



AGENDA

REGULAR MEETING OF THE FINANCE AND ADMINISTRATION COMMITTEE

November 16, 2021

3:30 PM

Call to Order

Public Comments

Members of the public may make comments in-person, virtually, or submit a Public Comment Request Form located at <https://www.evmwd.com/evmwd-publiccomment>, prior to the close of Public Comments. Please note, individuals have a limit of three (3) minutes to make comments and will have the opportunity when called upon by the presiding officer.

Discussion Items:

1. Review of Reimbursement Agreement Policy
2. Update to Drought Surcharge Rates
3. Amendment to Administrative Code Section 1500 - Purchasing Policy & Procedure
4. Financial Performance Measures/Indicators as of September 30th, 2021
5. Other
6. Consider Items for Board Review
7. Adjourn

In the interest of public health and safety, this meeting will be conducted in accordance with provisions of the Brown Act and Assembly Bill 361. Participants who would like to join this meeting remotely can do so in one of the following ways:

For Online Participation:

Go to: www.zoom.us
Select Join a Meeting
Enter Meeting ID: 842 8900 4249
Meeting Password: 92530

For Call-in Only:

Call: (720) 707 2699
Enter Meeting ID: 842 8900 4249
Meeting Password: 92530



**FINANCE AND ADMINISTRATION
COMMITTEE**

DISCUSSION OUTLINE

Date: November 16, 2021

Originator: M. Armstrong- Strategic Programs

Subject: REVIEW OF REIMBURSEMENT AGREEMENT POLICY

BACKGROUND AND RECOMMENDATION

Reimbursement agreements are applicable when a developer constructs water or sewer improvements beyond the needs of their own development. Examples of improvements include but are not limited to extension of offsite water and sewer lines or construction of oversized water and sewer lines, water storage reservoirs or sewer lift stations.

Reimbursement agreements allow developers to recover costs from properties that benefit from the water or sewer improvements (benefit area) constructed by the developer. As parcels within the benefit area connect to the District, at the time of collection of the District's capacity fees, the District will collect the applicable reimbursement amount. The funds collected are then reimbursed back to the developer.

The Board requested a review of the term of reimbursement agreements. The following is a history of the term of the reimbursement agreement policy:

- 1956 Created reimbursement agreement policy with 10-year expiration
- 1997 Eliminated 10-year expiration date, per Board request
- 2001 Reinstated 10-year term
- 2015 Changed term of reimbursement agreement with Castle & Cooke to 10 years with option to request a one-time 5-year extension
- 2019 Modified term in administrative code to 10 years with option to request a one-time 5-year extension
- 2021 Board allowed a one-time change of term to reimbursement agreement with Lumos Communities to 15 years

There are currently 12 active reimbursement agreements with various developers. Reimbursement agreements are reconciled quarterly, which is provided to the developers. Developers are also notified when agreements are within one year of the expiration date.

ENVIRONMENTAL WORK STATUS

Not applicable.

FISCAL IMPACT

Not applicable.

Attachments:

None.



**FINANCE AND ADMINISTRATION
COMMITTEE**

DISCUSSION OUTLINE

Date: November 16, 2021

Originator: Margie Armstrong- Strategic Programs

Subject: UPDATE TO DROUGHT SURCHARGE RATES

BACKGROUND AND RECOMMENDATION

In January 2014, with California facing water shortfalls in the driest year in recorded history at the time, Governor Brown declared a drought state of emergency, and the State Water Resources Control Board (SWCRB) was charged with mandating water restrictions for California.

On May 6, 2015, the SWRCB adopted statewide mandates requiring agencies to increase conservation efforts. The mandate required EVMWD and its customers to reduce water use by 28%.

On May 28, 2015, the Board adopted an update to the District's Water Shortage Contingency Plan (WSCP). WSCP is part of the Urban Water Management Plan, which is a long-term water resource plan to ensure long-term water supplies availability, and is a requirement specified in the California Water Code. EVMWD modeled its WSCP to be consistent with Metropolitan Water District's (MWD) Water Surplus and Drought Management Plan and Western Municipal Water District's (WMWD) Water Shortage Contingency Plan. The WSCP consist of 5 drought stages, with stages 3 to 5 broken down further into stages a through c. With the adoption of the WSCP, the Board also adopted a drought penalty rate, which is only applicable for drought stages 3 to 5. Penalties are imposed once customers exceed their total monthly water budget (Indoor & Outdoor water budget). Funds collected from the drought penalty can only be utilized for expenses associated with water conservation efforts.

In July 2015, the Board adopted drought surcharge rates. Drought surcharges are also only applicable for drought stages 3 to 5 and are imposed once customers exceed their total monthly water budget (Indoor & Outdoor water budget). Funds collected from the drought surcharges is utilized to help offset revenue losses.

EVMWD is currently in the process of updating its WSCP. As was done previously, EVMWD plans to propose drought stages that are consistent with WMWD's drought stages contained in their plan documents, which are also currently in the process of being updated.

With the update to the WSCP, staff is proposing to engage a rate consultant to update the drought surcharge and penalty. The updated rates will be established based on current water sales volume, usage within tiers, and water rates. The adoption of the drought surcharge requires a Proposition 218 notification process, while the adoption of the drought penalty does not.

ENVIRONMENTAL WORK STATUS

Not applicable.

FISCAL IMPACT

Not applicable.

Attachments:

None.



**FINANCE AND ADMINISTRATION
COMMITTEE**

DISCUSSION OUTLINE

Date: November 16, 2021

Originator: AJ Rivera- Purchasing

Subject: **AMENDMENT TO ADMINISTRATIVE CODE SECTION 1500 -
PURCHASING POLICY & PROCEDURE**

BACKGROUND AND RECOMMENDATION

In December 2020, the District began a new initiative in which enrolled suppliers receive a virtual payment for their goods and services. Vendors are still able to receive payments via a physical check or ACH, however this program was implemented to provide an additional method of payment that benefits both the District and its suppliers. Staff is requesting an update to Section 1500 of the Administrative Code to reflect the virtual payment program, as well as to make minor formatting adjustments.

Staff plans to bring this item to the November 23, 2021 Board Meeting for approval.

ENVIRONMENTAL WORK STATUS

Not applicable.

FISCAL IMPACT

Not applicable.

Attachments:

Administrative Code Section 1500 - Redline

SECTION 1500. PURCHASING POLICY & PROCEDURE (R-975, M-5179, M-5541)

§ 1501. Purpose and Compliance.

The purpose of this policy is to establish the uniform procedures for acquiring services, supplies, equipment, and materials for the District, in accordance with Government Code section 54201 et seq., to assure purchases are accomplished in a manner providing maximum benefits and minimum cost to the taxpayers and customers of the District. Whenever practical, competitive prices shall be obtained. This Policy shall take precedence for all procurement actions, unless strictly required by State or Federal law. No purchase shall be made that is not authorized in the manner set forth herein.

California Government Code section 54202 requires that every local agency shall adopt policies and procedures, including bidding regulations, governing purchases of supplies, materials and equipment and that said purchases shall be in accordance with said duly adopted policies.

California Government Code section 54204 requires that if the local agency is other than a city or county, policies provided for in Section 54202 of said code shall be adopted by means of a written rule or regulation; copies of which shall be available for public distribution.

The District shall strive to solicit all local firms potentially qualified to bid for any given project, purchase, or programs for which the District will be requesting bids or proposals. The District will consider the local economic impacts of its various projects, purchases and programs as part of the request for proposed process. (R-1097)

To incorporate best practices that provide best value for all District customers and stakeholders, the District shall continually monitor and review industry best practices, both public and private.

B. Definitions & Acronyms

BOD: Board of Directors (collectively called “the Board”)

CFR: Code of Federal Regulation

CSA: Contract Services Agreement

DIR: Department of Industrial Relations

EVMWD: Elsinore Valley Municipal Water District, also known as “The District”

GM: General Manager

IFB – Invitation for Bid

MSA: Master Services Agreement

Vendors: also referred to as suppliers, contractors and sub-contractors. Used interchangeably

PO: Purchase Order

PSA: Professional Services Agreement

RFP: Request for Proposal

RSS: Requisition Self-Service

SOP: Standard Operating Procedure

SOW: Scope of Work, also known as Scope of Services

§ 1502. District Purchases Approval Levels. (M-3574, M-4883, M-5035)

- A. To expedite the purchasing function and ensure an uninterrupted flow of materials, equipment, and services, the authority to approve purchases or rental of supplies, equipment and services has been delegated to employees in accordance with the limitations set forth below.

Purchase Amount	Approval Level
\$0-\$5,000	District-wide Staff
\$5,001-\$100,000	General Manager
Over \$100,000	Board of Directors

- B. All procurements shall be made within the approved budget set forth by the Board of Directors. Any changes must be made in accordance with section 705 of the Administrative Code, except those allowed under section 1509.A (emergency authorization).

The General Manager, when appropriate, may delegate their authority to an Assistant General Manager, or as defined in section 702.A of the Administrative Code.

- C. Purchases of Inventory Materials exceeding \$100,000 may be initially approved by the General Manager or his or her designee in order to expedite inventory

fulfillment followed by the ratification of the purchase by the Board of Directors at the next regular Board Meeting.

- D. All transaction limits in the policy shall be inclusive of freight costs.
- E. Taxes and regulatory fees shall be excluded from approval levels for purchases over \$5,000.

§ 1503. Procurement Requirements. (M-4258, M-4883, M-5035)

A. Public Works. As defined by Public Contract Code section 1101, public works includes the erection, construction, alteration, repair, or improvement of any public structure, building, road or other public improvement of any kind.

- i. Purchases up to \$5,000: Minimum of one quote and requisition or bid agreement summary required. Prevailing wage and **Insurance insurance** notification required.
- ii. Purchases in excess of \$5,000 but less than \$35,000: Shall be procured by an informal bid process sent to no less than three contractors. If the bid solicitation results in only one written bid, then the single bid may be accepted.
- iii. Purchases of \$35,000 or more: Shall be procured by a formal bid process that is publicly advertised in the manner prescribed by the Board of Directors and awarded to the lowest responsible, responsive bidder.
 - a. The District utilizes an electronic bidding software program that can be accessed by a member of the public at any time through various means, including the District website. Registration may be required to participate in the bidding process. Electronic bidding allows for a cost effective and efficient process that follows public bidding requirements.
 - b. Maximum competitive bids must be sought by the sealed bid method. Use of an electronic bid management system satisfies the sealed bid requirement.
 - c. The Board of Directors may reject any and all bids.

B. Grant Procurements: Grant procurements are defined as a procurement that is either fully or partially funded through state or federal programs. This can

be through direct funding or through reduced rate loans. A grant procurement may include those found in public works or in “other purchase” types. District shall solicit any and all qualified contractors for any grant procurements. Federal grant procurements shall comply with the Code of Federal Regulations (“CFR”) section 200.318 general procurement standards. Grant projects may include additional solicitation/award requirements not included in standard District procurements. These may include, but are not limited to:

- i. Good Faith Effort (“GFE”): a requirement set forth by the grant to ensure outreach and advertising to Small business/Women owned/minority owned business. Grant projects may set a goal/target for the agency to work towards.
 - ii. Special bonding requirements – as outlined in CFR section 200.318
 - iii. Additional provisions for contracts to vendors specific to each grant
 - iv. Solicitations shall include various public outreach methods including newspapers, electronic platforms, etc.
 - v. Additional grant information may be found in the grants’ policies/procedures section of the admin code.
- C. State grants typically follow the Code of Federal Regulations (“CFR”). However, each State grant may have additional or specific requirements that differ or exceed those listed in the CFR. Purchasing, with the support of the grants department, shall review each State grant in its entirety to ensure all procurement requirements are met.
- D. All Other Purchases. Including Professional Services for any type of special service or advice/consulting to include but not limited to financial, economic, accounting, engineering, legal or administrative matters by persons that are specially trained to perform such services. Other types of purchases include purchases for materials, goods, maintenance work, landscape maintenance, inventory materials, and other purchases that are not classified as public works projects.
- i. Purchases up to \$5,000: Minimum of one quote and requisition or bid agreement summary required. Prevailing wage and Insurance notification required.
 - ii. Purchases in excess of \$5,000 but less than \$35,000: Shall be procured by a request for quotation, an informal request for proposal, or an informal invitation for bid sent to no less than three firms.

- iii. Purchases of \$35,000 or more: Shall be procured by a formal request for proposal that is publicly advertised in the manner prescribed by the Board of Directors.

Notwithstanding the requirements above, pursuant to Government Code section 4525 et seq., the procurement of Professional Services such as architect, landscape architect, engineering, and construction management professional services will be based on demonstrated competence and professional qualifications at a fair and reasonable price. Where applicable and pursuant to California Contract Code 4526, awards may be approved based on section 1509.B.6 (Procurement Method Exceptions), wherein the General Manager may approve a professional service contract award to a sole source consultant or firm based on the needs of the District. Awards shall assure maximum participation of small business firms, as defined by the Director of General Services pursuant to Government Code Section 14835-843.

- E. All other Purchases, excluding Professional Services, if a vendor is selected to provide a service or item where bids or proposals have been obtained in the last twelve months, and the District is unable to negotiate an Agreement with said vendor, then the next lowest responsive, responsible bidder for invitation to bid procurements or the best qualified and competent for request for proposal procurements may be utilized without conducting another solicitation. *(M-5035)*
- F. If any solicitation results in the receipt of only one written proposal, that proposal may be accepted.
- G. All procurement documents must form a permanent part of the purchase record and will remain in compliance with the District Records Retention Policy.
- H. Before work commences or services are rendered, evidence of insurance as required by the District must be obtained, reviewed and accepted by General Manager or his/her designee.

§ 1504. Material and Service Requests

- A. Requisition: A requisition (RSS) is an electronic request created by staff to initiate a purchase order agreement for materials or services. Prior to entering the requisition, requestor must have approved budget, and include all necessary information according to the purchasing SOP.

B. Bid Agreement Summary: A bid agreement summary is the document created by staff to initiate a contract or master service agreement. Prior to starting the bid agreement summary, requestor must have an approved budget and include all necessary information according to the purchasing SOP.

The appropriate level of approval is required on all requisitions and bid summary agreements. Orders shall not be processed until all necessary approvals are obtained.

Capital improvement (CIP), grant or special funding projects must be identified on any requisition or bid agreement summary.

§ 1505. Procurement Methods.

The District shall utilize the most economical approach where feasible. The District must avoid acquisition of unnecessary or duplicative items. Consideration should be given to consolidating or breaking out procurements to obtain a more economical purchase. Where appropriate, an analysis will be made of lease versus purchase alternatives, and any other appropriate analysis to determine the most economical approach. If feasible and it reduces project costs, the District will explore using federal excess and surplus property in lieu of purchasing new equipment and property. When appropriate, the District will investigate using value engineering clauses in contracts for construction projects of sufficient size to offer reasonable opportunities for cost reductions.

All procurement methods listed below shall include a clear and accurate description of the technical requirements and must not contain features that unduly restrict competition. They must set forth the minimum essential characteristics and standards to which the items or service must conform. Detailed product specifications should be avoided where possible.

A. Purchase Order Agreement: A purchase order agreement (“PO”) is the document used by the District to set the legal and contractual terms involved in each purchase that does not have an executed contract. The PO binds the District and the vendor to fulfill the specified obligations. A PO is the preferred method for single or infrequently used materials or supplies. The Purchasing Manager will issue all purchase orders based on competitive prices obtained by formal bid or informal quotations pursuant to legal requirements and Board policy, taking into consideration quality, price, and delivery except as described in section 1509(~~EC~~) and 1509(~~FD~~).

- B. Contract Agreement: A contract agreement is the document used by the District to set the legal and contractual terms that binds the District and the vendor to fulfill the specified obligations. Types of contracts include:
- a. Professional Services Agreement (“PSA”) – A professional service are services where the consultant provides unique advice or recommendations based on their knowledge, education, technical expertise, training and/or certifications for a specified set of tasks or scope of services. The PSA is the preferred method when procuring professional services for a single use or ongoing services.
 - b. Contract Services Agreement (“CSA”) – A contract service are services where the contractor provides skilled labor, materials, equipment and/or installation for a specified set of tasks or scope of services. The CSA is the preferred method when procuring contractor services for a single use or ongoing services.
 - c. Purchase Agreement – an agreement with a supplier for materials or supplies at an agreed upon price for a specified period of time. Preferred method for materials or supplies ordered on an ongoing or regular basis.
 - d. Public Works Agreement (“PW”) – As defined by the DIR, Public works in general means:
 - i. Construction, alteration, demolition, installation, or repair work done under contract and paid in whole or in part out of public funds.
 - ii. It can include preconstruction and post-construction activities related to a public works project.
 - iii. For a full definition of public works refer to Labor Code section 1720.
 - iv. Anyone working on a public works project must be paid prevailing wages as determined by DIR. Projects of \$30,000 or more must meet DIR's apprenticeship requirements as set forth by the Division of Apprenticeship Standards by the State of California. Failure to comply with public works requirements can result in civil penalties, criminal prosecution, or both.
 - e. Other – The District maintains various other specialty contract agreements that are handled on a per agreement basis that may not have

financial obligations but include legal and contractual obligations to the District. Agreements include but are not limited to: Letter agreements, inter-agency agreements, developer agreements, cell-site agreements, easement agreements, specialized agreements outside the District templates (i.e. temporary employment labor services, certain software agreements), etc.

- f. Master Services Agreement (“MSA”) - Defined as a contract to which the parties shall agree to the terms and conditions (including payment term, indemnification, insurance, and other key items) that shall govern future projects between the parties for a specified time period. Master service agreements shall follow all the bidding/contract requirements. Unless pre-authorization has been approved, each future project shall be issued a task order to include a scope of work and quote provided by contractor. Each task order shall be approved on an individual basis as outlined in section 1502. The MSA shall be the preferred method for vendors that shall be utilized on an ongoing basis for various tasks that have not yet been determined, particularly in IT services.
- C. Procurement Cards: referred to as P-cards, are credit cards that the District utilizes as a procurement method for low dollar purchases subject to the requirements set forth in the “P-Card Program Procedures Manual,” including but not limited to the following:
- a. Purchases are limited to a maximum transactional value of \$5,000.
 - a.b. Items listed in section 1509 subpart C (Centralized Purchasing Exceptions) may be approved by the Purchasing Manager without a transactional limit.
 - b.c. Splitting purchases to circumvent the cardholder’s dollar limitation is not permitted.
 - e.d. Under no circumstances are P-cards to be used for personal use.

In instances where a supplier will only accept credit card (e.g. Amazon.com, Costco, etc.) and the amount exceeds \$5,000, the p-card may be authorized as a method of payment if the RSS process has been completed and have received all necessary approvals.

- D. Virtual Payment: Virtual payment is a feature offered through a third-party payment processor that enhances the accounts payable process at no additional cost to the District. Virtual pay allows District vendors to opt into the program to receive payment electronically through a third-party platform. Advantages include a

streamlined approval and payment process for both the District and the vendor, as well as enhanced fraud protections for both parties. All District payments may be authorized using virtual pay if the following conditions are met:

- a. All District policies for procurement and payment have been followed and completed.
- b. All District approvals for the procurement and authorization for payment has been completed.
- c. Vendor has opted into the program and been approved by the District and the third-party processing company.

§ 1506. Solicitation, Bidding and Award Process

Wherever possible, the District shall solicit bids, quotes or proposals for supplies and services needed, and establish procedures for competitive bidding.

Solicitation: formal bids are solicited through electronic software platform(s). Solicitations shall include a District defined scope of work (“SOW”) that will include detailed information including technical specifications, time of work, location and other critical information. SOW will be developed by technical staff with support from purchasing staff.

1. Solicitation and bid records shall be maintained via electronic software tools and shall comply with the District record retention policies.
2. Bid types and award selection

Invitation for Bid (“IFB”): IFB is the primary bidding method for goods and services where the District has a clearly defined schedule of services and materials required. IFB shall be awarded on the lowest price of the most responsive bidders.

Request for Proposal (“RFP”): RFP shall be the bidding method used for projects where the bidders may be required to develop a more defined approach to solve a District need. RFP shall be awarded based on a panel of evaluators that will use a basis of scoring that shall be clearly defined in the RFP.

Request for Qualifications (“RFQ”): This method is used for when the District determines a need to shortlist bidders to participate in the RFP process. Whenever possible, the District prequalifies contractors seeking to bid on Public Works projects. The prequalification procedure is based on the 1999 State Legislation and the Model Forms created by the Department of Industrial Relations (“DIR”).

Various contracts may be awarded on an “as-needed” basis. Awards may be issued to a single awarded vendor, or multiple vendors that best serves the needs of the District. Primary considerations for these types of awards are based on keeping the pricing competitive throughout the life of the contract, as well as ensuring timely delivery of materials and services, or to hold contractors to an agreed upon completion time, particularly when the District needs urgent response from the vendors. Contracts intended to carry this type of award shall be explained and outlined in the RFP/RFQ/IFB process so that all bidders are aware of the Districts’ intentions for the services requested.

Other: any project that is not using IFB or RFP shall require specific justification and be approved by the purchasing manager.

§ 1507. Change Orders. (M-4883, M-5035)

Change orders are issued to correct, change, or supplement a procurement method as defined in section 1505. To process a change order, the originating department will submit a procurement request.

All change orders shall be made within the approved budget set forth by the Board of Directors. Any changes must be made in accordance with section 705 of the Administrative Code, except those allowed under section 1509.A (emergency authorization).

Change orders that cause the order to exceed the General Managers’ authority, or those change orders in excess of the General Manager’s authorized approval level as defined in Section 1502, are subject to the Board of Directors approval with the following exceptions:

- A. Public Works Contracts, Professional Services and all other non-public works contracts:
 1. Cumulative changes that are less than \$100,000 or 10% of the current approved board amount, whichever is lesser, on new or un-budgeted items.
 2. Changes for tax and/or mandated regulatory fees.
- B. Cumulative changes that exceed those limits listed in part “A” above, may be initially authorized by the General Manager, followed by

ratification of the changes by the Board of Directors at the next regular Board Meeting.

- C. General Manager to provide updates on number and amount of change orders authorized on a monthly basis.

To maintain proper internal control systems, and due to the various circumstances that create the need for a change order, the Purchasing Manager may review any request for a change order and determine that additional approval is required.

§ 1508. Agreement/Invoice Discrepancies.

If a discrepancy exists between the original agreement and the invoice, the following will apply: if the discrepancy is less than \$1,000, the Purchasing Manager's approval to pay will be sufficient for payment processing; if the discrepancy is greater than \$1,000, the originator will process a change order as outlined in Section 1507 above.

§ 1509. Procurement Method Exceptions.

- A. Emergency Purchases and Repairs. (M-4883)

Emergency purchases are an exception to the procedures noted herein and are those purchases requiring immediate action as a result of unforeseen circumstances. Such purchases should be held to an absolute minimum. An emergency is defined as an unforeseen crisis or incident which requires immediate action and the acquisition of goods or services to forestall a shutdown of essential services; to avoid a threat to public health, safety, or welfare; or to avoid serious damage to property.

Emergency repairs are defined as those repairs or rehabilitation where, in the opinion of the General Manager, or Assistant General Manager, or the Director of Operations, or Director of Information Technology, based on situation, a delay would adversely affect water or sewer service, threaten the health and safety of the public, or compromise the integrity or security of District facilities, or is likely to result in fines, penalties or other regulatory actions, sanctions or substantial monetary impact. (example: main break; sewer spill, etc.)

Emergency purchases over \$100,000 must be ratified by the Board of Directors at the next regular Board Meeting.

- B. Sole Source Procurement.

The following types of purchases are deemed to be Sole Source purchases. A written justification explaining why the sole source is necessary to satisfy the needs of the requester is required.

Purchases shall be awarded following the guidelines outlined in Section 1503 unless one or more of the following conditions are met:

1. Non-competitive: product or service is only available from one manufacturer or designated sales/service representative. The item(s) or service(s) has unique design and/or performance specifications that have not been found in similar products.
2. Product Testing/Validation: This product is requested in order that a field test, pilot test, or experiment may be made to determine the product's suitability for future use.
3. District Standard: The requested product or service has been selected and approved by the District for exclusive use based on factors including cost, safety, implementation/training, substantial customer impact or compatibility with other District systems and equipment. District Standards must be approved by the General Manager or designee.
4. Emergencies: conditions as defined in Section ~~1508~~1509.A that make a competitive purchase unfeasible.
5. Follow-up Service: Only one vendor is able to make on-call repairs at a particular location and/or vendor previously inspected the product and it is impracticable/uneconomical to have another vendor to perform the service.
6. General Manager Exemption: Pursuant to California Contract Code section 4525 and 4526, professional services may be awarded without bidding provided a fair and reasonable price was properly determined. Must be approved by the General Manager or his/her designee.
7. Other: explain in detail why this vendor is the only source able to provide this product/service (may require legal review).

Once an item has been deemed approved for sole source procurement, the justification for additional procurements may remain in effect for a period not to exceed 24 months. If the items need is continued for more than 24 months, items shall be reviewed if the justification is still valid. If found to still be valid, new justification and approval must be provided prior to continued sole source procurement.

The final determination regarding whether competitive bidding is or is not advantageous rests with the Purchasing Manager.

C. Centralized Purchasing Exceptions. (M-4258, M-4883, M-5035)

All purchases of materials, goods and services on behalf of the District are only valid if procured with an authorized agreement pursuant to the procedures and policies set forth herein. Purchases of the item types below that do not require purchase order authorization are limited to the following:

1. Travel Advances/reimbursements.
2. Prepaid travel expenses, such as airfares, hotel registration, etc.
3. Temporary labor employment services payments
4. Utility services (e.g. gas, electric, water).
5. Meal reimbursements.
6. Petty cash purchases/replenishment.
7. Purchases not exceeding \$500 where P-cards are not accepted
8. Investment and debt service payments (e.g. COP interest, investment transfers) – not consulting or management firms.
9. Health benefits & employee pass through benefits (staff health/life insurance, retirement plans, etc.)
10. Insurance payments (e.g., workers comp, general liability, etc.)
11. Dues and subscriptions, claims, permits, and mandatory governmental agency tax, fee, charge, etc.
12. Sponsorships, scholarships or other District supported community events reviewed by the board
13. Interagency agreement payments (e.g. water purchases)
14. Employee reimbursements (e.g. seminars, training, boots, education, etc.).
15. Postage.

16. Classified, legal and display advertisement. – under \$10,000
17. Board of Directors Election filing costs.
18. Water Purchases from other agencies or sources.
19. Emergencies as declared by the General Manager for items during Emergency Operations Committee (EOC) activation that are related to the EOC.

All of the exceptions listed above, however, are subject to approval by the General Manager or designee.

FD. Petty Cash Purchases.

The basic premise for petty cash purchases is that it can be less expensive to pay for small non-repetitive purchases with cash rather than by check. The maximum petty cash expenditure allowed by District policy is \$250.00. Splitting purchases in order to utilize petty cash rather than standard purchasing procedures is not permitted.

GE. Documentation for Procurement Method Exceptions.

This following requirement applies to B, C and D above within this section. Documentation for procurement method exceptions must be furnished by the originating department. The reason for a procurement method exception should be based on all available and pertinent facts and not on personal preferences. The Purchasing Manager is responsible for making the final determination for the procurement method exceptions and appropriate documentation. The written documentation will become a part of the permanent purchasing record.

§ 1510. **Receiving Location.** (M-5035)

The warehouse at District headquarters is the primary receiving location for incoming and outgoing shipments. The warehouse is the single storage facility for inventory

materials and may be used as a temporary supplemental storage facility for staff as space allows, and as approved by the purchasing manager. Inventory materials shall be maintained by warehouse staff using electronic inventory management software. Materials shall be issued to staff on an ~~as-needed~~^{as-needed} and approved basis. Material replenishments and orders shall comply with the procurement policies outlined above.

Non-Inventory materials ordered by staff may be delivered directly to a designated area or District location, such as a treatment plant, based on District needs (e.g. chemicals, tools, equipment, etc.)

§ 1511. Surplus Materials Property. (M-1374, M-4258, M-4883, M-4937)

Surplus materials are defined as any unnecessary, obsolete or excess supplies, materials, tools, vehicles, equipment, assets or furniture that has been replaced or retired due to damage, age or change in District's standards and/or specifications. The methods used by staff to define surplus include:

1. Change in the District's standards or specification
2. Changes in State or Federal Law that prevents further use by the District
3. Damaged/obsolete products, or that pose a safety risk, including expired materials
4. Materials by departments that have not been used in 36 months will be identified by source department, then reviewed by operations and engineering staff for validation that product is no longer required.
5. Other materials identified by staff that require specific justification – (software/hardware no longer supported, voided warranty, etc.)

A single item, or grouping of similar items with an estimated current value of \$50,000 or more must be declared surplus by the Board of Directors and disposed of by means of:

1. Formal or informal sale or auction;
2. Exchange or trade; or
3. Scrapping if appropriate based on circumstances.

The method used will take into consideration market trends, demand, economics and convenience. Items under \$100,000 must be declared surplus by the General Manager prior to disposal, using the same means discussed above. A collection of unique and separate items

being considered for surplus, that are individually less than \$50,000, may be approved by the General Manager.

§ 1512. Publication & Electronic Approvals & Signing Authority.

- A. A notice inviting bids required to be published in accordance with Public Contract Code section 20642 shall be published on an established e-procurement/electronic bidding system or pursuant to Government Code section 6061, at the discretion of the General Manager or his designee. All other public advertisements shall also comply with this section.
- B. Where possible, electronic workflow and signature approvals may be used in lieu of ink signatures using an approved electronic signature software tool. Software must have adequate ID and encryption security and must be approved by the Director of IT.
- C. Signing Authority: No agreements shall be made or agreed to by staff, verbally or otherwise, on behalf of the District unless express consent is provided by either the Board of Directors or the General Manager. Signed documents must be completed only by authorized staff using approved District forms or be sent for legal review and approval prior to execution of documents. Any employee signing documents without proper authority will be subject to disciplinary action. Documents include but are not limited to:
 - a. Quotes/Estimates
 - b. Purchase agreements, contracts
 - c. Memorandum of Understanding, letter agreements
 - d. Other legally binding agreements

§ 1513. Cooperative Purchases.

The District will enter into state and local intergovernmental agreements or inter-entity agreements where appropriate for procurement or use of common, or shared goods and services. The District supports the use of cooperative bidding/ “piggybacking” contracting to utilize contracts awarded by the United States of America, any state, municipality, or public agency where it is in the District’s best interest to do so. Evidence of the competitive bidding process conducted by the other political jurisdiction must be obtained and kept on file to support the requisition or purchase order. Cooperative purchasing examples are purchase of fuel, office supplies, vehicles and auto parts. Cooperative purchases with other governmental entities are supported.

§ 1514. Unauthorized Purchases.

Purchase documents shall be issued prior to ordering supplies, equipment and services. There will be no “after the fact” processing for work already done or materials already ordered.

Except for emergencies or authorized exemptions stated in these guidelines, no purchase of supplies, services, or equipment shall be made without the use of an authorized procurement method. Otherwise:

- A. Such purchases may be void and not considered an obligation of the District;
- B. Invoices without an authorized purchase order may be returned to the vendor unpaid;
- C. Any person making an unauthorized purchase on behalf of the District may be held liable to the extent allowed by law and may be subject to disciplinary actions.

§ 1515. Conflicts of Interest.

No employee, officer, or agent of the District may participate in the selection, award, or administration of an agreement if he or she has a real or apparent conflict of interest. Such a conflict of interest would arise when the employee, officer, or agent, any member of his or her immediate family, his or her partner, or an organization which employs or is about to employ any of the parties indicated herein, has a financial or other interest in or a tangible personal benefit from a firm considered for a contract. The officers, employees, and agents may neither solicit nor accept gratuities, favors, or anything of monetary value from contractors or parties to subcontracts. No officer, employee or agent (including consultants) of the District, engaged in the award and administration of contracts shall participate in the preparation of specifications, selection, or in the award or administration of a contract if he or she has any potential or actual financial interest in such contract. District officers, employers or agents shall neither solicit nor accept gratuities, favors or anything of monetary value from contractors, potential contractors or parties to sub-agreements. Any employee, officer or agent of the District found to have a conflict of interest will be subject to disciplinary actions as outlined in the employee handbook.

§ 1516. Review Audits.

Compliance with this policy is subject to review at any time by internal or external auditors. It is the responsibility of the District staff member (and their department head or authorized representative) initiating the purchase to maintain records of bids, bid procedures followed, contracts, sole source forms, change orders, and authorized signatures.



**FINANCE AND ADMINISTRATION
COMMITTEE**

DISCUSSION OUTLINE

Date: November 16, 2021
Originator: Scott Thompson- Finance
Subject: FINANCIAL PERFORMANCE MEASURES/INDICATORS AS OF
SEPTEMBER 30TH, 2021

BACKGROUND AND RECOMMENDATION

The Finance Department has compiled a report of key performance measures/indicators for the Department and District as a whole. Staff will review in detail with the Committee.

ENVIRONMENTAL WORK STATUS

Not applicable.

FISCAL IMPACT

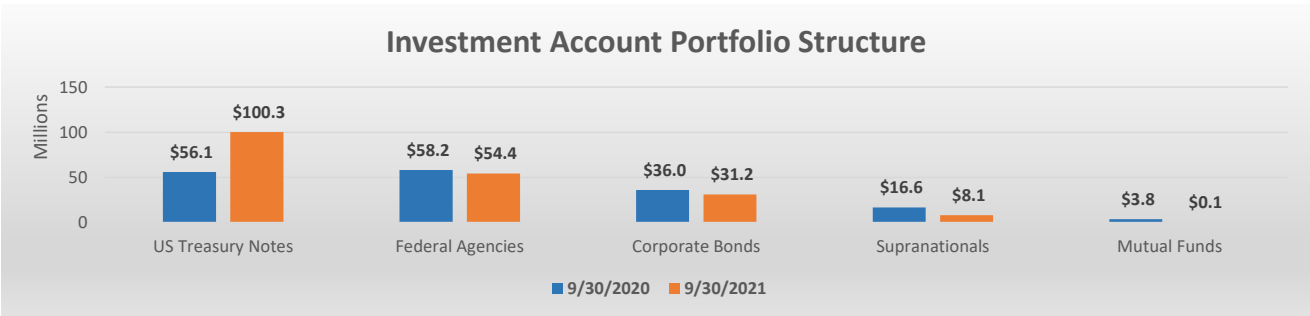
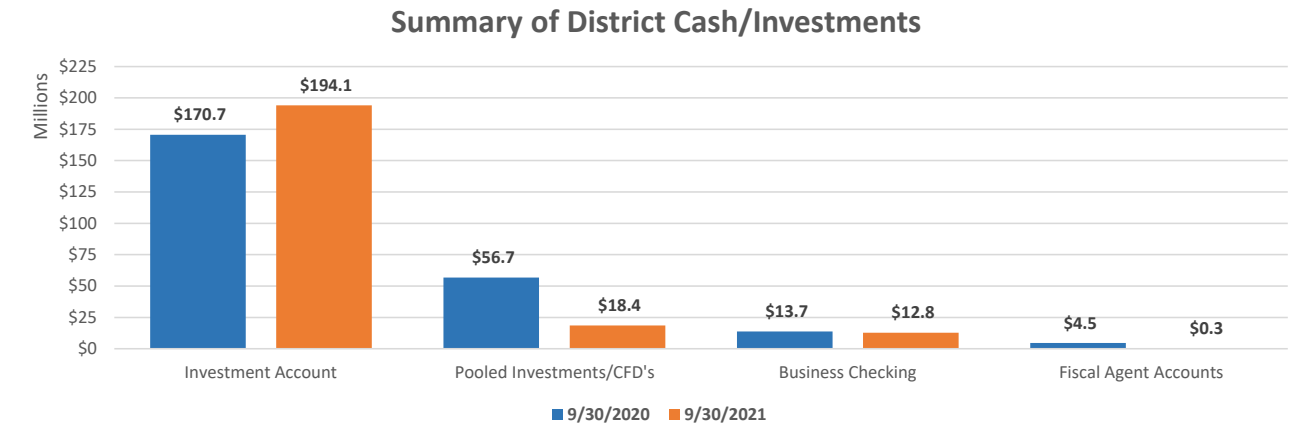
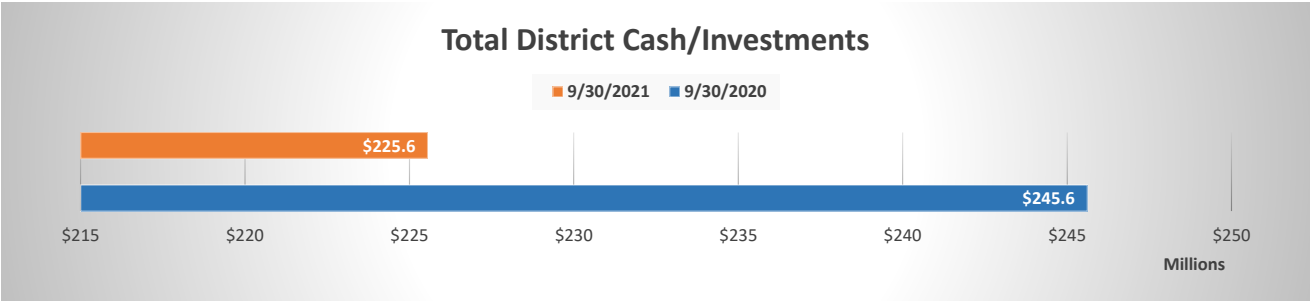
Not applicable.

Attachments:

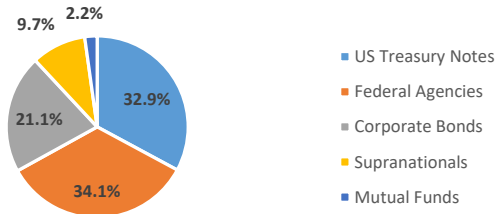
September 30th, 2021 Financial Performance Measures/Indicators



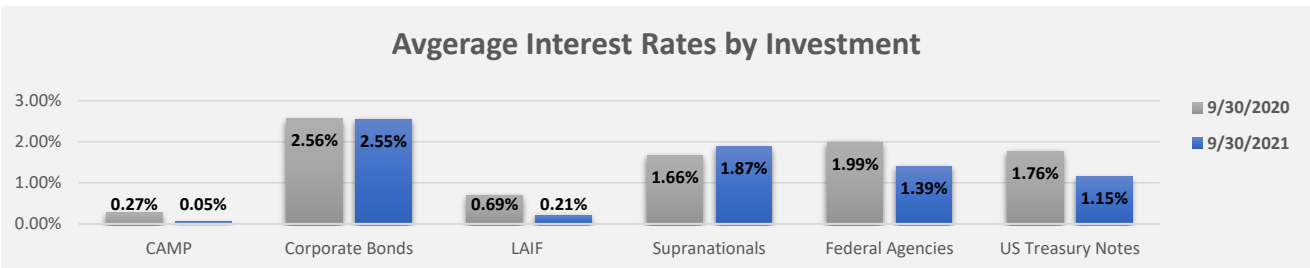
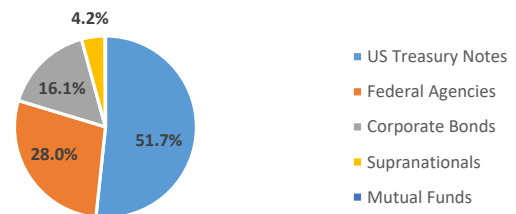
Cash & Investment Performance Measures



Portfolio Structure @ 9/30/2020



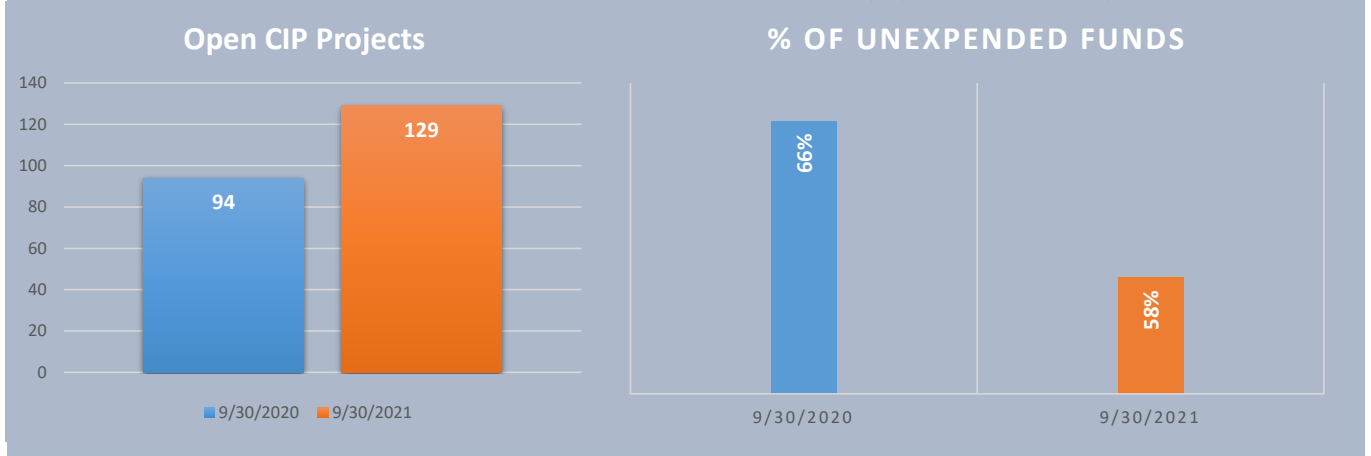
Portfolio Structure @ 9/30/2021





Construction Improvement Projects ("CIP") Measures

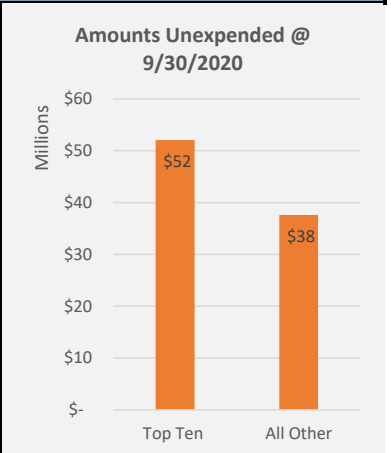
Summary of Open CIP Projects	Balance @ 9/30/2020	Balance @ 9/30/2021	Change
Amounts Funded	135,779,032	193,265,777	57,486,745
Amounts Expended	(46,116,923)	(81,225,415)	(35,108,491)
Net Unexpended Funds	89,662,108	112,040,362	22,378,254



Summary of Top Ten Open CIP Projects

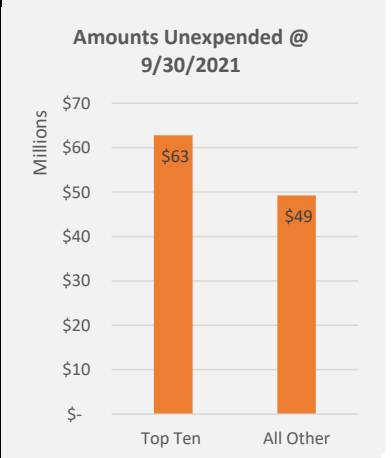
As of 9/30/2020

Project #	Project Name	Amount Unexpended	Unexpended Funds
75906	Desalter Project	\$ 15,998,000	17.84%
75937	Lee Lake Well Conversion	7,571,000	8.44%
C1902	Diamond Regional Lift Station Dual Force Main	6,230,000	6.95%
C2004	Mayhew Well (New)	4,200,000	4.68%
75882	Regional WRF Expansion Plan	3,354,000	3.74%
C2001	CLWTP Master Plan Phase I Improvements	3,272,000	3.65%
75940	Diamond Regional Lift Station	3,224,000	3.60%
C1801	McVicar Lift Station Force Main	2,939,000	3.28%
75892	Palomar Well	2,712,000	3.02%
75907	Mills Capacity Line	2,560,000	2.86%
Total Unexpended-Highest 10		\$ 52,060,000	58.06%



As of 9/30/2021

Project #	Project Name	Amount Unexpended	Unexpended Funds
75906	Desalter Project	\$ 15,998,000	14.28%
C2037	Horsethief WRF DB Rehab & Expansion	10,825,000	9.66%
C2004	Mayhew Well (New)	7,799,000	6.96%
C1902	Diamond Regional Lift Station Dual Force Main	6,188,000	5.52%
75854	RRCWRF DCS Conversion	4,487,000	4.00%
75937	Lee Lake Well Conversion	4,455,000	3.98%
C2001	CLWTP Master Plan Phase I Improvements	3,907,000	3.49%
75882	Regional WRF Expansion Plan	3,366,000	3.00%
C1801	McVicar Lift Station Force Main	2,939,000	2.62%
75892	Palomar Well	2,834,000	2.53%
Total Unexpended-Highest 10		\$ 62,798,000	56.05%

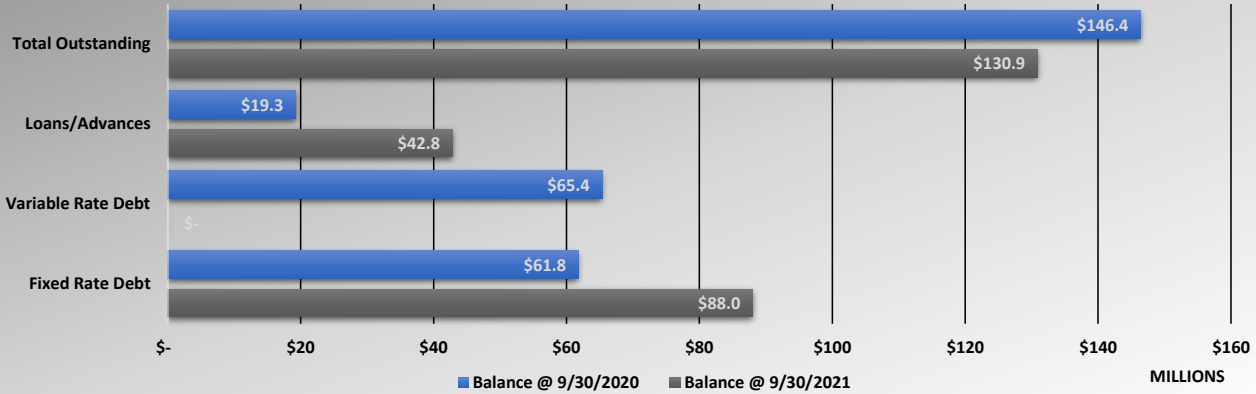




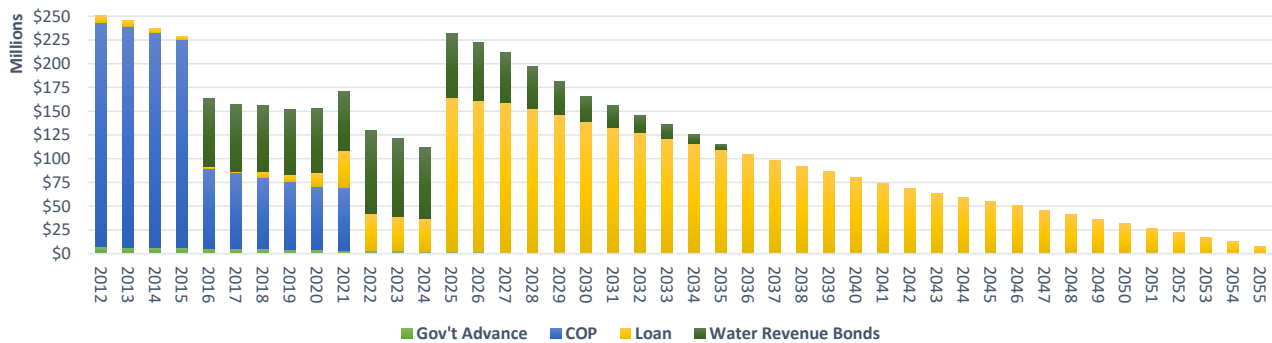
Debt Performance Measures

District Bond Ratings	Rating	Last Rating
Fitch	AA	June 2021
Moodys	Aa2	February 2016
Standard and Poor's	AA+	June 2021

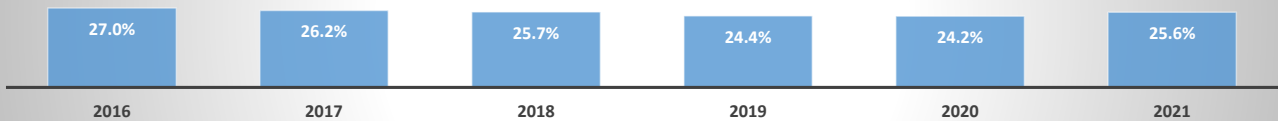
Principal Balance Outstanding



EVMWD Outstanding Debt By Type

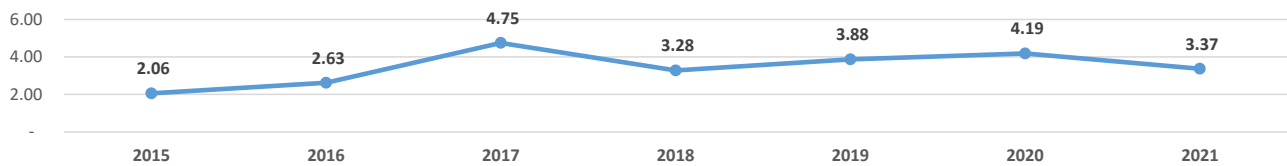


Debt/Asset Ratio



The **Debt to Assets Ratio** is an indicator of financial leverage. It tells you the percentage of total assets that were financed by creditors, liabilities, debt, etc. This ratio is calculated by dividing the District's total liabilities by its total assets. This provides creditors and rate payers with a general idea as to the amount of leverage being used by the District. The lower the percentage, the less leverage being used and the stronger the equity position.

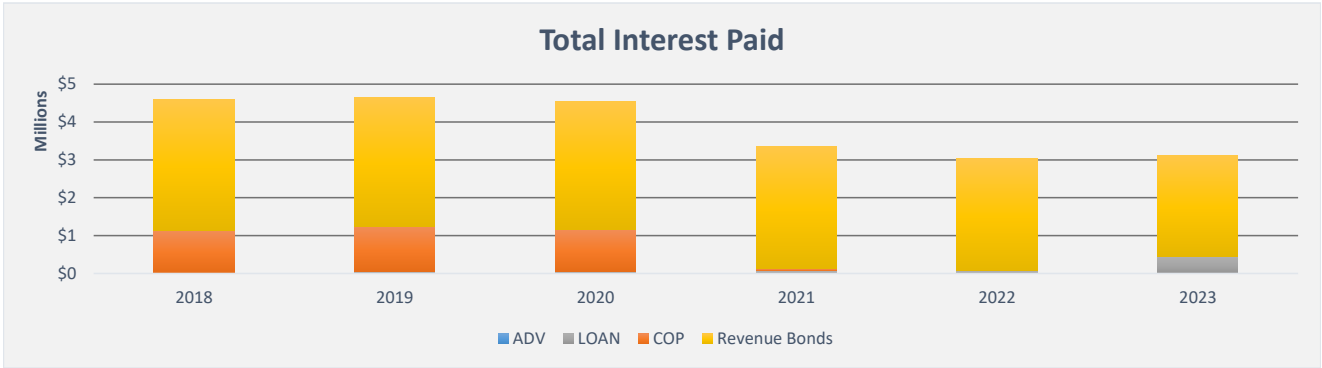
Debt Coverage Ratio



The **Debt Coverage Ratio** is defined as net income (excluding depreciation & debt service) divided by total debt service (principle & interest) and serves as a measure of the cash flow available to pay current debt obligations. Typically a DCR greater than 1 means the District has sufficient income to pay its current debt service. However, the closer to 1 the more vulnerable the District could be to a minor decline in cash flow making it difficult to make debt service payments. The District is required by bond covenants to maintain a DCR of at least 1.20.



Debt Performance Measures Cont'd





Accounts Payable Performance Measures





**Rate Stabilization Reserves
As of 8/30/2021**

Per Admin Code §2953B, Rate Stabilization Reserves are established to accommodate unexpected operational changes, legislative impacts or other economic events that may affect the District's operations which could not have been reasonably anticipated at the time of budget preparation.

Target Level = 15-30% of operating expenses

