



LITTLE BLUE VALLEY SEWER DISTRICT



Purchasing Policy and Procedures

The mission of the Purchasing Policy is to provide innovation, value and cost-effective solutions with integrity, while preserving the public trust.

JUNE 2019



Introduction

This policy has been prepared to provide information and direction to the various Departments of the District. Its primary purpose is to communicate policies and give guidance to personnel with delegated purchasing authority.

These policies will be revised and supplemented, as required, to meet updated terms and conditions. All Departments shall receive revised policies. An important part of this updating process depends on the constructive comments, information, and suggestions received from you, the users. Your comments are encouraged.

Purpose:

The intent and purpose of this manual are to establish operational policies and procedures for the Purchasing Process. The Process shall provide quality service through effective communication and a cooperative working relationship with all departments and vendors; to fulfill the needs of the District for goods and services in a professional, responsive, timely and cost-effective manner; and in accordance with all legal requirements and ethical standards.

General Statement of Policy Objectives:

- ✓ Where equivalent items are available from multiple sources, price checks should be made and recorded to confirm that purchases are being made from the best source.
- ✓ Use of multiple sources and distribution of the District's purchases across multiple equivalent providers is desired to eliminate any perception of favoritism, preferential treatment, discrimination and other prohibited bias regarding the spending of public funds.
- ✓ Emergencies, proprietary items and other unique situations may necessitate deviations from the policies; which deviations are to be justified in writing to the Finance Director.

Responsibility:

- ✓ It is the responsibility of all who have been delegated the authority to commit District funds through the purchasing process to adhere to the policies contained in this document. This Purchasing Policies and Procedures Manual is effective May 2013, with the most recent revision effective June 2019.



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District Objectives: The basic objective of the District is to provide quality service through effective communication and a cooperative working relationship with all departments and vendors; to fulfill the needs of the District for goods and services in a professional, responsive, timely and cost-effective manner; and in accordance with all legal requirements and ethical standards.

Sound practices can contribute to cost savings, customer and stakeholder satisfaction. The primary objective of the policy is to improve this satisfaction by assuring that everyone who has been delegated authority makes the maximum contribution.

Purchasing Objectives: The overall goal is to maintain always and under all conditions, a continuous supply of goods and services necessary to support District operations, including Maintenance of District assets and Capital Improvements. Purchasing considers the District's interest while seeking to maintain and further long-term, mutually profitable ethical supplier relationships. Some segments of this responsibility are to:

COMPLY in all respects, with the anti-trust laws, state statutes, and with all other applicable laws without qualification or evasion.

DEVELOP reliable alternate sources of supplies, parts and services to meet District requirements.

ENSURE the uninterrupted flow of operation by obtaining and ensuring delivery of acceptable quality of goods and services, at the right time and most competitive price. For certain professional services, the selection of the provider shall be based upon qualifications only, the District to establish a qualification ranking system specific to each instance. Once the most highly qualified provider is established, the contract terms, compensation and other details shall be negotiated. If an acceptable contract cannot be negotiated, the District may cease the negotiations and proceed to the second-best qualified provider for contract negotiations.

MAXIMIZE opportunities for notification of and participation by multiple vendors, suppliers and firms using electronic posting of bid notices, advertisements in local newspapers, notices in minority business publications, direct mail notices to potential providers, and other mechanisms to incite fair, open and robust completion by qualified providers.

PROVIDE leadership for the management of inventories, both in terms of accountability and invested funds, to meet the requirements of the District's functions in the most effective and efficient manner.

PROVIDE an appropriate means for disposal of surplus assets, scrap and other items of value which meets public agency requirements and maximizes economic returns.

PURCHASE materials and services for the District's use at the maximum end-use value per dollar spent.

TREAT all prices and technical information submitted by suppliers as confidential to preserve a good business reputation and obtain competitive prices. However, any information which is considered to be a public document under the Missouri Sunshine Law shall be made available in accordance with current State Regulations.



SECTION I

Purchasing Policies and Procedures

All purchases for the District must have prior approval signatures of the Executive Director, the Assistant Director, the Finance Director, or other designated District representative. The Finance Department with the advice and consent of the Executive Director, Finance Director, Department Managers, Supervisors, and Board of Trustees, is responsible for the Purchasing Process. This responsibility includes, but is not limited to, issuing purchase orders, making sure that Prevailing Wage, MBE/WBE/DBE, OSHA requirements when applicable are included in bids, confirming compliance with insurance requirements, confirming compliance with applicable bonding requirements, reconciling accounts associated with purchasing and timely payment.

All Service/Supply requests shall be preceded by a requisition that has been entered in the Accounting Software and received the appropriate approval, issued by the requesting Department and submitted to the Finance Department. ***There shall be no purchases for the District without the use of a Purchase Order Number, except through petty cash or a Procurement Card as hereafter provided.*** All Purchase Order Numbers are issued by the Finance Department. In the event an emergency or extenuating circumstance arises outside normal business hours or requiring immediate action, the Manager, Assistant Director or Director may authorize direct procurements, with the above procedure being implemented as soon as possible after the necessary actions are taken.

It is the responsibility of each department to write their technical specifications and establish the quality of the product or service required, using **standard bid formats** (Terms and Conditions, Wage Determinations, etc.) available from the Finance Department; using contract documents developed by a professional consultant for a specific project, using contract language required by the funding source or using other custom bid formats which are approved in advance by the Finance Department. Specifications shall be written to require competition at the manufacturer's level when possible. Use of a brand name specification shall include the designation "or an approved alternate." A "no substitute" request must be approved by the Executive Director and/or Finance department following written justification by the Department Manager.

Circumvention of monetary thresholds by breaking-up a purchase into discrete elements, issuing multiple purchase orders for individual portions of a common need, or other actions which are clearly for the sole purpose of circumventing these policies shall not be permitted and shall be considered a violation of this Policy.

Upon placing the order, suppliers should be instructed to send all original invoices to the Little Blue Valley Sewer District, Accounts Payable at 21208 East Old Atherton Road, Independence, Missouri 64058 or e-mail APinvoices@lbvdsd.org and reference purchase order number.



Purchase

Authorization/Approval

\$1-\$ 3,000	Supervisor
\$1-\$ 7,500	Assistant Manager, Planner/Scheduler, District Engineer, Systems Administrator, Superintendent
\$1-\$15,000	Department Manager
\$1-\$25,000	Finance Director
\$1-\$50,000	Executive Director or Assistant Director
Over \$50,000	Board of Trustees

Quotations

Procurement card may be used for purchases =< \$3,000, price comparisons recommended.

- ✓ \$1-\$3,000: No quotations or proprietary sheet are required – the use of cooperative purchasing agreements is encouraged, if available. Where multiple sources are available, comparative pricing should still be obtained to procure the goods and services on an economical basis.
- ✓ \$3,001-\$50,000: Request for Quotes required with three different vendors being desired.
- ✓ Over \$50,000: Formal Sealed Bid Required (except Proprietary, Emergency or One of a Kind)

Purchases or contracts that will exceed \$50,000 require a formal sealed bid and legal notice publication. This process will be coordinated by the Finance Department.

Finance will assist with preparing documentation to go to the HR/Administrative Manager for issuance of a Resolution, if one is required (over \$50,000 or out of Restricted Funds), to the Board of Trustees for approval of process and/or award of purchase/contract.

Written Quotations (3): Can be received by fax, e-mail, Internet, or mail. “No quote received” can be one of the three appropriate sources, if documented, but should be minimized in usage. If a sole source vendor or other proprietary reason, complete proprietary sheet. The use of cooperative purchasing agreements is encouraged, if available.

Proprietary Form: Must be completed and properly signed by Department Manager for purchases over \$3,000 when 3 written quotes are not obtained and purchase falls under an exception outlined on the proprietary form. Proprietary sheets should be used when all other means are exhausted. However; the exceptions are, i.e. registrations, classes, advertisements, etc. Also, no proprietary sheet if the work falls under an existing contract (i.e. change order, annual contracts, etc.).



Cooperative Purchasing Contracts: Whenever more economical the District shall participate in cooperative purchasing programs with the State of Missouri, Mid-America Council of Public Purchasing (MACPP), and other cooperatives; however, this cooperative purchasing objective shall be balanced with the desire to purchase from local sources. If applicable, a cooperative purchasing contract for supplies/services should be used by the District, which shall supersede the need for obtaining bids/quotations, or proprietary forms. Listings of cooperative purchasing contracts are available from the Finance Department and are listed on the Purchasing Intranet.

Purchasing Approval Procedures

The purchasing approval procedures are as follows, depending on the estimated expenditure. Repeat orders up to \$10,000 within ninety (90) days will not require getting quotes again.

1. Purchases \$0 to \$3,000

Any purchase of supplies/services with a dollar amount up to \$3,000 may be purchased by the requesting department after authorization by the Supervisors or a Designated Agent of these positions. Three (3) bid/quotes are not required for purchases under \$3,000 but are required for purchases over \$3,001.

The District should purchase supplies and materials in not the easiest manner, but the most economical manner; if the purchase is \$2,000 or \$3,000, the purchaser should be sensitive to getting quotes and “testing the market” if it is known that several vendors stock the items. Effort should be made to “test the market” and insure that the vendor and the product is truly “best by test.” Taxpayer money is involved and the need to be economical, frugal and sensitive to purchases being made with the public funds. Multiple purchases from the same vendor for the purpose of avoiding the bidding process will not be permitted.

Note: Refer to Purchasing Card Policy for P-Card Purchases

2. Purchases \$3,001 to \$15,000

Any purchase of supplies/services with a dollar amount from \$3,001 to \$15,000 must be authorized by a Manager, Assistant Director, Executive Director or Finance Director, before the Purchase Order number is issued by the Finance Department. The Assistant Manager, Planner/Scheduler, District Engineer, Systems Administrator, and the Plant Superintendent have approval from \$3,001 to \$7,500. The department ordering is required to solicit a minimum of three (3) written, faxed, or e-mailed bids, whenever possible, to establish either lowest/best price, or best buy for the District. If three (3) potential vendors cannot be found, a Proprietary Form with any other related documentation must be sent to Finance, and kept in the purchase order file, explaining why three (3) vendors cannot be found.



3. Purchases \$15,0001 to \$50,000

Any purchase of supplies/services with a dollar amount from \$15,001 to \$50,000 must be authorized by the Finance Director (up to \$25,000), Assistant Director, Executive Director or a designated agent before the Purchase Order number is issued by the Finance Department. The Ordering Department is required to solicit a minimum of three (3) written, faxed, or E-mailed bids, whenever possible, to establish either lowest/best price or best buy for the District. If three (3) potential vendors cannot be found, a Proprietary Form with any other related documentation must be sent to Finance, and kept in the Purchase Order file, explaining why three (3) vendors cannot be found.

4. Purchases \$50,001 and Above

Any purchase of supplies/services in the aggregate of \$50,001 requires the Finance Department to issue a legal notice to be published for three (3) days in a local publication of general circulation requesting sealed bids. Purchases/contracts are awarded on either lowest/best price or best buy for the District.

In addition to the required publication, there may be notices published in national or regional trade journals or other publications when it is determined that the District would benefit from a broader pool of applicants and that the subject matter is more national or regional in character.

- The Board of Trustees has authorization for dollar amounts greater than \$50,000.

Emergency Policy

Exceptions to the Procurement process may occur in the event of an emergency repair or replacement of processes, parts, motors, controls, etc. that are essential to the operation of the Plant and because of the non-availability of an authorizing signature. Supervisory personnel at the plant must assume the authority and keep the Plant running until the Manager, Finance Director, Assistant Director or Executive Director can be contacted. The Executive Director can designate an agent to authorize purchases in cases of non-availability.

Restricted Funds

Little Blue Valley Sewer District Restricted Funds, such as; Rehabilitation and Replacement, Capital, Bond Proceeds, and Operating Reserves require Board approval for infinite dollars. Exact dollar amount and vendor name are provided in a resolution. These funds are managed by the District's Bank Trustee.

Middle Big Creek Restricted Funds, such as; Revenue Fund, Operation & Maintenance Fund, Emergency Fund and Capital Account Fund are typically recommended for use by the MBC Advisory Board and formally approved by Board of Trustees. When emergencies or exigent conditions require immediate action the fund use may be authorized by the Board of Trustees.



How to place an order requiring a purchase order:

- (1) Enter requisition in current Accounting Software and transfer for appropriate authorization.
- (2) Once requisition has the appropriate authorization, Finance will mail, fax or scan the purchase order to the vendor.
- (3) Place order with vendor and provide purchase order number to place on invoice.
- (4) Department Manager or designee must sign copy of purchase order to approve payment upon order completion.



APPROVAL OF PAYMENTS

All District personnel authorized to make a purchase have a reciprocal obligation to review and approve every payment made in connection with said purchase. Such obligation includes responsibility for (1) verification of receipt of the materials, goods or services for which payment is being approved, (2) verification that the unit prices are consistent with the quotation, pricing or contract terms, (3) confirmation that the number of units (hours, types of equipment, labor charges, quantities, percentage completion or other measures) for which payment is being requested are correct and truly due under the terms of the purchase, (4) certification that the work, materials or services for which payment is being requested meets requirements, satisfies specifications, and is free from defects and (5) communicating payment approval in a timely manner to the Finance Department. Purchasers and payment approvers have a duty to review, check, correct and accurately process all progress and final payments.

All payment approvals shall include the approver's name and date of the approval. If the approvals are not entered electronically, they are to be indicated by a legible signature and date on the invoice, payment request or billing document. When the review of a payment results in certain portions being either questioned or incorrect, the payment approver shall provide a written statement on or attached to the invoice which identifies the amounts in question, the basis for the disagreement with the excluded amounts and a corrected amount of net payment deemed approvable. In general, only those amounts in question shall be excluded from payment, not the entire amount. The questioned charges, quantities or units shall then be communicated to the billing entity for resolution.

When a purchaser authorizes a vendor to provide goods or services, all such authorizations shall include an upper limit of costs for the work which shall not be exceeded without the prior approval of the District. Open-ended authorizations are prohibited by District policy. Any goods, services or work that is performed that exceeds the cost authorization is at the Vendor's sole risk, with the District having no financial responsibility beyond the authorized amount. After-the-fact authorizations will not be accepted by the Finance Department and shall be referred to the Executive Level for approval.



ETHICAL STANDARDS

Purpose:

To provide guidance to employees engaged in any supplier-related activity concerning ethical practices. This policy applies to all employees of the District.

It is the policy of the District to prohibit employees from receiving an award under a purchasing bid without prior written consent of the Executive Director and/or according to current State Statutes.

The Missouri Association of Public Purchasing (MAPP) believes that the following ethical principles should govern the conduct of every person employed by a governmental buying agency.

1. Believes in the dignity and the value of the service rendered by government and of their own responsibility as a trusted public official.
2. Governed by the highest ideals of honor and integrity in all public and personal relationships in order that they may merit the respect and inspire the confidence of the agency and the public they serve.
3. Believes that employees should at no time or under any circumstances, accept, directly or indirectly, from any person, company, firm or corporation to which any purchase order or contract is, or might be awarded, any rebate, gift, money, or anything, unless it is of nominal value, i.e., a cup, hat or something around the Holiday season that can be shared with everyone.
4. Shall avoid misrepresentation in all purchases, recognizing that permanent business relations can be maintained only on a structure of honest and fair dealing.
5. Shall consistently strive for knowledge of the professional public purchasing practices.
6. Shall encourage and facilitate maximum competition through providing simple bidding procedures and fair and open specifications.
7. Shall buy based on value, recognizing that value represents that combination of quality, service, and price that assures greatest ultimate economy to the District.
8. Shall insist on the elimination of any practice within the District that could be considered a conflict of interest.



Running Purchase Orders

- ✓ Running purchase orders are used for vendors with or without a contract to facilitate repetitive payments for products or services received.
- ✓ When a department wants to set up a Running Purchase Order, the department Manager submits a request to Finance providing a set of specifications for supplies/services that are to be purchased on a regular basis, a list of potential vendors, the District account number to be charged, estimated total cost for the Fiscal Year of the purchase order and authorized personnel; this can be done by the District's e-mail system. The request shall follow approval authority guidelines. All requests for Running Purchase Orders shall be approved by the Executive Director, the Assistant Director or the Finance Director.
- ✓ If a Proprietary form is applicable, then it is to be completed and attached to the request. Once the Running Purchase Order is approved or the Running Purchase Order is assigned to a contract, no Proprietary Form is necessary for subsequent purchases on that Running Purchase Order.
- ✓ All Running Purchase Orders for supplies/services should be reviewed annually by the department to determine the best buy for the District. All Running Purchase Orders expire at the end of the fiscal year.
- ✓ When a Running Purchase Order has been established, the department can order specific supplies/services as needed within the scope of the specifications, keeping in mind their budget limitations. Requisitions need to be entered in the Accounting Software with appropriate authorizations indicating that the order has been placed. Proprietary forms and/or three quotes/bids are not required.
- ✓ The packing slips are to be kept by each department in anticipation of approval by the Department Manager for payment.

Whenever possible, if a purchase can be made with a procurement card, then a Running Purchase Order is not necessary.



Change Orders

Change orders concerning quantity or price on orders whose total value (including the authorized change amount) is less than \$1,000 may be handled in advance with the vendor by a verbal approval; however, the purchase order record shall include a record entry by the authorizing individual (written note to file or electronic note in purchase order) confirming the change order amount and providing justification for the change.

All orders whose initial or amended value is greater than \$1,000 and all changes regarding specifications regardless of value shall be documented in writing, shall have written justification and shall be approved at the appropriate level based upon the monetary value.

For written change orders, the following procedures shall be followed:

1. A written confirmation shall be sent to the Finance Department for record keeping.
2. Change Orders to existing Purchase Orders should only be allowed if the change is in the cost of the item being purchased. No Change Orders shall be allowed for changes of scope from original Purchasing Order. This should be a separate PO and no Change Order should be over one-half of the original cost without written approval by the Finance Director, Assistant Director or Executive Director.
3. **MODIFICATION (OR CHANGE ORDER) TO A YEARLY CONTRACT or ONE-TIME CONTRACT.** If there is not a requirement for a rebid, a contract modification will be required when there is a change in the scope of services or cost.
 - ✓ Contract modifications containing changes that would make the total dollar amount of the contract over \$50,000 requires approval of the Board prior to work commencing if the original contract did not receive Board approval. The requesting Department will prepare the Board packet with assistance from the Executive Director, Assistant Director, or Finance Department.
 - ✓ The contract supplier/consultant is required to submit a letter describing the changes. Appropriate approvals are required prior to the changes in scope of service or cost being executed.
 - ✓ If the original established contract was approved by the Board then a modification will not require Board approval if the dollar amount of the modification is under \$50,000.



Emergency Contract Modification (or Change Order)

In certain limited emergency situations, the Executive Director or his designee shall be given the authority to execute an emergency contract modification prior to Board approval to modify the scope of services. Emergencies shall be defined as these unforeseen circumstances that present an immediate threat to public health welfare, or safety; or when immediate response is necessary to prevent further damage to public property, machinery, or equipment, or when delay would result in significant financial impacts to the District as determined by the Department Manager or Executive Director or their designee. The Executive Director or their designee shall only execute the emergency contract modification agreement if the work qualifies as an emergency and the overall budget is not exceeded. The emergency contract modification would be submitted to the Board for ratification at the next available meeting.

Contract Amendments (or Change Orders) - Professional Services

Contracts for Professional Services as outlined by Missouri Statutes may be amended when there are minor changes in the scope of work needed, the addition or deletion of services or quantity of hours are needed by the District from the professional service provider to accomplish the current or future projects.

Contract Amendments - Construction Contract

- ✓ **Change Authorization.** A Change Authorization will be required when there is a change in the scope of services or costs in a contract. A change authorization is required from the Contractor. The change authorization must be approved by the appropriate authorized Manager. If a change authorization is approved a Change Order will be issued.
- ✓ **Change Order.** A Change Order will be issued to a construction contractor once a change authorization has been received and approved. The Change Order shall contain the changes in scope of services and/or in cost and may involve such issues as additional tasks, deletion of tasks, cost changes, and extensions of time. Appropriate approvals are required prior to the changes in scope of service or cost being executed against a Change Order.
- ✓ **Emergency Change Orders.** In certain emergency situations or due to the stage of construction in progress or to prevent a lengthy delay in a project, the Department Manager, with the approval of the Executive Director or their designee can authorize a Change Order. “Emergencies” shall be defined as those unforeseen circumstances that present an immediate threat to public health, welfare, or safety; or when immediate response is necessary to prevent further damage to public property, machinery, or equipment; or when delay would result in significant financial impacts to the District as determined by the Department Manager and Executive Director or his designee.



Cancellation Orders

- ✓ Cancellation of orders whose value is less than \$500 may be accomplished by verbally notifying the Finance Department and the vendor.
- ✓ Cancellation of orders greater than \$500 shall be in writing, notifying the Finance Department and the vendor.
- ✓ In the event that a supplier has begun production of a custom-made part or product, or has secured for delivery to the company an article that the supplier is not likely to sell within the supplier's normal scope of business, or if the supplier has incurred costs in preparation for special or custom production, the District shall negotiate such costs as the supplier may incur as a result of this cancellation. These costs might include payment for all custom-made parts or product already completed prior to cancellation or restocking charges incurred for returnable goods.

Petty Cash at Administration Building

A petty cash fund will be established in the Finance Department for use by authorized Administration and Plant employees for minor purchases. The amount of the fund is to be set at \$500. The fund is to be kept in a locked box in the Finance Department. Replenishment of the fund is to occur on an as needed basis. This replenishment will consist of a cash audit conducted by the Finance Department to reconcile cash and receipts. This fund will be on a Running Purchase Order.

To Make a Purchase with Petty Cash

To make a purchase from the Petty Cash Fund, an employee must have the approval of their Supervisor. The Supervisor will fill out a voucher slip with the nature of the purchase and amount needed. The Finance Department will give the employee the money and have him / her sign the voucher slip. The employee will make the purchase and return the change along with the signed receipt from the vendor, which includes name of the purchaser, item purchased and date/amount of purchase to the Finance Department by the next available workday. Upon reconciliation, the voucher will be destroyed and witnessed by the employee who received the money.

Highlights of Administering the Petty Cash Fund

- ✓ Total fund is \$500, accomplished by replenishing the fund when needed.
- ✓ Expenditures from the fund are to be used for small purchases where the requisition process would dramatically increase the cost of the purchase or where a procurement card may not be used.
- ✓ No single purchase shall exceed \$50, unless authorized by the Department Manager or designee.
- ✓ No borrowing money from the fund is allowed. No IOU's can be processed.
- ✓ Can be used for employee reimbursements and is up to the discretion of the Finance Director or designee.
- ✓ The same person should not dispense the money and reconcile the money and receipts.



SECTION II

Types of Contracts

Contract Ordering Methods. To purchase from an established contract, departments should follow the Purchase Order process outlined above in the section titled Purchasing Policies and Procedures and Approval Levels of Purchase.

1. Contract Type Definitions

- A. **One-Time Purchase Contract.** As the name indicates this is a contract for the procurement of a good or service that covers no more than one purchase unless multiple purchases of the same product are indicated for a short duration.
- B. **Yearly Contract (aka On-Call Contract).** Contracts for which the District intends to use on an as needed basis when the circumstances require that the good or service is needed.
- C. **Term and Supply Contracts.** Contracts in which a source of supply is established for a specified period for supplies and specified services with specific pricing. The informal and formal bid process is used to procure commodities and service established by Term and Supply contracts.
- D. **Professional Service Contracts.** The Request for Proposal process is used to procure professional services for engineering, architectural, land surveying, consulting, and other specialized or technical services. Professional service contracts can be a one-time contract or an on-call yearly contract.
- E. **Construction Contracts.** Contracts that require prevailing wage per Missouri state statutes (*reference 290.230.5. (1), page 5 lines 51-54 of legislation*) will be implemented, specifying that there shall be no prevailing wage requirement for any public works project where the engineer's estimate of the project or the bid accepted by the public body is in the amount of \$75,000 or less for all Occupational Titles.
 - i. The **\$75,000** threshold shall be applicable to the entire project; not individual projects within a more significant construction project. (*reference 290.230.5. (2), page 5 lines 55-56 of legislation*)
 - ii. The **\$75,000** total project cost shall include the value of work performed by every person paid by a contractor or subcontractor for that person's work on the project. It shall also include all materials and supplies purchased for the project. (*reference 290.230.5. (3), page 5 lines 57-60 of legislation*)
 - iii. A public body may not divide a project into multiple contracts for purpose of lowering the total project cost below the threshold. (*reference 290.230.6., page 5 lines 61-63 of legislation*)



- iv. If any project for which the engineer's estimate is in the amount of **\$75,000** or less becomes subject to change orders that increase the total project cost to exceed \$75,000; then each worker shall be paid the applicable prevailing wage rate only for the portion of the project more than **\$75,000**. (*reference 290.230.7., page 5 lines 64-69 of legislation*).
- v. Public bodies shall be exempt from any law requiring the use of competitive bids for any public works for which the engineer's estimate for the total project cost is **\$10,000** or less. This provision is intended to provide the public body with expanded flexibility to select contractors for small or time sensitive projects. (*reference 290.230.8., page 5 lines 70-74 of legislation*)

Section 290.210 through 290.580 and include any of the following work conditions:

- *new construction,*
- *reconstruction,*
- *improvements,*
- *enlargements,*
- *alterations,*
- *painting and decorating, or*
- *major repair.*

Construction projects shall be bid through the Procurement and Contracting Services in accordance with the procedures established by this policy manual and according to the applicable price range. The informal and formal bid processes are used to procure commodities, or services established by construction contracts.

- F. Piggyback Contracts.** A piggyback contract is when a government entity has contracted with a supplier and as part of the contract both parties agree to let other public Procurement entities procure services or supplies from the contract under the same terms, conditions and pricing. The District may contract directly with other governmental entities for the purchase of items.
- G. Cooperative Contracts.** A cooperative contract is when one or more government entities jointly establish a source of supply for a specified period for specified services or supplies with specific pricing, reducing cost to entities based on volume and administrative expenses.

2. Piggyback and Cooperative Contracts Processing:

- ✓ The District may contract directly with other governmental entities for the purchase of items.
- ✓ The District may also participate in, sponsor, conduct or administer a cooperative Procurement agreement whereby items are procured in accordance with a contract established by another governmental entity provided that such contract



was established in accordance with the laws and regulations applicable to the establishing governmental entity.

The District may participate in any and all Piggyback and Cooperative Procurement Programs which the Board believes is appropriate. The Finance Department shall be responsible for notifying the departments of current approved piggyback and cooperative Procurement agreements and any limitation or specific requirements for their use. If a Department identifies a potential cooperative Procurement agreement which is not on the list of approved cooperative Procurement programs, the Department shall notify the Finance Department to determine whether the agreement is acceptable based on the terms, conditions, specifications and pricing for the respective item prior to entering any discussion directly with the vendor.

Additional Board approval shall not be required for the purchase of any budgeted items from Procurement agreements established by governmental entities with which Board has previously approved participation. Board approval will be required for the purchase of unbudgeted items of over **\$50,000** regardless of whether the Board has previously approved participation with the governmental entity. Specific unbudgeted items **\$50,000** or less may be purchased through an approved cooperative Procurement program provided an alternative funding source within the respective Department's budget is identified in writing to the Finance Director and Executive Director. If a Department knows a proposed budgeted item will be purchased through a cooperative Procurement agreement, the Department shall provide such information to Finance.

- H. Sole Source Contract.** A sole source contract is defined as one established for commodities or services that are provided by one supplier and designated as such by a Proprietary Form. Specialized services provided to the District by a consultant could be classified as a sole source. Sole Source contracts within the formal bid thresholds will follow the formal bid process.
- I. Emergency Contract.** A contract needed for goods and or services during an unexpected and urgent period where health and safety or the conservation of public resources is at risk are considered bona fide emergencies.



Solicitation Process

Bidding Procedure

The Department Manager or designated representative shall determine the method of purchase to be used, identify any specific requirements, outline the timeline for the project, estimate costs, define roles, and identify possible suppliers. The department shall prepare specifications and submit to the Finance Department for review and procurement. The Executive Director or his/her designee or the Finance Director or his/her designee shall determine the appropriate solicitation type i.e. Invitation to Bid, Request for Proposal or Request for Qualifications.

The Invitation for Bids opened at the date and time indicated shall be reviewed by the Finance Department and designated personnel for compliance. The bid shall be awarded to the lowest, most responsive/responsible bidder, including any incentives, prompt payment discounts, or buy-back provisions included in the initial bid, upon the recommendation of the Department Manager or designated representative and the approval of the Executive/Finance Director or their designated representative.

Every Bid shall state the closing date and time after which bids will not be accepted. The Executive/Finance Director or designated representative is authorized to extend the closing date for any Bid if all responding Bids have remained sealed, or if Notice of the extension is provided to all vendors who had made inquiry to the District staff regarding the Bid prior to the original closing date.

Prior to award of construction contracts (rehab or capital projects), it must be verified by the District that contractors are not debarred or prohibited from doing work for any Missouri government agencies and prevailing wage reporting information must be provided.

Informal Bidding Procedure

- ✓ **\$1 -- \$3,000 three (3) bid/quotes are not required**
- ✓ **\$3,001 -- \$50,000 a request for quote via fax, e-mail, internet or mail is required**

Formal Bidding Procedure

- ✓ **Advertisement is required. Performance, payment bonds, and bid bonds may be required to be submitted when bidding for certain purchases.**

Board approval is required on all formal bids recommended for awards that are over \$50,000. The Department Manager shall prepare a recommendation of award for Board approval for all bids over \$50,000. The recommendation must be signed by the Department Manager and the Assistant Director or Executive Director, prior to being placed on the District's Board agenda certifying that all requirements were met.

Note: Board approval is required on use of all Restricted Funds.



Formal Bids

Purchases that will exceed \$50,000 will require a formal sealed bid and legal notice publication. This process will be coordinated by the Finance Department. The general steps to be carried out are as follows:

- ✓ Requesting Department gets appropriate authorization (see authorization chart) for purchase.
- ✓ Requesting Department will complete Part IV and Part V of the bid document with the detailed specifications, plus any attachments, drawings, maintenance manuals, etc. that are required.
- ✓ These will then be sent for any approvals necessary to the appropriate person. Once approved, Finance should be sent an electronic version of the specifications.
- ✓ Finance will complete the general areas of the bid including the dates and schedule of events, coordinating those dates with the requesting Department. Finance will also review all portions of the bid to ensure that bids are issued to the public in a consistent and proper manner.
- ✓ Requesting Department may provide a Prospective Bid List with at least 3 vendors to whom the Invitation to Bid will be automatically issued to on the date first advertised.
- ✓ Upon completion by Finance, the bid will be returned to the requesting Department for review. Finance will then have the Invitation to Bid signed by requesting Department, issue legal notices, post the bid on DemandStar, or equivalent internet site and conduct all pre and post bid hearings, and participate in the bid openings.
- ✓ The requesting Department will review the bid submittals and issue a recommendation letter, addressed to the Executive Director, for vendor selection based on the lowest and best bid, and/or the best buy for the District.
- ✓ Little Blue Valley Sewer District hereby reserves the right to reject any or all bids and to waive irregularities. Bidders agree rejection or waiver is without liability by the District for claims or damages because of rejection or waiver, and to seek no recourse against the District. Submission of a bid shall constitute agreement by the bidder to the above conditions.
- ✓ Finance will assist the requesting department with preparing documentation to go to the HR/Administrative Manager for issuance of a Resolution, if one is required (over \$50,000 or out of Restricted Funds), to the Board of Trustees for approval of process and/or award of purchase/contract.



- ✓ Upon authorization by the Board of Trustees, the Finance Department will place the order by issuing an award letter, a signed resolution copy, and a copy of the signed Invitation to Bid (by the Executive Director or Assistant Director) to the selected vendor(s).

Highlights of Sealed Bid Process:

1. The most important part of the process is to write the detailed bid specifications with specific minimums of performance so that the low bids will meet the necessary standards required of the purchase. All bidders should know exactly what is being purchased, for what purpose, at what location, for what period.
2. A Request for Information (RFI) or a Request for Proposal (RFP) can be sent out by the requesting Department to vendors to gain information to help the Department tighten general specifications. The RFI or the RFP does not have to follow the formal bid process. RFI's or RFP's are not required for purchasing but are encouraged.
3. Invitations to Bid can be written to cover a one-year period with provision to extend for four (4) or more additional years based on agreement of the District and the vendor. Invitations to Bid can also be written to cover a two-year time commitment if requesting department believes that a beneficial pricing structure will result from the extended period. These may have the provision to extend for four (4) or more additional years, based on agreement of the District and the vendor.
4. Invitations to Bid must be advertised for 3 business days, longer if Finance Director determines it is necessary, in a local publication of general circulation for public legal notice.
5. Invitations to Bid should allow a minimum of 14 business days from initial advertisement date for vendor response to improve competitiveness of process.
6. Because formal sealed bids require legal and public notice, bids may be awarded regardless of the number of bids submitted. No minimum number of bids is required.



Request for Proposals (RFP) Procedure

The Request for Proposals (RFPs) procedure is used for contracts for professional services such as consulting, and other specialized or technical services. RFPs are a Best Value Procurement as award of the contract is not contingent on lowest price for the service. This procurement method emphasizes value over price, which maybe one of the many criteria used to determine final contract award. All Professional services may be obtained through the Executive Director or designated representative, or the Finance Department. The District may elect to prepare a Request for Information (RFI) to gather information prior to preparing the scope of services for the RFP process.

The Executive Director, Assistant Director, Finance Director, Department Manager or designated representative, prior to preparing the scope of services shall determine the format to be used, identify any specific requirements, outline a timeline for the project, estimate costs, define roles, and identify potential respondents. Departments will prepare the scope of services and submit it to their supervisors and then Finance Department for review.

Based on information and scope of services provided by the Department, Finance shall prepare a Request for Proposal. Every RFP shall state the closing date and time after which proposals will be accepted. If the Request has an indefinite closing date and will remain open until a satisfactory proposal is received, the Request shall so state. The Executive Director is authorized to extend the closing date for any RFP if all responding Proposals have remained sealed, or if Notice of the extension is provided to all companies who had made inquiry to District staff regarding the Request prior to the original closing date.

- 1. Selection Committee** - A selection committee shall be established by the Project Manager and Finance Representative to review the proposals and rate each firm according to the evaluation criteria established in the Request for Proposal. The Finance Director or designated representative shall participate in all aspects of the process, in a monitoring position to ensure integrity of the RFP process. The Finance Director or designated representative will provide a neutral role and will not participate as an evaluator. They will facilitate the entire procurement process.
- 2. Evaluation Process** - The committee shall use the evaluation criteria established in the RFP. Each committee member shall independently evaluate the proposals and submit their rating sheet to Finance. Finance shall prepare a composite score sheet to determine the highest rated respondent.

A two step-process may be used whereby the selection committee will first rate each proposal received on criteria established in the Request for Proposal. That composite score of the committee will be used to determine the top-rated firms which may be interviewed. If interviews are conducted, the firms are rated after



the interviews and a second composite score recorded. The interview composite score sheet will be used to determine the highest rated respondent.

3. **Evaluation Criteria- Best Value Procurement** - The evaluation criteria shall be determined as a part of the RFP. The criteria shall include, but not be limited to, evidence of experience, reliability, references, expertise of firm, expertise of key personnel, and project approach. Cost may or may not be evaluation criteria depending upon the nature of the project but shall be predefined in the RFP document. Upon determining the highest rated respondent, the Department Manager or designated representative will then begin negotiations with the respondent receiving the highest score. If the District is unable to negotiate a contract with the top-rated respondent, the District shall begin negotiations with the second rated respondent, and so forth.

RFP Dollar Threshold Guidelines

- ✓ **\$1 - \$10,000 - RFP not required on a one-time expense (per fiscal year).** Professional services for \$10,000 and under may be exempt from the RFP process upon approval of the Finance Director and Executive Director.
- ✓ **Over \$10,000 - \$50,000 – RFP Required.** Department Manager or designee signature required to establish a Professional Service Agreement. A written proposal, with specific phasing/pricing of the service, is obtained from the consultant and becomes a part of the contract. The Executive Director and consultant's signatures are required on the professional and/or service agreement document. Department Manager's signature approval is required for payment.
- ✓ **Over \$50,000 – RFP Required/District Board Approval Required.** Department Manager or designee signature is required to establish a Professional Service Agreement. Executive Director's signature, and consultant's signature is required on the service agreement document. Department Manager's signature approval is required for payment.

Request for Qualifications (RFQ) Procedure

Agreements for specialized services such as; architectural, engineering or surveying shall be negotiated based on demonstrated competence and qualifications for the type of services required and at fair and reasonable prices. The Finance Department shall encourage firms engaged in specialized lawful practice of such services, to submit a statement of qualifications and performance data to the District as defined. Criteria will be included in RFQ's on which to evaluate the best qualified firm.



SECTION III

Lowest and/or Best Buy as Determined by the District

Procedure:

It is recognized that the primary objective of these Purchasing Policies and Procedures is the timely acquisition of goods and/or services at the lowest total cost. Elements of total cost in addition to basic price include transportation, storage, service, technical assistance, and willingness to stock material for our requirements, after-hours availability, and compatible and correct invoicing. The District must evaluate each of these and other criteria to decide which proposal represents greatest value or lowest total cost to the District. Since several of these decisions are subjective, it is important that the reasoning employed, in reaching such decisions, be carefully documented. If the District decides to award a bid to a supplier whose price is not the lowest, the District shall:

Make a spreadsheet listing all objective elements of the decision;

Write a brief explanation of those factors that lead to the decision to award to other than the lowest bidder;

Have both the spreadsheet and the explanation reviewed and approved by the Department Manager and/or Finance Director prior to awarding of the Bid. A copy of the spreadsheet and the award explanation shall be placed in a file with a copy of the issued purchase order.

Use of After-Market Parts

Purchases of parts or components for repairs of District owned equipment manufactured from suppliers, other than the original equipment manufacturer, shall be made with complete assurance that the proposed after-market parts or components meet or exceed the original parts to be replaced. Such assurance may be in the form of certified test data from the aftermarket manufacturer, government acceptance tests, tests performed by the District, or from tests by an independent testing laboratory selected by the District.

Supplier Performance

It is critical to the competitive position of the District that suppliers provide products of highest quality at lowest total costs. In addition to the inconvenience and administrative cost resulting from inferior quality or improper delivery, such faulty supplier performance may result in the District's failure to meet permit requirements at federal and state levels. It is, therefore essential that supplier performance be measured on a continual basis and that the placement of orders with any supplier must be contingent on superior performance.



Supplier performance shall be tracked on an order-by-order by the Department. The performance criteria shall include but not be limited to:

- a) Quality Acceptance
- b) Total Cost Competitiveness
- c) On-Time Deliveries
- d) Service / Satisfaction

A Vendor Complaint Form shall be completed if supplier provided inferior quality or service.

Sole Source

When a Department determines a sole source/proprietary may be necessary for purchase of goods or services and before contacting the sole source vendor, the Department shall contact the Finance Director or designated representative to determine the appropriate course of action. A written sole source justification shall be prepared by the department and signed by the Department Manager in advance of award. All original signed sole source/proprietary justification forms shall be on file in the applicable Department as well as the Finance Department. All sole source/proprietary procurements within the formal bid threshold shall be advertised in the local newspaper for three days and via other web-based media the District has at its disposal announcing the intent of award and the firm to which the award would be made. If there are no responses to the notifications the award will be made. District Board approval shall be sought after the public notification period for those procurements above the established dollar threshold.

The Finance Director or designated representative and Department Manager or designated representative may authorize a sole source/proprietary purchase when such a request is presented in writing by the requesting Department that only a single feasible procurement source exists, or a specialized service is required. A single feasible sole source/proprietary exists when:

- supplies or services are proprietary and only available from the manufacturer or a single distributor;
- it is determined that only one (1) distributor services the region; when supplies or services are available at a discount from a single distributor for a limited period; In the event a sole source/proprietary purchase is in the amount more than \$50,000, it shall also be approved by his or her designated representatives and must be approved the District Board.



Procedures on Recycling, Surplus and Scrap Materials

Purpose; the Little Blue Valley Sewer District is to establish and maintain procedures regarding the proper recycling and disposal of surplus and scrap material(s).

Surplus; whenever departments have obsolete supplies, materials or equipment that are surplus to their needs, these items shall be disposed of in coordination with the District Finance Department. Departments shall complete and forward to the Finance Department detailed information on the items indicated as surplus. Surplus property will be disposed of in the manner that is deemed most appropriate and that will provide the District with the greatest benefit. This may be accomplished in any one or more of the following ways:

- a) Redistribution to another Department
- b) GovDeals (a liquidity services marketplace) – The Finance Department shall follow the usual practices of submitting the supplies, materials or equipment and will determine the highest and best bid.
- c) Public auction (Internet or local)
- d) Donation – The Finance Department, with approval from the Finance Director and Executive Director, may donate surplus property to a requesting non-profit agency; or may sell to a non-profit organization at a nominal rate, all proceeds of such a sale are to be returned to the District's operating expenditures to the department the item originated from.
- e) Trade-Ins – a notification must be submitted to Finance for any item available for trade-in as result of a new equipment purchase. The Finance Department will determine the method of disposal most advantageous to the District.
- f) All surplus material will be properly identified as to description, make, manufacturer, size, type, part number, serial number, application, and location.
- g) Upon completion of identification, material is to be tagged with identification information.
- h) The Department Manger(s) and or designee will properly store surplus items and send identification information to the Finance Department.
- i) The Department Manager(s) and or designee will store all surplus materials in a safe and secure area which will protect their value and make them readily available to potential outside interests for disposal.
- j) Proceeds from the sale of surplus property will be accounted for by fund and submitted to Finance; monetary returns shall be directed back into the fund(s) from where they were drawn upon for original purchase of identified surplus material.



Scrap

If none of the above methods is appropriate and the Finance Department deems the item to have no monetary value, it may be disposed of as scrap.

- a) Sufficient scrap or recycle containers should be maintained to allow for the segregation of materials. Place scrap or recycle containers in convenient proximity to work area where the scrap is generated.
- b) Label each container for the type of material to be collected, if applicable.
- c) Place all of kind of scrap in one container.
- d) Sort used materials for most advantageous monetary return, if applicable
- e) Proceeds from the reimbursement of scrap material will be accounted for by fund and submitted to Finance; monetary returns shall be directed back into the fund(s) from where they were drawn upon for original purchase of identified scrap material
- f) If costs are involved to dispose of any surplus or scrap; the value gained from the material in the surplus or scrap is to be used to defer the cost of the disposal fees incurred.
- g) To enable the District to recover the maximum value from all the residual materials generated by daily operations, routine scheduled times should be made to recycle wherever possible.

Penalties

Personal Scrapping, Recycling or Disposal of Trash or Junk (Unauthorized); Transferring, selling, donating, scrapping, recycling or disposing of District property, as defined herein (regardless of monetary value), by District employees for personal gain or to benefit the interest of any person or party other than the District, including handling or disposal of trash or junk except as directed by District management person(s) lawfully and duly authorized and designated to direct such activity, is strictly forbidden.

Furthermore, Little Blue Valley Sewer District employees are prohibited from taking possession of any surplus property or the proceeds from the sale of surplus property designated for disposal as trash, scrap, or as recyclables, except as lawfully authorized by persons designated with such authority by the Executive Director. This prohibition includes giving any such surplus property or the proceeds from the sale of such surplus property to any person or party other than for the duly authorized benefit and interest of the Little Blue Valley Sewer District; or authorizing any other person or party to accept, receive or take any such surplus property to benefit their own interest, except as provided hereinabove.



Green Procurement and Recycled Products

The District shall purchase products which contain, whenever practicable, the highest percentage of post-consumer recovered material, the highest percentage of total recovered materials available in the marketplace and reduce waste in the manufacture and use of products and packaging purchased by the District. Ensure that specifications and performance standards for goods and services do not require the use of products made from virgin materials nor specifically exclude the use of environmentally preferred products. Procure environmentally preferable goods and services where environmental criteria have been established by governmental or other widely recognized authorities. Integrate environmental factors into District's buying decisions, when practicable, where external authorities have not established criteria. At a minimum, the District shall:

- ✓ Purchase non-emergency fleet vehicles that provide the best available net reduction in vehicle fleet emissions, included but limited to the purchase of alternative fueled and hybrid vehicles.
- ✓ Replace disposable with re-usable, recyclable, or compostable goods;
- ✓ Consider life cycle economics;
- ✓ Consider impacts and threats of harm to human health or the environment;
- ✓ Evaluate, as appropriate, the environmental performance of vendors in providing products and services.
- ✓ Require all District contractors to conform to this Policy such as contractors who procure materials or products to perform contractual services for the District, to produce or provide a work product to the District or on the District's behalf, or to conduct work funded by a grant from the District.

Domestic Products

The District shall purchase products manufactured or produced in the United States locally when applicable.



Conflict of Interest

Employees shall not have, directly or indirectly, any financial or other interest in any entity, with a supplier.

- ✓ ***Neutral Position.*** All the business affairs of the District with all parties, including government officials, suppliers, customers, and competitors, shall always be conducted on an ethical, legal and arm's-length basis.
- ✓ ***Sale or Purchase by District.*** No employee, employee spouse, or dependents may directly or indirectly benefit personally from their position or connections as an employee, from any sale or purchase or other activity of the District, or from the use of District materials and/or equipment.
- ✓ ***Bidding on District Work.*** District employees holding a direct financial interest in an outside business shall be prohibited from bidding on District work or for other purchases. Employees shall not participate in the decision-making process of awarding a contract for District business if a Family Member is employed by a bidder or respondent.
- ✓ ***Sale or Purchase of City Owned Property.*** District employees as well as spouses and dependents shall be prohibited from Procurement of District owned equipment or materials, directly or indirectly, at the District's auction or any other means of disposition. Employees are prohibited from having any other person purchase on their behalf.



SECTION IV

Terms and Conditions

1. **Changes.** Little Blue Valley Sewer District (herein "Buyer") reserves the right at any time to make changes in specifications, drawings and other data incorporated in this Purchase Order, additions to or deletions from the quantities originally ordered, methods of shipment or packing, place of delivery, and time of delivery. Any difference in price resulting from such changes shall be equitably adjusted and this Purchase Order shall be modified in writing accordingly. Any claim by Seller for adjustment because of such changes shall be deemed waived unless asserted in writing within 3 business days from receipt by Seller of the change request. Price increases or extensions of time for delivery shall not be binding on Buyer unless evidenced by a change order issued and signed by Buyer or Buyer's authorized agent.
2. **Prices; Invoices.** Except as otherwise stated, the price or prices on this Purchase Order are not subject to change or any surcharges. Unless agreed to in writing by Buyer, all prices must be F.O.B. delivery point (destination). Where specific purchase is negotiated F.O.B. shipping point, Seller is to prepay shipping charges and indicate those charges as a separate item on the invoice. C.O.D. shipment will not be accepted. Buyer is exempt from any sales, excise or federal transportation taxes. No charges for boxing, packing or cartage will be allowed unless stated hereon or otherwise agreed to in writing by Buyer. Buyer will not pay late payment charges. All invoices and correspondence shall indicate Buyer's Purchase Order number, be rendered in triplicate and contain full descriptive information on items or services furnished. Separate invoices shall be furnished for each Purchase Order.
3. **Delivery; Return.** Time of delivery of this order is of the essence, and Buyer reserves the right to cancel without cancellation charges all or any part of this order if not filled within the specified time. Exercise of such right of cancellation shall not be deemed a waiver of any other right reserved to Buyer herein or by law for any delay or failure to deliver as specified. Buyer reserves the right to return to Seller at the invoice price all items that are regularly carried in Seller's stock. All containers or reels shall remain the property of Buyer unless otherwise specified. All materials shall be properly packaged and identified by Purchase Order number. Damaged materials will not be accepted. Risk of loss or damage to goods prior to their receipt and acceptance by Buyer shall be the responsibility of Seller.
4. **Inspection and Acceptance.** Buyer shall have the right to inspect and test the goods at any time during manufacture and prior to shipment, and to final inspection within a reasonable time after arrival at the ultimate destination. The goods shall not be deemed accepted until after said final inspection. The making or failure to make any inspection of, or payment for or acceptance of the goods, shall not impair Buyer's right in its reasonable business judgment to reject or revoke its acceptance of nonconforming goods, or to avail itself of any other remedies to which Buyer may be entitled.



- 5. Patents, Etc.** Seller agrees at its own expense to defend any suits instituted by any party against Buyer for alleged infringement of any patent, trademark or similar right relating to goods manufactured by or for Seller and furnished to Buyer in the performance of this order, or relating to the use of such goods in combination with other goods as is recommended by Seller, except where such goods are furnished by Seller pursuant to Buyer's specifications, plans, instructions, drawings or designs, provided Buyer gives Seller adequate notice in writing of any such charges, and of the institution of any such suit of which it has knowledge.

- 6. Warranties; Indemnity.** Unless Buyer has otherwise agreed in writing, Seller represents, warrants and agrees that all materials, goods or work covered by this Purchase Order will be of good quality, merchantable, of good workmanship, of materials best suited for the intended purposes, and free of defects of any kind and that they will be in strict accordance with any plans, specifications and other conditions applicable to this Purchase Order and will be produced in compliance with the terms and conditions of all federal, state and local laws (and with directions, orders, rules and regulations thereunder) relative hereto, to the extent applicable, including without limitation, the Walsh-Healy Act, Fair Labor Standards Act of 1938 as amended, and the Occupational Safety and Health Act of 1970 as amended and all federal, state and local laws, directives, orders, rules and regulations pertaining to small businesses, maintenance of non-segregated facilities, employment of minorities, the handicapped, disabled and Vietnam era veterans' and minority and woman-owned businesses and Government contracts generally, if applicable. In the event goods covered by this order are foods, drugs, or cosmetics, Seller guarantees that such goods as of the date of shipment or delivery, to be, on such date, not adulterated or misbranded within the meaning of the Federal Food, Drug, or an article which may not, under the provisions of Sections 404 and 505 of the Federal Food, Drug and Cosmetic Act, be introduced into interstate commerce. To the extent applicable, all necessary clauses and other required provisions applicable to Seller under such laws, directives, orders and regulations are hereby incorporated herein and made a part hereof. In the event the materials, goods or work covered by this Purchase Order do not meet the foregoing requirements, Seller shall immediately on notice replace same, or remedy any deficiency, without expense to Buyer with Seller at a minimum to supply at least one replacement part for each defective part and all corrective or replacement labor; and further, Seller shall be responsible for all direct, indirect, special, incidental, consequential, and other loss or damage resulting therefrom. These warranties and remedies are in addition to all warranties and remedies implied by law under the Uniform Commercial Code or otherwise including any manufacturers or distributor's warranties and guaranties applicable to the materials, goods or work, with any such other warranties or guaranties being hereby assigned to Buyer. Seller also agrees to defend, indemnify and hold harmless Buyer from and against any and all claims, losses, damages and settlement expenses including, without limitation, to the extent not prohibited by law, attorneys' fees and other expenses of litigation, resulting from or arising out of a breach or default of Seller's warranties, representations and agreements and of which Buyer notifies Seller within a reasonable time. In addition to other remedies that



may be available to Buyer, in case of default by Seller, Buyer may reasonably procure the goods or services from other sources and charge Seller any excess cost or damages occasioned thereby.

7. **Equal Employment Opportunity, Etc.** Except to the extent this order is exempted therefrom, the Equal Employment Opportunity Clause required by Section 202 of Executive Order 11246 as amended, and Executive Orders 11375, 11141, 11701, and 11758 are incorporated herein and made a part hereof by this specific reference. Seller also agrees that performance of work under this Purchase Order will conform with provisions of such Executive Orders as are applicable, and any implementing rules and regulations by the Secretary of Labor (41 CFR Chap. 60 as amended).
8. **Delays; When Excusable.** If Seller shall fail or refuse to proceed with this order, or if Seller shall fail to make delivery, or Buyer to accept delivery, according to the delivery schedule, the other party may cancel the then remaining balance of this order unless the delay is an excusable delay. An excusable delay shall not constitute a default hereunder. The term "excusable delay" as used in this section means any delay in making or accepting deliveries which results without fault or negligence on the part of the party involved and which is due to causes beyond its control including, without limitation, acts of God or of the public enemy, any preference, priority or allocation order issued by the Government or any other act of the Government, acts of the other party hereto, fires, floods, epidemics, quarantine restrictions, strikes, differences with workmen, freight embargoes, unusually severe weather, and delays of a supplier due to such causes. Each party shall promptly notify the other of any such delay and the cause thereof.
9. **Rejected and Excess Goods.** Goods in excess of those specified will not be accepted and such excess, and rejected goods, will be held at Seller's risk. Buyer may, and at Seller's direction shall, return such goods at Seller's risk, and all transportation charges, both to and from the original destination, shall be paid by Seller.
10. **Termination.** Buyer may, by written notice to Seller, terminate the whole or any part of this Purchase Order with or without cause. Upon such termination notice, Seller shall discontinue work on this Purchase Order as directed and protect the work completed. Seller shall be paid and accept as full compensation hereunder, the full pro-rata value of all work properly done, including a reasonable allowance for Seller's profit thereon, less compensation Seller has already received for work performed. Seller shall deliver completed goods with all applicable warranties to Buyer or dispose of goods as Buyer may reasonably direct prior to final payment. No such termination shall relieve Buyer or Seller of their obligations as to any goods delivered hereunder.
11. **Specifications & Quality, Etc.** All specifications, drawings, data and other documents referred to on the face of this Purchase Order or attached are made a part hereof by reference. All goods or services furnished must conform to the specifications, drawings and other data incorporated herein and are of the quality



specified or in the event no quality is specified, must be to the standards of the industry. Any such specifications, drawings, data or other documents shall not be used elsewhere without Buyer's written consent and all shop drawings, patterns or tools made preparatory to production of any goods and charged for as such are to be considered Buyer's property and at Buyer's option shall be delivered to Buyer at Buyer's cost.

12. General. When accepted by Seller, this Purchase Order shall constitute a valid and binding contract. Seller's obligations hereunder shall not be delegated or transferred without Buyer's prior written consent. Seller agrees to perform any further act and deliver any additional documents that may be reasonably requested by Buyer in connection with this Purchase Order. Any indulgences granted to Seller shall not constitute a waiver of any of Buyer's rights hereunder. Should any part, term, or provision of this Purchase Order be declared illegal or in conflict with any law, rule, or regulation, the validity of the remaining portion, terms, or provisions shall not be affected thereby. The terms and conditions contained herein constitute the entire agreement of the parties relating to this order. The captions at the beginning of sections are used for convenience only and are not to be used in attempting to construe any part of this Purchase Order.



GLOSSARY - APPENDIX A

- ❖ **Addendum:** Any written modification or revision to a bid document or contract document.
- ❖ **All or None:** A term used in bidding when a vendor qualifies the bid by stipulating that it will only accept an award for all items or a group of items in the bid.
- ❖ **Alternate Bid:** A bid that invites for consideration one or more offers of an option or choice based upon equipment or satisfactory performance by user (e.g. such a bid is only acceptable when the variance is deemed to be immaterial).
- ❖ **Bid Bond:** An insurance agreement in which a third party agrees to be liable to pay a certain amount of money in the event a specific bidder fails to sign the contract as bid.
- ❖ **Bid Deposit:** A sum of money or check, deposited with and at the request of the government to guarantee that the bidder (depositor) will, if selected, sign the contract as bid. If the bidder does not sign the contract, the deposit is forfeited in its entirety.
- ❖ **Change Order:** Purchaser's written modification, addition, or deletion to a purchase order.
- ❖ **Collusion:** Is an agreement among firms or individuals to divide a market, set prices, limit production or limit opportunities. It can involve "wage fixing, kickbacks, or misrepresenting the independence of the relationship between the colluding parties".
- ❖ **Construction:** Includes construction, reconstruction, improvement, enlargement, alteration, initial painting and decorating, or major repair.
- ❖ **Cooperative Procurement:** Use of a contractual document/process allowing someone who was not involved in the original procurement to purchase the same services/supplies/equipment through the original document/process (also called Piggybacking).
- ❖ **Designated Agent:** Person or persons who have been authorized in writing by the Department Manager or the Executive Director to fulfill purchasing duties as assigned. Written notification of these duties and their duration shall be sent to the Finance Department for record keeping.
- ❖ **Discount:** Vendor's deduction from the selling price, usually upon some cost reducing condition such as prompt payment.
- ❖ **Dual Award:** The award of separate contracts to two bidders for the same commodities, where the award to a single vendor may not be advantageous to the District.
- ❖ **Emergency Purchase:** A purchase made to alleviate a situation in which there is a threat to health, welfare, or safety without following the required purchasing procedure for competitive bidding.
- ❖ **Escalation Clause:** A contractual clause, which allows the seller to increase the price of supplies, materials, or services, based upon predetermined conditions.



- ❖ **FOB:** A shipping term (Free on Board) used in conjunction with an identified physical location to determine the responsibility and basis for payment of freight charges and the point at which title passes from seller to buyer. Commonly used terms are:
 - a. FOB SP (Shipping Point) – Buyer pays the freight and takes title to goods when they are placed on carrier for delivery.
 - b. FOB SP/PP/ADD (Shipping Point, Pre-Pay and Add to Invoice) – Freight is paid by seller but will be added to the invoice to the buyer. Buyer takes title to goods when placed on carrier for delivery.
 - c. FOB SP/PP/ALLOW – Freight is paid by seller and will not be charged to the buyer. Buyer takes title to goods when placed on carrier for delivery.
 - d. FOB Destination – Seller pays the freight, and buyer takes title when goods are delivered and accepted.
 - e. FOB Destination PP and ADD – Freight is paid by seller and will be added to invoice. Buyer takes title upon delivery and acceptance.
- ❖ **Formal Advertising:** The placement of a notice in a newspaper or other media, according to legal requirements, to inform the public that the government is soliciting bids on specific purchases it intends to make.
- ❖ **Formal Bid:** A document enclosed in a glued (sealed) envelope and submitted in response to an invitation-to-bid. Sealed bids received up to the deadline date and time are generally opened at a stated time and place, usually at a public meeting, and evaluated for award of a contract.
- ❖ **Informal Bid:** A request for price quotations for supplies, materials, or services that does not require a sealed bid, public opening or reading of bids.
- ❖ **Lead Time:** The reasonable amount of time, after the date ordered, that it would take the supplier to prepare the goods for delivery.
- ❖ **Lowest Responsible Bidder:** The bidder who is awarded a contract because the bid in unit price, total cost of operation, or value per dollar is lower than any of the bidders, and whose reputation, past performance, and business and financial capabilities are such that they would be judged by the appropriate authority to be capable of satisfying the government's needs for the specific contract. Virtually the same as "lowest and best bid", "lowest responsive and responsible bidder" and "most advantageous bid, price and other factors considered."
- ❖ **MBE/WBE/DBE/SLBE:** Minority Business Enterprises/ Women Business Enterprises/ Disadvantaged Business Enterprises/ Small Local Business Enterprises --- See Appendix B.
- ❖ **MRO:** Maintenance, repair, and operations or maintenance, repair, and overhaul involves fixing any sort of mechanical, plumbing or electrical device should it become out of order or broken (known as repair, unscheduled or casualty maintenance). It also includes performing routine actions which keep the device in working order (known as scheduled maintenance) or prevents trouble from arising (preventive maintenance). MRO may be defined as, "All actions which have



the objective of retaining or restoring an item in or to a state in which it can perform its required function. The actions include the combination of all technical and corresponding administrative, managerial, and supervision actions. MRO operations can be categorized by whether the product remains the property of the customer, i.e. a service is being offered, or whether the product is bought by the reprocessing organization and sold to any customer wishing to make the purchase.

- ❖ **Maintenance Work:** The repair, but not the replacement, of existing facilities when the size, type or extent of the existing facilities is not thereby changed or increased (routine maintenance, not a major repair).
- ❖ **Manager:** For the purpose of this policy, manager is defined as the supervisory person in his/her department who oversees his/her budget.
- ❖ **OSHA:** Occupational Safety and Health Administration
- ❖ **Partial Payment:** The payment authorized in a contract upon delivery of one or more complete units called for in the contract, or upon completion of one or more distinct items of service called for thereunder.
- ❖ **Penalty Clause:** A clause in a contract specifying a sum of money to be paid if the contractor defaults on the terms of the contract, particularly in respect to time. Courts have generally disallowed penalty clauses in public contracts but have allowed a liquidated damages clause that meets legal criteria for mutual agreement and reasonable amount.
- ❖ **Piggybacking:** Use of a contractual document/process allowing someone who was not involved in the original procurement to purchase the same supplies/equipment through the original document/process (also called Cooperative Purchasing).
- ❖ **Point of Origin:** The location at which a shipment is received by a transportation line from the shipper.
- ❖ **Policies:** Policies in this manual are pre-decisions made by management for the purpose of giving information and direction. Policies establish basic philosophy, climate, and determine the major values upon which all functions must operate.
- ❖ **Pre-bid Conference:** Meeting held with prospective bidders prior to solicitation of bids or proposals, to recognize state of the art limits, technical aspects, specifications, and standards relative to the subject and elicit expertise and bidders' interest in pursuing the project.
- ❖ **Prepaid:** Term denoting that transportation charges have been or are to be paid at the point of shipment.
- ❖ **Procurement:** The acquisition of goods or services (also known as Purchasing). It is favorable that the goods/services are appropriate and that they are procured at the best possible cost to meet the needs of the purchaser in terms of quality and quantity, time, and location. Corporations and public bodies often define processes intended to promote fair and open competition for their business while minimizing exposure to fraud and collusion.



- ❖ **Procedures:** Procedures are the prescribed means of accomplishing policy. Their intent is to provide company personnel with the guidelines and, where appropriate, the specific action sequences to ensure uniformity, compliance, and control of all policy-related activities.
- ❖ **Proprietary Procurement:** Only one vendor possesses the unique and singularly available capability to meet the requirement of the solicitation, such as technical qualifications or the ability to deliver at a time; a situation where a supplier or person is identified as the only qualified source available to the requisitioning authority.
- ❖ **Purchasing:** Identification and recognition of the real needs for goods and services in all parts of the District and the assurance of satisfaction of those needs at the lowest possible cost, consistent with the best quality of goods required. Purchasing reflects the dual role of the service department and profit maker by serving as the primary contact between the various Departments of the District and its suppliers.
- ❖ **Request for Proposal (RFP):** A bid solicitation method used when it is expected that negotiations with one or more bidders may be required. Other factors will be considered in the selection of the contractor in addition to price.
- ❖ **Request for Quote (RFQ):** A form of informal solicitation including obtaining written or electronic quotes from vendors without formal advertising and receipt of sealed bids. Normally used for purchases where statutes do not require formal sealed bids, but is considered good business practice to establish price competition
- ❖ **Responsible Bidder:** A bidder whose past performance, business and financial capabilities are such that he would be judged by appropriate authority to be capable of satisfying the government's needs for a specific contract.
- ❖ **Sealed Bid:** A bid submitted in a sealed envelope to prevent dissemination of its contents before the deadline for the submission of all bids; usually required by the purchasing authority on major procurements to ensure fair competition among bidders.
- ❖ **Services:** The term services used in this manual refer to general services only and not to professional services (such as engineering, legal, insurance, etc.).
- ❖ **Sole Source:** A product or service that can only be provided by one supplier/vendor. In the case of a sole-source, a Proprietary Sheet (greater/equal to \$3,000) must be completed. Every attempt should be made to acquire three (3) quotes prior to filling out a Proprietary Sheet.
- ❖ **Surplus Property:** Property in excess of the needs of an organization and not required for its foreseeable need. Items may be new or used but should possess some value. This does not include real property.



AUTHORIZED FORMS - APPENDIX B

1. **Proprietary Form:** The authorized proprietary form indicates the reason for restricted or sole sourcing. This form includes the vendor name(s) and number(s), the reason for sole sourcing, and authorization signature(s).
2. **Purchase Order Form:** This form is a final verification of all goods/services ordered for Departments.

**Copies of the forms are located on pages 38 & 39.*

Purchase Order Distribution

Vendor Copy:

The original is a mailed confirmation to the vendor with the terms and conditions of the District. It is a confirmation of an order placed by telephone, e-mail or FAX. The original can also be taken to the company when the order is picked up or can be given to the company representative when the order is delivered, or service is rendered. Finance will note this is a confirmation of the order placed with the vendor.

Department Copy:

This copy is sent to the requesting department and is to be returned to Finance when the order is complete. The requesting Department Manager, or their designee, indicates order is complete and is approved for payment by signing/dating the copy. Any shipping/receiving paperwork should be attached at this time and sent to the Finance Department.

Upon receipt, the Finance Department processes invoices for payment. Weekly payment of completed purchase orders gives the District the ability to take advantage of time and cash discounts.

Accounting Copy:

This copy stays with the purchase order file. Any changes are indicated on this copy. This copy will indicate to Finance the exact amount to be paid on the purchase order.



**LITTLE BLUE VALLEY SEWER DISTRICT
PROPRIETARY FORM**

This form required if three bids cannot be obtained and dollar amount is over \$3,000.

VENDOR INFORMATION

Authorized By: _____ Date

Vendor Name: _____ Dept

REASON FOR NOT HAVING THREE (3) VENDORS

Proprietary (possesses, owns or holds exclusive right)

Only Known Vendor

Only Vendor in Kansas City Metropolitan Area, including Cass County

Authorized Representative, OEM Representative

Best by Test

Services under contract (on file)

Only Stocking Vendor

Compatibility (without special modifications)

Other (explanation required in "Comments" section, i.e. Reservations, Legal Counsel, Conferences, advertisements, etc.)

Comments: _____



CAPITAL PROJECT CONTRACTING POLICY AND GUIDELINES – APPENDIX C

General

In the evaluation, selection and award of capital improvement project contracts to a successful bidder, the Little Blue Valley Sewer District (LBVSD) shall utilize this policy for the determination of the lowest, best, responsive, responsible bidder. These criteria are in addition and complimentary to any applicable federal, state, county or local requirements which may apply to a capital project, purchase or procurement; with the most restrictive criterion governing the successful bidder's selection. If any provisions of this policy or guidelines should be found to conflict with governing regulations, laws or rules; only that part that is in conflict will be deemed invalid with all other criteria remaining in full force and effect.

The LBVSD is a Common Sewer District under the provisions of Chapter 204 of the Missouri Revised Statutes, and its Board of Trustees has the "power to pass all necessary rules and regulations for the proper management and conduct of the business of the Board of Trustees". The Board of Trustees is further empowered to let contracts for all work to be done (other than emergencies) to the lowest responsible bidder and "the power to reject any or all bids". To provide specificity to these powers and authorities, the Board of Trustees has adopted this "Capital Project Contracting Policy and Guidelines", which shall generally govern the determination of the lowest responsible bidder under a sealed, competitive bidding process for capital improvement work. These criteria may also be applied to competitive bids for equipment, goods and services as well as a mechanism to guide the evaluation of a provider's qualifications. This document promulgates a specific policy; however, the Board of Trustees reserves its right to modify, amend, suspend, waive or otherwise deviate from the "Capital Project Contracting Policy and Guidelines" when it deems such actions to be in the best interests of LBVSD.

The "Capital Project Contracting Policy and Guidelines" contain the following elements:

- a) Disadvantaged Business Enterprise Policy
- b) Prevailing Wage Compliance Standards
- c) Local Labor, Contractor, Subcontractor and Vendor Preferences
- d) Exclusive Right of Board of Trustees to Determine Lowest Responsible Bidder
- e) Contract Award Protest Process
- f) District Policy and Guidelines to Take Precedence

A. Disadvantaged Business Enterprise Policy

It is the policy of LBVSD that legitimate Disadvantaged Business Enterprises (DBE's) are provided the maximum feasible opportunity to participate in the contracts awarded by the District. The District recognizes the need to encourage, evaluate, and require the participation of DBE's in the performance of the work, and to further hold bidders



responsible for exercising their best efforts to maximize the DBE participation through appropriate sub-agreements with said parties. The District is not a certifying agency for DBE status and will rely upon other credible certifying public authorities for confirmation of a subcontractor's, vendor's or supplier's DBE status. Any DBE's certification by one or more of the following agencies will be acceptable, with any other certifying agency being subject to District approval:

Small Business Administration (SBA)
Missouri Department of Transportation (MDOT)
Office of Administration (OA)
Environmental Protection Agency (EPA)
City of Kansas City, MO (KCMO)
County of Jackson, MO (JCMO)

A.1 Construction Contract Utilization of Disadvantaged Business Enterprises

DBE participation goals are noted as follows:

Minority Business Enterprise (MBE) Participation of **10%** of contract value*
Women's Business Enterprise (WBE) Participation of **5%** of contract value*

*At the District's sole discretion, construction contracts whose values include significant costs for equipment, materials, specialized work or proprietary suppliers may deduct such costs from the contract value prior to the computation of the DBE, MBE or WBE participation levels. The District further reserves the right to determine good faith positive effort based upon a comparative analysis of all participation levels, where it is indicated that the nature, extent and character of the contract are such that bidders reveal such adjustment to be warranted.

Each bidder will make positive good faith efforts to award sub-agreements which meet these goals. Sub-agreements which involve DBE's who do not manufacture the materials, build the equipment, directly provide the services or directly perform the work must be factored to reflect only the commission, profit or compensation that is directly received by said DBE suppliers.

The District shall not set these goals as a hard requirement for each bidder to meet or exceed; however, the District will have an independent right to make a determination as to its opinion of each, every and any bidder's demonstration of a good faith positive effort to meet the goals. The requirements for a bidder's demonstration of a good faith positive effort shall include, but is not limited to, the following mechanisms:

Joint Venture
Negotiated Sub-agreement
Competitive Bid Method



For a bid which does not meet these goals to be considered responsible and eligible for consideration, a bidder must maintain and make available records that document the proposed awards to DBE's and the specific efforts to identify and award subcontracts and purchase orders to DBE's. Six criteria which shall be used, along with other appropriate information, to evaluate the positive good faith efforts to meet DBE goals include:

- a) Ensure DBEs are made aware of contracting opportunities fully practicable through outreach and recruitment activities.
- b) Make information on forthcoming opportunities available to DBEs and arrange time frames for contracts and establish delivery schedules, where requirements permit, in a way that encourages and facilitates participation by DBEs in the competitive process. This includes, whenever possible, posting solicitations for bids or proposals for a minimum of 30 calendar days before bid or proposal closing date.
- c) Consider in the contracting process whether firms competing for large contracts could subcontract with DBEs.
- d) Encourage contracting with a consortium of DBEs when a contract is too large for one of these firms to handle individually.
- e) Use the services and assistance of the SBA and the Minority Business Development Agency of the Department of Commerce.
- f) Take the above steps if awarding subcontracts.
- g) The foregoing documentation must be submitted to the District by the apparent low bidder within 7 days after the bid opening date).

Following the bid opening, if the District determines that any deficiency(ies) are correctable, the prospective bidder will be advised as to what actions must be taken to correct the deficiency(ies). Should a bidder fail to take the requisite corrective action or to satisfactorily explain why corrective actions cannot be taken can result in a finding that the bidder is not responsible, and the corresponding bid will be rejected.

A successful bidder will be required to execute and submit to the District copies of all DBE related sub-agreements within 15 days after award of the contract, and from time to time, to advise the District of the status of its compliance with appropriate requirements. Any deviation from the approved DBE utilization proposal, whether before or after award of the contract, and/or whether before or after commencement of work under the contract, shall be immediately reported to the District and will be subject to District approval.

A.2 Services and Goods Utilization of Disadvantaged Business Enterprises

The District has not established specific goals for contracts and purchase orders involving goods and services but has a narrative goal of maximizing opportunities for DBE to participate in such offerings. This narrative goal includes such positive good faith efforts as:



- ✓ Advertising in publications, journals and/or newspapers which have subscribership which contains individuals, companies and corporations which are most likely to be DBE
- ✓ Maintaining a listing of prospective DBE's which are direct notified of any solicitation for applicable goods and services
- ✓ Monitoring local certifying agencies for DBE's whose predominant business area matches the District's solicitation and providing direct mail notification to said DBE's of the request for goods or services
- ✓ When warranted by the nature, magnitude or scope of the District's activity, schedule a workshop for DBE's to provide notification of solicitation, obtain assistance on submission of bids/proposals, and to identify available goods and services that can be secured from local DBE's
- ✓ Consideration of segmentation of large procurements to maximize ability and probability of DBE participation where such segmentation is not detrimental to the proposed activity
- ✓ Where the scope, nature and/or magnitude of a procurement is such that segmentation adds unnecessary complexity, decreases accountability, confuses responsibilities or creates coordination challenges; the District will utilize a sole provider for the goods or services. In such one-source procurements, the District will work with the preferred provider to identify activities that can be effectively and efficiently performed through sub-agreements with DBE's. The District and the prime provider will then negotiate what is deemed a good faith positive level of DBE participation, if any, for their procurement. In these situations, DBE participation shall be a negotiated goal.

B. Prevailing Wage Compliance Standards

State (Missouri Department of Labor and Industrial Relations) and/or Federal authorities determine the prevailing hourly rate of wages for each type of workman which may be employed in the completion of the District's projects as well as have requirements for working hours, overtime rates, benefit compensation, site inspection, certified weekly payroll reporting, compliance certifications and other labor standards. The District shall provide bidders with the current wage decisions that govern wages for all workmen at the worksite; which shall include the State of Missouri wage decision and may include a Federal Wage Decision if the work includes federal funding. The District requires all workmen employed on applicable capital improvement projects or other applicable District activities to comply with and conform to all applicable standards, rules and requirements, including RSMo Sections 290.250 et seq, except that the wages paid shall be no less than the minimum wage specified in Section 6(a)(1) of the Fair Labor Standards Act of 1938 as amended. It shall be mandatory that the successful bidder to which an applicable contract is awarded to pay not less than the current applicable wage rates specified to all workmen employed by them in the execution of the Contract.



If a bidder, his supplier, his subcontractor or his sub-agreement party meet one or more of the following criteria, the District shall have the right to consider that bidder as non-responsible if:

- 1) the bidder or any of his subcontractors, sub-agreement parties or suppliers is listed on the Department of Labor and Industrial Relations list of convicted violators, as provided in RSMo Section 290.330, or on the General Services Administration "List of Parties Excluded from Federal Procurement or Nonprocurement Programs", or has not complied with all applicable requirements of RSMo Sections 351.570 through 351.650 for foreign corporations;
- 2) the bidder or any of his subcontractors, sub-agreement parties or suppliers have been convicted of a felony in any state (including this State) within the last three (3) years before the date of Bid opening;
- 3) the bidder or any of his subcontractors or sub-agreement parties do not hold required licenses or certificates;
- 4) the bidder fails, refuses or neglects to conform to any post-Bid opening bidding requirements, or has a documented record of past projects resulting in arbitration or litigation in which he was found to be at fault;
- 5) the bidder or any of his subcontractors or sub-agreement parties is not adequately experienced or demonstrates lack of qualifications or capability to perform the classification of the Work, or is not adequately equipped or financed to meet his contractual obligations;
- 6) the bidder or any of his subcontractors, his sub-agreement parties or suppliers fails, neglects or refuses to comply with the District's DBE goals for MBE and WBE participation;
- 7) the bidder or any of his subcontractors or sub-agreement parties is not eligible for the award because of a previous termination for cause by the District, or conceals, misrepresents or misstates any material fact in his Bid;
- 8) the bidder or any of his subcontractors, his sub-agreement parties or suppliers has a finding of non-compliance by the State or Federal prevailing wage authority within the last 36 months (or has a finding prior to the date the District approves a bidder's selection); or there is other evidence of significant non-compliance with prevailing wage requirements, fair labor standards, benefit payments/programs, apprenticeship program violations; inappropriate offsite work fabrication to circumvent prevailing wage applicability or a preponderance of allegations regarding prevailing wage violations;
- 9) the bidder or any of his subcontractors, his sub-agreement parties or suppliers is the subject of an open investigation by the State or Federal prevailing wage authority, said date of complaint filing to have been prior to the closing date for receipt of bid proposals, quotations or pricing;



- 10) the bidder or any of his subcontractors, his sub-agreement parties or suppliers are found to have restructured, changed corporate names or have merger/been acquired by a parent organization with the subsidiary having a record of prevailing wage non-compliance, in which case the record of the former subsidiary will be evaluated under these criteria; organizational restructuring will not provide a cloak of protection

The Board of Trustees of the District shall have the right to determine whether a bidder or any of his subcontractors, sub-agreement parties or suppliers is acceptable and responsible based upon its independent views, investigations, findings and information. If a bidder's subcontractor, sub-agreement party or supplier is deemed to not be responsible, the District shall have the right to reject said bidder due to a named unacceptable subcontractor, sub-agreement party or supplier or at its sole discretion, the District may allow said bidder the option to amend its bid naming another subcontractor, sub-agreement party or supplier that the District deems acceptable; said substitution to be provided by bidder at no additional cost to District. Substitutions will be at the District's sole discretion and is not an assured option for any bidder. Bidders are responsible for performing their own due diligence investigations of any listed subcontractors, sub-agreement parties and suppliers to ensure that they meet the requirements established herein for a responsible party; and each bidder's proposal shall be evaluated on a holistic basis.

C. Local Labor, Contractor, Subcontractor and Vendor Preferences

In accordance with the provisions of RSMO Section 34.073 titled "Missouri businesses, performance of jobs or services, preference, when"; the District hereby affirms its preference for local labor, local contractors, local subcontractors, local suppliers and local vendors. As per the Statute, the District is obligated in the letting of contracts for the performance of any job or service, to give preference to all firms, corporations, or individuals doing business as Missouri firms, corporations, or individuals, or which maintain Missouri offices or places of business, when the quality of performance promised is equal or better and the price quoted is the same or less.

In confirmation of this Statute, the District hereby states that preference shall be given to the award of contracts to legitimate Missouri firms, businesses, individuals, contractors, subcontractors, suppliers and laborers. When competing bids, in their entirety are deemed equal by the District, the Missouri domiciled bidder will be granted preference.

In the evaluation of any bidder's proposal the District shall have the right to request information from bidder(s) regarding their level of utilization of Missouri-based resources, including proposed workforce recruitment sources/locations, proposed subcontractor sources, and proposed supplier sources. To determine to what extent that a bidder complies with the District's preferences for local utilizations, the bidder may be required to provide the District with local labor employment goals (percent of workforce with Missouri residency), apprenticeship programs to enhance utilization of Missouri residents, Missouri subcontractor lists with values, Missouri supplier lists with values, Missouri sub-



agreement parties with values and any other information to evaluate a bidder's alignment with the District's preferences. Information from bidders regarding local labor, subcontractors and vendors shall be deemed a binding commitment from said bidder to meet or exceed such local participation levels, with failures to comply with such local participation assurances being deemed as non-conformance with contract document requirements.

D. Exclusive Right of Board of Trustees to Determine Lowest Responsible Bidder

The District's Board of Trustees shall have the exclusive right to determine which bidder has provided the lowest responsible bid, including the right to reject any or all bidders, the right to rebid the work and the right to waive any or all informalities in a bidder's proposal. These rights will be exercised based upon predominantly financial (lowest price) and responsible (responsiveness, qualifications, compliance with contract documents, named suppliers/vendors/subcontractors, prevailing wage compliance, references, work history, and other identified evaluation criteria) factors; however, the Board of Trustees reserves its right, discretion and authority to make decisions based solely upon what is in the best interests of the District regarding selection of a bidder.

E. Contract Award Protest Process

While the District does retain its exclusive right and authority to accept, reject, select and award contracts based upon the action it deems to be in the best interests of the District, an unsuccessful bidder shall be provided an opportunity to submit a bid protest to the District should it take exception to a bid award. The bid protest process is preemptive in that the protest must be filed in advance of the District's contract award to the successful bidder. Any unsuccessful bidder who deems the proposed contract award to conflict with the contract documents and believes it has submitted the lowest responsible bid has an opportunity to submit a written contract award protest. The protest process shall be as follows:

- 1) Notice of Intent to Award Contract: At least 7 days prior to the award of a contract to a recommended successful bidder, the District's Finance Director shall issue a letter (email and traditional mail) to all contractors who submitted bids advising them of the District's intent to recommended award of the contract to a bidder. In said letter, the Finance Director shall establish a deadline (typically 5-7 days from issuance of the notice of intent to award) for any aggrieved bidder to file a written protest.
- 2) Bid Protests by Aggrieved Bidder(s): An aggrieved bidder must deliver its protest in writing to the Finance Director by the stated deadline in the notice of intent to award letter for the protest to be considered. Timely bid protest letters are to be signed by an authorized representative of the bidder and must include the following to qualify as a bid protest:
 - a.) Name, address and contact information of bidder filing protest (Only an entity who has submitted a bid proposal can file a bid protest,



persons with secondary interests (suppliers, subcontractors and others) do not have standing to file a bid award protest under this policy.

- b.) Brief statement of nature of the protest
- c.) Identification of contract document provision that has been violated, disregarded or supports the aggrieved bidder's protest of the intended contract award
- d.) Statement of specific action(s) that the aggrieved bidder requests the District to consider and which will remove the basis for said bidder's protest
- e.) The Finance Director shall notify the District's Executive Director of any timely and complete bid protests, said information to be reviewed by the Executive Director and other appropriate parties (District's consulting engineer, District General Counsel, involved funding agencies and others). Based upon a review of the bid protest and the feedback from appropriate parties, the Executive Director shall decide of the validity of the protest, shall advise the aggrieved bidder in writing of said determination and will then act on said determination. vi. Should a bid protest result in a determination that the contract is to be award to an alternate bidder, the District shall issue a new notice of intent to award to all bidders and the bid protest process shall be repeated for the alternate successful bidder
- f.) When the District's Advisory Board and/or the District's Board of Trustees consider approval of the contract award to the intended (or to an alternate bidder in the event a protest results in a different bidder being proposed); these Boards will be provided with copies of all bid protests and Executive Director determinations as part of the supporting documentation. The bid protest process shall be closed to any aggrieved bidder once the closing date for a bid protest has passed. The District's Advisory Boards and/or by the District's Board of Trustees will review only the recommendation of contract award and supporting documentation as part of the approval process. These Boards shall have the right to accept, reject, and amend the contract award as is deemed in the District's best interest.
- g.) Executive Director's Determination is Final for Bid Protests: The bid protest process, as adopted by the Board of Trustees, ends with the Executive Director's determination. The Boards, when considering the approval of the award of a contract to the recommended bidder, will not accept testimony or additional materials from any aggrieved bidders. The aggrieved bidders shall submit their protests as set forth herein and shall have their submissions included as part of the supporting documentation with the recommended bid award.
- h.) Boards Reserve Rights to Determine Lowest Responsible Bidder: The Advisory Board and/or the Board of Trustees shall have the right to accept, reject, waive informalities in, and amend any bid proposal and to deviate from the Executive Director's determination when, in



their opinions, a different course of action is in the District's best interests. The award of a contract to any bidder is not assured, guaranteed or confirmed until such action is formally approved by the Little Blue Valley Sewer District's Board of Trustees.

F. District Policy and Guidelines to Take Precedence

The "Capital Project Contracting Policy and Guidelines" shall take precedence over any lesser requirements by Federal, State or Local contracting requirements, and, where more stringent requirements are required by Federal, State or Local authorities, the strictest provisions shall govern the acceptance, evaluation, selection and award of a contract to a successful bidder.



PURCHASING CARD POLICY – APPENDIX D

PROGRAM OVERVIEW

Introduction

The Little Blue Valley Sewer District Purchasing Card Program, hereinafter referred to as P-card Program, is designed to improve the efficiency in processing small dollar purchases from any vendor who accepts the Visa Purchasing Card. This program shall allow the cardholder to purchase approved commodities and services directly from the vendor. Each P-card will be issued to an individual who will be responsible for all purchases made with the card. The Little Blue Valley Sewer District is clearly identified on the card as the “corporate” buyer of goods and services, along with a company logo and Tax ID number. Purchases are exempt from sales tax.

Purpose

The purpose of these P-card Program policies and procedures is to accomplish the following:

- ✓ Provide employees with instructions on the proper use of the P-card.
- ✓ Reduce the cost of high volume, low dollar amount transactions. This program helps reduce the use of small dollar purchase orders to alleviate cost of issuing a purchase order, personal reimbursements and petty cash.
- ✓ Provide an efficient method of purchasing and paying for commodities and services. (Any service involving prevailing wage cannot be paid with a P-card).
- ✓ Reduce travel time involving purchases.
- ✓ Reduce paperwork.
- ✓ Develop reasonable and enforceable policies, procedures and audit controls. The program is NOT intended to avoid or bypass appropriate purchasing or payment procedures, but to complement the existing processes.
- ✓ Increase the number of vendors immediately accessible.
- ✓ Expedite payment to vendors on small dollar purchases.
- ✓ Cardholders are expected to make cost-effective business decisions in the best interest of the district.
- ✓ Provide disciplinary action if the P-cards are misused.

NOTE: The policies and procedures provided herein are minimal standards for departments. Department Directors/Managers and the Finance Department may establish additional controls.



Summary of Program

Little Blue Valley Sewer District has contracted with a Financial Institution for a Visa Purchasing Card Program. All cards are issued at the request of the Department Director/Manager. Department Directors/Managers and the Finance Department will determine the cardholder's authorized expenditure limits within the established dollar limits of the P-card program. Cardholders are responsible for the security, usage and statement reconciliation of their P-card. Card usage will be monitored, and cards may be suspended or rescinded at any time.

The Finance Department will receive a variety of reports providing information on cardholders and their purchases. This information will be passed on to the Department Managers and Directors as necessary to maintain the integrity of the program. Please remember such data is proprietary and should not be disclosed outside the District. Card usage will be monitored, and cards may be suspended or rescinded at any time. Remember, as a cardholder, the employee is committing District funds each time the P-card is used. This is a responsibility that cannot be taken lightly.

Roles and Responsibilities

Cardholder:

- ✓ Hold and secure P-card.
- ✓ Use purchase log to record all transactions.
- ✓ Enter all purchases into Accounting Software Program
- ✓ Order/receive materials and services.
- ✓ Make certain sales tax is NOT charged on the card.
- ✓ Indicate to vendors they MUST NOT invoice LBVSD because it might result in a duplicate payment.
- ✓ Request merchants to give detailed descriptions of goods and services, not just "misc."
- ✓ Collect and receive sales receipts.
- ✓ Handle disputed items. If unable to resolve, contact the Finance Department.
- ✓ Fill out the P-card Dispute form and send to the Finance Department.
- ✓ Match receipts and P-card transaction log with monthly card activity statement.
- ✓ Review monthly statements for validity of all transactions.
- ✓ Process all billing statements within 10 days of closing date or by the date assigned by the Finance Department.
- ✓ Submit receipts, along with signed P-card transaction log to your Manager/Director for approval.
- ✓ Make sure that no one else can use the card to make purchases.
- ✓ Notify Financial Institution immediately and notify the Finance Department and or Department Director/Manager of lost or stolen cards.
- ✓ Comply with all purchasing and P-card policies and procedures.



- ✓ Return P-card to Finance Department or Director/Manager upon separation from employment with LBVSD.

Department Director or Manager:

- ✓ Request purchasing cards for designated employees.
- ✓ Ensure availability of funds in proper account codes.
- ✓ Verify appropriateness of account codes.
- ✓ Assign and/or block merchant codes to card strategies and change when in the district's best interests.
- ✓ Set departmental spending limits within established guidelines.
- ✓ Evaluate the need to cancel or reissue cards.
- ✓ Review each cardholder's monthly statement and purchase log. Sign P-card transaction log and forward to Finance Department within 10 days of statement closing date or date assigned by Finance Director.
- ✓ Notify Finance Director of change of cardholder status and any penalties.
- ✓ Comply with all purchasing and P-card policies and procedures.

Finance Department

- ✓ Process authorized card requests and card strategy changes.
- ✓ Coordinate issuance and cancellation of cards.
- ✓ Arrange cardholder training for cardholders.
- ✓ Notify Financial Institution of terminated employees and return canceled card.

Accounts Payable

- ✓ Receive electronic transaction log with original receipts and signed transaction log from Cardholders for balancing with LBVSD's summary statement.
- ✓ Check to make certain sales tax is charged only when appropriate.
- ✓ Balance transaction log with cardholder's activity reports for the same period.
- ✓ Handle disputed items that cardholder is unable to resolve.
- ✓ Create and maintain cardholder hierarchy for control and reporting purposes.
- ✓ Maintain policy and cardholder guides/manuals.
- ✓ Audit monthly reports for compliance to P-card program policies and procedures.
- ✓ Provide cardholders all relative information regarding card-use policy and procedures.
- ✓ Journal entries as required.
- ✓ File and store statements, receipts, etc.
- ✓ Notify the Finance Director of any violations or discrepancies.
- ✓ Coordinate payment to Bank.
- ✓ Process into Accounting Software for payment to Financial Institution.

Financial Institution Responsibilities

Responsibilities will include all activities related to the underwriting, promotion, issuance and servicing of the P-card.



Data processing services necessary to support authorization, posting, settlement, billing, mailing, and card embossing.

Reporting and automated cost allocation functionality. Standard management reports as well as a file extract tool for ad-hoc reporting.

Process reported lost, stolen, canceled or reassigned cards as reported to them by the Finance Director. Assist in processing errors and disputes with suppliers as necessary. Routinely produce and transmit reports and/or transaction files to Little Blue Valley Sewer District.

Pays merchants within three (3) days of your business transaction, once the transaction has been posted by the vendor. The transactions charged to your P-card are billed directly to the District, even though the name of the cardholder is on the card.

Note: Cardholders may contact Finance Department for the Financial Institution's current customer service phone number.



OBTAINING A CARD AND ORDERING PROCESS

1. Requesting Your Purchasing Card

To secure a P-card, person must be a permanent employee of the District and have delegation of authority or, in other words, be authorized to purchase goods, materials and services on behalf of the District.

Complete the P-card Cardholder Action Request form. The Department Director/Manager will determine the dollar amount and types of commodities and services; as well as travel expenditures the employee will be authorized to purchase. This form will be sent to the Finance Department, who will then process and forward the request to the Financial Institution. Upon receipt of the card from the bank, employee will be scheduled for training. **Once training is completed**, cardholder will sign the Little Blue Valley Sewer District Purchasing Card Cardholder Agreement, then receive and sign their P-card.

Cardholder shall keep the card in a secure place. Although the card is in their name, it is the property of the District and is only to be used for District purchases as defined in this manual.

2. Obtaining a P-card

- ✓ Department Directors/Managers will determine and authorize which employees will be issued a P-card and notify Finance.
- ✓ Finance will order the P-card from the bank.
- ✓ Finance trains employee on P-card use and on P-card reconciliation.
- ✓ Prior to receiving a P-card, employees must read all instructions and guidelines carefully. Employee's signature on the cardholder agreement indicates that you understand the intent of the program and agree to adhere to the established guidelines.
- ✓ Finance will issue the P-card once employee has signed the cardholder agreement form and after completion of training program.

3. Limitations on use of P-card:

Cardholder Use Only: Only the employee whose name is embossed on the card may use the P-card. No other individual is authorized to use the card.

District Purchases Only: The P-card is to be used for District authorized purchases only. The P-card cannot be used for any personal use and any such use *shall require immediate reimbursement*. It is understood that exceptions can occur, and these will be judged on a case-by-case basis as to any disciplinary action.



4. **Dollar Limitations**

The Department Director/Manager approving the assignment of a purchasing card shall set single purchase limits, as well as monthly limits. ***Requests for spending limit changes must be approved by the Department Director/Manager and by Finance Director.***

Multiple items may be purchased but in no event can a purchase exceed the maximum purchase limits as established by the Department Director/Manager. **Payment for purchases must not be split to stay within the single purchase limit. Deliberately splitting a purchase to circumvent these procedures may result in suspension or revocation of your P-card.**

All items purchased over the counter must be immediately available – no backordering is allowed. Your P-card should not be charged until the merchandise or service is received.

All items purchased via telephone, FAX transaction, or Internet order must be delivered in a single delivery. If an item is not immediately available, the purchase should not be charged against your P-card until the item has been shipped to you.

Any rebates, coupons received by the cardholder must be turned in to the Finance Department.

- ✓ Department Directors/Managers and the Finance Department will determine the cardholder's authorized expenditure limits within the established dollar limits of the P-card program.
- ✓ No individual transaction, including shipping and handling, may exceed the cardholder's authorized expenditure limits.
- ✓ Purchases must be for the use and benefit of the District.

NO PERSONAL PURCHASES ARE ALLOWED. All purchases for commodities and services that are not prevailing wage for which District agreements or contracts are in place must be made from the contract suppliers.

Allowable Purchase on P-card:

- ✓ The following is a list of most common allowable usage of the P-card.
- ✓ Miscellaneous maintenance and repair requirements
- ✓ Small tools and hardware
- ✓ Catering and food for business use itemized receipts must indicate what the food was used for and who attended the meeting or function
- ✓ Office Supplies
- ✓ Education, such as local registration for classes, conference, seminars, etc.
- ✓ Subscriptions, books, videos



- ✓ Memberships
- ✓ P-Card can be used for meals related to travel as approved by the Manager/Director and in accordance with published guidelines.

5. Placing an Order

When making a P-card purchase, be prepared to provide the following:

1. Your name
2. Your card number
3. Card expiration date
4. Tax exempt certificate form

Ask the vendor to provide a detailed itemized receipt/packing list that includes product description, price, and freight/delivery charges. (The charge slips, and itemized receipts are required for the transaction log reconciliation).

If goods and materials are ordered by phone, ask the vendor to include a detailed sales receipt in the package and explain the District is a sales tax-exempt organization. Save the P-card receipt and shipping documents for the transaction log.

Cardholders must inform the vendor that the District is tax-exempt before the order is processed. Check your receipt before leaving the cashier area to ensure that tax has not been added to your purchase.

➤ *Tips for Purchasing on the Internet:*

When purchasing a service or product online with a P-card, you should do the following:

- ✓ Always print off the confirmation of the order.
- ✓ Make sure that you are fully informed as to all the charges associated with making an online purchase. Shipping and handling, plus other special or hidden fees can greatly increase the cost of your purchase. Note the expected delivery time and determine whether the vendor's delivery schedule fits your needs.
- ✓ **Read the online vendor's refund/return and customer privacy policies.** Learn the terms of business practiced by an online vendor. Beware of online merchants who do not prominently display refund/return or privacy policies.
- ✓ Look for addresses that start with "https:." Never enter your credit card number on a web page that does not have "https:." at the beginning of the web page address. The "https:." in the URL (web address) means that information you fill out in an ordering form will be transmitted over an encrypted, secure connection to the vendor.
- ✓ Look for the security alert and the lock icon when making online purchases. Using Internet Explorer, you will get a pop up "security alert" when you connect with a secure server. The message will read something like "You are about to view pages over a secure connection." If you continue by clicking "OK" on the pop-up window,



you will be connected to a secure server. At this point, you should see a lock icon in the bottom right portion of your web browser window. The security alert and the lock icon are signs that you have in fact connected with a website using an encrypted, secure connection.

- ✓ Guard your personal information. Don't provide any non-essential information online.
- ✓ Find out where a company is physically located so that you can check on its reliability through other verifying sources, such as the Better Business Bureau. Most reputable companies will offer an alternate means (retail outlets, mail orders, phone orders, etc.) of purchasing their products or services. Beware of online retailers that fail to list detailed contact information. An effective way to discover the location of a website's ownership is to use the "WHO IS Lookup" feature at Network Solutions. Type in the web domain of the company in question at <http://www.networksolutions.com/egibin.whois.whois>.
- ✓ Never reuse the same passwords for multiple e-commerce accounts. If your web browser asks you if you want to "remember" your password so that you don't have to enter it in future visit to an online store, decline the offer.
- ✓ Before you punch the "Order Now" or "Place Order" button, do a **"Print Screen" of the items you are purchasing.** Make sure quantities, unit prices and totals are shown. This can serve as a receipt should the order confirmation not be itemized.
- ✓ Know that unsolicited e-mail violates computer etiquette and is often used by con artists. Offers you receive through junk e-mail are often typed in all capital letters and are designed to appeal to people who are easily fooled by flashy messages and exaggerated claims.
- ✓ Unless you are familiar with the online business, do not respond to unsolicited e-mail messages offering services or products through online credit card sales.
- ✓ Look for seals or other symbols that identify a vendor as being a member of an online reliability, privacy, or secure site protection group. Organizations that sponsor these types of seals include BBB online (www.bbonline.org), ePublicEye.com, Secure Assure (www.secureassure.org), Versign (www.versign.com), and TRUSTe (www.truste.com). Verify that the vendor is in fact a member of the seal program by visiting the site that issues the seal and looking up the vendor's name and /or Web address.

6. **Receiving and Return Process**

Receiving Materials

When you make a purchase at a store, you will receive the goods and obtain the itemized receipt at the time of purchase. Goods ordered by phone, fax, mail, or Internet will be received in the mail or by freight carrier.

Every purchase must be documented with a receipt which will typically be a standard store receipt. If you are having a purchase shipped to you, request an invoice (marked paid) in addition to the packing slip to have an adequate receipt that includes total costs. Under



certain circumstances, such as magazine subscriptions, membership applications and conference registrations, copies of the order forms will be acceptable as receipts. If ordering on the Internet, print a copy of the final confirmation before you leave the website.

You should keep the charge slip attached to the receipt for each transaction. Keep all receipts for use in reconciliation of your transaction log with your P-card Transaction Log / Statement. All receipts must contain the following information:

- ✓ Date the purchase was made
- ✓ Vendor identification (name)
- ✓ Itemized description of items purchased, including quantity per item cost
- ✓ Total cost
- ✓ Cardholder identification (card account number or your name)

7. **Returns, Credits, Rejected Merchandise**

The cardholder is responsible for making all arrangements associated with P-card returns. Cardholders are expected to follow up until the appropriate credit is issued against their P-card. To arrange a return:

- ✓ Notify supplier you are returning items that were purchased with the P-card. (Many suppliers will not accept returns without prior return authorization.)
- ✓ Ask the supplier to credit your P-card for the return. **Never accept cash for a P-card return.**
- ✓ Ask supplier for a credit receipt. A credit receipt will need to be turned in with your transaction log.
- ✓ Follow supplier's packaging and labeling instructions.
- ✓ Complete appropriate documentation of shipment.

8. **Tax Exempt Information**

All purchases made with this card are Sales Tax Exempt under 12551937.

- ✓ **Cardholder must inform vendors the District is tax exempt before order is processed.**
- ✓ The tax-exempt information is printed on the face of the P-card.
- ✓ If the vendor requests a tax certificate as proof of tax-exempt status, contact Finance Department. A certificate will be faxed to them after the request is made, or the cardholder can carry a copy of the tax-exempt certificate form and give to the vendor.
- ✓ Before leaving the cashier area, cardholder should review the receipt to verify they have been charged the correct prices and that sales tax was not charged. If the receipt is not correct, the cardholder is responsible for correcting the transaction including the recovery of overcharges and incorrectly charged sales tax. If this doesn't occur in the same billing cycle, cardholder must note so on the receipt.
- ✓ Some vendors may require that sales tax exempt purchases be processed at their customer service desk.



9. Card Security

The cardholder is responsible for the security of their P-card and the transactions made against it. Carefully guard it and use it responsibly. To prevent unauthorized use:

- ✓ Safeguard cards and card numbers. Do not post card numbers at your desk or write it in any place that is easily accessible to others. Never put a card number on a postcard or on the outside of an envelope
- ✓ Prohibit others from using your P-card. No other person is authorized to use the card. The **ONLY** person entitled to use the P-card is the **CARDHOLDER** whose name appears on the face of the card. **DO NOT LEND YOUR CARD** to another person for use.
- ✓ Sign P-card with your name.
- ✓ Card is not for personal use.
- ✓ Use of the card not in accordance with these established guidelines may result in personal liability.
- ✓ Do not sign any blank receipts.
- ✓ Never give your card number over the telephone, unless dealing with a company you know is legitimate.

The following information is printed on the back of each P-card:

“Authorized user of this card is responsible for the protection and proper use of this card. This card is the property of the Financial Institution and must be surrendered upon demand. Use of this card constitutes acceptance of and is governed by the terms and conditions of the Cardholder Agreement as amended from time to time. Unauthorized or inappropriate use may constitute a criminal offense.”

10. Lost or Stolen Card Reporting

IMMEDIATELY REPORT LOST OR STOLEN CARDS USING THE FOLLOWING PROCEDURE. The District is liable for all charges incurred before the card is reported lost or stolen to the Financial Institution.

- ✓ **Immediately call the Financial Institution.** Record the name of the person you spoke to, and the time and date the loss/theft is reported.
- ✓ Inform your Department Manager/Director and Finance Department of a lost or stolen P-card.
- ✓ There is no personal liability on the card unless the cardholder violates the terms of card use set forth herein or as specified in the Cardholder’s Agreement.



11. Changes to Cardholder Information

Notify your Department Manager/Director to advise of name changes. The Department Manager/Director should then forward the information to Finance, who will then make the appropriate changes to the account.

12. Canceling a P-Card

To cancel a card, the Department Manager/Director needs to e-mail the cancellation request to the Finance Department, and then cut the card in half. Finance will cancel the account with the Financial Institution.

13. Cardholder Transfer

P-cards will be canceled upon the transfer of a cardholder to a new department. The P-card may be reissued at the discretion of the new Department Manager or Director.



RESTRICTIONS, VIOLATIONS AND PENALTIES

Certain places of business and commodities are considered unauthorized for using the P-card. If a business accepts VISA but your transaction is rejected it is because the item, you are attempting to purchase, or the place of business has a restricted code setup within the District's P-card program. Contact Finance to discuss the restriction.

1. **Examples of Unauthorized Purchases:**

- ✓ Alcoholic beverages
- ✓ Ammunition
- ✓ Cash advances, cash refunds, cash in addition to purchase, cash in lieu of credit for the return or exchange of a purchase.
- ✓ Various computer hardware or software items (Cardholder to check with the IS Department prior to using a P-card for these types of items)
- ✓ Controlled substances
- ✓ Donations of any kind
- ✓ Gasoline (can only be purchased with a P-card in the event of an emergency)
- ✓ Lease payments
- ✓ Personal or non-business purchases i.e. phone calls
- ✓ "Split" Purchases – occur when single purchases costing more than the cardholder's single, purchasing limit is split into multiple P-card transactions to circumvent the limit.
- ✓ Telephone charges and installation including cell phone charges
- ✓ Utility payments
- ✓ Any service involving prevailing wage cannot be paid with a P-card.
- ✓ Consulting and professional services

2. **Exclusions by Merchant Category Code (MCC)**

MCC is a numeric 4-digit code VISA assigns to each vendor to identify the vendor's primary product or service. Specific MCC's are excluded from use on all District P-cards. These exclusions will cause a transaction to be declined at vendors registered with these codes such as. 1) access to cash such as banks, ATMs, casinos and lotteries; 2) utilities such as cable or telephone services; 3) personal service providers such as barber and beauty studios, health spas, and carpet cleaners; and 4) amusement and entertainment vendors, such as theaters, bowling alleys and arcades.

Exceptions to these restrictions: If a vendor accepts VISA but your transaction is rejected, and you believe the purchase should be allowed, call Finance Department to check the vendor's MCC code. Some vendors have codes that don't necessarily make sense, e.g. a plumbing parts and supply wholesale/retail vendor may register as a "contractor."



3. Other Violations

It is the responsibility of the ordering department to ensure all “extra” charges such as freight, handling, set-up, delivery, etc., are considered before a purchasing card transaction is made. A vendor’s willingness to honor a purchasing card transaction exceeding the cardholder’s single transaction limit does not authorize the cardholder to make such purchases.

Purchases from vendors that create conflicts of interest, such as companies owned by the District employee or relatives, or where the employee has or will gain or benefit directly or indirectly from the purchase is strictly prohibited.

A Lost Receipt Form is available in case of a lost receipt. However, excessive use of affidavits in lieu of actual receipts, or not submitting your monthly statements in a timely manner, may be cause for revocation of your P-card.

4. Penalties

The District P-cardholders are responsible and accountable to the District for all purchases made with the purchasing card and they must adhere to all District policies regarding its use. All purchasing card purchases shall be for official business of the District. Any District employee who fails to use the purchasing card properly or abuses the use of the purchasing card shall be subject to cardholder penalties, listed herein and may be subject to personnel disciplinary action, up to and including termination of employment. The District will seek restitution for any inappropriate purchases made with the card. All cases of misuse or abuse of the P-card must be documented by the Department Manager/Director and forwarded to the Finance Department in writing for action.

5. Cardholder Violations

When policy violations by a cardholder are identified during the Department Manager/Director review of the monthly transactions, the following process shall be followed:

- ✓ Notify Finance of any penalties.
- ✓ If a single abuse occurs by a Cardholder, provide the information to Finance who will after determination issue a written warning letter to the Cardholder.
- ✓ In the second instance of abuse, the card shall be suspended for at least three (3) billing cycles.
- ✓ If problems continue after the card is reinstated; the card shall be canceled up to one year.
- ✓ A Department Manager/Director can recommend skipping all the foregoing steps if the incident is severe enough and suspend the card permanently.



- ✓ When warnings are issued the Cardholder, Department Manager/Director and Finance will be notified.

6. **Department Violations**

Departments are responsible to ensure that all P-card accounting documents are submitted to Accounts Payable. Those departments that fail to provide do so in a timely matter shall have the following penalties imposed on those occurrences:

- ✓ When the transaction log is not forwarded to Accounts Payable within 10 days of receipt or date assigned by Finance Director.
- ✓ Repeated Cardholder abuse and/or departmental abuse.
- ✓ Consistently failing to provide proper documentation.
- ✓ Failure to provide proper signatures.

Departmental penalties are as follows:

- A. First occurrence, a warning will be issued to the Department Manager to provide the documentation as required.
- B. Second occurrence, Department Manager/Director will be contacted and cards for the entire department may be suspended for at least two (2) billing cycles.
- C. Third occurrence, the cards for the entire department may be suspended for at least one (1) year.



DOCUMENTATION AND RECONCILIATION

Record keeping is essential to ensure the success of the program. Standard payment policies require retention of receipts and other documentation.

When making a purchase via the Internet, the vendor will provide you with a confirmation or email with details of your order. If not provided by the vendor via e-mail or fax, PRINT SCREEN before exiting the website. This should be used as your receipt. All receipts are to be entered on the transaction log and attached in the order in which they are listed on the log.

Itemized Receipts and Documentation

Cardholders must retain sales slips, cash register receipts, void receipts, order forms packing slips and receiving documents etc. for cardholder transaction log/statement. (Excel log)

Missing Documentation

If for some reason the Cardholder does not have documentation of the transaction to send with the transaction log, the Cardholder must use the Lost Receipt Form, which will provide all pertinent information regarding that purchase. Continued incidents of missing documentation may result in the cancellation of the employee's P-card.

Statement Reconciliation

Transactions charged to your account must be reconciled and submitted to Department Manager. Accounts Payable will electronically forward your monthly statement / transaction log to you or a department representative approximately the 17th of each month. Accounts Payable will indicate the date on which the signed paper transaction logs, itemized receipts, and electronic logs need to be returned to Accounts Payable.

If no date is indicated, the logs are due back to Accounts Payable within 10 days of the closing date on the transaction log. The Department Managers/Directors will review monthly statements considering the following:

- ✓ Review for correct signatures. (Signatures of cardholders will be on file in the department.) Transaction tickets signed in a name that is different from the cardholders should be followed up. Use of the card by someone other than the cardholder is prohibited.
- ✓ Review for correct general ledger account number coding.
- ✓ Review the description field has been completed.
- ✓ Itemized receipts are attached documenting the detail of items purchased. In cases where a signed copy of the transaction ticket is provided, that ticket should also be attached.
- ✓ Determine that purchases are only for items that are for the use of the District.
- ✓ Determine that the Transaction Log is signed by the cardholder and an authorized signature.
- ✓ Review the statement for possible split transactions. Investigate transactions to determine if the cardholder was attempting to circumvent their established limits.



- ✓ Review the transaction logs for single transactions that are over the authorized limit of the cardholder. Investigate circumstances to determine if any transactions should be charged back to the cardholder.
- ✓ Review the statement for transactions that were processed by vendors that are not authorized for the cardholder.
- ✓ Determine that amounts are reasonable for items purchased and contract pricing was given when applicable.
- ✓ Determine that the use of substitute receipts is not excessive and signed by the employee and Department Manager.
- ✓ Determine that the District's tax exemption was honored. If a receipt is discovered to have tax, make sure a credit is being processed and note on the receipt.
- ✓ Ensure that errors and disputes from the prior month have been corrected and included on the monthly transaction log.
- ✓ Ensure that the paper or electronic logs have been forwarded to Accounts Payable by the due date.

NOTE: If you have a receipt or credit that does not appear on your monthly cardholder's statement, please hold it until you receive your next monthly statement. It will happen that a purchase will not show up on your activity report for the month the transaction is made because the vendor may process the transaction several days after the actual purchase. Advise your Department Manager/Director if the charge is not recorded the following month.

IF YOU KNOW THAT YOU WILL BE ON VACATION OR OFF-SHIFT AROUND THE TIME THE STATEMENTS WILL BE DUE, LEAVE YOUR LOGS AND RECEIPTS WITH YOUR DEPARTMENT MANAGER/DIRECTOR BEFORE YOU LEAVE SO THAT YOUR STATEMENT CAN BE PROCESSED IN A TIMELY MANNER.

ERRORS & DISPUTES

When charges on your transaction log appear to be incorrect:

- ✓ Cardholder is to immediately try to resolve the dispute with the vendor. It is desirable that disputed items be resolved immediately and should appear on the next billing cycle.
- ✓ If Cardholder is unable to resolve the dispute with the vendor, immediately notify the Department Manager.
- ✓ If you are still unable to reach an acceptable solution, contact the Finance Department. Provide names and dates of persons contacted, copies of correspondence, and other documentation associated with your attempts to resolve the dispute.
- ✓ Cardholder is to fill out the Cardholder Dispute Form.
- ✓ Send Dispute Form to Finance Department.
- ✓ **Must note disputed items on the transaction log, including reason and action taken.**

NOTE: DO NOT HOLD THE RECONCILIATION UNTIL DISPUTE IS RESOLVED. ALL ITEMS ON THE TRANSACTION LOG ARE TO BE PAID BEFORE THE STATEMENT DUE DATE.



APPENDIX E - June 12, 2019

MANAGEMENT OF DISTRICT INVESTMENTS AND CERTAIN DISTRICT FUNDS

General

Little Blue Valley Sewer District (LBVSD) and its Middle Big Creek Sewer Subdistrict (MBC) collectively form the District. LBVSD and MBC are operated as independent cost centers. Financial reporting is performed on a District level (combined data) plus on an individual cost center basis, with each cost center also having its own individual budget, rates, personnel, permitting and governance structure. The Little Blue Valley Sewer District Board of Trustees has full oversight of both cost centers and keeps the advisory boards (Mayors Advisory Board and Middle Big Creek Sewer Subdistrict Advisory Board) informed about planning and operations of the District. The advisory boards similarly make recommendations regarding construction and operation of their respective sewers and facilities as they deem advisable.

Once annual budgets are recommended for approval and adopted, the Board of Trustees, through the District's administration, has authority, with broad latitude, to carry out that fiscal year's plans and operations. Annual budgets, revenues and expenditures are generally administered through the separate Revenue Funds of LBVSD and MBC. The District has also created special purpose funds to satisfy bond covenant requirements, manage asset condition, construct capital improvements, provide operating capital/reserves and follow generally accepted accounting standards. Certain funds are categorized as restricted funds, in that the use of such fund balances must comply with stated fund purposes and be specifically authorized by a resolution approved by the Board of Trustees.

This policy document identifies recommended investment practices and establishes guidance for certain District fund accounts. The investment practices provide a general framework for investment of the District's public funds. The guidance for certain District funds reinforces compliance with bond covenants and promotes consistency of fund purposes. As appropriate, this policy document shall name funds in accordance with bond covenants, identify a target minimum fund balance and define intended uses of fund balances. In the event of a discrepancy between this policy and a bond covenant provision (current or future), the bond covenant shall take precedence.

District Investment Practices

District investment practices shall generally comply with the suggested model investment policy of the Missouri State Treasurer. Specific bond covenant requirements or other formal agreements relating to use of the District's finances shall take precedence over this policy. Except where prohibited, the District will consolidate cash balances from all funds to maximize investment earnings. Investment income will be allocated to the various funds based on their respective participation and in accordance with generally accepted accounting principles.

The investment objectives, in priority order shall be: 1-safety, 2-liquidity, and 3-yield.

1. Safety of principal preserves capital by mitigating credit and interest rate risk.



- ✓ Credit risk is minimized by prequalifying the financial institutions, broker/dealers, intermediaries and advisors with which the [entity] will do business and by diversifying the portfolio.
 - ✓ Interest rate risk is minimized by investing surplus operating capital in shorter-term securities, while designing the portfolio (amounts and maturity dates) to meet operating cash needs without premature redemptions.
2. Liquidity of funds is achieved by anticipating operating capital requirements. Portfolios are then structured such that there is static liquidity (security maturity coincides with cash needs). Since cash needs cannot be exactly determined a portion of the portfolio will have securities with dynamic liquidity (active resale or secondary markets). As appropriate a portion of such funds may also be placed in short-term securities (bank deposits and repurchase agreements) for same-day access.
 3. Yield from the portfolio seeks a competitive rate of return under prevailing economic conditions while managing risk and sustaining liquidity. Safety and liquidity take precedence over return. Early redemption of a security shall only be considered when the investment creditworthiness has declined threatening principal, alternate securities improve quality/yield/maturity date or District liquidity needs necessitate the early sale.

The standards of care shall include prudence, ethical conduct and delegation. Prudence is defined by the “prudent investor rule” which requires use of judgement and care, under currently prevailing circumstances, which a prudent, intelligent and discriminating individual would exercise on their own affairs without speculation, but for investment which balances preservation of capital with derived income. District officers and employees handling the investment activities shall be ethical in conduct and avoid conflicts of interest, ensuring impartiality, full disclosure of material interests and not use the same institutional investment resources for their personal and public investment activities.

Primary authority for the investment program is granted to the Finance Director, who shall act in accordance with laws, procedures, internal controls, District Policy and Board of Trustees directives. Such primary authority includes accountability for and compliance with proper instructions from the Executive Director and its designees. The Finance Director, and designees, shall be responsible for such matters as: safekeeping, delivery vs. payment, repurchase agreement arrangements, wire transfer agreements, collateral/depository agreements, a proper system of controls, checks & balances, proper recording of investments in financial records, accurate/timely reporting and other assigned items.

Investment transactions shall only be conducted with creditworthy brokers, dealers, financial institutions and other entities specifically approved by the Board of Trustees, such as the Missouri Securities Investment Program (MOSIP).



The Finance Director shall establish written internal controls for investments and related records that protect the District from loss, theft or misuse of the public funds. Such controls shall be periodically reviewed and attested by the District’s independent auditor and investment records shall also be reviewed by the independent auditor to reasonably confirm their accuracy. The cost of controls should be balanced against the expected realized benefits to ensure that the resulting efforts are in the District’s best interests. Controls may focus upon such items as: collusion, separation of transaction and recording activities, safekeeping, clear delegation and written confirmation procedures for transactions/wire transfers.

Investments shall be made only in securities that meet current Missouri Statute criteria and comply with outstanding bond issue investment requirements. These securities may include: United States Treasury Securities, United States Agency Securities, repurchase agreements, collateralized public deposits, certificates of deposit, banker’s acceptances and commercial paper and other approved securities as approved by the Board of Trustees. The priority of investment objectives shall govern which types of securities are utilized, recognizing that safety is the foremost priority.

Investments shall be diversified, to such extent as current economic conditions warrant, with the following general guidance being provided for apportioning the District’s investments:

<u>Type of Investment</u>	<u>Maximum Percentage of Total</u>
US Treasuries and Securities	100%
Collateralized Time and Demand Deposits	100%
US Government Agencies	70%
Collateralized Repurchase Agreements	50%
US Government Callable Securities	50%
Qualified Commercial Paper	25%

Investment maturities will be matched with anticipated cash flow requirements to maximize returns while minimizing early withdrawal penalties and/or interest rate risk. Maturity date limitations are not defined and should be distributed across the year to provide regular access to maturing investment balances should there be cash flow shortfalls. With LBVSD revenues being billed at the end of each quarter, and MBC revenues being similarly billed at the end of each month, revenues lag expenditures, necessitating operating capital. Investment maturity dates need to be integrated with the income patterns. Certain reserve fund investments may be long-term in nature as such funds are held as security cannot be used for cash flow purposes.

The Finance Director shall provide financial reports to the Board of Trustees at each regular meeting detailing revenues, expenditures, investments and active contract status. The recurring expenses report shall include exception reporting in that the percent



revenue/expense shall be compared with the percentage of budget year to identify overages and underruns. Such exception reporting is not to be considered as an absolute indicator, as revenues and expenditures are not linear.

LBVSD FUNDS

LBVSD funds covered by this policy include the Revenue Fund, Operation & Maintenance Fund, Operating Reserve Fund, Rehabilitation and Replacement Fund and the Capital Improvements Fund. Additional funds may be established and eliminated as necessary for the proper financial management of the District and to comply with other financial requirements such as bond covenants. The Revenue Fund and the Operation and Maintenance Fund are not restricted accounts; whereas, the Operating Reserve Fund, Rehabilitation and Replacement Fund and Capital Replacement Funds are restricted funds. The District's administration shall have the authority to move restricted and unrestricted fund balances into and out of investments to maximize returns. The following funds are established for LBVSD:

Revenue Fund: This fund shall be used to receive LBVSD revenues. In general, the amounts deposited in said account shall be transferred to other accounts to cover current liabilities, to meet required regular monthly payments (i.e. 1/12th of required annual payment such as the Debt Service Funds) or shall be used to meet cash flow requirements of other accounts. All surplus balance in the Revenue Fund, as determined by the Finance Director, shall be placed in appropriate investments.

Operation and Maintenance Fund: This fund shall be used to pay recurring operating and maintenance costs. In general, the amounts deposited in said account shall be secured from the Revenue Fund and shall be used to pay current liabilities or may be used to meet cash flow requirements of other accounts. The surplus balance in the Operation and Maintenance Fund, as determined by the Finance Director, shall be placed in appropriate investments.

Rehabilitation and Replacement Fund: This restricted fund shall contain reserve funds, as per the bond covenants that may be used for the stated purposes of "solely to pay the costs of unusual or extraordinary replacements and repairs of major items in and to the System as may be necessary to keep said System in good repair and working order and to assure the continued and effective operation thereof". The minimum balance in this account is to be \$1,000,000. Use of accumulated funds in this account, over and above the minimum balance of \$1,000,000 may be used "as determined by the District to make any necessary repairs and replacements to the System". No funds in the Rehabilitation and Replacement account shall be used for the purposes of extending or enlarging the system. Annual contributions to the Rehabilitation and Replacement Fund shall be set forth in the approved annual budget, with monthly (1/12th of total) being paid into the account from the District's



revenues. When deemed appropriate, the Board of Trustees may by an approved Resolution authorize supplemental contributions to said fund. Being a restricted fund, the uses of fund balances must comply with stated fund purposes and be specifically authorized by a resolution approved by the Board of Trustees.

Capital Improvements Fund: This restricted fund shall contain reserve funds, as per the bond covenants that may be used for the stated purposes of “pay the estimated cost of capital projects (to the extent authorized from time to time) for the extension, enlargement, improvement or replacement of the System”. The minimum balance in this account is targeted at \$250,000. In general, accumulated funds in this account shall be used to upgrade, expand, increase capacity and otherwise expand the capacity and function of the System. Nothing herein shall preclude the use of these funds for other legitimate capital improvement activities including ancillary costs and services (i.e. professional services associated with a capital project, legal services, easements, land surveys, real property acquisition, feasibility studies, etc.). No funds in the Capital Improvements Fund shall be used to pay recurring operation and maintenance costs. Annual contributions to the Capital Improvements Fund shall be set forth in the approved annual budget, with monthly (1/12th of total) being paid into the account from the District’s revenues. When deemed appropriate, the Board of Trustees may by an approved Resolution authorize supplemental contributions to said fund. Being a restricted fund, the uses of fund balances must comply with stated fund purposes and be specifically authorized by a resolution approved by the Board of Trustees.

Operating Reserve Fund: This restricted fund shall contain accumulated retained earnings from the operation of LBVSD. In general, the amounts deposited in said account shall be the net cash flow from each fiscal year’s operations, said amounts being determined from that fiscal year’s audit. Unless there are other explicit designated uses of a fiscal year’s retained earnings by the Board of Trustees, this transfer shall be handled by the District Administration. The Operating Reserve Fund balance may be used for any purpose including capital improvement, equipment replacement, operation and maintenance costs and debt service. Being a restricted fund, the uses of fund balances must be specifically authorized by a resolution approved by the Board of Trustees.

MBC FUNDS

MBC funds covered by this policy include the Revenue Fund, Operation & Maintenance Fund, Emergency Repair Fund and the Capital Account Fund. Additional funds may be established and eliminated as necessary for the proper financial management of the Subdistrict and to comply with other financial requirements such as bond covenants. The Revenue Fund and the Operation and Maintenance Fund are not restricted accounts; whereas, the Emergency Repair and Capital Account Funds are restricted funds. The District’s administration shall have the authority to move restricted and unrestricted fund



balances into and out of investments to maximize returns. The following funds are established for MBC:

Revenue Fund: This fund shall be used to receive MBC revenues. In general, the amounts deposited in said account shall be transferred to other accounts to cover current liabilities, to meet required regular monthly payments (i.e. 1/12th of required annual payment such as the Debt Service Funds) or shall be used to meet cash flow requirements of other accounts. The surplus balance in the Revenue Fund, as determined by the Finance Director, shall be placed in appropriate investments.

Operation and Maintenance Fund: This fund shall be used to pay recurring operating and maintenance costs. In general, the amounts deposited in said account shall be secured from the Revenue Fund and shall be used to pay current liabilities or may be used to meet cash flow requirements of other accounts. The surplus balance in the Operation and Maintenance Fund, as determined by the Finance Director, shall be placed in appropriate investments.

Emergency Fund: This restricted fund shall contain reserve funds, as per the bond covenants that may be used for the stated purposes of “making replacements and repairs to the System in order to keep the system in good repair & working order and to assure the continued effective and efficient operation of the System”. The targeted minimum balance in this account is to be \$200,000. Annual contributions to the Emergency Repair Fund shall be set forth in the approved annual budget, with monthly (1/12th of total) being paid into the account from the Subdistrict’s revenues. When deemed appropriate, the Board of Trustees may by an approved Resolution authorize supplemental contributions to said fund. Being a restricted fund, the uses of fund balances must comply with stated fund purposes and be specifically authorized by a resolution approved by the Board of Trustees.

Capital Account Fund: This restricted fund shall contain reserve funds, as per the bond covenants that may be used for the stated purposes of “pay the estimated cost of capital projects (to the extent authorized from time to time) for the extension, enlargement, improvement or replacement of the System”. The minimum balance in this account is targeted at \$150,000. In general, accumulated funds in this account shall be used to upgrade, expand, increase capacity and otherwise expand the capacity and function of the System. Nothing herein shall preclude the use of these funds for other legitimate capital improvement activities including ancillary costs and services (i.e. professional services associated with a capital project, legal services, easements, land surveys, real property acquisition, feasibility studies, etc.). No funds in the Capital Account Fund should be used to pay recurring operation and maintenance costs. Annual contributions to the Capital Improvements Fund shall be set forth in the approved annual budget, with monthly (1/12th of total) being paid into the account from the Subdistrict’s revenues. When deemed appropriate, the Board of Trustees may by an approved Resolution authorize supplemental



contributions to said fund. Being a restricted fund, the uses of fund balances must comply with stated fund purposes and be specifically authorized by a resolution approved by the Board of Trustees.

LBVSD & MBC FUNDS

Due to the commonality of governance and purpose, the Finance Director shall have broad latitude regarding the management of investments, the pooling of LBVSD and MBC funds to efficiently manage cash flows and other matters relative to the financial management of these enterprise funds. While there may be temporary sharing of funds to address unforeseen cash flow needs, the accounting entries shall maintain the independent financial integrity of both cost centers and shall avoid any material cross-subsidies. While there are statements regarding the permitted uses of restricted funds, there are special provisions in the bond covenants which do allow alternate uses when necessary.