

Special Meeting Agenda

PUD Board of Commissioners

Wednesday, December 6, 2023 1:00 PM

310 Four Corners Rd. and per ZOOM

Port Townsend, WA 98368



To join online go to: <https://zoom.us/my/jeffcopud>. Follow the instructions to login. Meetings will open 10 minutes before they begin. TOLL FREE CALL IN #: 833-548-0282, Meeting ID# 4359992575#. Use *6 to mute or unmute. *9 to raise a hand to request to begin speaking.

1. Call to Order

JPUD will be offering both virtual on-line meetings as well as in-person meetings, unless advance notice is provided. Online participant audio will be muted upon entry. Please unmute at the appropriate time to speak. If you are calling in, use *6 to mute and unmute and *9 to raise a hand to request to speak.

2. Agenda Review

Recommended Action: Approve a Motion to adopt agenda as presented

3. Procurement Manual Resolution and Revisions Approval

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[BOC Agenda Report Form--Updated Procurement Manual.docx](#)

[Procurement PP Draft 8.30.2023.docx](#)

[Procurement Resolution - Updated 2023 11 27.docx](#)

4. Manager's Report

5. Adjourn



AGENDA REPORT

DATE: December 6, 2023
TO: Board of Commissioners
FROM: Mike Bailey, Finance Director/Treasurer
RE: Updated Procurement Manual

BACKGROUND: In 2020, the Board approved our most recent Procurement Manual which is our policy and procedure book on purchasing goods and services as well as bidding on projects. This version of the procurement manual was based on other manuals and information.

ANALYSIS/FINDINGS: From time to time, policies and procedures need to be updated as procedures change as well as laws and regulations. Kevin and I determined that it was time to update and improve our procurement manual. We contracted with Moss Adams to write a new procurement manual to replace the current one.

FISCAL IMPACT: There is no immediate fiscal impact by approving and implementing the updated procurement manual. The fiscal impact will come as we start following the outlined procedures in the manual to acquire goods and services as well as contracts.

RECOMMENDATION: Staff would like the Board of Commissioners to approve a resolution amending and revising the District's Procurement Manual to update and revise it and account for procurement related to grant funded projects.



**Jefferson County Public Utilities
District**

DRAFT Procurement Policies and Procedures

Effective Date: **MM/YYYY**

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Jefferson County Public Utilities District

Procurement Policies and Procedures

Policy # 00-00

Effective Date: MM/YYYY

Approval Date: MM/YYYY

Last Revised Date: TBD

I. PURPOSE

The overall purpose of these Procurement Policies and Procedures is to establish guidelines that will allow Jefferson County Public Utilities District (JPUD) to acquire the highest quality of desired goods and services, at the best price possible, while ensuring compliance with all federal and state laws, regulations, ordinances, and policies, including the Office of Management and Budget Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Further, these Procurement Policies and Procedures are aimed at streamlining the process of procurement while maintaining adequate controls to ensure that all purchases made with JPUD funds:

- Are properly requested, documented, and approved;
- Are supported by documentation that adequate due diligence was performed, based on the dollar threshold and type of purchase; and
- Promote fair and open competition, without bias or conflicts, permitting JPUD to obtain the best prices and quality.

II. SCOPE

These Procurement Policies and Procedures apply to all JPUD employees involved in the procurement process and to all types of procurement activities including requesting or approving purchases, performing due diligence for purchases, receiving purchased goods/services, processing purchase requests, or performing other procurement functions on behalf of JPUD. These policies and procedures are applicable to all JPUD Programs, Boards, or other entities who manage and expend funds from JPUD's General Fund or from Grant Funds.

These Procurement Policies and Procedures supersede any other procurement policies and procedures previously established by JPUD or by its Programs, Board, or other entities.

Throughout this document, words like "must" and "should" are used. When the term "must" is used, no group or individual has the authority to deviate from the specific policy or procedure. The term "should" is used to convey that employees are expected to follow the policy and procedures as written and are required to justify any deviations. Deviations should only occur when the specifics of the situation justify a reasonable departure from the policies and procedures.

III. REFERENCES

- Office of Management and Budget (OMB) Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance)
- Revised Code of Washington (RCW)
- JPUD's Contract Management Policies and Procedures
- JPUD's Accounts Payable Policies and Procedures
- JPUD's Financial Reporting, Close, and Reconciliations Policies and Procedures
- JPUD's Conflict of Interest Policies and Procedures
- JPUD's Budget Policies and Procedures

IV. DEFINITIONS

The definitions below are for standard wording referred to throughout JPUD's Procurement Policies and Procedures and apply to all instances where a word/phrase is used unless the context clearly indicates or requires a different meaning.

- **Blanket Purchase Orders:** A purchase order (PO) under which a vendor agrees to provide goods or services on a purchase-on-demand basis. The PO generally establishes prices, terms, conditions, and the period covered by the order (typically one fiscal year).
- **Board of Commissioners (Board):** The governing body of JPUD.
- **Contract:** Any binding agreement between two or more persons/parties for the procurement of goods and/or services. Any contract document, regardless of what it is called, for the procurement of supplies. References to a "contract" shall be deemed to include all documents attached to or incorporated in the contract, such as terms and conditions, contract attachments, and addenda.

- **Emergency:** For purposes of this policy, when referring to an "emergency" purchase, an emergency is defined as a sudden, unexpected occurrence that poses a clear and imminent danger and requires immediate action to prevent or mitigate the loss or impairment of life, health, property, or essential service.
- **Goods:** Defined as physical, tangible items that are procured to benefit JPUD or meet a need of JPUD.
- **National Information Solutions Cooperative (NISC) System:** JPUD's financial and accounting system.
- **Open Purchase Order:** A purchase order (PO) but the related goods have yet to be received or only part of an order has been received.
- **Procurement:** The procedures for obtaining goods or services, including all activities from the planning steps and preparation and processing of a purchase requisition (PR) through receipt and acceptance of delivery and processing of a final payment.
- **Project Coordinator:** A JPUD employee that has been assigned to be the lead employee on a given project.
- **Purchase Requisition:** A document used to make a purchase or an order request, on behalf of the JPUD, that is associated with an approval workflow in the NISC. The PR is utilized to document all details of purchase requests including the related goods/services requested, specifications, delivery date and location preferences, and account coding. The creation of a PR notifies approvers of the purchase need.
- **Requestor:** The original person within JPUD who is requesting that a specific purchase be approved and processed.
- **Services:** Defined as activities provided to JPUD for a job for which the required technical expertise does not exist in house at JPUD, or a job that is not ongoing and hence does not require a full-time employee.
- **Specifications:** A complete description of the physical and/or functional characteristics and quantity of the goods/supplies to be provided, or the complete directions, provisions, and requirements for the performance of services.
- **Split Purchase:** A split purchase occurs when the quantity of a required item or service is known before the initial purchase and is divided into multiple purchases to avoid the requirement for obtaining bids or proposals. Split purchases are prohibited and are considered fraud, waste, and/or abuse by auditors and in violation of best practices standards.
- **Vendor:** Any supplier, contractor, or consultant from which JPUD receives equipment, goods, supplies, materials, and/or services.

V. POLICIES

A. General Procurement Policies

1. All employees responsible for requisitioning, purchasing, and contracting for goods/services on behalf of JPUD shall be responsible for reviewing and understanding these Procurement Policies and Procedures.
2. Each procurement action must comply with the requirements set forth in the appropriate sections of this policy and applicable law.
3. Delegation of approval authority is permitted unless specifically prohibited within these policies. Delegation must be documented in writing.

B. Purchase Requestion Policies

1. Any employee is permitted to initiate an PR after the budget availability has been verified.
2. A properly approved and supported PR, as defined within these policies, is required for all JPUD purchases, except for recurring expenses such as utility or internet bills.
3. Modifications to previously approved PRs must be requested through the Department Manager or designee and, dependent on the dollar amount of the modification, may require the PR to be rerouted for approval and may require additional due diligence to be performed.

C. Thresholds for Required Due Diligence Policies

1. JPUD has established defined levels of due diligence, dependent on specified dollar thresholds. Adequate due diligence ensures that JPUD obtains the best possible price for goods and services and ensures that JPUD's funds are used appropriately and responsibly.
 - a. **Up to \$9,999.99:** Purchases up to \$9,999.99 do not require formal documentation of due diligence; however, reasonable efforts (i.e., consider whether the price is fair, and the goods/services meet the needs of JPUD) in selecting a vendor should be applied.
 - b. **\$10,000 to \$249,999.99:** Purchases within this range require documentation of a minimum of three informal quotes.
 - c. **\$250,000 or more:** Purchases of \$250,000 or more require the sealed bid request (bid) process for goods or the competitive Request for Proposal (RFP) process for professional services.

D. Formal Request for Proposal and Bid Policies

1. RFP and Bid Initiation

Department Managers or their designees are responsible for initiating and overseeing the competitive RFP or bid process for all purchases expected to be \$250,000 or more.

- a. The Department Manager or designee must provide a review and approval prior to a notice being advertised.
- b. All RFP and bid requests must be supported by a notice inviting prospective vendors to submit proposals/bids, which should be posted in a local newspaper and trade journal.
- c. All questions related to an RFP/bid must be directed to the Department Manager or designee and any violations will result in disqualification. Departments may not communicate with prospective vendors during the RFP/bid process.

2. Proposal/Bid Receipt

Opening and Evaluation: All proposals/bids must be received by the Project Coordinator. The following policies apply:

- a. The opening of each proposal/bid must include at least the Project Coordinator and one individual from the requesting department (which may include contractors) or the General Manager.
- b. The proposal/bid opening details (date, time, members, etc.) must be documented and adhered to.
- c. Proposals/bid responses are reviewed by the Project Coordinator and an individual from the requesting department (which may include contractors) or General Manager and must be evaluated based on the vendor selection criteria defined (refer to VI. Procedures, Section D).
- d. The Project Coordinator and individual from the requesting department (which may include contractors) or General Manager will be required to vote following completion of the Vendor Scorecard (sample attached in Appendix B), and the vote must be documented.

E. Purchasing Exception Policies

1. Sole Source Procurement

For a purchase to qualify as a sole source procurement, it must meet one of the criteria specifically described in these Policies and Procedures (refer to VI. Procedures, Section E). The requestor is required to complete a Sole Source Justification Form (See Appendix A) that describes the nature

of the purchase, vendor/contractor, estimated cost, and specific situation/circumstance that qualifies the purchase for sole sourcing. The Sole Source Justification Form must be approved by the Board.

2. Emergency Purchases

Emergency purchases are not valid for contrived urgencies resulting from the lack of planning and organization. An emergency is defined as a sudden, unexpected occurrence that poses a clear and imminent danger and requires immediate action to prevent or mitigate the loss or impairment of life, health, property, or essential service.

- a. Every effort should be made to notify the General Manager before the emergency purchase.
- b. Within 72 hours of the emergency purchase, the Department Manager is responsible for initiating the required PO, which must include a brief summary describing the nature of the purchase, vendor/contractor, actual cost, emergency circumstance, and any efforts made to obtain prior General Manager approval.
- c. Emergency purchases must be reviewed by the Board after the General Manager approves the purchase.

F. Purchasing Request Approval Policies

1. Approval levels are defined, based on dollar thresholds, for all POs.
 - a. The Department Manager, or their designee, must approve all purchases for their department and is responsible for ensuring that:
 - i. the goods/services are necessary, appropriate, and within the approved budget;
 - ii. all supporting documentation is attached and in compliance with these Policies and Procedures; and
 - iii. if the purchase is funded through a grant, the purchase is allowable.
 - b. The General Manager, or their designee, must approve all purchases greater than \$25,000 for JPUD and is responsible for ensuring that:
 - i. the goods/services are necessary, appropriate, and within the approved budget;
 - ii. all supporting documentation is attached and in compliance with these policies and procedures;

- iii. the general ledger coding of the expense is correct;
and
 - iv. if the purchase is funded through a grant, the purchase is allowable.
- c. The Board must approve all purchases greater than \$350,000 and must ensure that the purchase appears reasonable and consistent with JPUD's goals and responsibilities.

G. Receiving Policies

1. The procurement process cannot be completed without certification that the goods and/or services procured have been received entirely to JPUD's satisfaction.
2. Whenever possible, POs should identify the project site (as determined by the Project Coordinator) or the JPUD Operations Center as the Ship To address. Exceptions (such as large items) may be approved with adequate justification documented.
3. When possible, the original purchaser/requestor must be separate from the individual receiving the related goods. The receiver is responsible for:
 - a. opening the delivery and reviewing, inspecting, and verifying the contents of the shipment;
 - b. documenting the receipt; and
 - c. attaching the receiving documentation to the approved PO.

H. Year-End Procurement Policies

1. Goods and services that relate to the current Fiscal Year must be received no later than December 31st and be followed by an invoice dated no later than January 31st.
2. Purchases for the next Fiscal Year are accepted beginning January 1st.

I. Monitoring and Reporting Policies

1. JPUD must ensure that adequate monitoring procedures are in place for procurement activity. All reviews performed must be adequately documented and unusual activity must be researched and/or addressed. Monitoring procedures performed by the Director of Finance, or designee, and reviewed and approved by the General Manager must include, at a minimum:
 - a. Open PO reviews (i.e., items or services have not been received yet); and
 - b. Cumulative vendor purchase reviews.

VI. PROCEDURES

A. General Procurement Procedures

1. All employees involved in any aspect of JPUD's purchasing function, including those making requests, approving requests, evaluating quotes/bids, and processing purchases or receiving, are responsible for ensuring that they understand and acknowledge these Procurement Policies and Procedures. If any employee is uncertain about how to apply a policy or procedure related to the purchasing process, they must contact the General Manager for clarification.

2. Purchasing Management/Oversight

JPUD's Department Managers, or their designees, are responsible for managing and overseeing the entire purchasing process on behalf of their departments.

3. Employee Interests

Refer to JPUD's Conflict of Interest Policies and Procedures for information on reporting actual or potential conflicts of interest.

4. Purchasing Types

Purchases made on behalf of JPUD are funded by either the General Fund or a special fund.

a. General Fund purchases are those that are not associated with any federal or state grant and are funded by JPUD resources.

b. Special fund purchases are typically associated with a grant, loan, bond, or any other form of funding not included in the General Fund. When purchases are made with special funds, the requestor and all approvers must be aware of any potential compliance requirements that apply.

5. Delegation of Authority

Delegation of approval authority is permitted. The delegation must be done in writing (email, memo, etc.) and include the delegator name/role, person being delegated to name/role, the period in which the delegation is valid, and approval authority being assigned.

B. Purchase Requestion Procedures

1. Any employee is permitted to initiate an PR. The initiating employee is the requestor of the purchase.

2. Budget Verification

Prior to submitting a PR, the requestor must verify that there are enough funds available in the department/program's budget to make the purchase by looking in NISC. If a purchase is not within the department/program's budget, a budget modification must be requested. Refer to JPUD's Budget Policies and Procedures for more information.

3. Purchase Requisition

In general, a PR should include as much of the following information as possible:

a. Purchase Checklist (Appendix C), which includes:

- i. Vendor name and contact information
- ii. Budget line item the purchase will be applied to
- iii. General ledger account code, if known
- iv. Item number or other identifying numbers/details, if known
- v. Description of the goods/services being requested and quantity, if applicable
- vi. Reason/justification for purchase/need
- vii. Bill To information
- viii. Ship To information

The JPUD Operations Center should be used for all purchases that will be shipped unless a Project Coordinator requests an item to be shipped to be job site. A large item might be delivered to the department's physical address, if needed.

- ix. Signature of the requestor
- x. Approval signature of the Department Manager or designee

- b. W-9 from vendor
- c. Signed contract, if applicable
- d. Copy of invoice
- e. All approvals via email or physical signature for the purchase based on the purchasing thresholds defined below in Section F (Purchase Request Approval Procedures).

After the budget availability has been verified, the requestor will initiate the PR for all purchases, except for recurring purchases such as utilities or internet. A PR must include all required approval signatures, supporting documentation for all required due diligence (i.e., formal written quotes), as detailed in these policies, and

detailed specifications of the goods or the scope of work of services being requested.

4. PR Support

PRs submitted without the proper support or approval(s), in compliance with these policies, will not be approved. Supporting documentation must be physically attached to the PR.

5. PR Modifications

If a previously approved PR needs to be modified, the prospective purchaser will email the reason for the modification along with supporting documentation to the Department Manager to review and approve. After reviewing the modification to ensure it is reasonable and justifiable, the Department Manager will take one of two actions:

- a. If the total price after the PR modification is over \$25,000, the Department Manager will email approval of the modified PO to the General Manager or designee.
- b. If the total price after the PR modification is over \$350,000, the General Manager will email approval of the modified PR to the Board. The Board must then review and approve the modified PR before the Department Manager can continue with the procurement.

C. Thresholds for Required Due Diligence Procedures

1. Due Diligence Requirements

The thresholds presented in the following table define the specific level of due diligence required based on the expected dollar amount of the purchase. All employees involved in the procurement process must be knowledgeable of these requirements and should contact the General Manager with questions or if additional guidance is needed.

Purchase Amount	Responsibilities of Approver
Up to \$9,999.99	Purchases up to \$9,999.99 are considered "micro purchases" that do not require formal documentation of due diligence, such as quotes or bids. However, employees are encouraged to apply reasonable effort (i.e., evaluate for a fair price and that the goods/services will meet JPUD's needs) in selecting a vendor for purchasing, including assessing options based on their

Purchase Amount	Responsibilities of Approver
	defined purchase need, criteria, and costs.
\$10,000 to \$249,999.99	Purchases between \$10,000 and \$249,999.99 (below the \$250,000 threshold) are considered "small purchases" that do require documentation of due diligence. Specifically, a minimum of three informal quotes must be documented. Quotes can be obtained through means such as an online printout, written quote from vendor, or email conversation. Documentation must be made of all three quotes obtained.
\$250,000 and over	Purchases of \$250,000 and over require the bid process (for goods) or competitive RFP process (for professional services). Refer to the detailed requirements presented in Section D below.

D. Formal Request for Proposal and Bid Procedures

1. Competitive RFP Requirements

When a requesting department identifies a purchase need that is related to professional services and is expected to be \$250,000, or over, the formal competitive RFP process must be applied and documented. In addition, there may be instances where the RFP process is appropriate for purchases expected to be less than \$250,000. However, these situations are evaluated on a case-by-case basis and determined by the appropriate Department Manager or designee, based on the situation. The Project Coordinator or designee is responsible for initiating the RFP process, as described below in item 4 (RFP and Bid Process - Notice Inviting Proposals/Bids).

2. Sealed Bid Request Requirements

When a requesting department identifies a purchase need that is related to goods (equipment, goods, supplies, etc.) and the purchase is expected to be \$250,000 or over, the bid process must be applied and documented. In addition, there may be instances where the bid process is appropriate for purchases expected to be less than \$250,000. The Project Coordinator, or designee, is responsible for initiating the bid process.

3. Pre-RFP and Bid Process Budget Verification

The Project Coordinator or designee must confirm, before initiating the RFP or bid process, that there is enough budget for the potential project/service requiring the RFP process or for the goods requiring the bid process.

4. RFP and Bid Process - Notice Inviting Proposals/Bids

The Project Coordinator or designee will prepare a notice inviting proposals (for the RFP process) and bids (for the bid process). In general, the formal notice inviting proposals/bids should include, at a minimum, the following:

- a. General or detailed description of the goods/services, and any required specifications or other information required;
- b. Details on bond and/or surety requirements, if applicable;
- c. Requirements for submitting proposals/bids (required content/format of the proposals/bids, minimum qualifications, sealed requirements, etc.);
- d. The time, date, location, and method (email or mail/hand delivery) for submitting proposals/bids;
- e. Evaluation and award criteria and specifications, and any related scoring metrics that will be applied;
- f. Any preferences that will be applied to responsive bidders (e.g., specific types of businesses or ownership of businesses);
- g. Information on the proposal/bid opening process and non-acceptance of late submissions;
- h. Notification that any questions related to the RFP/bid must be made via email and directed to the General Manager or designee (not the requesting department). Any violation of this requirement will result in disqualification. Potential vendors are not permitted to contact the requesting department directly, which must be communicated in the notification. All potential vendors must receive the same information; and
- i. Notification to prospective proposers/bidders that all proposers/bidders must include a statement within their proposal/bid certifying that they are not suspended or debarred from participating in government contracts, subcontracts, loans, grants, and other assistance programs. By submitting a proposer/bid, vendors are certifying that they understand the regulations included in 2 CFR Section 200.214 and that their company is not currently suspended or debarred.

5. Notice Review and Posting

Completed/drafted notice for RFPs and bids must be submitted

to the General Manager for review and approval. The General Manager will perform a high-level review to ensure that all required information is included and the notice appears reasonable. Once reviewed/approved, the General Manager will notify the department that submitted the invitation draft that they can proceed with publishing/notification of the invitation. The notices shall be published in a newspaper of general circulation within the area or a trade journal and posted on JPUD's website, or disseminated via email/U.S. Mail to at least three prospective bidders, when feasible, and to all those who have requested to be placed on the bidders list.

6. Proposal/Bid Receipt, Opening, and Evaluation

a. Proposal/Bid Receipt

Proposals/bids must be received by the Project Coordinator prior to the proposal/bid closing to be considered. Upon receipt, all proposals/bids must be date and time-stamped by the Project Coordinator, or designee.

b. Selection Committee

A selection committee must be established for each proposal/bid invitation. The selection committee will always include at least two employees:

- i. At least one individual from the requesting/procuring department (either the Project Coordinator or their designee or another individual, who may be a contractor, if appropriate); and
- ii. The General Manager or designee.

c. Proposal/Bid Opening

Proposals/bids received must not be opened or viewed before the designated date/time of the declared opening, and all members of the defined selection committee must be present. The opening details (date/time, members present, etc.) must be documented.

d. Proposal/Bid Analysis

Proposal/bid responses are reviewed by the selection committee and must include performing an evaluation based on the criteria and requirements outlined in the RFP/bid request that was issued. In all cases, all selection committee members must vote on the proposal/bid selection and the vote must be documented. The reasoning for the selection of a specific proposer/bidder must be adequately documented, and if the lowest responsive bidder is not

selected, the documentation must justify why a higher-priced alternative was selected. The selection and award must be properly documented and all supporting documentation related to the proposal/bid request (e.g., all submitted proposals/bids, and scoring and selection documentation) must be scanned and attached to the related PR by the requesting department. Once the PR is completed and documentation is physically attached, it is submitted through the standard PR approval process.

e. Vendor Selection Criteria

The Vendor Scorecard Template must be used for proposal/bid evaluations. Selection criteria must include, at a minimum and as applicable, the following:

- i. Price
- ii. Quality of goods/services
- iii. Availability of goods/services within the required delivery time
- iv. After-sale services, including availability of parts/supplies
- v. Bidder's/Proposer's previous records of performance and service
- vi. The ability, capacity, and skill of the bidder to perform the contract or provide the
- vii. service required
- viii. The character, integrity, reputation, judgment, experience, and efficiency of the bidder
- ix. Whether the bidder can perform the contract within the time specified
- x. The previous and existing compliance by the bidder with laws relating to the contract or services
- xi. Whether, within the three-year period immediately preceding the date of the bid solicitation, the bidder has been determined by a final and binding citation and notice of assessment issued by the department of labor and industries or through a civil judgment entered by a court of limited or general jurisdiction to have willfully violated, as defined in RCW 49.48.082, any provision of chapter 49.46, 49.48, or 49.52 RCW
- xii. Financial stability of vendor
- xiii. Payment terms
- xiv. Warranty offered
- xv. Ability to provide samples

- xvi. Small and minority-owned businesses, women's business enterprises, and labor surplus area firm preference (as defined by 2 CFR Section 200.321)

f. No Proposals/Bids Received

If there are no proposals/bids received, then the requesting department can work with the General Manager to utilize the most reasonable means of identifying a qualified vendor for the purchase. Documentation should be made of either the informal bid/quote process performed, or it should be documented that the sole source procurement requirements were met due to the lack of responsive vendors.

g. Interpretation of Bid and Proposal Specifications

Interpretation of written bid or proposal specifications shall not be made to prospective bidders or proposers. If a prospective bidder discovers discrepancies or omissions in any specification, or if the bidder or proposer is in doubt of the meaning of any specifications, the bidder shall request a written interpretation or modification from JPUD. All questions and requests must be directed to the General Manager who will be responsible for obtaining and communicating a response.

- i. Any response to written questions or requests must be provided, in writing, to all prospective vendors.
- ii. If a pre-bid conference is appropriate or required, the Project Coordinator, or designee, and the Department Manager must be in attendance.

h. Equal Bids

Whenever two or more equivalent bids are received, the selection committee may choose whichever of the following options is deemed to best serve the interest of JPUD:

- i. Select one bid, giving preference to a local business; or
- ii. Reject all bids and reissue a notice inviting bids; or
- iii. Reject all bids and authorize negotiation of an agreement between JPUD and one of the equivalent bidders.

i. Debarment by the Federal Government or Other Agencies

Any vendor/company engaged in, or prospective vendor/company pursuing business with JPUD may be subject to debarment for violating the policies set forth in these

policies and procedures. Specific acts that could lead to debarment include:

- i. The offer of gratuity to any employee of JPUD by a vendor or prospective vendor shall be cause for barring the vendor from bidding on any future JPUD purchase or contract.

7. Notification of Rejection

After vendor selection is completed, all respective vendors that were not selected must be notified in writing of rejection. The Project Coordinator or their designee will provide the notification within seven days of the vendor selection process. Documentation of the rejection notifications must be retained.

8. Notification of Award

After vendor selection is completed and the related PR is approved, the Project Coordinator or their designee will notify the selected vendor of the award. The notification of award may be done in writing; however, the department must ensure that the documentation is retained.

9. Proposal/Bid Protest

For purposes of this section only, the reference to "bids" also applies to proposals that come under protest. Unless otherwise documented and approved, the following bid protest procedures shall apply to all JPUD bids:

- a. Only bidders who submitted a timely proposal/bid may file a protest.
- b. The bid protest must be in writing.
- c. Protests based on alleged defects, ambiguities, or improprieties in the notice inviting bid and bid specifications must be filed with JPUD prior to the deadline for bid submittal.
- d. All other protests must be filed and received by JPUD not more than three business days after bidders receive notification of JPUD's intent to award the contract.
- e. The written bid protest must set forth, in detail, all grounds for the bid protest, including without limitation all facts, supporting documentation, legal authorities, and argument in support of the grounds for the bid protest. All factual contentions must be supported by competent, admissible, and credible evidence.

- f. Any matters not set forth in the written bid protest shall be deemed waived.
- g. Any bid protest not conforming to procedure will be rejected by JPUD as invalid and shall constitute a waiver of any right to further pursue a bid protest.

10. Contracting

Upon award to a specified vendor, the contracting process will be initiated. Additionally, a Notice to Proceed should also be issued indicating that the vendor can commence work. Refer to JPUD's Contract Management Policies and Procedures for information.

E. Purchasing Process Exception Procedures

1. Sole Source Procurement Criteria

For a purchase to qualify as a sole source procurement, one of the following criteria must apply:

- a. The item is only available from a single source (such as a proprietary item or a component of an existing system or piece of equipment that is only supported by one vendor);
- b. The emergency nature of the purchase will not permit a delay resulting from competitive solicitation (see item 3 below for Emergency Purchase Criteria);
- c. The federal awarding or granting agency (if purchased with grant funds) expressly authorized non-competitive proposal/bids in response to a written request by JPUD;
- d. JPUD has approved an ongoing relationship with a contractor having important knowledge and history regarding JPUD's business where use of federal funds is not a factor (unless specifically permitted by the federal agency, in writing);
or
- e. After solicitation from several sources, competition is determined inadequate.

2. Sole Source Procurement Process

If it is determined that a purchase meets one of the above criteria, the requestor must complete a Sole Source Justification Form that describes the nature of the purchase, the vendor/contractor to be used, the estimated cost, and the specific situation/circumstance that qualifies the purchase as meeting one of the defined criteria previously described. The form must be addressed to and must be approved by the Board via Board Resolution. The approved form must be attached to the PR.

After a contract ends, a Sole Source Justification Form must be completed again each time JPUD wishes to use the same vendor. If no contract is in place, but JPUD wishes to use the same vendor, then a Sole Source Justification Form must be completed at least every two (2) years. The form must be approved by the Board via Board Resolution.

3. Emergency Purchase Criteria

Emergency purchases are not valid for contrived urgencies resulting from lack of planning and organization. Emergency is defined as a sudden, unexpected occurrence that poses a clear and imminent danger. It requires immediate action to prevent or mitigate the loss or impairment of life, health, property, or essential service. For a purchase to qualify as an emergency purchase, it must be determined that an emergency condition exists. An emergency condition must meet one of the following criteria:

- a. A threat to public health, welfare, or safety;
- b. A threat to JPUD property, including situations such as floods, fires, riots, acts of terrorism, equipment failures or similar events exist;
- c. An immediate and serious need for services, supplies, or equipment that cannot be met through normal procurement processes and the lack of which could cause serious threat; or
- d. The preservation or protection of JPUD property.

4. Emergency Purchase Process

If a department must make an emergency purchase and has determined that one of the above criteria is met, they should make every effort to first contact (verbal, email, etc.) the General Manager, advise them of the emergency that has arisen, and request verbal or written approval. Documentation of any efforts made to obtain prior approval should be made. Within 72 hours of the emergency purchase, the Department Manager is responsible for initiating a PR and including a brief summary describing the nature of the purchase, the vendor/contractor used, the actual cost, the specific situation/circumstance that qualifies the purchase as meeting one of the defined criteria described above, and any efforts made to obtain prior approval from the General Manager. After the General Manager reviews, they must send the documentation to the Board for review and approval.

5. Emergency Purchase Payments

When an emergency purchase must be made, the person making the purchase can make payment utilizing any reasonable payment method. Options include requesting a manual check to be issued, utilizing an JPUD credit card or petty cash (if available), or paying out of pocket for the purchase with personal funds and requesting expense reimbursement.

F. Purchase Request Approval Procedures

1. The requestor of a purchase is responsible for ensuring that all required fields of the PR are completed, that all required due diligence for the purchase has been performed and documented, and that the documentation has been attached to the PR.
2. PR Approvals

The approval levels below are required, based on the dollar threshold of the PR.

Approver	Required	Responsibilities of Approver
Department Manager or designee	All purchases for their Department	<p>The Department Manager or designee must:</p> <ul style="list-style-type: none"> • Ensure that the goods or services requested are necessary and appropriate; • Ensure that budget is available for the purchase; • Review supporting documentation (quotes, bids, proposal support, etc.) for the purchase to verify that all required due diligence, by this policy, was performed and is properly supported; and • If the purchase is being funded by a grant, assess whether the purchase is allowable under the terms of the grant award.
General Manager	All purchases for JPUD greater than \$25,000	<p>For all JPUD purchases greater than \$25,000, the General Manager, or designee, must:</p> <ul style="list-style-type: none"> • Ensure that the PO is completed fully; • Confirm all required supporting documentation is attached; • If for a grant, assess whether the purchase is allowable under

Approver	Required	Responsibilities of Approver
		<p>the terms of the grant award; and</p> <ul style="list-style-type: none"> • Ensure the general ledger coding of the expense is correct. If coding is incorrect, the error should be corrected and compared to the budget. If deemed necessary, the PO should be routed back to the department for another review/approval.
Board	All purchases greater than \$350,000	<p>For all JPUD purchases greater than \$350,000, the Board must:</p> <ul style="list-style-type: none"> • Assess whether the purchase appears reasonable and consistent with JPUD's goals and responsibilities; and • Review to provide a final approval for the commitment of funds.

G. Receiving Procedures

1. Required Receiving

The procurement process cannot be completed without certification that the goods and/or services procured have been received entirely to JPUD's satisfaction. The procedures for receiving goods and/or services are important in ensuring that vendors have entirely met their obligations. Once JPUD has certified that goods and/or services have been received to their satisfaction, then payment can be processed. Please see JPUD's Accounts Payable Policies and Procedures for details about the payment process.

2. Receiving Location

As previously described, POs should identify the project site (as determined by the Project Coordinator) or the JPUD Operations Center in the "Ship To" address. Exceptions may be approved for a shipment to be made directly to a department; however, justification must be noted on the original Purchase Checklist. Situations that may warrant a shipment to be sent directly to a department include large quantities or size of the order, and installation at the time of delivery.

3. Receiving Requirements

When possible, the original purchaser/requestor must be separate from the individual receiving the related goods. This separation of duties is intended to ensure that the same individual is not requesting a purchase and receiving the related goods. Shipments/deliveries received at the Operations Center will be physically received and verified by the designated personnel. The receiver is responsible for performing the following:

- a. Opening the delivery and reviewing the receiving report or packing slip;
- b. Inspecting the goods received for proper condition;
- c. Comparing the goods received (quantity and specific items) to the receiving report/packing slip;
- d. Comparing the goods received (quantity, quality, and specific item accuracy) to the approved PO;
- e. If no variances are identified, signing and dating the receiving report/packing slip and entering into NISC as received signifying confirmation;
- f. Addressing discrepancies/variances in compliance with the detailed procedures below; and
- g. Attaching the signed/dated receiving report/packing slip to the approved PO.

4. Discrepancies/Variations

If any discrepancies/variances are identified during the receiving process, such as unsatisfactory goods/items, goods or units missing, wrong items received, or received goods differing from the approved PO or receiving report/packing slip, the receiver must notify the original requestor immediately so they can coordinate fixing the issue with the vendor. Notification is required within one business day of receipt.

5. Back Order/Short Shipments

If a vendor delivers a partial order because some items are on back order, the department that requested the order is responsible for monitoring the order until the remaining items are received. If the items are not received in a reasonable time and another source is available, the department that originally made the purchase should work to cancel the remaining order, if appropriate.

6. Returns

Some vendors may not refund 100% of the purchase price if items are returned. Instead, they may retain some percentage

of the purchase price as a restocking charge. If this is the case, the requesting department will be responsible for such charges. All returns should be coordinated with the Accountant, who will work to ensure the return is processed through Accounts Payable to monitor the receipt of any financial refund owed.

7. Payment Processing

The recipient department is responsible for submitting vendor invoices if received directly, to Accounts Payable. Accounts Payable will verify whether all required approvals have been documented. All payments must be made by the contractual terms between the vendors and JPUD. Refer to JPUD's Accounts Payable Policies and Procedures.

H. Year-End Procedures

1. Financial Close - Current Fiscal Year

- a. Goods and services that relate to the current fiscal year must be received no later than December 31st and be followed by an invoice dated no later than January 31st.
- b. Items that are ordered but not received until after December 31st will be charged to the next fiscal year.
- c. The deadline for all invoices for the closing fiscal year is January 31st. Employee must closely monitor their invoice approval queues to ensure timely handling of the year-end invoices.

2. Financial Close - Next Fiscal Year

JPUD starts accepting PO requests starting on January 1st. All services and goods must be shipped and delivered after January 1st.

3. Year-End Close

Refer to JPUD's Financial Reporting, Close, and Reconciliations Policies and Procedures for detailed information on the year-end close process.

I. Monitoring and Reporting Procedures

1. The Finance Department is responsible for ensuring that adequate monitoring procedures are in place to ensure that any inappropriate activity, errors, or outstanding purchases are identified and addressed promptly. Specifically, the following activities, at a minimum, will be in place:

- a. Open PO Review

The Finance Department will perform a full review of all open POs at least semi-annually. This review must be conducted within 15 business days of each half year.

- i. Over 60 Days: If any open POs have been outstanding more than 60 days, the Finance Department will contact the requesting department to determine if the POs should be closed.
- ii. Small Balances: Any small dollar balances (such as \$0.01) will be marked for closure.
- iii. Review: The General Manager, or designee, will review the report with any notes and any POs that need to be closed will be routed through Accounts Payable process for payment.

b. Cumulative Vendor Purchases Review

Semi-annually, the Finance Department will generate a report from NISC within 15 business days of each half year, to assess the following:

- i. Total JPUD purchases, by vendor, year to date
- ii. Total purchases by vendor, by department, year to date

These reports will be assessed to identify where small purchases across multiple departments exceed \$250,000 or are expected to exceed \$250,000 for the year, for consideration of whether the RFP or bid process should be performed. In addition, purchases by department will be assessed for any signs of potential split-purchases (i.e., departments splitting purchases into smaller amounts, to the same vendor, to prevent going through the RFP/bid process). These assessments will be formally documented, including any follow-up that occurs. The report, with all notes, will be provided to the General Manager, or designee, for review and approval. This review is documented on the reports.

2. Record Keeping

All monitoring reviews and efforts will be documented. Reports and any supporting documentation will be retained in accordance with JPUD requirements.

APPENDIX A - SOLE JUSTIFICATION REQUEST FORM

APPENDIX B - VENDOR SCORECARD TEMPLATE

APPENDIX C - PURCHASE CHECKLIST

**PUBLIC UTILITY DISTRICT NO.1
OF
JEFFERSON COUNTY**

RESOLUTION NO. 2023- XXXX

A RESOLUTION of the Board of Commissioners of Public Utility District No. 1 of Jefferson County, Washington (the "District"), amending and revising the District's Procurement Manual to update and revise it and account for procurement related to grant funded projects.

WHEREAS, on April 7, 2020, the Board of Commissioners approved Resolution No. 2020-008 adopting a revised Procurement Manual for the District; and

WHEREAS, on October 4, 2021 Board of Commissioners approved Resolution No 2021-33, providing updated revisions to the Procurement Manual; and

WHEREAS, from time-to-time certain policies and procedures must be updated to account for changes in District practices, and changes in the law and the proposed amendments to the Procurement Manual are attached in Exhibit A; and

WHEREAS, the General Manager recommends that the District the Procurement Manual fully set forth in Exhibit A.

NOW THEREFORE, BE IT RESOLVED THAT:

The Board of Commissioners of Public Utility District No. 1 of Jefferson County, Washington incorporates the above recitals herein, and has reviewed the proposed Procurement manual attached hereto as Exhibit A, and hereby adopts these changes to the Procurement Manual, to be effective as of the date of this Resolution.

ADOPTED by the Board of Commissioners of Public Utility District No. 1 of Jefferson County, Washington, at a regular open meeting held this ____ day of December, 2023.

Kenneth Collins, President

Jeff Randall, Vice President

: _____
Dan Toepper, Secretary

EXHIBIT A

To

Resolution No. 2023-XXX

JPUD PROCUREMENT MANUAL