



AGENDA

**WORKSHOP/MEETING
OF THE
BOARD OF DIRECTORS**

**WEDNESDAY, AUGUST 7, 2019
10:00 A.M.**

**INLAND EMPIRE UTILITIES AGENCY*
AGENCY HEADQUARTERS
BOARD ROOM
6075 KIMBALL AVENUE
CHINO, CALIFORNIA 91708**

**CALL TO ORDER
OF THE INLAND EMPIRE UTILITIES AGENCY BOARD OF DIRECTORS
WORKSHOP/MEETING**

FLAG SALUTE

PUBLIC COMMENT

Members of the public may address the Board on any item that is within the jurisdiction of the Board; however, no action may be taken on any item not appearing on the agenda unless the action is otherwise authorized by Subdivision (b) of Section 54954.2 of the Government Code. Those persons wishing to address the Board on any matter, whether or not it appears on the agenda, are requested to complete and submit to the Board Secretary a "Request to Speak" form which is available on the table in the Board Room. Comments will be limited to three minutes per speaker. Thank you.

ADDITIONS TO THE AGENDA

In accordance with Section 54954.2 of the Government Code (Brown Act), additions to the agenda require two-thirds vote of the legislative body, or, if less than two-thirds of the members are present, a unanimous vote of those members present, that there is a need to take immediate action and that the need for action came to the attention of the local agency subsequent to the agenda being posted.

1. ACTION ITEMS

A. AMEND WIFIA LOAN APPLICATION AMOUNT

Staff recommends that the Board:

1. Maintain the RP-5 Expansion Project WIFIA loan application amount to the maximum 49 percent of total project costs allowable by the WIFIA loan program; and

2. Authorize payment of processing costs, including application submittal fee, credit rating fees, and reimbursement of credit processing fees to EPA, for a not-to-exceed amount of \$950,000.

2. **WORKSHOP**

A. **RATE STUDY UPDATE (POWERPOINT)**

B. **IEUA PROCUREMENT ORDINANCE NO. 101 (POWERPOINT)**


C. **BOARD OF DIRECTORS POLICIES WORKSHOP (POWERPOINT)**

3. **ADJOURN**

*A Municipal Water District

In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact the Board Secretary (909) 993-1736, 48 hours prior to the scheduled meeting so that the Agency can make reasonable arrangements.

Declaration of Posting

Proofed by: 

I, April Woodruff, Board Secretary of the Inland Empire Utilities Agency*, A Municipal Water District, hereby certify that a copy of this agenda has been posted by 5:30 p.m. at the Agency's main office, 6075 Kimball Avenue, Building A, Chino, CA on Thursday, August 1, 2019.


April Woodruff

**ACTION
ITEM**

1A



Date: August 7, 2019

To: The Honorable Board of Directors
Committee:

From: Shivaji Deshmukh, General Manager
SD

Executive Contact: Christina Valencia, Executive Manager of Finance & Administration/AGM

Subject: Amend WIFIA Loan Application Amount

Executive Summary:

On July 17, 2019, the Board approved the submittal of a Water Infrastructure Finance and Innovation Act (WIFIA) loan application for the RP-5 Expansion Project for a not-to-exceed loan amount of \$161,124,250. The loan amount was based on 49 percent of total project costs; the maximum portion of eligible project costs that can be funded by the WIFIA credit assistance program.

Since then, 90 percent of the project design was completed resulting in higher than anticipated construction costs of approximately \$35 million bringing total project costs to \$363,825,000. Thorough evaluation of the project specifications will continue through design completion with the objective to keep project costs as low as possible. While there may be an opportunity to reduce total project costs as design efforts proceed, staff is recommending the WIFIA loan application amount be maintained at the maximum 49 percent of total project costs allowable by the WIFIA loan program. The higher construction cost estimate increases eligible WIFIA funding to \$178,274,250. Filing of the loan application was deferred pending Board approval. If approved, the WIFIA loan application will be submitted for the maximum eligible amount.

Staff's Recommendation:

1. Maintain the RP-5 Expansion Project WIFIA loan application amount to the maximum 49 percent of total project costs allowable by the WIFIA loan program; and
2. Authorize payment of processing costs, including application submittal fee, credit rating fees, and reimbursement of credit processing fees to EPA, for a not-to-exceed amount of \$950,000.

Budget Impact Budgeted (Y/N): Y Amendment (Y/N): N Amount for Requested Approval:

Account/Project Name:

Fiscal Impact (explain if not budgeted):

Prior Board Action:

None.

Environmental Determination:

Not Applicable

Business Goal:

Leveraging low interest borrowing to is consistent with the IEUA Business Goal of Fiscal Responsibility to ensure capital projects are completed at the lowest cost to ratepayers.

Attachments:

Attachment 1 - Background

Background

Subject: Amend WIFIA Loan Application Amount

In July 2018, the Agency submitted a Letter of Interest (LOI) to the U.S. Department of Environmental Protection Agency (EPA) Water Infrastructure Finance and Innovation Act (WIFIA) credit assistance program for the RP-5 Expansion Project. Established by the Water Infrastructure Finance and Innovation Act of 2014, the WIFIA program is a federal loan and guarantee program at EPA that aims to accelerate investment in the nation's water infrastructure by providing long-term, low-cost supplemental loans to credit-worthy water and wastewater projects of national and regional significance. Similar to the Clean Water State Revolving Fund (CWSRF) loan program, WIFIA loans provide a low-cost alternative to credit-worthy borrowers by allowing repayment to be deferred a maximum of 5 years from substantial completion of the project. Based on program regulations, WIFIA loans are limited to 49 percent of total project costs and a fixed interest rate equal to or greater than the U.S. Treasury rate of a similar maturity (e.g. 30-year U.S. Treasury).

On July 17, 2019, the Board approved submittal of a WIFIA loan application for the RP-5 Expansion Project for a not-to-exceed loan amount of \$161,124,250. The loan amount was based on 49 percent of total project costs; the maximum portion of eligible project costs that can be funded by the WIFIA credit assistance program.

Since then, 90 percent of the project design was completed resulting in higher than anticipated construction costs of approximately \$35 million bringing total project costs to \$363,825,000. In addition to the WIFIA loan, the State Water Resources Control Board (SWRCB), through competitive selection process, committed \$101,530,000 in the form of a CWSRF loan for the RP-5 Expansion Project for Fiscal Year 2019/2020. The Fundable Project List was adopted by the SWRCB Board on June 18, 2019. The table below the current funding sources for the RP-5 Expansion project based on the revised total project costs.

Table 1: RP-5 Expansion Project Potential Sources of Financing

WIFIA – 49%	CWSRF – 28%	Pay-Go– 23%	Total
\$178,274,250	\$101,530,000	\$84,020,750	\$363,825,000

Staff recommends maintaining the WIFIA application amount to the maximum 49 percent of total project costs allowable by the EPA WIFIA loan program. If approved, the Agency will be required to pay an application fee of \$100,000 due at the time of filing. Upon filing of the application, the Agency agrees to reimburse EPA for any credit processing fees payable upon execution of the credit agreement, or in the event the Agency elects to withdraw from the process. Credit processing fees include legal, financing, engineering, and other services contracted by EPA to process the Agency's application. Fees can range between \$250,000 to \$700,000 depending on the complexity of the application. For the first five (5) loans issued by WIFIA, the fees ranged between \$213,000 and \$398,000. Additionally, the Agency will be required to provide EPA a preliminary credit rating on the project upon filing of the loan application and two final credit

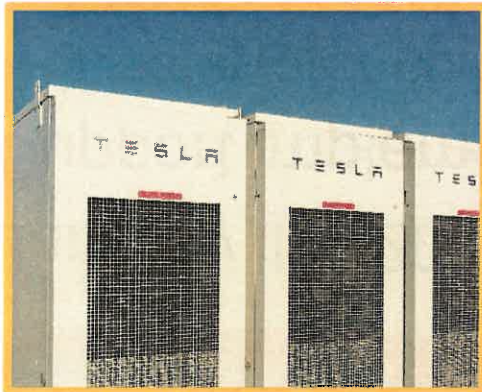
ratings prior to the execution of the loan agreement. The costs of these credit ratings are estimated at \$55,000 each, or \$165,000. Other Agency incurred costs include fees for financial and legal advisory services estimated at \$95,000. In total, fees are projected to range between \$500,000 and \$800,000.

Upon Board approval, staff will proceed with submittal of the WIFIA application. If the Agency's loan application is approved by EPA, the WIFIA loan agreement will be brought to the Board for approval.

WORKSHOP

2A

2020 Rate Study Update



2020 RATE STUDY SCOPE

- January 16, 2019, contract award to Carollo Engineers, Inc.
- Support implementation of new rates starting FY 2020/21
 - Wastewater connection fee
 - Water connection fee
 - Meter Equivalent Unit (MEU) rate
 - Equivalent Dwelling Unit (EDU) rate
 - Recycled water rates: Direct use and groundwater recharge
 - Chino Basin Program

RATE STUDY

Stakeholder Outreach

Rates	Wastewater Connection Fee	Monthly Sewer (EDU)	One Water Connection Fee	Monthly Water (MEU)	Recycled Water (Direct Use)	Recycled Water (GWR)	Chino Basin Program	
03/07/19	Workshop #1: Overview							
05/02/19	Wksh #2 Preliminary review							
05/30/19			Wksh #3: Preliminary review					
07/29/19	Technical memoranda							
08/01/19	Workshop # 4: Technical memoranda and status review							
	Need actual sewer data	Study completed						
	Complete Sewer Use Evaluation		\$1,791 per MEU	\$1.06 MEU/month				
	Index current rates 3%							
September					Preliminary review			
October					Study completed			
November							Review	



2020 Rate Study

FY 2020/21 Proposed Rates/Fees

As July 1	Wastewater Connection Fee (EDU)	Monthly Sewer (EDU)	One Water Connection Fee (MEU)	Monthly Water (MEU)	Recycled Water Direct Use (AF)	Recycled Water Recharge (AF)
FY 2019/20 Adopted	\$6,955	\$20.00	\$1,684	\$1.04	\$490	\$550
FY 2020/21 Proposed	\$7,164 3% Adjustment	\$20.60 3% Adjustment	\$1,735 3% Adjustment	\$1.06 2% Adjustment		
FY 2021/22	3% adjustment for future years				TBD 2020 Rate Study	TBD 2020 Rate Study
FY 2022/23	To be reviewed based on the sewer use evaluation results		3% adjustment for future years	2% adjustment for future years		
FY 2023/24						
FY 2024/25						

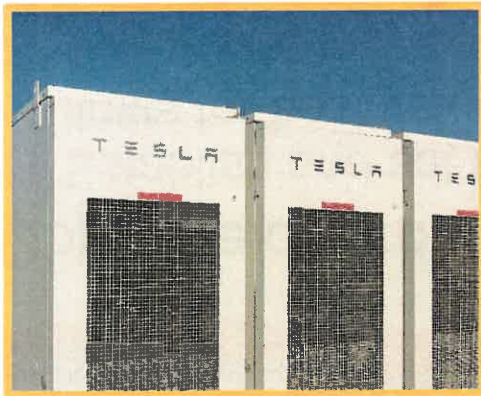
Next Steps

- Complete the 2020 Rate Study
 - Recycled Water Rates
 - CBP Preliminary impact to future rates
- Complete Sewer Use Evaluation by FY 2021/22
- Re-evaluation of wastewater connection fee and monthly sewer rate for FY 2022/23

WORKSHOP

2B

IEUA Procurement Ordinance No. 101



IEUA Procurement Ordinance No. 101

- Objective of Ordinance
 - Establish and set forth the policies governing Agency authority and dollar limits for best value procurements and procurement-related activities
 - Ensure Agency compliance with:
 - California Water Codes
 - Government Codes
 - Federal and California Public Contract Codes
 - Labor Code
 - California Commercial Code
- Last revised March 2015
 - Board discussion through Committee and written feedback
 - Executive and management review and discussion

Proposed Ordinance Revisions

- Compliance with Federal and State Funding Requirements
 - Identification of compliance requirements throughout document
 - Clarification of requirements to various processes
- Authorization to include and use “Contingency” funding
 - Establish levels of contingency for “public works” contract award
 - 25% for projects under \$500,000
 - 15% for projects under \$2,000,000
 - 10% for projects over \$2,000,000

Proposed Ordinance Revisions

- **Authority to Reject Bids/Proposals**
 - Delegate the authority to the General Manager or their designee to reject all bids and proposals (no limit)
- **Board action on Non-public work Change Orders or Amendments**
 - Require non-public work change orders and amendments when the cumulative total exceeds twice the value of the original contract or exceed the GM authorized approval level of \$100,000 to come to the Board for approval
- **Language Clarifications and Additions**
 - Review language to provide better clarity and direction
 - Include Small and Disadvantaged Business Enterprise requirements
 - Definitions, requirements, etc.

IEUA Procurement Ordinance No. 101

- August 2019
 - Committee
 - Public Hearing and Board Meeting
- September 2019
 - Training sessions

ORDINANCE NO.

AN ORDINANCE OF THE BOARD OF DIRECTORS OF THE INLAND EMPIRE UTILITIES AGENCY* (AGENCY), ESTABLISHING AND SETTING FORTH THE POLICIES GOVERNING AGENCY AUTHORITY AND DOLLAR LIMITS FOR BEST VALUE PROCUREMENTS AND PROCUREMENT-RELATED ACTIVITIES

BE IT ORDAINED BY THE BOARD OF DIRECTORS OF THE INLAND EMPIRE UTILITIES AGENCY* AS FOLLOWS:

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- SECTION 1 - PROCUREMENT DEFINITION AND INSTRUMENTS
 - SECTION 2 - EXPENDITURE APPROVALS AND REQUIREMENTS
 - SECTION 3 - SOLICITATIONS AND TERM LIMITS
 - SECTION 4 - TRADES AND EXCHANGES
 - SECTION 5 - REAL PROPERTY ACQUISITION
 - SECTION 6 - DISPOSAL OF SURPLUS
 - SECTION 7 - POLICIES AND PROCEDURES
 - SECTION 8 - PROHIBITION OF UNAUTHORIZED PROCUREMENT AND REQUIREMENTS FOR PROCUREMENT FUNDING
 - SECTION 9 - DEPARTMENT COOPERATION
 - SECTION 10 - EXCEPTION TO THIS ORDINANCE
 - SECTION 11 - VOIDABLE
 - SECTION 12 - SEVERABILITY
 - SECTION 13 - REPEAL
 - SECTION 14 - EFFECTIVE DATE AND EXECUTION
-

SECTION 1: PROCUREMENT DEFINITIONS AND INSTRUMENTS

1. **Definitions:** The following definitions shall apply to this Ordinance:
 - A. "Appropriated Funding" shall mean that funding which has been authorized by the Board as part of the ~~fiscal year~~adopted budget, or as a respective ~~augmentation amendment~~ thereto.
 - B. "Authority to Approve" shall mean authority to designate appropriated funding for a specific procurement.
 - C. "Authority to Ccommit" shall mean authority to effect and bind a procurement commitment, including contractual document execution, for a specific designated procurement.
 - D. "Best Value Procurements" for procurements other than public works, shall mean an award based on the best overall value to the Agency including, but not limited to: acquisition cost; lifetime cost of ownership; ability,

capability, and skills (e.g., experience, value-added services, etc.) of supplier/contractor; ability of supplier/contractor to meet the project schedule; character, integrity, reputation and judgment of supplier/contractor (e.g., from reference checks, site visits, and background checks); quality of previous work with Agency or other public entities; warranty or other documented considerations of value (e.g., discounted spare parts) offered to the Agency.

- E. "Budgeted Procurements" shall mean capital projects and operations and maintenance items that have been specifically included as part of the fiscal year adopted budget, or as a respective augmentation/amendment thereof, and authorized by the Board.
- F. "Change Order" and "Amendment" shall mean any respective modification to an existing procurement or respective contractual document.
- G. "Competition" shall mean any award whereby a solicitation has been directed to multiple sources and where at least one response is received.
- ~~G.~~H. "Contingency" shall refer to an identified percentage of a project's total funding as approved by the Board of Directors assigned to that specific project during the approval process.
- H.I. "Contracts and ~~Facilities Services~~ Procurement" (GFSCAP) shall refer to the department charged with the responsibility and authority to manage all aspects of the solicitation, negotiation, award, acquisition, contract administration, and surplus/disposal processes for goods, services, property and minor construction (excludes major public works and emergency procurements awarded through and administered by the Engineering and Construction Management Department).
- ~~H.~~J. "Contractual Document" shall mean the document which binds Agency commitment of a procurement; such as a contract, agreement, lease, purchase order, change order, or any amendment thereto.
- K. "Cooperative Procurement" shall mean a procurement (i.e., combining of requirements) conducted on behalf of two or more public procurement units in-order to obtain the benefit of volume purchasing, economies of scale, and/or reduction in administrative expenses.
- L. "Delegate Authority" shall mean authority to assign authority, at specified limits, to respective peers or subordinate staff.
- M. "Electronic Procurement" or "e-Procurement" shall mean electronic implementation of the procurement cycle.

- N. "Electronic Sourcing" or "e-Sourcing" shall mean an internet-based acquisition process that allows for electronically posting the requirement and electronic or hardcopy receipt of quotes, proposals, or bids in order to make a best-value acquisition.
- O. "Emergency Procurement" shall mean any procurement required for the prevention against imminent danger, or to mitigate the loss or impairment of: life, health, or safety of the public, Agency employees, suppliers, contractors; public or private property; prevention of high probabilities of violation and compliance with critical permits and regulatory requirements; or any other condition which cannot reasonably be foreseen and would have a significant effect on the public's health/safety or that could have a significant adverse financial impact on the Agency.
- P. "Formal Solicitation" shall mean the issuance of a written request for sealed bids, proposals, or quotations.
- Q. "Informal Solicitation" shall mean the verbal or written request for a verbal or written bid, proposal, or quotation.
- R. "In the absence of ..." shall mean a reasonable amount of time away from the office, exceeding 24 hours.
- S. "Master Contracts" shall mean competitively-let contracts issued to one or more qualified suppliers/contractors where work shall be performed by task orders. Task orders under the master contract have a Board-approved expenditure limit, unless specifically approved otherwise by the Board of Directors. (Each contractor will have their own contract with the Agency with a combined or shared total budget.)
- T. "Negotiated Procurement" shall mean a documented procurement whereby competitive practices may not be practical; due to a unique circumstance such as special pricing, limited time offer, complex contractual terms (e.g., power purchase agreements, energy, specialized technology) and discussions and bargaining are used to finalize the procurement.
- U. "Non-Fiscal" shall mean having no direct impact on appropriated budgets, or otherwise requiring financial commitment of the Agency.
- V. "Piggyback Procurement" shall mean utilizing another public agency's contract or agreement to obtain more advantageous prices and terms than can be otherwise obtained on the open market.
- W. "Pre-Qualification" shall mean the process (Request for Qualification – RFQ) conducted by the Engineering and Construction Management

(E&CM) Department to identify ~~Prime~~ prime Contractors ~~contractors~~ that are capable and responsible to bid on public works projects.

- X. "Procurement" shall mean the purchase or otherwise compensatory securing of materials, supplies, services, leases, ~~and~~ equipment, real property, or public works services.
- Y. "Procurement Aggregate" shall mean the total of the initial procurement and all respective change orders or amendments ~~thereto~~.
- Z. "Professional Services" shall mean any specially-trained and experienced individual, firm or corporation, providing services and advice in financial, economic, accounting, engineering, information services, technical, architectural, or other administrative/professional matters.
- AA. "Public Works" shall mean the erection, construction, alteration, repair, maintenance or improvement of any public structure, building, road, or other improvement as specified in the California Public Contract Code; specifically, Article 40, Sections 20640-20644, and Article 72, Sections 21050-21051.
- AB. "Reverse Auction" shall mean a competitive electronic solicitation process for equipment, materials, supplies, and services in which bidders compete against each other in real time in an open and interactive web environment.
- AC. "Single Source" shall mean a procurement action where there is a compelling reason for selection of a preferred brand: such as standardization; time/schedule constraints; technical expertise; follow-on work to an existing contract to be procured; etc. A comprehensive written justification shall be included in the request.
- AD. "Sole Source" shall mean a procurement action where only one viable source exists. This is usually due to legal restrictions of patent rights, a proprietary process, warranty issues, original equipment manufacturer, and copyrights. A comprehensive written justification shall be included in the request.
- AE. "Surplus Personal Property" shall mean items having no further use to the Agency; such as scrap, broken, obsolete, abandoned, or unusable materials or equipment.
- AF. "Trades and Exchanges" shall mean authorized surplus items used for the acquisition of materials, supplies, services, leases, and/or equipment.
- AG. "Unauthorized Procurements" shall mean work or procurement initiated by staff without the prior approval of the Board of Directors (Board), General

Manager ("GM"), ~~Chief Financial Officer (CFO) Assistant General Manager (AGM) Executive Manager of Finance & Administration/ Assistant General Manager (AGM)~~, or the Manager of ~~CFSCAP~~, based upon authorization thresholds identified herein; ~~followed as evidenced~~ by an approved purchase requisition and an executed procurement instrument. Should it be necessary to interpret what is or is not an unauthorized procurement, General Counsel shall provide the interpretation on behalf of the Board of Directors.

AH. "Uniform Guidance" shall mean Title 2 of the Code of Federal Regulations (2 CFR) 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards.

AI. "Where possible and practical" shall mean ~~CFS's CAP's~~ discretion to make a documented decision in the best interest of the Agency.

2. Procurement Instruments: All procurement actions, shall be effected by and at the discretion of the Board, the GM, the ~~CFO/AGM/Executive Manager of Finance and Administration/AGM~~, the Manager of ~~CFSCAP~~, or as authorized by one of the aforementioned, ~~as~~ authorized designees, using one of the following respective instruments:

- A. Petty Cash – For limited amount cash advance or reimbursement; or,
- B. Agency Check – A draft drawn on an Agency bank account for the procurement of goods and services; or,
- C. Blanket Purchase Agreement (BPA) – Simplified acquisition method to fill anticipated repetitive needs for supplies or services; or
- D. Contractual Document – (See Section 1.I above); or,
- E. Credit/Procurement Card – For procurements under \$5,000 in accordance with the individual Credit/Procurement Card restrictions and as set forth in administrative policy (see Section 3.7 for exceptions).

SECTION 2: EXPENDITURE APPROVALS AND REQUIREMENTS

- 1. All purchases, agreements, services, leases, and/or contracts including construction contracts, for materials, supplies, equipment, and other personal property shall be made in accordance with this Ordinance.
- 2. Splitting or separating of material, supply, service, lease, and equipment orders or projects for the expressed purpose of evading the requirements of this Ordinance is strictly prohibited. Splitting is defined as a series or more than one purchase request transaction for the same project requested separately in order to evade

either the solicitation requirements or the higher approval thresholds. Discrete subsequent amendments or change orders that are for separate subprojects or disciplines (e.g., structural or electrical design of a larger project) under the same contract do not apply to this provision. Subsequent follow-on requests, at the discretion of the Manager of CFSCAP of CAP, may require inclusion in the GM Report to the Board or other report to notify the Board. Construction contracts may have subsequent change orders in accordance with the requirements of the Public Contract Code. Task Orders under the Master Contract Program do not fall under the provision of this requirement.

3. Procurement authorization parameters and limits are as follows:

A. Approval and execution of original procurements as indicated in the following table and as delegated below.

Approver	Emergency	Competitively-Let	Single or Sole Source	Public Works Change Order & Amendments	Non Public Works Change Order & Amendments
Board		>\$100K	>\$100K	>\$100K	>\$40K
GM	Unlimited	≤\$100K	≤\$100K	≤\$100K	≤\$40K
<u>Exec. Mgr. of Fin. & Admin. CFO</u>	As delegated	≤\$100K	≤\$100K	≤\$100K	≤\$40K
<u>Mgr. of CFSCAP</u>	As delegated	≤\$100K	≤\$100K	≤\$100K	≤\$40K

1. Board approval is required for competitively-let procurements greater than \$100,000, unless the procurement is a competitively-let "budgeted procurement" under \$250,000, specifically identified as a detailed line item in the fiscal year adopted budget.
2. Board approval is required for single or sole source procurements greater than \$100,000.
3. The GM is authorized to approve and execute competitively-let procurements less than or equal to \$100,000, and single or sole source procurements less than or equal to \$100,000, respectively.
4. The GM is authorized to delegate authority to approve and execute procurements less than or equal to the limits established for the GM.
5. In the absence of the GM, the CFO/AGM/Executive Manager of Finance & Administration/ AGM is authorized to approve and execute procurements less than or equal to \$100,000, and single or

sole source procurements less than or equal to \$100,000, respectively.

6. The CFO/AGM/Executive Manager of Finance & Administration/AGM is authorized to delegate that authority to approve and execute procurements, less than or equal to that limit which has been established for their position. ~~CFO.~~

7. In the absence of the GM, the CFO/AGM/Executive Manager of Finance & Administration/AGM, the Manager of CFS-CAP is authorized to approve and execute procurements less than or equal to \$100,000, and single or sole source procurements less than or equal to \$100,000, respectively.

8. All public works procurement/awards shall include the following contingency levels:

a. Under \$500,000 shall have a 25% contingency added to the award authorization.

b. Under \$2,000,000, shall have a 15% contingency added to the award authorization.

a-c. Over \$2,000,000, shall have a 10% contingency added to the award authorization.

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B. Change order and amendment authorization parameters and limits are as follows:

1. Board approval is required for any single change order or amendment greater than \$40,000. However, for public works project change orders, Board approval and execution is required for requests exceeding \$100,000.

1-2. Board approval is required when the cumulative total of the non-public works change orders or amendments exceed twice the contract value or is in excess of the GM approval limit for contracts.

3. The GM is authorized to approve and execute respective change orders and amendments less than or equal to \$40,000, or less than or equal to \$100,000, for public works projects. The GM may delegate this authority up to the limits established for the GM.

C. The Manager of CFS-CAP is authorized to execute all approved and budgeted procurements made by purchase orders and change orders; as

well as contracts and contract amendments up to the Manager's internal approval limit or as otherwise delegated.

- D. The Manager of ~~CFS-CAP~~ is authorized to establish and approve all BPAs, in the best interest of the Agency.
- E. The Manager of ~~CFS-CAP~~ is authorized to request an interpretation for any procurement from General Counsel pertaining to this Ordinance. General Counsel's opinion shall be conclusive.
- F. The GM is authorized to terminate any procurement or contractual obligation less than or equal to \$250,000, in the best interest of the Agency.

SECTION 3: SOLICITATIONS AND TERM LIMITS

- 1. Solicitations for best value to the Agency and their parameters and limits (subject to other provisions of this section) are as follows:
 - A. Formal Competitive Solicitations:
 - 1. Shall be required for Agency procurements estimated to be greater than \$50,000, or for public works projects, as set forth and adjusted by applicable Public Contract Code (PCC) (i.e., PCC 20642 – Bidding Requirements). The use of e-sourcing, the online solicitation system, is acceptable for issuance of formal solicitations; as well as the receipt of proposals or bids (unless specifically stated otherwise within the solicitation documents). -Public works construction may be advertised in the Green Sheet, on the Agency's website or through the online solicitation system.
 - 2. Shall, at a minimum, be advertised in one general circulation newspaper within the Agency's geographic boundaries and/or advertised on either the Agency's website and/or a regional purchasing website as determined by the Manager of ~~CFSCAP~~, and include documented outreach toward Disadvantaged and Small Business Enterprises whenever there are grant or Federal or State funding sources involved.
 - 3. Shall, whenever possible and practical, provide a minimum of 14 calendar days for response.
 - 4. Shall require the receipt of a minimum of one competitive response; or, have been directed to a minimum of five qualified potential respondents, when available.

5. Public works bids shall be publicly unsealed, and the respective dollar amount(s) announced. This may be electronically facilitated at the discretion of the Manager of CFSCAP.
6. Proposals and quotations may be publicly unsealed, and the respective dollar amount(s) announced.
7. For procurements funded by a Federal or State loan or grant, or a State Revolving Fund (SRF) loan, in addition to the grant award's specific terms and conditions, the relevant Federal Uniform Guidance or the 2 CFR 200 requirements shall be followed, no award shall be permitted to any vendor for any contract or sub-contract at any tier level for a vendor which is debarred or suspended or is otherwise excluded from or ineligible for participation in Federal assistance programs under Executive Order 12549, "Debarment and Suspension" or debarred by the California Division of Labor Standards Enforcement.
8. Award details shall be made available following approval of the award; either on the Agency's website, the e-sourcing website, or delivered upon specific request.
9. The formal competitive solicitation process may be waived at the discretion of the GM or a designated representative, when there is a compelling reason (e.g., public safety, prevent loss of life, imminent danger, emergency procurement or other valid reason). The GM shall document the reason and inform the Board at the next regularly-scheduled meeting.

B. Informal Competitive Solicitations:

1. For procurements estimated to be greater than \$10,000 and less than or equal to \$50,000, solicitations shall be posted on the electronic solicitation system or sent and documented via email to prospective vendors requiring a minimum of two competitive written or electronic responses in cooperation with received by CFSCAP, where possible and practical. Where possible and practical, solicitations shall be sent to Disadvantaged and Small Business Enterprises whenever grants or Federal or State funding sources are being utilized. Refer to Section E. Pre-qualification process.
2. ~~For procurements~~ Procurements estimated to be greater than ~~\$5,03,500~~ \$5,000 and less than or equal to \$10,000, shall be either posted on the electronic solicitation system or sent and documented via email via email or fax transmission to a minimum of two prospective suppliers/vendors, and where possible and practical shall be sent to Disadvantaged and

Small Business Enterprises whenever grants or Federal and State funding sources are being utilized.

3. For procurements less than or equal to \$5,0003,500, in accordance with the micro-purchase threshold Code of Federal Regulations (CFR 200.67), one written quote is sufficient. The quote may be within an electronic sourcing and procurement process, which identifies pricing and electronically submits purchase orders, after approval, to the suppliers.
4. For procurement of on-site services, solicitations shall be conducted through in cooperation with CFSCAP to address relevant terms and conditions related to applicable Federal and State compliance requirements, prevailing wage, risk mitigation, insurance and bonding requirements, unless designated as an emergency.

C. Requests for Information:

In order to facilitate the budgetary and planning processes, Agency staff other than CFSCAP, may request informal pricing and related information for the express purpose of obtaining estimates for services, materials, equipment and supplies, identify availability of materials and supplies and identify lead-times, as provided for by policy. The requestor shall declare that the request is for "budgetary and informational purposes only" and is not to be construed as an offer or commitment to procure any product or service. Requests for Information shall not be used in lieu of the informal and formal solicitation processes provided for herein. Exceptions shall be at the sole discretion of the Manager of CFSCAP, CFO/AGM/Executive Manager of Finance and & Administration/AGM, or GM.

D. Reverse Auctions:

1. Reverse auctions may be utilized for the acquisition of equipment, materials, supplies, and services when it is advantageous to do so (i.e., by materially-reducing the cost of goods, while increasing the efficiency of the acquisition function through effective use of technology).
2. Reverse auctions may be hosted by a third-party vendor under contract with the Agency.
3. Bidders shall be required to register and pre-qualify; prior to the reverse auction date and time; and agree to any terms and conditions specified.
4. Reverse auctions shall not be used for public works projects.

5. At the discretion of the Manager of CFSCAP, reverse auctions may be conducted in lieu of the formal or informal competitive solicitation processes.

E. Pre-qualification Process:

1. A pre-qualification process to identify qualified construction contractors may be used for public works projects. For procurements funded by a Federal or State loan or grant, or an SRF loan, in addition to the grant award's specific terms and conditions, the relevant Federal Uniform Guidance or the 2 CFR 200 requirements shall be followed.
2. The pre-qualification process will include a Request- for- Qualification to establish a list of contractors that may be used for projects valued less than \$2,000,000. The pre-qualification process will include outreach to the Disadvantaged and Small Business community.
3. The list of contractors will be valid for a period of up to five years.
4. For public works projects estimated to be valued at or greater than \$2,000,000, a Request- for- Qualification process will be announced for each individual project, prior to the release of the solicitation.
- 4.5. Should the project be funded by a State or Federal loan or grant or SRF- loan, the grant or loan requirement language shall be included in the Request- for- Qualification documents. No potential bidder shall be restricted from the qualification process during the solicitation period.
6. The award of a public works contract using the pre-qualification process shall be made to the lowest-priced, pre-qualified bidder.
- 5-7. Use of Master or Pre-qualified Contractor lists may be utilized. The lists shall be current, as defined by the contract and/or Pre-qualification Program, include enough qualified sources to ensure competition and must not preclude potential bidders from qualifying during the pre-qualification solicitation period. Grant funded project requirements shall be reviewed with the Agency's Manager of Grants prior to the pre-qualification process to ensure solicitation requirements are being followed. No potential bidders shall be restricted from the qualification process during the solicitation period.

2. Multi-year procurement terms and extension limits are as follows:
 - A. The term for initial procurements may not exceed five years.
 - B. The aggregate term of all extensions for initial procurements may not exceed two years, as determined by the GM.
 - C. Exceptions to the term limits, as determined by the GM, shall be compelling, in the best interest of the Agency, and documented accordingly.
3. Negotiated procurement parameters and term limits (subject to other provisions of this Ordinance) are as follows:
 - A. Negotiated procurements shall be authorized in writing by the respective Department Manager, and approved by the Manager of ~~GFS-CAP~~ for documented circumstances where there exists a single or sole-source supplier, or unusual time or other constraint (e.g., power and energy, emergency communications, insurance carrier, specialized materials, services or equipment, information technology equipment, limited-time discount opportunities, ~~best-value, other unique opportunities, etc.~~).
 - B. Negotiated procurements shall not require any formal or informal solicitation. However, for single or sole source negotiated procurements exceeding \$100,000, Board approval is required.
 - C. The aggregate term, including all extensions thereof, of any negotiated procurement may not exceed seven years.
 - D. Exceptions to the term limits shall be compelling, in the best interest of the Agency, and documented accordingly in the GM Report to the Board.
4. Cooperative and "piggyback" procurement parameters and limits (subject to other provisions of this Ordinance) are as follows:
 - A. Single-occurrence cooperative and "piggyback" procurements shall not require formal solicitations. However, procurements exceeding \$100,000 that result from single or sole source cooperative or "piggyback" contracts require Board approval. Procurements exceeding \$100,000 that result from competitively-let cooperative and "piggyback" contracts also require Board approval.
 - B. The aggregate term, including all extensions, of any cooperative or piggyback procurement, may not exceed seven years.

- C. Exceptions to the term limits, as determined by the Manager of CFSCAP, shall be compelling, in the best interest of the Agency, and documented accordingly.
5. Government procurement parameters and limits (subject to other provisions of this section) are as follows:
- A. Materials, supplies, services, leases, and equipment, may be procured from other government agencies, when doing so would be in the best interest of the Agency, as determined by the GM.
 - B. When government agency procurement is greater than \$50,000, formal and competitive bids, proposals, or quotations, may be solicited from open market sources, as determined by the GM.
 - C. Professional services may be procured from other government agencies, when doing so would be in the best interest of the Agency, as determined by the GM.
6. Petty ~~C~~ash procurement parameters and limits are as follows:
- A. A fund of sufficient amount shall be established by Resolution of the Board, to support petty cash disbursements for authorized advances and reimbursements.
7. Procurement Card requirements and limits are as follows:
- A. Procurement Cards may be used for ~~single~~ transactions to acquire materials, supplies, equipment and services (e.g., online purchases, with businesses that will not accept purchase orders, etc.) less than or equal to \$5,000, unless otherwise authorized by the Manager of CFSCAP, CFO/AGM/Executive Manager of Finance and Administration/AGM, or GM.
 - ~~B. Procurement Cards shall not be used for engaging services unless expressly authorized by the Manager of CFS, CFO, or GM.~~
8. The Board delegates the authority to the GM or his/her designee for the rejection of all offers, bids, proposals, or quotes. Board approval is required for rejection of offers, where the lowest bid, proposal, or quotation, is greater than \$500,000.
- A. ~~The GM is authorized to reject offers, where the lowest bid, proposal, or quotation, is less than or equal to \$500,000.~~
 - B. The GM is authorized to delegate authority to reject any and all bids, proposals, and quotations.

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9. Emergency procurements of materials, supplies, services, rentals, leases, equipment, and public works services may be ~~effected~~affected, notwithstanding respective provisions of this Ordinance.
 - A. The GM is authorized to approve and execute emergency procurements, for any amount.
 - B. The GM is authorized to delegate authority to approve and execute emergency procurements up to any amount.
 - C. The GM or designee shall report emergency procurements, including details of the circumstances, respective dollar amounts expended, and cause of the emergency at the next regularly scheduled Board meeting.

SECTION 4: TRADES AND EXCHANGES

1. Acquisition of materials, supplies, services, leases, and equipment, may be made by trade or exchange.
2. Only authorized surplus items may be used for trade and exchange acquisitions.
3. Acquisition items must be of same or similar-type to respective surplus items.
4. Board approval is required for trade and exchange acquisitions with a current market value greater than \$100,000.
5. The GM is authorized to approve trade and exchange acquisitions with a current market value less than or equal to \$100,000.
6. The GM is authorized to delegate authority to approve trade and exchange acquisitions less than or equal to the limit established for the GM.

SECTION 5: REAL PROPERTY

1. Board approval and authority to execute contractual documents is required for the sale, procurement, trade, exchange, surplus or otherwise acquisition, of any and all real property with a value greater than \$100,000. The Board may delegate this authority when it is in the best interest of the Agency.
2. The GM is authorized to execute contractual documents, including sale, purchase agreements and escrow instruments, for the authorized sale, procurement, trade, exchange, or otherwise acquisition, of real property with a value less than or equal to \$100,000.

3. The GM is authorized to delegate authority to execute contractual documents, including purchase agreements and escrow instruments, for authorized sale, procurement, trade, exchange, or otherwise acquisition, of real property less than or equal to the limit established for the GM.

SECTION 6: DISPOSAL OF SURPLUS PROPERTY/EQUIPMENT

1. Board approval is required for the disposal of single-item surplus personal property or equipment with a current market value greater than \$100,000.
2. Board approval is required for the disposal of any multiple-items (lot) of surplus personal property or equipment with a current market value greater than \$200,000.
3. Professional or contract services may be used for the disposal of surplus items, and a formal solicitation shall not be required for said services. Fees for said services shall be paid from respective surplus disposal proceeds.
4. Any surplus item(s) may be:
 - A. Sold for cash.
 - B. Used for trade or exchange.
 - C. Sold for a nominal sum to a non-profit charitable organization, school, or other government agency.
5. Prior to the disposal of any State or Federal loan or grant or SRF-loan funded surplus item, approval must be received from the funding agency.
6. Board approval is required to declare any and all real property as surplus and/or to sell any and all surplus real property, as provided for under California law (i.e., Government Code Section 54221 et. Seq.).
7. Board approval is required to authorize the GM to negotiate any and all sale prices and terms for the sale of surplus real property.
8. All net proceeds received from surplus activities shall be deposited in the appropriate Agency fund reserves.

SECTION 7: POLICIES AND PROCEDURES

The GM is authorized to establish, develop, and/or revise any and all Agency policies and procedures necessary to implement and administer the provisions of this Ordinance.

SECTION 8: PROHIBITION OF UNAUTHORIZED PROCUREMENT COMMITMENTS AND REQUIREMENTS FOR PROCUREMENT FUNDING

1. No work or services, except in emergency situations, shall be authorized or accepted, until an appropriate and approved procurement instrument has been fully secured or executed, as required pursuant to this Ordinance. If work or services are procured in violation of this provision, and the value of the procurement is \$10,000 or less, then the employee securing the unauthorized procurement shall obtain the written approval of the GM and/or the Manager of CFS-CAP to secure the purchase requisition documents necessary to generate the appropriate purchase order or contract for payment. Unauthorized procurements with a value in excess of \$10,000 shall require approval from the Board. Public works field change orders do not fall under the provision of this section. A violation of this provision shall be cause for disciplinary action up to and including termination of against the violator. The Manager of CFS-CAP shall retain the discretion to refer any violation of this provision to the Department of Internal Audit Department for investigation.
2. No procurement instrument, except in emergency situations, shall be used, which commits Agency funds or other financial obligations thereof, unless and until such unencumbered funding has been identified, authorized, and appropriated for said procurement.

SECTION 9: DEPARTMENT COOPERATION

All Agency employees, agents, volunteers, contractors, sub-contractors, consultants, etc. shall comply with the provisions of this Ordinance to ensure the responsible and prudent expenditure of public funds, and to maintain the preservation of the public trust.

SECTION 10: EXCEPTION TO THIS ORDINANCE

The Board may authorize the GM to effect procurements or other respective activities free of this Ordinance, when the Board has determined that such would be in the best interest of the Agency, and when such is not in conflict with applicable State or Federal law(s).

SECTION 11: VOIDABLE

The Board may void any and all transactions not consistent with the provisions of this Ordinance.

SECTION 12: SEVERABILITY

If any section, subsection, sentence, clause, or phrase of this ordinance shall, for any reason, be declared unconstitutional or otherwise invalid, such adjudication shall in no

manner affect any other section, subsection, sentence, clause, or phrase of this Ordinance, or portions thereof. The Board hereby declares that they would have approved this Ordinance, and each section, subsection, sentence, clause, and phrase hereof, irrespective of any portion thereof which may be declared invalid or unconstitutional.

SECTION 13: REPEAL

Ordinance No. ~~95-101~~ is hereby repealed in its entirety. All portions of other respective Ordinances, Resolutions, and/or motions related thereto and in conflict with the provisions of this Ordinance, are hereby rescinded and made of no further effect.

SECTION 14: EFFECTIVE DATE AND EXECUTION

This Ordinance shall take effect immediately upon adoption by the Board, and execution of said Ordinance by the President and Secretary/Treasurer thereof.

ADOPTED this 18th day of August, 2019

Paul Hofer
President of Inland Empire Utilities
Agency*, and of the Board of Directors
thereof

ATTEST:

~~Steven J. Elio~~ ~~Jasmine Hall~~ Kati Parker
Secretary/Treasurer of the Inland Empire
Utilities Agency*, and of the Board of
Directors thereof

APPROVED AS TO FORM:

General Counsel
for the Inland Empire Utilities Agency*

**A Municipal Water District*

STATE OF CALIFORNIA)
)SS
COUNTY OF SAN BERNARDINO)

I, ~~Steven J. Elie~~~~Jasmine A. Hall~~Kati Parker, Secretary/Treasurer of the Inland Empire Utilities Agency*, DO HEREBY CERTIFY that the foregoing revised Ordinance being No. ~~104XXX~~, was adopted at a regular meeting on ~~March 18, 2015~~August~~June XX, 2018~~19, of said Agency by the following vote:

AYES: ~~Elie, Camacho, Hall, Hofer, Parker~~

NOES: None

ABSTAIN: None

ABSENT: None

Steven J. ElieKati Parker
Secretary/Treasurer

(SEAL)

* A Municipal Water District

ORDINANCE NO.

AN ORDINANCE OF THE BOARD OF DIRECTORS OF THE INLAND EMPIRE UTILITIES AGENCY* (AGENCY), ESTABLISHING AND SETTING FORTH THE POLICIES GOVERNING AGENCY AUTHORITY AND DOLLAR LIMITS FOR BEST VALUE PROCUREMENTS AND PROCUREMENT-RELATED ACTIVITIES

BE IT ORDAINED BY THE BOARD OF DIRECTORS OF THE INLAND EMPIRE UTILITIES AGENCY* AS FOLLOWS:

-
- SECTION 1 - PROCUREMENT DEFINITION AND INSTRUMENTS
 - SECTION 2 - EXPENDITURE APPROVALS AND REQUIREMENTS
 - SECTION 3 - SOLICITATIONS AND TERM LIMITS
 - SECTION 4 - TRADES AND EXCHANGES
 - SECTION 5 - REAL PROPERTY ACQUISITION
 - SECTION 6 - DISPOSAL OF SURPLUS
 - SECTION 7 - POLICIES AND PROCEDURES
 - SECTION 8 - PROHIBITION OF UNAUTHORIZED PROCUREMENT AND REQUIREMENTS FOR PROCUREMENT FUNDING
 - SECTION 9 - DEPARTMENT COOPERATION
 - SECTION 10 - EXCEPTION TO THIS ORDINANCE
 - SECTION 11 - VOIDABLE
 - SECTION 12 - SEVERABILITY
 - SECTION 13 - REPEAL
 - SECTION 14 - EFFECTIVE DATE AND EXECUTION
-

SECTION 1: PROCUREMENT DEFINITIONS AND INSTRUMENTS

1. **Definitions:** The following definitions shall apply to this Ordinance:
 - A. "Appropriated Funding" shall mean that funding which has been authorized by the Board as part of the adopted budget, or as a respective amendment thereto.
 - B. "Authority to Approve" shall mean authority to designate appropriated funding for a specific procurement.
 - C. "Authority to Commit" shall mean authority to effect and bind a procurement commitment, including contractual document execution, for a specific designated procurement.
 - D. "Best Value Procurements" for procurements other than public works, shall mean an award based on the best overall value to the Agency including, but not limited to: acquisition cost; lifetime cost of ownership; ability,

capability, and skills (e.g., experience, value-added services, etc.) of supplier/contractor; ability of supplier/contractor to meet the project schedule; character, integrity, reputation and judgment of supplier/contractor (e.g., from reference checks, site visits, and background checks); quality of previous work with Agency or other public entities; warranty or other documented considerations of value (e.g., discounted spare parts) offered to the Agency.

- E. "Budgeted Procurements" shall mean capital projects and operations and maintenance items that have been specifically included as part of the adopted budget, or as a respective amendment thereof, and authorized by the Board.
- F. "Change Order" and "Amendment" shall mean any respective modification to an existing procurement or respective contractual document.
- G. "Competition" shall mean any award whereby a solicitation has been directed to multiple sources and where at least one response is received.
- H. "Contingency" shall refer to an identified percentage of a project's total funding as approved by the Board of Directors assigned to that specific project during the approval process.
- I. "Contracts and Procurement" (CAP) shall refer to the department charged with the responsibility and authority to manage all aspects of the solicitation, negotiation, award, acquisition, contract administration, and surplus/disposal processes for goods, services, property and minor construction (excludes major public works and emergency procurements awarded through and administered by the Engineering and Construction Management Department).
- J. "Contractual Document" shall mean the document which binds Agency commitment of a procurement; such as a contract, agreement, lease, purchase order, change order, or any amendment thereto.
- K. "Cooperative Procurement" shall mean a procurement (i.e., combining of requirements) conducted on behalf of two or more public procurement units in-order to obtain the benefit of volume purchasing, economies of scale, and/or reduction in administrative expenses.
- L. "Delegate Authority" shall mean authority to assign authority, at specified limits, to respective peers or subordinate staff.
- M. "Electronic Procurement" or "e-Procurement" shall mean electronic implementation of the procurement cycle.

- N. "Electronic Sourcing" or "e-Sourcing" shall mean an internet-based acquisition process that allows for electronically posting the requirement and electronic or hardcopy receipt of quotes, proposals, or bids in order to make a best-value acquisition.
- O. "Emergency Procurement" shall mean any procurement required for the prevention against imminent danger, or to mitigate the loss or impairment of: life, health, or safety of the public, Agency employees, suppliers, contractors; public or private property; prevention of high probabilities of violation and compliance with critical permits and regulatory requirements; or any other condition which cannot reasonably be foreseen and would have a significant effect on the public's health/safety or that could have a significant adverse financial impact on the Agency.
- P. "Formal Solicitation" shall mean the issuance of a written request for sealed bids, proposals, or quotations.
- Q. "Informal Solicitation" shall mean the verbal or written request for a verbal or written bid, proposal, or quotation.
- R. "In the absence of ..." shall mean a reasonable amount of time away from the office, exceeding 24 hours.
- S. "Master Contracts" shall mean competitively-let contracts issued to one or more qualified suppliers/contractors where work shall be performed by task orders. Task orders under the master contract have a Board-approved expenditure limit, unless specifically approved otherwise by the Board of Directors. (Each contractor will have their own contract with the Agency with a combined or shared total budget.)
- T. "Negotiated Procurement" shall mean a documented procurement whereby competitive practices may not be practical; due to a unique circumstance such as special pricing, limited time offer, complex contractual terms (e.g., power purchase agreements, energy, specialized technology) and discussions and bargaining are used to finalize the procurement.
- U. "Non-Fiscal" shall mean having no direct impact on appropriated budgets, or otherwise requiring financial commitment of the Agency.
- V. "Piggyback Procurement" shall mean utilizing another public agency's contract or agreement to obtain more advantageous prices and terms than can be otherwise obtained on the open market.
- W. "Pre-Qualification" shall mean the process (Request for Qualification – RFQ) conducted by the Engineering and Construction Management

(E&CM) Department to identify “prime contractors” that are capable and responsible to bid on public works projects.

- X. “Procurement” shall mean the purchase or otherwise compensatory securing of materials, supplies, services, leases, equipment, real property, or public works services.
- Y. “Procurement Aggregate” shall mean the total of the initial procurement and all respective change orders or amendments.
- Z. “Professional Services” shall mean any specially-trained and experienced individual, firm or corporation, providing services and advice in financial, economic, accounting, engineering, information services, technical, architectural, or other administrative/professional matters.
- AA. “Public Works” shall mean the erection, construction, alteration, repair, maintenance or improvement of any public structure, building, road, or other improvement as specified in the California Public Contract Code; specifically, Article 40, Sections 20640-20644, and Article 72, Sections 21050-21051.
- AB. “Reverse Auction” shall mean a competitive electronic solicitation process for equipment, materials, supplies, and services in which bidders compete against each other in real time in an open and interactive web environment.
- AC. “Single Source” shall mean a procurement action where there is a compelling reason for selection of a preferred brand: such as standardization; time/schedule constraints; technical expertise; follow-on work to an existing contract to be procured; etc. A comprehensive written justification shall be included in the request.
- AD. “Sole Source” shall mean a procurement action where only one viable source exists. This is usually due to legal restrictions of patent rights, a proprietary process, warranty issues, original equipment manufacturer, and copyrights. A comprehensive written justification shall be included in the request.
- AE. “Surplus Personal Property” shall mean items having no further use to the Agency; such as scrap, broken, obsolete, abandoned, or unusable materials or equipment.
- AF. “Trades and Exchanges” shall mean authorized surplus items used for the acquisition of materials, supplies, services, leases, and/or equipment.
- AG. “Unauthorized Procurements” shall mean work or procurement initiated by staff without the prior approval of the Board of Directors (Board), General

Manager (GM), Executive Manager of Finance & Administration/ Assistant General Manager (AGM), or the Manager of CAP, based upon authorization thresholds identified herein; as evidenced by an approved purchase requisition and an executed procurement instrument. Should it be necessary to interpret what is or is not an unauthorized procurement, General Counsel shall provide the interpretation on behalf of the Board of Directors.

AH. "Uniform Guidance" shall mean Title 2 of the Code of Federal Regulations (2 CFR) 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards.

AI. "Where possible and practical" shall mean CAP's discretion to make a documented decision in the best interest of the Agency.

2. Procurement Instruments: All procurement actions, shall be effected by and at the discretion of the Board, the GM, the Executive Manager of Finance and Administration/AGM, the Manager of CAP, or as authorized by one of the aforementioned authorized designees, using one of the following respective instruments:

A. Petty Cash – For limited amount cash advance or reimbursement; or,

B. Agency Check – A draft drawn on an Agency bank account for the procurement of goods and services; or,

C. Blanket Purchase Agreement (BPA) – Simplified acquisition method to fill anticipated repetitive needs for supplies or services; or

D. Contractual Document – (See Section 1.I above); or,

E. Credit/Procurement Card – For procurements under \$5,000 in accordance with the individual Credit/Procurement Card restrictions and as set forth in administrative policy (see Section 3.7 for exceptions).

SECTION 2: EXPENDITURE APPROVALS AND REQUIREMENTS

1. All purchases, agreements, services, leases, and/or contracts including construction contracts, for materials, supplies, equipment, and other personal property shall be made in accordance with this Ordinance.

2. Splitting or separating of material, supply, service, lease, and equipment orders or projects for the expressed purpose of evading the requirements of this Ordinance is strictly prohibited. Splitting is defined as a series or more than one purchase request transaction for the same project requested separately in order to evade either the solicitation requirements or the higher approval thresholds. Discrete

subsequent amendments or change orders that are for separate subprojects or disciplines (e.g., structural or electrical design of a larger project) under the same contract do not apply to this provision. Subsequent follow-on requests, at the discretion of the Manager of CAP, may require inclusion in the GM Report to the Board or other report to notify the Board. Construction contracts may have subsequent change orders in accordance with the requirements of the Public Contract Code. Task Orders under the Master Contract Program do not fall under the provision of this requirement.

3. Procurement authorization parameters and limits are as follows:

A. Approval and execution of original procurements as indicated in the following table and as delegated below.

Approver	Emergency	Competitively-Let	Single or Sole Source	Public Works Change Order & Amendments	Non Public Works Change Order & Amendments
Board		>\$100K	>\$100K	>\$100K	>\$40K
GM	Unlimited	≤\$100K	≤\$100K	≤\$100K	≤\$40K
Exec. Mgr. of Fin. & Admin.	As delegated	≤\$100K	≤\$100K	≤\$100K	≤\$40K
Mgr. of CAP	As delegated	≤\$100K	≤\$100K	≤\$100K	≤\$40K

1. Board approval is required for competitively-let procurements greater than \$100,000, unless the procurement is a competitively-let “budgeted procurement” under \$250,000, specifically identified as a detailed line item in the adopted budget.
2. Board approval is required for single or sole source procurements greater than \$100,000.
3. The GM is authorized to approve and execute competitively-let procurements less than or equal to \$100,000, and single or sole source procurements less than or equal to \$100,000, respectively.
4. The GM is authorized to delegate authority to approve and execute procurements less than or equal to the limits established for the GM.
5. In the absence of the GM, the Executive Manager of Finance and Administration/ AGM is authorized to approve and execute procurements less than or equal to \$100,000, and single or sole source procurements less than or equal to \$100,000, respectively.

6. The Executive Manager of Finance and Administration/AGM is authorized to delegate that authority to approve and execute procurements, less than or equal to that limit which has been established for their position.
 7. In the absence of the GM, the Executive Manager of Finance and Administration/AGM, the Manager of CAP is authorized to approve and execute procurements less than or equal to \$100,000, and single or sole source procurements less than or equal to \$100,000, respectively.
 8. All public works procurement/awards shall include the following contingency levels:
 - a. Under \$500,000 shall have a 25% contingency added to the award authorization.
 - b. Under \$2,000,000, shall have a 15% contingency added to the award authorization.
 - c. Over \$2,000,000, shall have a 10% contingency added to the award authorization.
- B. Change order and amendment authorization parameters and limits are as follows:
1. Board approval is required for any single change order or amendment greater than \$40,000. However, for public works project change orders, Board approval and execution is required for requests exceeding \$100,000.
 2. Board approval is required when the cumulative total of the non-public works change orders or amendments exceed twice the contract value or is in excess of the GM approval limit for contracts.
 3. The GM is authorized to approve and execute respective change orders and amendments less than or equal to \$40,000, or less than or equal to \$100,000, for public works projects. The GM may delegate this authority up to the limit established for the GM.
- C. The Manager of CAP is authorized to execute all approved and budgeted procurements made by purchase orders and change orders; as well as contracts and contract amendments up to the Manager's internal approval limit or as otherwise delegated.

- D The Manager of CAP is authorized to establish and approve all BPAs, in the best interest of the Agency.
- E. The Manager of CAP is authorized to request an interpretation for any procurement from General Counsel pertaining to this Ordinance. General Counsel's opinion shall be conclusive.
- F. The GM is authorized to terminate any procurement or contractual obligation less than or equal to \$250,000, in the best interest of the Agency.

SECTION 3: SOLICITATIONS AND TERM LIMITS

- 1. Solicitations for best value to the Agency and their parameters and limits (subject to other provisions of this section) are as follows:
 - A. Formal Competitive Solicitations:
 - 1. Shall be required for Agency procurements estimated to be greater than \$50,000, or for public works projects, as set forth and adjusted by applicable Public Contract Code (PCC) (i.e., PCC 20642 – Bidding Requirements). The use of e-sourcing, the online solicitation system, is acceptable for issuance of formal solicitations as well as the receipt of proposals or bids (unless specifically stated otherwise within the solicitation documents). Public works construction may be advertised in the Green Sheet, on the Agency's website or through the online solicitation system.
 - 2. Shall, at a minimum, be advertised in one general circulation newspaper within the Agency's geographic boundaries and/or advertised on either the Agency's website and/or a regional purchasing website as determined by the Manager of CAP, and include documented outreach toward Disadvantaged and Small Business Enterprises whenever there are grant or Federal or State funding sources involved.
 - 3. Shall, whenever possible and practical, provide a minimum of 14 calendar days for response.
 - 4. Shall require the receipt of a minimum of one competitive response; or, have been directed to a minimum of five qualified potential respondents, when available.
 - 5. Public works bids shall be publicly unsealed, and the respective dollar amount(s) announced. This may be electronically facilitated at the discretion of the Manager of CAP.

6. Proposals and quotations may be publicly unsealed, and the respective dollar amount(s) announced.
7. For procurements funded by a Federal or State loan or grant, or a State Revolving Fund (SRF) loan, in addition to the grant award's specific terms and conditions, the relevant Federal Uniform Guidance or the 2 CFR 200 requirements shall be followed, no award shall be permitted to any vendor for any contract or sub-contract at any tier level for a vendor which is debarred or suspended or is otherwise excluded from or ineligible for participation in Federal assistance programs under Executive Order 12549, "Debarment and Suspension" or debarred by the California Division of Labor Standards Enforcement.
8. Award details shall be made available following approval of the award; either on the Agency's website, the e-sourcing website, or delivered upon specific request.
9. The formal competitive solicitation process may be waived at the discretion of the GM or a designated representative, when there is a compelling reason (e.g., public safety, prevent loss of life, imminent danger, emergency procurement or other valid reason). The GM shall document the reason and inform the Board at the next regularly-scheduled meeting.

B. Informal Competitive Solicitations:

1. For procurements estimated to be greater than \$10,000 and less than or equal to \$50,000, solicitations shall be posted on the electronic solicitation system or sent and documented via email to prospective vendors requiring a minimum of two competitive written or electronic responses in cooperation with CAP, where possible and practical. Where possible and practical, solicitations shall be sent to Disadvantaged and Small Business Enterprises whenever grant or Federal or State funding sources are being utilized. Refer to Section E. Pre-qualification process.
2. Procurements estimated to be greater than \$3,500 and less than or equal to \$10,000, shall be either posted on the electronic solicitation system or sent and documented via email to a minimum of two prospective vendors, and where possible and practical shall be sent to Disadvantaged and Small Business Enterprises whenever grant or Federal and State funding sources are being utilized.

3. For procurements less than or equal to \$3,500, in accordance with the micro-purchase threshold Code of Federal Regulations (CFR 200.67), one written quote is sufficient.
4. For procurement of on-site services, solicitations shall be conducted in cooperation with CAP to address relevant terms and conditions related to applicable Federal and State compliance requirements, prevailing wage, risk mitigation, insurance and bonding requirements, unless designated as an emergency.

C. Requests for Information:

In order to facilitate the budgetary and planning processes, Agency staff other than CAP may request informal pricing and related information for the express purpose of obtaining estimates for services, materials, equipment and supplies, identify availability of materials and supplies and identify lead-times, as provided for by policy. The requestor shall declare that the request is for "budgetary and informational purposes only" and is not to be construed as an offer or commitment to procure any product or service. Requests for Information shall not be used in lieu of the informal and formal solicitation processes provided for herein. Exceptions shall be at the sole discretion of the Manager of CAP, Executive Manager of Finance and Administration/AGM, or GM.

D. Reverse Auctions:

1. Reverse auctions may be utilized for the acquisition of equipment, materials, supplies, and services when it is advantageous to do so (i.e., by materially-reducing the cost of goods, while increasing the efficiency of the acquisition function through effective use of technology).
2. Reverse auctions may be hosted by a third-party vendor under contract with the Agency.
3. Bidders shall be required to register and pre-qualify prior to the reverse auction date and time and agree to any terms and conditions specified.
4. Reverse auctions shall not be used for public works projects.
5. At the discretion of the Manager of CAP, reverse auctions may be conducted in lieu of the formal or informal competitive solicitation processes.

E. Pre-qualification Process:

1. A pre-qualification process to identify qualified construction contractors may be used for public works projects. For procurements funded by a Federal or State loan or grant, or an SRF loan, in addition to the grant award's specific terms and conditions, the relevant Federal Uniform Guidance or the 2 CFR 200 requirements shall be followed.
 2. The pre-qualification process will include a Request for Qualification to establish a list of contractors that may be used for projects valued less than \$2,000,000. The pre-qualification process will include outreach to the Disadvantaged and Small Business community.
 3. The list of contractors will be valid for a period of up to five years.
 4. For public works projects estimated to be valued at or greater than \$2,000,000, a Request for Qualification process will be announced for each individual project, prior to the release of the solicitation.
 5. Should the project be funded by a State or Federal loan or grant or SRF loan, the grant or loan requirement language shall be included in the Request for Qualification documents. No potential bidder shall be restricted from the qualification process during the solicitation period.
 6. The award of a public works contract using the pre-qualification process shall be made to the lowest-priced, pre-qualified bidder.
 7. Use of Master or Pre-qualified Contractor lists may be utilized. The lists shall be current, as defined by the contract and/or Pre-qualification Program, include enough qualified sources to ensure competition and must not preclude potential bidders from qualifying during the pre-qualification solicitation period. Grant funded project requirements shall be reviewed with the Agency's Manager of Grants prior to the pre-qualification process to ensure solicitation requirements are being followed. No potential bidders shall be restricted from the qualification process during the solicitation period.
2. Multi-year procurement terms and extension limits are as follows:
- A. The term for initial procurements may not exceed five years.
 - B. The aggregate term of all extensions for initial procurements may not exceed two years, as determined by the GM.

- C. Exceptions to the term limits, as determined by the GM, shall be compelling, in the best interest of the Agency, and documented accordingly.
3. Negotiated procurement parameters and term limits (subject to other provisions of this Ordinance) are as follows:
- A. Negotiated procurements shall be authorized in writing by the respective Department Manager, and approved by the Manager of CAP for documented circumstances where there exists a single or sole source supplier, or unusual time or other constraint (e.g., power and energy, emergency communications, insurance carrier, specialized materials, services or equipment, information technology equipment, limited-time discount opportunities, best- value, etc.).
 - B. Negotiated procurements shall not require any formal or informal solicitation. However, for single or sole source negotiated procurements exceeding \$100,000, Board approval is required.
 - C. The aggregate term, including all extensions thereof, of any negotiated procurement may not exceed seven years.
 - D. Exceptions to the term limits shall be compelling, in the best interest of the Agency, and documented accordingly in the GM Report to the Board.
4. Cooperative and “piggyback” procurement parameters and limits (subject to other provisions of this Ordinance) are as follows:
- A. Single-occurrence cooperative and “piggyback” procurements shall not require formal solicitations. However, procurements exceeding \$100,000 that result from single or sole source cooperative or “piggyback” contracts require Board approval. Procurements exceeding \$100,000 that result from competitively-let cooperative and “piggyback” contracts also require Board approval.
 - B. The aggregate term, including all extensions, of any cooperative or piggyback procurement, may not exceed seven years.
 - C. Exceptions to the term limits, as determined by the Manager of CAP, shall be compelling, in the best interest of the Agency, and documented accordingly.
5. Government procurement parameters and limits (subject to other provisions of this section) are as follows:

- A. Materials, supplies, services, leases, and equipment may be procured from other government agencies when doing so would be in the best interest of the Agency, as determined by the GM.
 - B. When government agency procurement is greater than \$50,000, formal and competitive bids, proposals, or quotations may be solicited from open market sources, as determined by the GM.
 - C. Professional services may be procured from other government agencies when doing so would be in the best interest of the Agency, as determined by the GM.
6. Petty cash procurement parameters and limits are as follows:
- A. A fund of sufficient amount shall be established by Resolution of the Board, to support petty cash disbursements for authorized advances and reimbursements.
7. Procurement Card requirements and limits are as follows:
- A. Procurement Cards may be used for transactions to acquire materials, supplies, equipment and services (e.g., online purchases, with businesses that will not accept purchase orders, etc.) less than or equal to \$5,000, unless otherwise authorized by the Manager of CAP, Executive Manager of Finance and Administration/AGM, or GM.
8. The Board delegates the authority to the GM or his/her designee for the rejection of all offers, bids, proposals, or quotes..
- A.
 - B. The GM is authorized to delegate authority to reject any and all bids, proposals, and quotations.
9. Emergency procurements of materials, supplies, services, rentals, leases, equipment, and public works services may be affected, notwithstanding respective provisions of this Ordinance.
- A. The GM is authorized to approve and execute emergency procurements, for any amount.
 - B. The GM is authorized to delegate authority to approve and execute emergency procurements up to any amount.

- C. The GM or designee shall report emergency procurements, including details of the circumstances, respective dollar amounts expended, and cause of the emergency at the next regularly scheduled Board meeting.

SECTION 4: TRADES AND EXCHANGES

1. Acquisition of materials, supplies, services, leases, and equipment may be made by trade or exchange.
2. Only authorized surplus items may be used for trade and exchange acquisitions.
3. Acquisition items must be of same or similar-type to respective surplus items.
4. Board approval is required for trade and exchange acquisitions with a current market value greater than \$100,000.
5. The GM is authorized to approve trade and exchange acquisitions with a current market value less than or equal to \$100,000.
6. The GM is authorized to delegate authority to approve trade and exchange acquisitions less than or equal to the limit established for the GM.

SECTION 5: REAL PROPERTY

1. Board approval and authority to execute contractual documents is required for the sale, procurement, trade, exchange, surplus or otherwise acquisition of any and all real property with a value greater than \$100,000. The Board may delegate this authority when it is in the best interest of the Agency.
2. The GM is authorized to execute contractual documents, including sale, purchase agreements and escrow instruments, for the authorized sale, procurement, trade, exchange, or otherwise acquisition, of real property with a value less than or equal to \$100,000.
3. The GM is authorized to delegate authority to execute contractual documents, including purchase agreements and escrow instruments, for authorized sale, procurement, trade, exchange, or otherwise acquisition, of real property less than or equal to the limit established for the GM.

SECTION 6: DISPOSAL OF SURPLUS PROPERTY/EQUIPMENT

1. Board approval is required for the disposal of single-item surplus personal property or equipment with a current market value greater than \$100,000.
2. Board approval is required for the disposal of any multiple-items (lot) of surplus personal property or equipment with a current market value greater than \$200,000.

3. Professional or contract services may be used for the disposal of surplus items, and a formal solicitation shall not be required for said services. Fees for said services shall be paid from respective surplus disposal proceeds.
4. Any surplus item(s) may be:
 - A. Sold for cash.
 - B. Used for trade or exchange.
 - C. Sold for a nominal sum to a non-profit charitable organization, school, or other government agency.
5. Prior to the disposal of any State or Federal loan or grant or SRF-loan funded surplus item, approval must be received from the funding agency.
6. Board approval is required to declare any and all real property as surplus and/or to sell any and all surplus real property, as provided for under California law (i.e., Government Code Section 54221 et. Seq.).
7. Board approval is required to authorize the GM to negotiate any and all sale prices and terms for the sale of surplus real property.
8. All net proceeds received from surplus activities shall be deposited in the appropriate Agency fund reserves.

SECTION 7: POLICIES AND PROCEDURES

The GM is authorized to establish, develop, and/or revise any and all Agency policies and procedures necessary to implement and administer the provisions of this Ordinance.

SECTION 8: PROHIBITION OF UNAUTHORIZED PROCUREMENT COMMITMENTS AND REQUIREMENTS FOR PROCUREMENT FUNDING

1. No work or services, except in emergency situations, shall be authorized or accepted until an appropriate and approved procurement instrument has been fully secured or executed, as required pursuant to this Ordinance. If work or services are procured in violation of this provision, and the value of the procurement is \$10,000 or less, then the employee securing the unauthorized procurement shall obtain the written approval of the GM and/or the Manager of CAP to secure the purchase requisition documents necessary to generate the appropriate purchase order or contract for payment. Unauthorized procurements with a value in excess of \$10,000 shall require approval from the Board. Public works field change orders do not fall under the provision of this section. A violation of this provision shall be cause for disciplinary action up to and including termination of the violator. The

Manager of CAP shall retain the discretion to refer any violation of this provision to the Internal Audit Department for investigation.

2. No procurement instrument, except in emergency situations, shall be used which commits Agency funds or other financial obligations thereof, unless and until such unencumbered funding has been identified, authorized, and appropriated for said procurement.

SECTION 9: DEPARTMENT COOPERATION

All Agency employees, agents, volunteers, contractors, sub-contractors, consultants, etc. shall comply with the provisions of this Ordinance to ensure the responsible and prudent expenditure of public funds, and to maintain the preservation of the public trust.

SECTION 10: EXCEPTION TO THIS ORDINANCE

The Board may authorize the GM to effect procurements or other respective activities free of this Ordinance when the Board has determined that such would be in the best interest of the Agency, and when such is not in conflict with applicable State or Federal law(s).

SECTION 11: VOIDABLE

The Board may void any and all transactions not consistent with the provisions of this Ordinance.

SECTION 12: SEVERABILITY

If any section, subsection, sentence, clause, or phrase of this ordinance shall, for any reason, be declared unconstitutional or otherwise invalid, such adjudication shall in no manner affect any other section, subsection, sentence, clause, or phrase of this Ordinance, or portions thereof. The Board hereby declares that they would have approved this Ordinance, and each section, subsection, sentence, clause, and phrase hereof, irrespective of any portion thereof which may be declared invalid or unconstitutional.

SECTION 13: REPEAL

Ordinance No. 101 is hereby repealed in its entirety. All portions of other respective Ordinances, Resolutions, and/or motions related thereto and in conflict with the provisions of this Ordinance, are hereby rescinded and made of no further effect.

SECTION 14: EFFECTIVE DATE AND EXECUTION

This Ordinance shall take effect immediately upon adoption by the Board, and execution of said Ordinance by the President and Secretary/Treasurer thereof.

ADOPTED this day of August, 2019

Paul Hofer
President of Inland Empire Utilities
Agency*, and of the Board of Directors
thereof

ATTEST:

Kati Parker
Secretary/Treasurer of the Inland Empire
Utilities Agency*, and of the Board of
Directors thereof

APPROVED AS TO FORM:

General Counsel
for the Inland Empire Utilities Agency*

**A Municipal Water District*

STATE OF CALIFORNIA)
)SS
COUNTY OF SAN BERNARDINO)

I, Kati Parker, Secretary/Treasurer of the Inland Empire Utilities Agency*, DO HEREBY CERTIFY that the foregoing revised Ordinance being No. XXX, was adopted at a regular meeting on August XX, 2019, of said Agency by the following vote:

AYES:

NOES: None

ABSTAIN: None

ABSENT: None

Kati Parker
Secretary/Treasurer

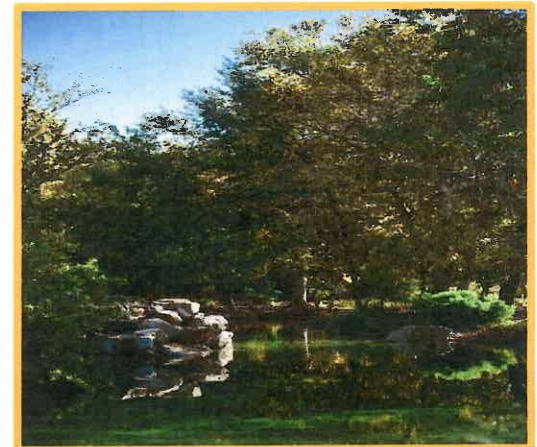
(SEAL)

** A Municipal Water District*

WORKSHOP

2C

IEUA Board of Directors Policies Workshop



Teresa Velarde
Manager of Internal Audit
August 7, 2019

IEUA Board of Directors Workshop

AGENDA

- Travel and Conferences
- Cell Phone Reimbursement
- Healthcare Benefits

Agency Board of Directors: Total Relevant Expenses

Board of Directors Spending by Category and Fiscal Year

CATEGORY	2018	2017	2016	2015	2014
Directors Expense Account					
Travel & Conference Expenses	\$ 22,705	\$ 23,824	\$ 20,649	\$ 17,256	\$ 19,781
Meeting Compensation	\$107,525	\$ 80,710	\$ 67,652	\$ 92,191	\$ 75,181
Employer Payroll Taxes	\$ 8,329	\$ 6,389	\$ 5,107	\$ 7,008	\$ 5,452
Healthcare	\$ 79,174	\$ 74,498	\$ 85,599	\$ 82,726	\$ 86,990
Mileage - Monthly reported	\$ 6,959	\$ 6,056	\$ 4,336	\$ 5,775	\$ 5,921
Other Board Related Expenses (incl. Reg. Policy Comp, etc. & meals for Board/other mtgs)	\$ 11,184	\$ 10,780	\$ 8,554	\$ 7,085	\$ 4,782
Service Awards & Other Administration (Included in Board accounts)	\$ 5,131	\$ 4,799	\$ 4,757	\$ 5,425	\$ 3,685
TOTALS	\$241,007	\$207,056	\$196,654	\$217,466	\$201,792

Fiscal Year 2018 Board of Directors Direct Expenses: By Division

2018	DIV 1	DIV 2	DIV 3	DIV 4	DIV 5	TOTALS
Meeting Compensation	\$18,798	-	\$ 30,465	\$ 27,303	\$ 30,960	\$ 107,525
Healthcare	\$ 21,668	-	\$ 25,846	\$ 8,594	\$ 23,066	\$ 79,174
Travel & Conferences	\$ 97	\$ 16	\$ 6,083	\$ 14,170	\$ 2,339	\$ 22,705
Mileage reimbursements	\$ 843	-	\$ 913	\$ 1,653	\$ 3,550	\$ 6,959
Other reimbursements	-	-	-	\$ 20	-	\$ 20
TOTALS	\$41,406	\$16	\$63,307	\$51,740	\$59,915	\$216,383

IEUA Board of Directors Workshop

Travel and Conferences

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Board of Directors: Travel & Conferences - Details

CATEGORY	2018	2017	2016	2015	2014
Airfare	\$3,350	\$4,939	\$3,238	\$2,832	\$3,115
Car & Transportation	\$1,983	\$3,502	\$2,425	\$2,027	\$1,554
Conference Registrations and Fees	\$7,909	\$6,506	\$7,552	\$6,075	\$7,485
Lodging	\$8,796	\$7,988	\$6,726	\$5,793	\$6,988
Meals & per diem	\$667	\$889	\$706	\$529	\$637
TOTALS	\$22,705	\$23,824	\$20,649	\$17,256	\$19,781

Percentage of budget to actual spending	45%	48%	41%	35%	40%
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Budget for Directors' Expense Account: \$50,000 annually

Board of Directors: Travel & Conferences

Survey Results

- **Advance Approval:**
 - *Survey showed that 7 of the 11 Agencies require approval in advance before a conference/ training can be attended.*
- **Pre-approved Conferences:**
 - *Survey showed that 5 of the 11 Agencies have guidelines.*
- **Periodic Reporting:**
 - *All Agencies require an oral report at the following Board meeting per AB1234.*

Board of Directors: Travel & Conferences

Possible Considerations

At the June Meetings potential considerations were provided:

- *Consider establishing a list of conferences (conferences, seminars, meetings and trainings) that align with the Agency's mission.*
- *Consider approval of the conferences as part of the Agency's annual budget completion.*
- *Consider establishing a "pre-approval" process for additional events that require overnight travel outside the pre-approved list of conferences.*
- *Consider periodic written reporting of Travel & Conferences attended.*

Board of Directors: Travel & Conferences

Proposed Revisions

- List of pre-approved overnight conferences/meetings.
 - Include the list as part of the Administrative Handbook
 - List will also be included as part of the budget preparation
- Pre-approval for anything other than the conferences already on the “pre-approved list” and that require overnight travel.
Options:
 - Board consent item, or
 - Submit request through the Board Secretary to the Board President

Board of Directors: Travel & Conferences

Proposed list of approved overnight conferences/seminars:

- **American Academy of Environmental Engineers and Scientists**
- **Association of California Water Agencies**
- **California Association of Sanitation Agencies**
- **California Special Districts Association**

IEUA Ordinances & Policies for Travel & Conferences

Current

Ordinance No. 107 – (Adopted May 15, 2019)
Establishing Compensation/Benefits, and Authorizing Reimbursement of Expenses for the Board of Directors

Agency Policy A-37 – (last revision date July 24, 2015)
Reimbursement for Attendance at a Conference, Seminar or Meeting

Agency Policy A-77 – (last revision date March 16, 2015)
Board of Directors Expense Reimbursement Policy

Administrative Handbook (Adopted January 17, 2018)
Includes the bylaws, policies for Board and IEUA employees.

Proposed

Ordinance No. 107 –
Update periodically as needed.

Agency Policy A-37 –
Update to remove all references for the Board.

Agency Policy A-77 –
Delete entire policy: All Board requirements for attendance at events will be included in Ordinance 107 or Administrative Handbook

Administrative Handbook -

- A list of “pre-approved” events
- For conferences not on the approved list, require “pre-approval” prior to the conference
- Requirement to ratify the event if not pre-approved
- Update periodically as needed.

IEUA Board of Directors Workshop

Cell Phone Reimbursement

Board of Directors: Cell Phone Reimbursement

Agency employee policies and information

- Policy information
 - *Agency Policy A-73 (effective 6/1/2015): Agency Cell Phones.* This policy establishes guidelines for Agency cell phones provided **to employees.**
- Managers and above and certain other approved employees are provided with an Agency cell phone and/or iPad for business use. The same is available for all Board Members
 - The Agency spends less than \$100 to purchase the cell phone
 - The average monthly cell phone plan cost is approximately \$65

Board of Directors: Cell Phone Reimbursement Internal Audit Survey

- Survey through CSMFO
- Questions about cell phone reimbursements were specific to elected officials
- 16 agencies responded:

City of Brawley
Citrus Heights Water District
City of Dixon
Eastern Municipal Water District
Fresno Flood Control District
Jurupa Community Services District
City of La Palma
City of Merced
City of Mill Valley

City of Newman
Placer County Water Agency
City of Santa Fe Springs
City of Taft
Union Sanitary District
West Valley Sanitation District
Western Municipal Water District

Board of Directors: Cell Phone Reimbursement Survey Results

- *Survey results showed that of the 16 agencies who responded, **none** provided a regular monthly allowance or reimbursement.*
- *Survey results showed that of the 16 agencies who responded, only 2 agencies provide some form of reimbursement to their Board Members/Council Members for the use of a personal device when using for business purpose.*
 - *In these 2 cases, if a Board member's cell phone plan included a **limit on the number of minutes**, the Board member would be **reimbursed for the percentage of calls** made on public business as an expense reimbursement if documentation was provided.*

Board of Directors: Cell Phone Reimbursement Additional Considerations for the Board

Comment received from a survey response:

Because of the intrusion caused by the Public Records disclosure, we do not recommend any personnel or board member use their personal devices for District Business. If they do, ALL of their personal information and content available to that device could be subjected to a public information request and made available to the requester who has no obligation to keep it private.

Board of Directors: Cell Phone Reimbursement Additional Considerations for the Board

IEUA's Board of Directors and Agency Management should consider:

- *Risks to Board Members private information, correspondence, non-agency data, and Public Records Requests.*
- *Requirements for the Agency's Records Management Department when fulfilling public records requests and concerns they have in preserving Agency records.*
- *Responsibilities for technology support from Agency staff for personal devices.*

Survey Results – Employee Reimbursement

- This was a survey specific to employee reimbursements
- 15 agencies responded
- 12 of the 15 provide some form of reimbursement/allowance
- IA calculated an average reimbursement of \$44.17 reimbursement

BIS and the LEAN Team have surveyed other governmental agencies about their employee reimbursement amounts and considerations

Organization	Reimbursement to Employee
City of Chula Vista	\$65
City of San Ramon	\$40
City of La Habra	\$20
City of Modesto	City issued phone only
City of Fort Bragg	\$40 (\$20 for tablet)
City of Visalia	\$30 (voice only) + \$30 (if data needed)
City of Porterville	\$50
City of Vista	\$40
City of Clovis	\$50
City of Woodland1	\$30 (voice only), \$60 (voice and data), \$80 (voice, data, tethering)
City of Salinas	City issued phone only
Marin MWD	\$20-\$50
JCSD	\$45-\$80 (voice) + \$45 (data), including \$100-\$200 for phones
Western Municipal	Up to \$100 (voice text & data plan) = \$175 one-time start-up cost + \$50 for accessories
Eastern Municipal	no program

Average Reimbursement for the 12 agencies that provide a reimbursement to employees, is approximately: \$44.17

(This average analysis was done by IA based on the information provided above and using the lowest "voice" reimbursement provided as shown in the chart).

Board of Directors: Cell Phone Reimbursement Additional Considerations for the Board

*Annual financial impact to Agency for monthly allowance
(if limited to Board Members):*

5 Board Members x Estimated \$45 monthly x 12 months = \$2,700

IEUA Board of Directors Workshop

Agency Policy considerations

- Operational & Financial
 - Risks & fiscal impact (discussed in prior slides)
- Technical
 - Minimum phone data requirements
 - Minimum technical requirements
 - Security Policy regarding lost/stolen phones
 - Strategy for clearing all information on phone if lost/stolen
 - IS recommends a mandatory antivirus app and it is not free
 - Clarify the level of technical support that will be provided for personal devices
- Administrative
 - Statements providing the policy and requirements, including responsibilities etc.
 - Handling of public records requests or other legal inquiries (subpoena)

IEUA Board of Directors Workshop

Healthcare Benefits

Agency Board of Directors: Total Relevant Expenses

Board of Directors: Spending by Category and Year

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Board of Directors: Healthcare Benefits Current Status

Agency Ordinance No. 107, approved on May 15, 2019 – Establishing Compensation/Benefits and Authorizing Reimbursement of Expenses for Board of Directors, states:

“Members of the Board of Directors are eligible to enroll in Agency sponsored group insurance plans available to eligible employees for health, dental, vision, and life insurance. The benefits allowed to the members of the Board of Directors shall not be greater than the most generous schedule of benefits being received by any category of Agency employees.”

Board of Directors: Healthcare Benefits Background Information

- The Agency offers various plans, from PPO's to HMO's.
- Plans range in price from \$357 to \$2,359 per month.
- Board members select their choice of benefits.

IEUA – Employee Healthcare Benefits Contribution

For comparison purposes, the IEUA Employer Contribution amounts for employees are:

Agency Medical Contribution	Amount paid to the employee to purchase benefits:
Waive Coverage	\$948
Employee Only	\$948
Employee + 1	\$1239
Employee & Family	\$1515

*Anything above the Agency contribution is paid by the employee.
Plans range in price from \$357 to \$2,359 per month.*

Board of Directors: Healthcare Benefits Survey Results

Internal Audit conducted survey through CSMFO; 21 organizations responded to the Survey:

Cities

City of Arroyo Grande
City of Bell Gardens
City of Carpinteria
City of Cloverdale
City of Concord
City of Crescent City
City of Irwindale
City of La Palma
City of Mill Valley
City of Mission Viejo
City of Newman
City of Orinda
City of Rocklin
City of San Juan Capistrano
City of Santa Fe Springs
City of Selma

Special Districts

Beaumont-Cherry Valley Water District
Eastern Municipal Water District
Palmdale Water District
San Gabriel Basin Water Quality Authority
West Valley Sanitation District

Board of Directors: Healthcare Benefits Survey Results

Internal Audit conducted survey through CSMFO:

- *21 organizations responded to the Survey*
- *13 of the 21 (62%) provide health benefits to Board or City Council members.*
- *10 of the 13 (77%) that provide health benefits require Board or City Council members to pay for amounts that exceed the employer contribution amount.*

IEUA Board of Directors Policies Workshop

Discussion & Questions Additional Requests

The Board of Director's Benefits Review is consistent with the Agency's Business Goals of Fiscal Responsibility, Workplace Environment, and Business Practices by ensuring that IA's evaluations provide suggestions that foster a strong ethical and internal control environment, transparency in business practices to mitigate risks and assist in the achievement of organizational goals and objectives.