the document "[Consultant and Expert Services Request for Proposals Policy and Procedures.](#)"

***G. Emergency Purchases***

Emergency events include occasions where there is a present or anticipated public calamity including a fire, flood, storm, or other disaster that poses a threat to the continued operation of Regional San or SASD facilities.

***H. Bid, Proposal, and Award Requirements***

Agreements related to goods and services during an emergency event must be approved by the District Engineer, or in his absence by designated directors, without a limitation related to expenditures. The Board of Directors must be advised of all emergency purchases and contracts as required in Public Contracts Code sections 20783 and 22050, and as included in the Board delegated authorities.

Agreements related to emergencies for goods or services may be performed without formal or informal bid and proposal requirements.

***I. Existing Contracts and Agreements***

A purchase order is always required prior to making a purchase or securing a service even if there is an existing contract. Purchasing should be contacted to issue a purchase order or confirm that a purchase order exists, and to ensure that insurance is current and on file for service providers and vendors.

***J. Bid, Proposal, and Award Requirements***

The requirements for purchases made from existing contracts are summarized in attachment 1, entitled "SUMMARY: MINIMUM BID AND PROPOSAL REQUIREMENTS FOR PURCHASES AND AGREEMENTS."

	<p><b><i>K. Sole Source and Exceptions to Bid</i></b>  Staff requesting an exception to the competitive bidding process, including a purchase that typically requires a formal bid or proposal process, must submit a justification to the Purchasing Manager for approval. The <a href="#">Exception to Bid Form</a> and process may also be used for sole source purchases for both SASD and Regional San.</p> <p><b><i>L. Exceptions and Conditions</i></b>  Items purchased from the <a href="#">Regional San Standardized Equipment List</a> are exempt from the standard justification and approval process.</p>
<b>Discussion</b>	The rationale for this document is to implement purchasing controls for the operation of the Regional San and SASD purchasing process.
<b>Reference Documents</b>	Public Contract Code 1100-1101, 3400-3410, 20102, 2019020192, 20800-20806, 20783, 22050. Government Code 4526.
<b>Additional Information/ Supplemental Materials</b>	SDA Procurement Card Procedure, dated 8-13-2018 SDA Surplus Procedure, dated 9-17-2018

(ATTACHMENT 1)

**SUMMARY: MINIMUM BID AND PROPOSAL REQUIREMENTS FOR PURCHASES AND AGREEMENTS**

Type of Contract or Agreement	New Purchasing Contracts and Agreements					Existing Contracts and Agreements			
	\$0 to \$5000	\$5001 to \$35,000	\$35,001 to \$150,000	Over \$150,001 to \$5,000,000 (1)	Over \$5,000,000	\$0 to \$5000	\$5001 to \$100,000	Over \$100,000 (1)	Estimated Cost
<u>Goods and Services</u>	One verbal or written quote.	Informal bid or proposal- three written quotes.	Formal bid or proposal.	Formal bid or proposal. (1)	Formal bid or proposal. (1)	One verbal or written quote.	One to three written quotes, depending on the number of vendors.	Over \$100,000 (1)	One to three formal proposals or detailed quotes, depending on the number of vendors.
<u>Annual Contract for Goods and Services</u>	One verbal or written quote.	Informal bid or proposal- three written quotes.	Formal bid or proposal.	Formal bid or proposal. (1)	Formal bid or proposal. (1)	N/A	N/A	N/A	N/A
<u>Sewer Maintenance and Repair</u>	One verbal or written quote.	Informal bid or proposal- three written quotes.	Formal bid or proposal. (3)	Formal bid. (3)	Formal bid. (2), (3)	One verbal or written quote (4), (5)	One written quote. (4), (5)	Formal proposal. (4), (5)	Formal proposal. (4), (5)
<u>Non-Sewer Maintenance and Repair</u>	One verbal or written quote.	Informal bid- three written quotes.	Formal bid. (3)	Formal bid. (2), (3)	Formal bid. (2), (3)	One verbal or written quote (4), (5)	One written quote. (4), (5)	Formal bid proposal, otherwise use the process for new contracts. (5)	Formal proposal. (5)
<u>Works of Improvement</u>	One verbal or written quote.	Informal bid- three written quotes.	Formal bid. (3)	Formal bid. (2), (3)	Formal bid. (2), (3)	One verbal or written quote (4), (5)	One written quote. (4), (5)	Formal proposal. (5)	Formal proposal. (5)
<u>Emergency Purchases and Contracts</u>	No formal or informal bid requirements. See Section D Emergency Purchases. Submit documents related to contracts and agreements for goods or services within 1 working day of the purchase.								
<u>Consultants and Experts</u>	One written quote or proposal.	Three written quotes or proposals. (7)	Request for Proposal and /or Request for Qualifications. (7)	Request for Proposal and /or Request for Qualifications. (2)	Request for Proposal and /or Request for Qualifications. (2)	One written quote. (6)	One written quote. (6)	One written quote. (6)	N/A

(1) Requisitions for purchases of goods, services, or other contacts over \$150,000 require approval from the District Engineer unless stated otherwise.

(2) Contract requires Board approval.

(3) Requires advertising and noticing requirements included in PCC 20783.

(4) For non-Board-approved contracts, changes or amendments may be approved by the District Engineer or the Purchasing Manager, up to the limits of their delegated authority.

(5) For Board-approved construction contracts, the District Engineer has the authority to approve change orders up to \$100,000 total for each contract. This note does not apply to contracts with change order allowances.

(6) If the total aggregate contract cost exceeds \$150,000, the contract change or amendment requires Board approval.

(7) Requirement may be waived by the District Engineer.

(ATTACHMENT 2)

**PROCEDURES AND FORMS**

Various forms and procedures are utilized for contracts and agreements. Electronic request forms must contain all required information including the description of the item(s), the vendor, amount or quantity of item(s), and the proper coding (cost center, general ledger GL, etc.).

**Procedures, Forms, and Links for both SASD and Regional San**

<u>Form or Procedure</u>	<u>Uses</u>	<u>Title/Link</u>
Consultant & Expert Services Request for Proposals Policy Procedures	Contracts for Consultants and Experts	<a href="#">&lt;Consultant-Expert Policy, Procedure&gt;</a>
Forms, Flowcharts, Checklists, Sample Letters	Agreements that require approval by the Board of Directors	<a href="#">&lt;Templates for Board Items&gt;</a>
District Engineer Delegation of Authority for Real Property Interests	Real Property Acquisition and Relocation Management of Real Property Interests	<a href="#">&lt;District Engineer Delegated Authorities Memos&gt;</a>

**SASD-Only Procedures, Forms, and Links**

<u>Form or Procedure</u>	<u>Uses</u>	<u>Title/Link</u>
Purchase Request Form	General Goods and Services Warehouse Goods Sewer Maintenance and Repair up to \$5 million Non-Sewer Maintenance/Repair up to \$100K Works of Improvement up to \$100K Emergency purchasing and contracts	<a href="#">SASD Forms and Requests</a>
Contract Service Request	Sewer Agreements Agreements approved by Board, District Engineer, or designees Agreements with Experts and Consultants	
SDA P-Card Procedure and Form	Credit Card Purchases for SASD and Regional San	Regional San or SASD procedures and policies website
Regional San or SASD Request for Exception to Competitive	For purchases over \$5,000 and that have no competition	Regional San or SASD Forms website

Bidding Process		
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### Regional San-Only Procedures, Forms, and Links

<u>Form or Procedure</u>	<u>Uses</u>	<u>Title/Link</u>
Purchase Request System Form	General Goods and Services Warehouse Goods Sewer Maintenance and Repair up to \$5 million Non-Sewer Maintenance/Repair up to \$100K Works of Improvement up to \$100K Emergency purchasing and contracts	<a href="#">&lt;Regional San PRS&gt;</a>
PRS Order Procedures	Instructions related to PRS Orders	<a href="#">&lt;PRS Order Procedure&gt;</a>
Contract Service Request	Agreements approved by Board, District Engineer, or designees Agreements with Experts and Consultants	<a href="#">&lt;Regional San Procedures and Forms&gt;</a>
SDA Procurement Card Procedures	Credit Card Purchases	<a href="#">&lt;SDA p-Card Policy&gt;</a>
Regional San Request for Exception to Competitive Bidding Process	Request for exception to bidding procedure	<a href="#">&lt;Regional San Exception to Bidding Request&gt;</a>
Regional San Standardized Equipment List	Use of standardized equipment approved without bidding.	<a href="#">&lt;Regional San Standardized Equipment List&gt;</a>

### Information Technology Procedures, Forms and Links

<u>Form or Procedure</u>	<u>Uses</u>	<u>Title/Link</u>
Regional San and SASD IT BCE Policy	Information Technology purchases and agreements, and related business case evaluations.	<a href="#">Reg San and SASD Forms Policies Procedures</a>
SASD IT Purchasing Procedure	Use of the SASD IT Purchasing System	<a href="#">&lt;SASD IT Purchasing System Procedure&gt;</a>
Regional San IT Request Policy	Computer Service Request and Level of Effort Policy and Procedure for software, hardware, IT solutions.	<a href="#">&lt;Regional San IT Request Policy&gt;</a>