



**BEACON HILL**  
WATER AND SEWER DISTRICT

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# **PURCHASING MANUAL**

**August, 2011**

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## **INTRODUCTORY STATEMENT**

Beacon Hill Water and Sewer District (BHWSO) is a rate based utility and a Special Purpose District recognized by the State of Washington. It is a recognized form of local government. This document establishes guidelines and clarifies the policies and procedures for purchasing supplies and materials, and contracting for services by BHWSO. The procedures set forth in this manual are designed to assure customers that BHWSO is receiving maximum value for each utility dollar spent, and to assure fiscal responsibility in the procurement process.

The requirements of this manual are intended to assure compliance with State laws and develop a uniform procurement system. By buying competitively, BHWSO will obtain maximum value for public funds spent, while promoting good, continuous relations with suppliers as well as reliable alternate sources of supply. This document does not provide additional legal rights to parties involved in legal disputes with BHWSO not otherwise provided by State statutes.

## **PURCHASING CODE OF ETHICS**

The purpose of this Code of Ethics is to give guidance to all BHWSO employees so that they may conduct themselves in a manner that will be compatible with the best interest of BHWSO.

### ***Proper purchasing procedure requires that:***

- Actions of BHWSO employees be impartial and fair.
- BHWSO purchasing decisions are made by the proper authorities.
- Public employment is not to be used for personal gain. BHWSO employees may not solicit, accept, or agree to accept any gratuity for themselves, their families or others that would or could result in financial or personal gain, advancement, or establish or satisfy some obligation for or on behalf of the employee, the employee's family or friends. Purchasing decisions must be made impartially.

## **GIFTS AND GRATUITIES**

Employees are expected to decline the acceptance of anything of value that may involve or imply an obligation including the performance of work on District customers' private property during non-working hours if such work is related to the customers or the Districts water or sewer system.

BHWSO employees may not solicit, accept, or agree to accept any gratuity for themselves, their families or others that would or could result in personal gain. Personal gain may result not only in cases where an employee or relative has a significant interest in a firm with which the District does business but also when an employee or relative receives any gift or special consideration as a result of any transaction or business dealings involving the District. Purchasing decisions must be made impartially. The following items are not considered gratuities:

- Discounts or concessions routinely available to the general public;
- Items received that do not result in personal gain that are turned over to the District for general District use;
- Sample products provided to the District for General District use.

## **POTENTIAL CONFLICTS**

If an employee has any influence on transactions involving purchases, contracts, or leases, it is imperative that he or she disclose to the General Manager as soon as possible the existence of any actual or potential conflict of interest so that safeguards can be established to protect all parties.

## **PETTY CASH**

BHWSD has established a Petty Cash fund and a policy for its use by Resolution. A Petty Cash fund is retained in the office for small purchases. The fund balance is replenished to \$150 each month. An effort is made to make only nonrecurring expenditures under \$15 out of the petty cash fund.

## **CREDIT CARDS**

BHWSD has authorized the use of District credit cards by Resolution. The General Manager determines which employees are authorized to use such cards. Credit cards are to be used for authorized District expenses and travel. Credit limits are at the discretion of the General Manager, but shall not exceed \$5,000. All credit balances are paid in full each month. Credit cards are not to be used for the following:

- Cash advances;
- Personal use, unless such use is incidental to District travel, conforms to District policy and is reimbursed prior to the District paying the claim for the charges;
- Purchase of materials, property and/or services from a family member of the Commissioners or Employees;
- Purchase of long lead-time items;
- Purchase of alcoholic beverages, gifts, personal telephone calls, personal e-mail or internet usage, videos or DVD's not involving training or forms for District use

Each month employees must prepare and submit expense forms that identify credit card purchases, along with payment for any amounts that must be reimbursed.

## **EXPENSE REIMBURSEMENT**

Reasonable expenses incurred for business travel or miscellaneous business purchases will be reimbursed. Expenses shall be submitted for approval on a signed expense report no less than quarterly. Receipts are required. In the absence of a receipt, purchases may be approved by general manager if they were for an obvious business purpose. Allowable expenses include but are not limited to:

- Lowest round-trip coach fare for Air, Bus or Train travel.
- Actual cost of auto rental only when public transportation or taxi service is not available. Gasoline purchases for rental cars will also be reimbursed when receipts are submitted.
- Parking charges.
- Taxi charges.
- Actual cost of lowest available rate for minimum night stay to attend function. May be combined with airfare charges to determine lowest package rates (i.e. if meeting ends on Thursday evening and cost of additional night lodging is less than savings on airfare for flying on Sunday, the additional day will be approved). District will pay room rate for employees only. Any additional charge due to family member attendance is the responsibility of employee.
- Meals related to travel. If meals are provided as part of event registration, those meals are not eligible for reimbursement unless they are related to outside meetings. No reimbursement for alcoholic beverages.
- Event or class registrations.
- Reasonable miscellaneous purchases either related to travel or for District supplies.
- Reasonable tips and gratuities not to exceed 15%.
- Emergency procedures meals. The District may provide meals for employees who are working extended hours on an emergency from which they cannot leave to obtain meals. Employees who pay for these meals for staff shall be reimbursed.

The General Manager has authority to grant exceptions to this policy when it is determined to be in the best interest of the District. General Managers signature on the expense report containing exception indicates approval.

## **MATERIALS, SUPPLIES & EQUIPMENT**

Per RCW 39.04.190 a Vendor List may be established for the purchase of materials, supplies or equipment above \$10,000 but less than \$50,000. BHWSO has established a Vendor List per Resolution which is to be used for these purchases. Twice each year BHWSO advertises the existence of the Vendor List and solicits companies for inclusion on the list.

## **PROFESSIONAL SERVICES**

Per RCW 39.04.190 the purchase of services other than those for Architectural or Engineering, have the same requirements and monetary thresholds as material, supply and equipment purchases. Architectural and Engineering Services are procured per RCW 39.80.040. This requires entities to advertise for qualifications of architectural and engineering firms on an annual basis and negotiate with the best qualified firm as needed. BHWSO maintains a consultant roster which fulfills these requirements.

## **PUBLIC WORKS**

Public work projects include all work, construction, alteration, repair and improvement other than ordinary maintenance. Ordinary maintenance is work not performed by contract and that is

performed on a regular basis, but not less than annually. Work must be to service, check or replace items that are not broken, or work not performed by contract that is not regularly scheduled but is required to maintain the asset so that repair does not become necessary. BHWSD maintains a Small Works Roster per RCW 39.04.155.

## **PROJECT CONTRACTING**

BHWSD may act as its own General Contractor for projects, bidding only Sub-Contractor portions of the work. This arrangement cannot be used to avoid the maximum or minimum dollar amount of a project so it falls into a less restrictive bid category. For purposes of the applicable bid compliance standards, the cumulative project cost must be used.

## **WAIVING COMPETITIVE BIDDING**

Competitive bidding may be waived under the following circumstances:

- Purchases that are clearly and legitimately limited to a single source of supply;
- Purchases in the event of a declared emergency;
- Purchases of insurance or bonds.

## **PUBLIC WORKS EMERGENCY**

The General Manager may declare an emergency situation and waive competitive bidding requirements. The Board of Commissioners must pass a Resolution recognizing the declared emergency within two weeks of awarding any contracts entered into pursuant to such emergency declaration.

## **SOLE SOURCE OR PROPRIETARY PROCUREMENTS**

Occasions may arise when competition among potential vendors or contractors is not possible for a particular purchase. This may occur when:

- There is clearly and legitimately only one source capable of supplying the item or work in a timely fashion;
- In the event of emergencies.

In these instances Contracts may be entered into with sole source suppliers without soliciting other bids or quotes.

## **MATERIALS, SUPPLIES & EQUIPMENT**

### PURCHASES – LESS THAN \$2,500

Materials and supplies less than \$2500 are made with the General Managers approval. Quotes are recommended but not required. Purchases may be made with petty cash, District credit card,

purchase order or through a vendor billing arrangement. Receipts are required for all purchases.

PURCHASES – \$2,500 AND MORE TO \$10,000

Materials and supplies \$2500 and more up to \$10,000 are made with the General Managers approval if they are a budgeted or emergency expense. An item \$5000 and more that is not a budgeted item or a purchase related to a declared emergency requires Board approval. Three quotes are required. Exceptions include items sole sourced for reasons outlined in this manual or items for which there are not three sources for the item available. Item purchases may be made with District credit card up to \$5000. Items can also be obtained with purchase order or through a vendor billing arrangement. Receipts are required for all purchases.

PURCHASES –\$10,000 AND MORE BUT LESS THAN \$50,000

Materials and supplies \$10,000 and more but less than \$50,000 are made from the Vender Roster if they are a budgeted or emergency expense. An item that is not a budgeted item or a purchase related to a declared emergency requires Board approval. Quotes should be obtained from all appropriate suppliers on the small works roster. Exceptions include items sole sourced for reasons outlined in this manual or items for which there are not three sources for the item available. Item purchases may be made with purchase order or through a vendor billing arrangement. All purchases must be made by contract.

PURCHASES –\$50,000 AND OVER

Materials and supplies \$50,000 and more require an advertised Request for Bids with 13 day notice. Item's must be budgeted items or purchases related to a declared emergency. All purchases above \$50,000 require Board approval. Vender is required to supply a 5% bid bond. All purchases must be made by contract. As an alternative to the bid process, items may be purchased off of State contract.

**PUBLIC WORKS PROJECTS**

PROJECTS AND REPAIRS – LESS THAN \$2,500

Projects and repairs less than \$2500 are made with the General Managers approval. Quotes are recommended but not required. No contract is required. A combined Intent & Affidavit Prevailing Wage form must be filled out by the Contractor and submitted to BHWSO. Short Form reports are to be sent monthly to Labor and Industries.

PROJECTS AND REPAIRS – \$2,500 AND MORE BUT LESS THAN \$5,000

Projects and repairs \$2500 and more but less than \$5,000 are made with the General Managers approval. Three quotes are required unless the work requires sole sourcing or there are not three sources for the work available. Contractor must file Prevailing Wage Intent and Affidavit reports with Labor and Industries with a copy to BHWSO.

PROJECTS AND REPAIRS –\$5,000 AND MORE BUT LESS THAN \$200,000

Projects and repairs \$5,000 and more but less than \$200,000 are made with the General Managers

approval from the Small Works Roster. Three bids are required. Exceptions include repairs for a declared emergency, work sole sourced for reasons outlined in this manual or items for which there are not three sources for the work available. All work requires a Small Works Contract, Insurance Certificate and Insurance Questionnaire on file. A 5% performance bond is required. The bid and performance bonds, as well as retainage, may be waived for projects under \$35,000 per RCW 30.04.155. Contractor must file Prevailing Wage Intent and Affidavit reports with Labor and Industries with a copy to BHWSO. Board acceptance is required for completion of projects over \$35,000. The General Manager is authorized to accept completion for projects under \$35,000.

#### PROJECTS AND REPAIRS –\$200,000 AND MORE

Projects and repairs of \$200,000 and more require an advertised Request for Bids with 13 day notice. Sealed bid awards will be made by the Board. Contractor is required to supply a 5% bid bond. All projects require a Public Works Contract, Insurance Certificate and Insurance Questionnaire on file. A 5% performance bond is required. BHWSO will retain 5% of the money earned by the Contractor until project completion and acceptance. Contractor must file Prevailing Wage Intent and Affidavit reports with Labor and Industries with a copy to BHWSO. Board acceptance is required for completion and acceptance of projects.

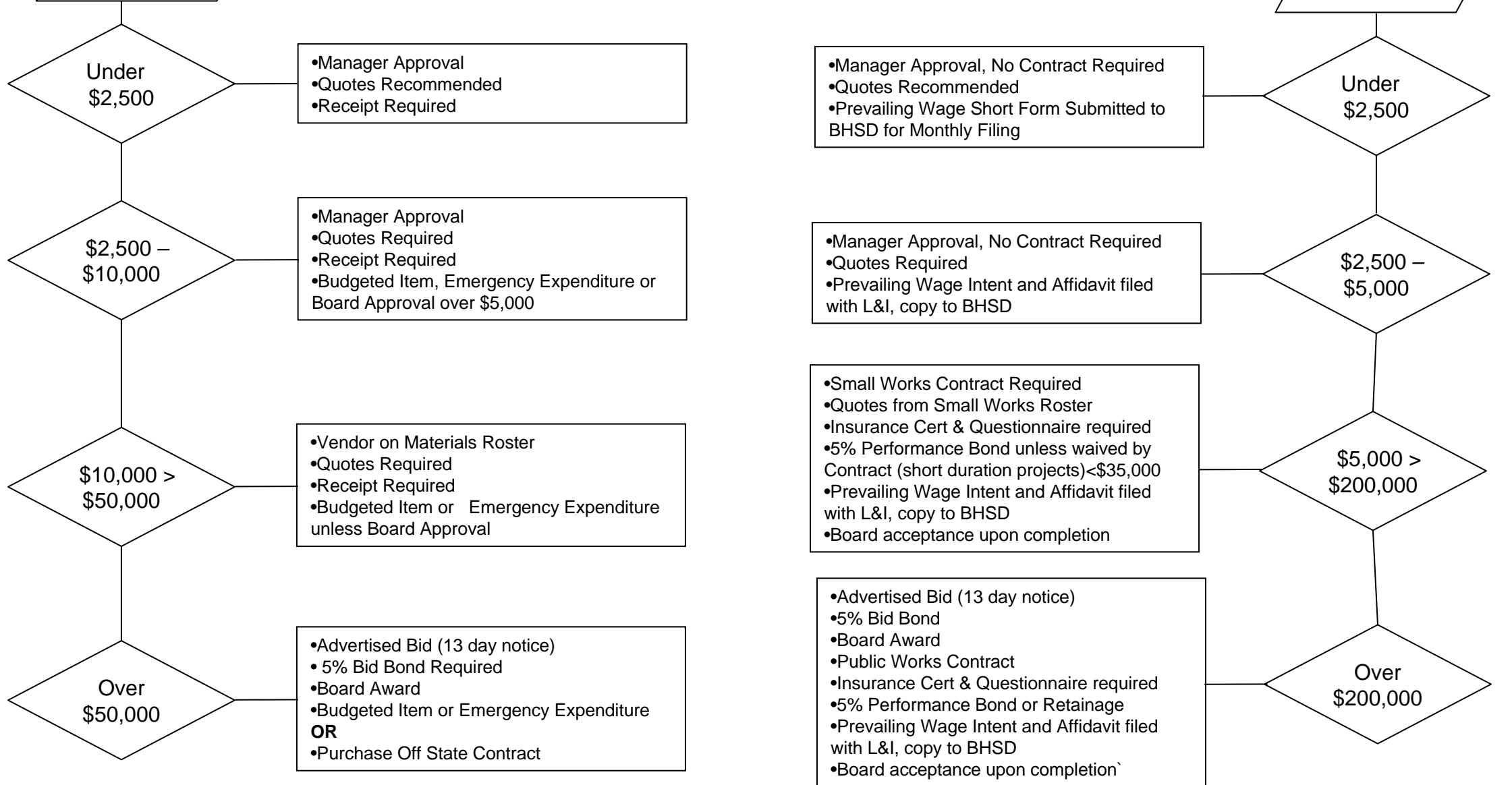


## **APPENDIX**

# Purchase Flowchart

## Materials Only

## Labor and Materials



•Prevailing wage and Bid Requirements not required for Ordinary Maintenance which is performed at least annually  
 •Bid requirements, but not prevailing wage waived in event of emergency work. Emergency must be declared by Commissioners within two weeks via resolution.