

CALAVERAS COUNTY WATER DISTRICT FINANCE COMMITTEE MEETING

AGENDA

Tuesday, March 19, 2019
9:00 a.m.
CCWD Board Room

Calaveras County Water District
120 Toma Court (P O Box 846)
San Andreas, California 95249

In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact the Administration Office at 209-754-3028. Notification in advance of the meeting will enable CCWD to make reasonable arrangements to ensure accessibility to this meeting. Any documents related to agenda items that are made available to the Board before or at the meeting shall be available for review by the public at 120 Toma Court, San Andreas, CA 95249.

ORDER OF BUSINESS

CALL TO ORDER / PLEDGE OF ALLEGIANCE

1. **PUBLIC COMMENT:** Comments limited to three minutes per person.
2. **APPROVAL OF MINUTES:** February 19, 2019
3. **NEW BUSINESS**
 - 3a. Report on the Monthly Financial Reports for February 2019
(Jeffrey Meyer, Director of Administrative Services)
 - 3b. Discussion/Direction Regarding District's Vehicle Replacement Policy
(Jeffrey Meyer, Director of Administrative Services)
 - 3c. Discussion/Direction Regarding District's Termination of Service Policy
(Jeffrey Meyer, Director of Administrative Services)
 - 3d. Discussion/Direction Regarding District's Purchasing Policy
(Jeffrey Meyer, Director of Administrative Services)
4. **DIRECTOR OF ADMINISTRATIVE SERVICES COMMENTS**
5. **GENERAL MANAGER COMMENTS**
6. **DIRECTOR COMMENTS**
7. **FUTURE AGENDA ITEMS**
8. **NEXT COMMITTEE MEETING**
9. **ADJOURNMENT**

MINUTES
FINANCE COMMITTEE MEETING
FEBRUARY 19, 2019

The FINANCE COMMITTEE of the CALAVERAS COUNTY WATER DISTRICT (CCWD) met in the CCWD Board Room at 120 Toma Court, San Andreas, California at 9:00 a.m.

The following Committee Members were present:

Bertha Underhill	Director
Cindy Secada	Director

Staff Present:

Michael Minkler	General Manager
Jeffrey Meyer	Director of Administrative Services
Patti Christensen	Accountant III

Public Present:

None

1. Public Comment:

None

2. Approval of Minutes: January 15, 2019

3. New Business:

3a. Report on the Monthly Financial Reports for January 2019:

Mr. Meyer started with the Budget Status Report going into some detail to familiarize Mr. Minkler with District operations. Director Secada asked about the Standby Fees and a discussion followed. Mr. Meyer pointed out the different departments and then went through each department. Some of the key items discussed were overtime, legal fees, membership dues, professional services, bad debt expense, and state/federal fees. Director Secada asked Mr. Minkler to report on the overtime wages. There was some discussion regarding the upcoming budget process.

Recess at 10:12; resume meeting at 10:21

Mr. Meyer reviewed the Capital R&R report starting with the water R&R talking about the revenue, expenditures and the fund balance. The Ebbetts Pass Reach 1 project has a bid opening on February 26, and the Ebbetts Pass Techite line replacement project will go out to bid in April. Director Underhill asked about starting the tank replacement project and Mr. Meyer replied that with the current limited engineering staff it hasn't been possible to move forward with this project. He said that he will go to the Board soon with a request to add an engineer to the Fiscal Year 2019-20 Operating Budget that will be funded in part by the Capital R&R program. Mr. Meyer talked about the sewer R&R and that revenue is on track and that there is grant revenue for the Douglas Flat/Vallecito Title 22 project. The sewer R&R program has less funds to work with because there are less customers. Public outreach on upcoming projects will be conducted in the Copperopolis area.

The Claim Summary was approved at the last Board meeting.

3b. Discussion/Direction Regarding District's Investment Policy:

Mr. Meyer mentioned this is a follow up to the previous Finance Committee meeting. Mr. Meyer brought up looking into an investment management firm now that interest rates are increasing.

MINUTES
FINANCE COMMITTEE MEETING
FEBRUARY 19, 2019

The Investment Advisory committee is proposed to be eliminated, with the intent of involving the full Finance Committee in the advisory process. There was discussion on the policy changes with Mr. Meyer answering questions from the Committee members.

Direction was given to take the proposed policy changes to the full Board.

3c. Discussion/Direction Regarding District's Assessment District Funding Policy:

Mr. Meyer stated this agenda item is being brought up in response to the auditors Management Board letter. Mr. Meyer stated that Assessment Districts are designed to fund themselves and on occasion the District may have to lend money to an Assessment District when it has a cash shortfall. The new Financial Management Policy No. 5.14 was created to document this process. It was suggested to bring any Assessment District shortfalls to the Board for approval prior to advancing funds.

Direction was given to take this agenda item with discussed changes to the full Board.

3d. Update on CalPERS Unfunded Accrued Liability Refinancing:

Mr. Meyer stated the Unfunded Accrued Liability refinancing is moving forward and is scheduled to close next week.

4. Director of Administrative Services Comments:

None at this time.

5. General Manager Comments:

Mr. Minkler mentioned he is looking forward to working with staff.

6. Director Comments:

Director Secada had nothing to report.

Director Underhill said an ACWA/JPIA newsletter mentioned CalPERS investment practices. Mr. Meyer and Mr. Minkler stated CalPERS invests worldwide.

7. Future Agenda Items:

- Vehicle Replacement Policy

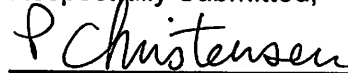
8. Next Committee Meeting:

March 19, 2019 at 9 a.m.

9. Adjournment:

Meeting adjourned at 11:09 a.m.

Respectfully Submitted,



Patti Christensen, Accountant III

Approved:


Jeffrey Meyer, Director of Administrative Services

Agenda Item

DATE: March 19, 2019
TO: Finance Committee
FROM: Jeffrey Meyer,  Interim General Manager
SUBJECT: Report on the Monthly Financial Reports for February 2019

RECOMMENDED ACTION:

Receive Report on February 2019 Monthly Financial Reports

SUMMARY:

The following financial reports are for the month ending February 28, 2019:

Budget Status Report – A summary of operating revenues and expenditures. Please note that some expenditures are paid in arrears and this report may not adequately reflect costs incurred through the reporting period. Similarly, the year-to-date revenues compared to budget may not present a fair estimate of expected revenues as some revenue types, such as property taxes, are received periodically throughout the year.

Capital Renovation and Replacement (Capital R&R) Report – A summary of Capital R&R revenues and expenditures for the water and wastewater funds. Additionally, some expenditures are paid in arrears and this report may not adequately account for all costs incurred during the reporting period.

Claim Summary – The claim summary is a summary of services, supplies, reimbursements and other vendor claims paid by the District in the month of February, 2019. The February claim summary was submitted to and approved by the Board of Directors at the March 13th Board meeting.

FINANCIAL CONSIDERATIONS:

None

*Attachment: Budget Status Report – February 2019
FY 2018-19 Capital R&R Report – February 2019*

**CALAVERAS COUNTY WATER DISTRICT
REVENUE STATUS REPORT FOR
THE PERIOD ENDED FEBRUARY 28, 2019
ALL REVENUES
67% of Year Completed**

Revenue Source	Actual Revenue FY 17-18 (post-audit)	Budgeted Revenue FY 18-19	Actual Revenue to 02/19	%	Received
Operating Revenue					
WATER SALES	7,414,772	7,813,288	5,170,150		66.17%
WASTEWATER SALES	4,263,774	4,496,488	2,963,412		65.91%
OTHER	524,541	485,800	351,137		72.28%
Total Operating Revenue	12,203,087	12,795,576	8,484,699		66.31%
Non-Operating Revenue					
CAPACITY FEES	567,765	-	644,295		-
STAND-BY FEES	130,894	132,500	71,430	*	53.91%
PROPERTY TAXES	2,916,956	3,075,001	1,740,319	*	56.60%
INVESTMENT INCOME	390,749	283,782	316,759		111.62%
GRANT REVENUE	821,148	-	1,492,871		-
OTHER REVENUE	346,335	1,574,118	1,117,335		70.98%
Total Non-Operating Revenue	5,173,847	5,065,401	5,383,009		106.27%
GRAND TOTALS REVENUE	17,376,934	17,860,977	13,867,708		77.64%

*Distributed in Feb, May, and Aug

**CALAVERAS COUNTY WATER DISTRICT
REVENUE STATUS REPORT FOR
THE PERIOD ENDED FEBRUARY 28, 2019
OPERATING REVENUES
67% of Year Completed**

Revenue Source	Actual Revenue FY 17-18 (post-audit)	Budgeted Revenue FY 18-19	Actual Revenue to 01/19	%	Received
Operating Revenue					
WATER SALES	7,414,772	7,813,288	5,170,150		66.17%
WASTEWATER SALES	4,263,774	4,496,488	2,963,412		65.91%
OTHER	524,541	485,800	351,137		72.28%
Total Operating Revenue	12,203,087	12,795,576	8,484,699		66.31%
Non-Operating Revenue					
STAND-BY FEES	130,894	132,500	71,430	*	53.91%
PROPERTY TAXES	2,788,250	2,613,751	1,479,269	*	56.60%
INVESTMENT INCOME	56,183	86,536	102,574		118.53%
GRANT REVENUE	65,732	-	6,627		-
OTHER REVENUE	342,078	1,562,118	1,116,335		71.46%
Total Non-Operating Revenue	3,383,137	4,394,905	2,776,235		63.17%
GRAND TOTALS REVENUE	15,586,224	17,190,481	11,260,933		65.51%

*Distributed in Feb, May, and Aug

**Calaveras County Water District
 Operating Budget Summary
 Fiscal Year 2018-19
 Budget vs Actual as of February 28, 2019
 67% of Year Completed**

District Summary by Category

Description	FY 18-19 Budget	Expenditures to 02/28/19	%
Personnel Services	9,551,359	6,291,006	66%
Services and Supplies	6,553,650	4,051,584	62%
Capital Outlay	500,000	249,114	50%
Total Operations & Capital Outlay:	16,605,009	10,591,704	64%

District Summary by Department

Dept	Description	FY 18-19 Budget	Expenditures to 02/28/19	%
Personnel, Services, and Supplies				
50	Non-Departmental (excluding Debt Svc)	1,545,819	560,210	36%
54	Utility Services	9,992,709	6,533,287	65%
56	General Management	1,012,459	697,179	69%
57	Board of Directors	165,089	78,875	48%
58	Technical Services/Engineering	773,685	477,087	62%
59	Administrative Services	1,582,455	1,067,405	67%
60	Water Resources	1,032,793	928,548	90%
sub-total Operations:		16,105,009	10,342,590	64%
Capital Outlay				
54	Utility Services - Equipment/Projects	490,000	238,949	49%
59	Administrative Services	10,000	10,165	102%
sub-total Capital Outlay:		500,000	249,114	50%
Total Operations & Capital Outlay		16,605,009	10,591,704	64%

CCWD Budget Status Report
Non-Departmental

As of February 28, 2019
67% of Year Completed

<u>Acct</u>	<u>Description</u>	<u>FY 18-19 Budget</u>	<u>February 2019</u>	<u>FY 18-19 Year-to-Date</u>	<u>Percent YTD</u>	<u>Encumbered</u>	<u>Balance Available</u>
Services & Supplies							
60210	Power	11,400	895	5,739	50%	-	5,661
60220	Water	2,765	220	1,539	56%	-	1,226
60250	Telephone	11,808	903	7,192	61%	-	4,616
60260	Refuse Disposal	2,597	217	1,727	66%	-	870
60310	Materials and Supplies	37,200	3,423	26,611	72%	4,466	6,123
60313	Tools	500	-	727	145%	-	(227)
60320	Safety Equipment	3,230	-	-	0%	-	3,230
60400	Outside Services/Repairs	10,100	1,509	8,108	80%	-	1,992
60410	Service Maintenance Contracts	5,800	166	3,453	60%	-	2,347
60426	Building Repairs	5,000	-	-	0%	-	5,000
60430	Claims Damages	5,000	125	125	3%	-	4,875
60440	Janitorial Services	23,220	1,935	15,480	67%	-	7,740
60590	Professional Services	-	-	600	-	-	(600)
61100	New Hogan O&M	293,262	-	-	0%	-	293,262
61200	Retired Employee Costs	554,200	52,555	368,449	66%	-	185,751
61410	Insurance	184,000	-	117,061	64%	-	66,939
61430	State/Federal/County Fees	395,737	-	3,282	1%	-	392,455
78990	Misc. Non-Operating Costs	-	-	117	-	-	(117)
sub-total Services & Supplies:		1,545,819	61,948	560,210	36%	4,466	981,143
Debt Service							
72110	Interest - CalPERS Side Fund Loan	3,485	196	3,315	95%	-	170
73110	Principal - CalPERS Side Fund Loan	257,021	25,855	205,089	80%	-	51,932
72350	Interest - USDA EP Reach 3A	57,543	-	43,700	76%	-	13,843
73350	Principal - USDA EP Reach 3A	43,700	-	29,017	66%	-	14,683
72400	Interest - Water Fund Loan to Sewer Fund	14,322	-	-	0%	-	14,322
73400	Principal - Water Fund Loan to Sewer Fund	65,400	-	-	0%	-	65,400
72500	Interest - New Hogan Dam	17,113	-	-	0%	-	17,113
73500	Principal - New Hogan Dam	55,242	-	-	0%	-	55,242
72600	Interest - OP HQ	75,000	-	-	0%	-	75,000
73600	Principal - OP HQ	570,741	-	-	0%	-	570,741
72900	Interest - Capital R&R Loan	90,098	40,638	89,966	100%	-	132
73900	Principal - Capital R&R Loan	1,487,319	743,660	1,487,319	100%	-	-
sub-total Debt Service:		2,736,984	810,349	1,858,407	68%	-	826,476
Total Department:		4,282,803	872,297	2,418,617	56%	4,466	1,807,619

CCWD Budget Status Report
Utility Services - Summary

As of February 28, 2019
67% of Year Completed

<u>Acct</u>	<u>Description</u>	<u>FY 18-19 Budget</u>	<u>February 2019</u>	<u>FY 18-19 Year-to-Date</u>	<u>Percent YTD</u>	<u>Encumbered</u>	<u>Balance Available</u>
	Personnel Services						
	Salaries/Wages	3,647,540	293,855	2,383,180	65%	-	1,264,360
	Wages-Overtime	220,565	25,612	168,831	77%	-	51,734
	Benefits	2,607,254	243,820	1,733,504	66%	-	873,750
	Medical Reimbursements	17,600	609	4,989	28%	-	12,611
	sub-total Personnel Services:	6,492,959	563,896	4,290,504	66%	-	2,202,455
	Services & Supplies						
	Utilities	990,350	86,563	655,079	66%	-	335,271
	Material and Supplies	663,100	65,470	511,132	77%	96,540	55,428
	Safety Eq Repl/consumables	40,000	3,648	24,483	61%	698	14,819
	Chemicals	350,000	34,529	206,235	59%	70	143,695
	Outside Services/Repairs	148,700	4,362	68,674	46%	15,453	64,573
	Service Maintenance Contracts	323,000	2,684	96,528	30%	56,448	170,024
	Laboratory Services	200,000	18,556	99,925	50%	-	100,075
	Rentals (Non Vehicles & Equipment)	-	3,000	24,000	0%	70	(24,070)
	Professional Services	68,000	1,123	25,363	37%	50,895	(8,258)
	Vehicle/Equipment Operating Expense	360,000	24,832	252,164	70%	19,461	88,375
	Rental Exp/Vehicle and Equip.	30,000	2,658	52,995	177%	-	(22,995)
	Permits & Licenses	11,000	813	10,404	95%	-	596
	Publications/Subscriptions	1,000	-	-	0%	-	1,000
	Memberships/Dues	14,500	1,587	5,705	39%	-	8,795
	Training, Conferences & Travel	36,000	567	22,787	63%	6,561	6,652
	Other Travel Costs	-	-	661	0%	-	(661)
	Purchased Water	5,000	-	505	10%	-	4,495
	State Wtr/Swr Fees	259,100	-	186,143	72%	-	72,957
	sub-total Services & Supplies:	3,499,750	250,392	2,242,783	64%	246,196	1,010,771
	sub-total Operations:	9,992,709	814,288	6,533,287	65%	246,196	3,213,226
	Capital Outlay						
	Automotive Lift	-	-	18,067	-	-	(18,067)
	UVT Analyzer - DFWCTO WWTP	-	7,016	7,016	-	-	(7,016)
505-19	West Point Monitoring Well	42,000	-	-	-	-	42,000
506-19	Wallace Up-Gradient Monitoring Well	35,000	-	-	-	-	35,000
	Mini-Excavator	74,000	67,536	67,536	-	-	6,464
	Skid-Steer	84,000	79,660	79,660	-	-	4,340
300/500-19	Vehicles (4)	180,000	-	24,655	14%	-	155,345
303-19	Snow ATV	30,000	-	28,072	94%	-	1,928
305-19	PRV Vaults - Copper Sawmill	30,000	-	-	0%	-	30,000
306-19	Handheld Meter Readers	15,000	-	13,943	93%	-	1,057
	sub-total Capital Outlay:	490,000	154,212	238,949	49%	-	251,051
	Total Department:	10,482,709	968,500	6,772,236	65%	246,196	3,464,277

CCWD Budget Status Report
Utility Services - Detail

As of February 28, 2019
67% of Year Completed

Acct	Description	FY 18-19 Budget	February 2019	FY 18-19 Year-to-Date	Percent YTD	Encumbered	Balance Available
Personnel Services							
60000	Salaries/Wages	3,647,540	293,855	2,383,180	65%	-	1,264,360
60030	Wages-Overtime	220,565	25,612	168,831	77%	-	51,734
60100	Benefits	2,607,254	243,820	1,733,504	66%	-	873,750
60102	Medical Reimbursements	17,600	609	4,989	28%	-	12,611
sub-total Personnel Services:		6,492,959	563,896	4,290,504	66%	-	2,202,455
Services & Supplies							
60210	Power	842,000	73,035	555,744	66%	-	286,256
60220	Water	2,400	244	1,684	70%	-	716
60230	Sewage	57,450	4,860	34,021	59%	-	23,429
60240	Telephone Lease Lines	4,000	324	2,334	58%	-	1,666
60250	Telephone	75,000	6,951	51,865	69%	-	23,135
60260	Refuse/Disposal	9,500	1,149	9,431	99%	-	69
60310	Material and Supplies	100,000	6,273	78,201	78%	22,691	(892)
60311	Herbicide	1,500	-	35	2%	129	1,336
60312	Safety Eq Repl/consumables	40,000	3,648	24,483	61%	698	14,819
60313	Tools	25,000	3,901	33,751	135%	3,684	(12,435)
60314	Uniforms - New	8,000	625	8,646	108%	-	(646)
60325	Lab Supplies, Consumables	34,000	2,132	28,716	84%	3,604	1,680
60327	Ozone System Parts	3,600	-	545	15%	-	3,055
60328	UV Bulb Replacement	85,000	-	39,440	46%	-	45,560
60331	Electrical Parts Replacement	75,000	6,732	49,980	67%	58	24,982
60332	Leak Repair Supplies	80,000	19,330	87,526	109%	13,975	(21,501)
60333	Road Repair Materials	25,000	9,598	28,852	115%	1,737	(5,589)
60334	SCADA, Radio Supplies	40,000	4,298	19,710	49%	48	20,242
60335	Septic Tanks, Repair & New	10,000	1,637	5,021	50%	102	4,877
60338	Meters, New Conn. & Repl.	31,000	-	21,015	68%	-	9,985
60350	Aerator/Compressor etc Repair	15,000	3,193	17,602	117%	52	(2,654)
60353	Computers/peripherals	6,000	-	279	5%	-	5,721
60354	Control Sys/Pressure Transducer	10,000	-	4,783	48%	-	5,217
60355	Headworks/Solids Removal Rep.	12,000	3,402	6,806	57%	17	5,177
60356	HVAC	6,000	-	7,636	127%	-	(1,636)
60357	Mixers	10,000	4,349	37,723	377%	3,209	(30,932)
60358	Monitor Wells Repair	1,000	-	-	0%	-	1,000
60359	Pumps/Motors Repair	85,000	-	34,885	41%	47,234	2,881
60395	Chemicals	350,000	34,529	206,235	59%	70	143,895
60400	Outside Services/Repairs	77,000	977	35,761	46%	6,083	35,158
60401	Fire Ext. Testing Cust. Base	1,800	-	-	0%	-	1,800
60402	Spraying - Woods & Insects	11,700	898	4,581	39%	-	7,119
60403	Snow Removal	10,000	-	630	6%	9,370	-
60404	Uniform Laundry	24,200	2,467	18,506	76%	-	5,694
60405	Fire Hydrant Maintenance	24,000	-	9,196	38%	-	14,804
60412	Groundwater Monitoring	45,000	-	19,529	43%	26,462	(991)
60413	Instrumentation Tech	6,500	1,189	2,347	36%	-	4,153
60414	Ozone System PM	10,000	-	-	0%	-	10,000
60415	Backflow Device Testing	6,500	-	1,995	31%	-	4,505
60416	SCADA Consulting (A-Team)	40,000	-	3,570	9%	-	36,430
60417	Hauling / Dig / Crane	15,000	-	8,855	59%	1,425	4,720
60419	Pave / Seal / Asphalt Repair	72,000	-	27,846	39%	1,761	42,393
60423	Telemetry / Radio	3,000	-	-	0%	-	3,000
60424	Septic Hauling	15,000	1,171	9,579	64%	-	5,421
60425	Tank Cleaning	40,000	-	2,850	7%	26,800	10,350
60426	Building Repairs	35,000	324	13,607	39%	-	21,393
60428	Distribution System Contract	5,000	-	-	0%	-	5,000
60431	Computer Lic/Maint Contracts	30,000	-	6,350	21%	-	23,650
60470	Laboratory Services	200,000	18,556	99,925	50%	-	100,075
60480	Rentals (Non Vehicles & Equipment)	-	3,000	24,000	0%	70	(24,070)
60590	Professional Services	68,000	1,123	25,363	37%	50,895	(8,258)
60610	Operating Exp/Gas & Oil	205,000	15,809	128,713	63%	-	76,287
60620	Repairs and Parts	145,000	4,787	108,167	75%	7,795	29,038
60625	Fuel/Repairs - Generators	10,000	4,236	15,284	153%	11,666	(16,950)
60650	Rental Exp/Vehicle and Equip.	30,000	2,658	52,995	177%	-	(22,995)
60710	Permits & Licenses	11,000	813	10,404	95%	-	596
60730	Publications/Subscriptions	1,000	-	-	0%	-	1,000
60732	Memberships/Dues	14,500	1,587	5,705	39%	-	8,795
60810	Training, Conferences & Travel	36,000	567	22,787	63%	6,561	6,652
60820	Other Travel Costs	-	-	661	0%	-	(661)
61100	Purchased Water	5,000	-	505	10%	-	4,495
61420	State Wtr/Swr Fees	259,100	-	186,143	72%	-	72,957
sub-total Services & Supplies:		3,499,750	250,392	2,242,783	64%	246,196	1,010,771
sub-total Operations:		9,992,709	814,288	6,533,287	65%	246,196	3,213,226
Capital Outlay							
Automotive Lit							
		-	-	18,067	-	-	(18,067)
	UVT Analyzer - DFA/CTO WWTP	-	7,016	7,016	-	-	(7,016)
505-19	West Point Monitoring Well	42,000	-	-	-	-	42,000
506-19	Well/ace Up-Gradient Monitoring Well	35,000	-	-	-	-	35,000
	Mini-Excavator	74,000	67,536	67,536	-	-	6,464
	Skid-Steer	84,000	79,660	79,660	-	-	4,340
300/500-19	Vehicles (4)	180,000	-	24,655	14%	-	155,345
303-19	Snow ATV	30,000	-	28,072	94%	-	1,928
305-19	PRV Vaults - Copper Sawmill	30,000	-	-	0%	-	30,000
306-19	Handheld Meter Readers	15,000	-	13,943	93%	-	1,057
sub-total Capital Outlay:		490,000	154,212	238,949	49%	-	251,051
Total Department:		10,482,709	968,500	6,772,236	65%	246,196	3,464,277

CCWD Budget Status Report
 General Management

As of February 28, 2019
 67% of Year Completed

<u>Acct</u>	<u>Description</u>	<u>FY 18-19 Budget</u>	<u>February 2019</u>	<u>FY 18-19 Year-to-Date</u>	<u>Percent YTD</u>	<u>Encumbered</u>	<u>Balance Available</u>
Personnel Services							
60000	Salaries/Wages	425,395	27,599	298,162	70%	-	127,233
60030	Wages-Overtime	740	-	306	41%	-	434
60100	Benefits	241,199	14,622	134,344	56%	-	106,855
60102	Medical Reimbursements	1,600	-	800	50%	-	800
sub-total Personnel Services:		668,934	42,221	433,612	65%	-	235,322
Services and Supplies							
60310	Material and Supplies	3,000	122	1,046	35%	-	1,954
60420	Drug and Alcohol Testing	1,500	-	1,540	103%	-	(40)
60429	Recruiting	5,000	37	20,787	416%	354	(16,141)
60505	Outside Legal Fees	127,500	-	103,186	81%	-	24,314
60541	Advertising/Publicity	1,500	-	-	0%	-	1,500
60590	Professional Services	125,800	6,570	66,850	53%	-	58,950
60700	Forms and Supplies	450	-	84	19%	-	366
60732	Memberships/Dues	48,275	-	59,823	124%	-	(11,548)
60810	Training, Conferences & Travel	27,500	-	9,951	36%	99	17,450
60820	Other Travel Costs	1,000	-	300	30%	-	700
61410	Unemployment Claims	2,000	-	-	0%	-	2,000
78990	Misc Non-Operating Costs	-	-	-	-	-	-
sub-total Services & Supplies:		343,525	6,729	263,567	77%	453	79,505
Total Department:		1,012,459	48,950	697,179	69%	453	314,827

CCWD Budget Status Report
Board of Directors

As of February 28, 2019
67% of Year Completed

<u>Acct</u>	<u>Description</u>	<u>FY 18-19 Budget</u>	<u>February 2019</u>	<u>FY 18-19 Year-to-Date</u>	<u>Percent YTD</u>	<u>Encumbered</u>	<u>Balance Available</u>
Personnel Services							
60000	Salaries/Wages	43,200	1,680	17,640	41%	-	25,560
60100	Benefits	86,139	5,632	48,338	56%	-	37,801
60102	Medical Reimbursements	2,000	-	1,518	76%	-	482
sub-total Personnel Services:		131,339	7,312	67,496	51%	-	63,843
Services and Supplies							
60310	Materials and Supplies	750	150	370	49%	-	380
60590	Professional Services	11,500	-	4,587	40%	-	6,913
60810	Training, Conferences & Travel	15,000	(98)	1,703	11%	-	13,297
60820	Other Travel Costs	6,500	534	4,719	73%	-	1,781
sub-total Services & Supplies:		33,750	586	11,379	34%	-	22,371
Total Department:		165,089	7,898	78,875	48%	-	86,214

CCWD Budget Status Report
 Technical Services/Engineering

As of February 28, 2019
 67% of Year Completed

<u>Acct</u>	<u>Description</u>	<u>FY 18-19 Budget</u>	<u>February 2019</u>	<u>FY 18-19 Year-to-Date</u>	<u>Percent YTD</u>	<u>Encumbered</u>	<u>Balance Available</u>
Personnel Services							
60000	Salaries/Wages	455,490	42,645	292,115	64%	-	163,375
60030	Overtime	12,038	409	3,556	30%	-	8,482
60100	Benefits	282,057	31,494	172,662	61%	-	109,395
60102	Medical Reimbursements	2,800	-	1,200	43%	-	1,600
sub-total Personnel Services:		752,385	74,548	469,533	62%	-	282,852
Services and Supplies							
60310	Materials and Supplies	-	193	613	-	-	(613)
60410	Service Maintenance Contracts	9,800	-	6,139	63%	2,500	1,161
60590	Professional Services	5,000	-	-	0%	465	4,535
60700	Forms and Supplies	500	-	-	0%	-	500
60730	Publications/Subscriptions	250	200	310	124%	-	(60)
60732	Memberships/Dues	250	-	-	0%	-	250
60760	Recording Title Reports	-	-	165	-	-	(165)
60810	Training, Conferences & Travel	5,000	312	312	6%	600	4,088
60820	Other Travel Costs	500	-	15	3%	-	485
sub-total Services & Supplies:		21,300	705	7,554	35%	3,565	10,181
Total Department:		773,685	75,253	477,087	62%	3,565	293,033

CCWD Budget Status Report
 Administrative Services

As of February 28, 2019
 67% of Year Completed

<u>Acct</u>	<u>Description</u>	<u>FY 18-19 Budget</u>	<u>February 2019</u>	<u>FY 18-19 Year-to-Date</u>	<u>Percent YTD</u>	<u>Encumbered</u>	<u>Balance Available</u>
Personnel Services							
60000	Salaries/Wages	692,729	60,746	479,075	69%	-	213,654
60030	Wages-Overtime	3,676	139	2,141	58%	-	1,535
60100	Benefits	473,615	46,104	322,103	68%	-	151,512
60102	Medical Reimbursements	3,200	1,115	1,706	53%	-	1,494
	sub-total Personnel Services:	1,173,220	108,104	805,025	69%	-	368,195
Services and Supplies							
60310	Materials and Supplies	250	-	-	0%	-	250
60390	Admin Technologies Comm	34,000	9,880	22,119	65%	852	11,029
60400	Outside Services/Repairs	5,750	1,007	4,064	71%	1,787	(101)
60410	Service Maintenance Contracts	40,500	1,391	37,275	92%	-	3,225
60431	Computer Lic/Maint Contracts	22,260	-	10,474	47%	-	11,786
60510	Accounting/Auditing	40,000	10,524	33,690	84%	-	6,310
60590	Professional Services	83,200	5,795	51,221	62%	-	31,979
60700	Forms and Supplies	1,950	-	105	5%	-	1,845
60720	Postage	18,100	1,328	10,252	57%	-	7,848
60732	Memberships/Dues	725	-	630	87%	-	95
60810	Training, Conferences & Travel	5,000	255	1,243	25%	-	3,757
60820	Other Travel Costs	1,000	-	266	27%	-	734
61310	Bad Debt Expense	48,000	4,188	35,222	73%	-	12,778
61315	Customer Rate Assistance Program	30,000	2,080	7,470	25%	-	22,530
61485	Third Party Payment Proc Fees	71,000	5,832	40,849	58%	-	30,151
78100	Custodial Agent Fees	7,500	-	7,500	100%	-	-
	sub-total Services & Supplies:	409,235	42,280	262,380	64%	2,639	144,216
sub-total Operations:		1,582,455	150,384	1,067,405	67%	2,639	512,411
Capital Outlay							
	Server Replacement	-	-	10,165	-	-	(10,165)
	Antenna Replacement	10,000	-	-	0%	-	10,000
	sub-total Capital Outlay:	10,000	-	10,165	-	-	(165)
Total Department:		1,592,455	150,384	1,077,570	68%	2,639	512,246

CCWD Budget Status Report
Water Resources

As of February 28, 2019
67% of Year Completed

<u>Acct</u>	<u>Description</u>	<u>FY 18-19 Budget</u>	<u>February 2019</u>	<u>FY 18-19 Year-to-Date</u>	<u>Percent YTD</u>	<u>Encumbered</u>	<u>Balance Available</u>
Personnel Services							
60000	Salaries/Wages	216,720	18,218	144,621	67%	-	72,099
60100	Benefits	115,002	10,157	79,882	69%	-	35,120
60102	Medical Reimbursements	800	-	334	42%	-	466
sub-total Personnel Services:		332,522	28,375	224,837	68%	-	107,685
Services and Supplies							
60310	Material and Supplies	20,000	25	26,963	135%	1,063	(8,026)
60505	Outside Legal Fees	115,000	-	64,707	56%	-	50,293
60590	Professional Services	80,000	2,634	56,812	71%	55,719	(32,531)
60732	Membership/Dues	37,390	-	53,742	144%	-	(16,352)
60810	Training, Conferences & Travel	6,000	-	2,254	38%	-	3,746
60820	Other Travel Costs	1,500	145	187	12%	-	1,313
61435	State/Federal/County Fees	359,381	25,000	492,505	137%	-	(133,124)
61450	Mandated Plans	75,000	-	5,091	7%	-	69,909
61455	Water Conservation	6,000	500	1,450	24%	-	4,550
sub-total Services & Supplies:		700,271	28,304	703,711	100%	56,782	(60,222)
Total Department:		1,032,793	56,679	928,548	90%	56,782	47,463

Water Capital Renovation and Replacement Fund

July 1, 2013 through February 28, 2019

	FY 17-18	Thru Jun 30, 2018	Jul - Sep	Oct - Dec	Jan - Mar	Y-T-D FY 18-19	Total to Date
Revenues:							
Capital R&R Water Revenues	\$ 3,272,222	\$ 14,049,903	\$ 639,191	\$ 809,396	\$ 502,771	\$ 1,951,357	\$ 16,001,261
Interest Income	93,266	297,610	33,671	35,410	39,068	108,148	405,758
Capital R&R Loan *	-	6,622,000	-	-	-	-	6,622,000
Grant Revenues	1,024,995	2,881,125	-	-	1,477,213	1,477,213	4,358,338
Total Revenues	\$ 4,390,483	\$ 23,850,639	\$ 672,861	\$ 844,805	\$ 2,019,052	\$ 3,536,719	\$ 27,387,358
Expenditures:							
Ebbetts Pass Techite Line	1,549	156,172	-	3,633	36,342	39,974	196,146
Ebbetts Pass Reach 1	432,911	583,435	55,255	65,723	3,761	124,739	708,174
San Antonio Storage Restoration	9,055	67,436	-	-	-	-	67,436
Jenny Lind Pretreatment Facility	1,002,834	1,425,450	377,255	1,591,827	387,194	2,356,276	3,781,726
Tank Management Plan	-	65,954	-	-	-	-	65,954
EP Redwood Tank Replacement	28,926	28,926	6,678	-	-	6,678	35,603
Jenny Lind A-B Trans Line	8,496	8,581	621	-	-	621	9,202
Pipeline Replacement	166,975	233,618	-	293	-	293	233,911
Big Trees Tank Replacement	5,084	1,430,906	-	-	-	-	1,430,906
Completed Projects (see Funding)	1,256,589	7,041,727	-	-	-	-	7,041,727
Total Expenditures	\$ 2,912,466	\$ 11,042,254	\$ 439,809	\$ 1,661,476	\$ 427,297	\$ 2,528,582	\$ 13,570,836
Beginning Balance	\$ 11,032,777	\$ -	\$ 11,676,112	\$ 11,243,034	\$ 10,426,363	\$ 11,676,112	\$ -
Total Revenues	4,390,483	23,850,639	672,861	844,805	2,019,052	3,536,719	27,387,358
Less							
Loan Payments	834,683	1,132,274	666,130	-	-	666,130	1,798,404
Project Costs	2,912,466	11,042,254	439,809	1,661,476	427,297	2,528,582	13,570,836
Ending Balance	\$ 11,676,112	\$ 11,676,112	\$ 11,243,034	\$ 10,426,363	\$ 12,018,118	\$ 12,018,118	\$ 12,018,118

* R&R/USDA Loans - Outstanding P&I Due:

\$ 6,426,699

Water Capital Renovation and Replacement Funding
 July 1, 2013 through February 28, 2019

Project Funding	Project Budget	Expenses To Date	Balance	Operating Funds	Expansion Funds	Capital R&R	Grant Revenues
Ebbetts Pass Techite Line	\$ 1,250,000	\$ 196,146	\$ 1,053,854	\$ -	\$ -	\$ 1,250,000	\$ -
Ebbetts Pass Reach 1	5,000,000	708,174	4,291,826	-	1,000,000	4,000,000	-
San Antonio Storage Restoration	4,000,000	67,436	3,932,564	-	-	4,000,000	-
Jenny Lind Pretreatment Facility	3,800,000	3,781,726	18,274	-	-	980,000	2,820,000
Tank Management Plan	2,650,000	65,954	2,584,046	-	-	2,650,000	-
EP Redwood Tank Replacement	-	35,603	(35,603)	-	-	-	-
West Point AMR/AMI Meter Program	500,000	-	500,000	-	-	500,000	-
Wilson Dam	500,000	49	499,951	-	-	500,000	-
Jenny Lind A-B Trans Line	3,500,000	9,202	3,490,798	-	-	3,500,000	-
Pipeline Replacement	1,000,000	233,911	766,089	-	-	1,000,000	-
Big Trees Tank Replacement	1,160,000	1,430,906	(270,906)	290,000	-	-	870,000
Ebbetts Pass Reach 3a (1)	5,360,000	5,829,093	(469,093)	-	-	3,982,000	1,378,000
Jenny Lind Pressure Reg Station (1)	190,000	207,581	(17,581)	-	-	190,000	-
Vista Del Lago/SR 26 Relocate (1)	190,000	200,671	(10,671)	-	-	200,671	-
Lake Tulloch Drought Emergency (1)	750,000	749,414	586	-	-	749,414	-
Capital Program Management (1)	50,000	54,969	(4,969)	-	-	54,969	-
Total Expenditures	\$ 29,900,000	\$ 13,570,836	\$ 16,329,164	\$ 290,000	\$ 1,000,000	\$ 23,557,054	\$ 5,068,000

(1) completed project

Wastewater Capital Renovation and Replacement Fund

July 1, 2013 through February 28, 2019

	FY 17-18	Thru Jun 30, 2018	Jul - Sep	Oct - Dec	Jan - Mar	Y-T-D FY 18-19	Total to Date
Revenues:							
Capital R&R Wastewater Revenues	\$ 1,177,119	5,107,868	\$ 206,326	\$ 271,369	\$ 195,843	\$ 673,538	\$ 5,781,405
Interest Income	26,397	85,364	9,743	10,753	13,035	33,532	118,896
Capital R&R Loan *	-	2,300,001	-	-	-	-	2,300,001
Grant Revenues	12,287	12,287	-	-	12,897	12,897	25,184
Total Revenues	\$ 1,215,803	\$ 7,505,519	\$ 216,070	\$ 282,122	\$ 221,775	\$ 719,967	\$ 8,225,486
Expenditures:							
Copper Cove Reclaim Permit	\$ 28,268	217,375	\$ 3,829	\$ 621	\$ -	\$ 4,450	\$ 221,825
WP/Wilseyville Consolidation	134	5,728	(508)	-	-	(508)	5,220
Copper Cove L/S 8,12,13 Bypass	33,345	60,270	8,578	32,180	12,481	53,239	113,509
Copper Cove LS 15 & 18 Renovation	56,275	65,193	4,383	35,449	11,986	51,818	117,011
Vallecito Recycle Water Distribution	13,262	34,889	2,120	7,599	1,426	11,144	46,033
Vallecito I&I/Equalization	-	35,795	-	-	867	867	36,662
Wallace Treatment Plant Renovation	-	-	-	-	466	466	466
Copper Cove Pond 6 Expansion	-	-	-	-	-	-	-
Wallace Waste Discharge Permit	-	-	-	-	-	-	-
Arnold WWTP	-	3,733	-	-	-	-	3,733
Completed Projects (see Funding)	-	2,069,529	-	-	-	-	2,069,529
Total Expenditures	\$ 131,284	\$ 2,492,512	\$ 18,402	\$ 75,849	\$ 27,225	\$ 121,476	\$ 2,613,988
Beginning Balance	\$ 2,915,381	\$ -	\$ 3,622,180	\$ 3,620,273	\$ 3,826,546	\$ 3,622,180	\$ -
Total Revenues	1,215,803	7,505,519	216,070	282,122	221,775	719,967	8,225,486
Less							
Loan Payments/Expenses	377,720	1,390,827	199,574	-	-	199,574	1,590,402
Project Costs	131,284	2,492,512	18,402	75,849	27,225	121,476	2,613,988
Ending Balance	\$ 3,622,180	\$ 3,622,180	\$ 3,620,273	\$ 3,826,546	\$ 4,021,097	\$ 4,021,097	\$ 4,021,097

* Sewer R&R Loan - Outstanding P&I Due:

\$ 991,426

Wastewater Capital Renovation and Replacement Funding

July 1, 2013 through February 28, 2019

Project Funding	Project Budget	Expenses To Date	Balance	Operating Funds	Expansion Funds	Capital R&R	Grant Revenues
Copper Cove Reclaim Permit	\$ 250,000	\$ 221,825	\$ 28,175	\$ -	\$ -	\$ 250,000	\$ -
West Point/Wilseyville Consolidation	4,750,000	5,220	4,744,780	-	-	-	4,750,000
Copper Cove L/S 8,12,13 Bypass	1,500,000	113,509	1,386,491	-	-	1,500,000	-
Copper Cove LS 15 & 18 Renovation	1,000,000	117,011	882,989	-	-	1,000,000	-
Vallecito Recycle Water Distribution	280,000	46,033	233,967	-	-	100,000	180,000
Vallecito I&I/Equalization	400,000	36,662	363,338	-	-	400,000	-
Wallace Treatment Plant Renovation	250,000	466	249,534	-	100,000	150,000	-
Forest Meadows UV Replacement	150,000	-	150,000	-	-	150,000	-
Copper Cove Pond 6 Expansion	5,500,000	-	5,500,000	-	2,750,000	2,750,000	-
Wallace Waste Discharge Permit	25,000	-	25,000	-	-	25,000	-
Pipeline Replacement	250,000	-	250,000	-	-	250,000	-
Arnold WWTP	150,000	3,733	146,267	-	-	150,000	-
Copper Cove Lift Station 22 (1)	1,600,000	1,516,935	83,065	-	-	1,600,000	-
Poker Flat LS 9, 10 and 11 (1)	285,000	493,406	(208,406)	-	-	285,000	-
Capital Program Management (1)	50,000	59,188	(9,188)	-	-	50,000	-
Total Expenditures	\$ 16,440,000	\$ 2,613,988	\$ 13,826,012	\$ -	\$ 2,850,000	\$ 8,650,000	\$ 4,930,000

(1) completed project

Agenda Item

DATE: March 19, 2019
TO: Finance Committee
FROM: Jeffrey Meyer, Director of Administrative Services
SUBJECT: Discussion/Direction regarding Draft District Policy No. 23, Vehicle Replacement Policy

RECOMMENDED ACTION:

Discussion/Direction regarding Draft District Policy No. 23, Vehicle Replacement Policy.

SUMMARY:

On October 24, 2018 the Board of Director's received a presentation on the District's Vehicle Replacement Program. Staff provided an overview of the District's fleet and equipment needs and how these needs relate to the current inventory of trucks and equipment. Staff also reviewed the District's Vehicle and Equipment Replacement and Purchasing Policy (attached), adopted on August 27, 2003 by Resolution 2003-61.

As part of the discussion, staff identified deficiencies in the current policy and the need to update standards to reflect changes in vehicle and equipment needs and improvements in vehicle reliability. Staff also requested and received input and direction from the Board in the development of a new vehicle replacement policy.

Staff presented the draft District Policy No. 23, Vehicle Replacement Policy to the Finance Committee on November 14th for review and comment. Staff incorporated those comments in the attached proposed Vehicle Replacement Policy, as well as comments from the Director of Operations. Staff requests comments and direction from the Finance Committee on the proposed policy. Once the policy is finalized, staff will request the Board rescind the District's Vehicle/Equipment Replacement and Purchasing Policy adopted by Resolution 2003-61 and adopt the proposed District Policy No. 23, Vehicle Replacement Policy.

FINANCIAL CONSIDERATIONS:

None at this time.

*Attachment: Resolution 2003-61, Vehicle/Equipment Replacement and Purchasing Policy
- Draft District Policy No. 23, Vehicle Replacement Policy*

RESOLUTION NO. 2003 - 61

A RESOLUTION AMENDING THE VEHICLE / EQUIPMENT
REPLACEMENT AND PURCHASING POLICY

WHEREAS, the Board of Directors of CALAVERAS COUNTY WATER DISTRICT adopted a Vehicle / Equipment Replacement and Purchase Policy on March 26, 2003; and

WHEREAS, the Board desires to amend such policy.

FURTHER RESOLVED, the attached amended Vehicle Policy, is hereby approved, and shall become effective immediately.

PASSED AND ADOPTED this 27th day of August 2003, by the following vote:

AYES: Directors Fonceca, Underhill, Deem, and Davidson
NOES: None
ABSTAIN: None
ABSENT: Director Hebrard

CALAVERAS COUNTY WATER DISTRICT



Jeff Davidson
President

ATTEST:



John W. Stewart
Secretary/General Manager

CCWD Vehicle and Equipment Replacement and Purchasing Policy

1.0 Replacement Policy:

- 1.1 **Light duty vehicles:** These vehicles - office pool vehicles, compact to one ton pickups and meter reading vehicles - are eligible to be replaced after 120,000 miles.
- 1.2 **Heavy duty vehicles:** These vehicles - backhoes, dump trucks, wastewater collection cleaning & inspection equipment such as VACCON, Vactor, TV van etc, - are eligible to be replaced according to the following schedule:

Vehicle Type	Replacement, years
Backhoe	12
Dump Trucks	12
VACCON	7
VacTor	7
TV Van	10

- 1.3 **Special replacement authorization for high maintenance (lemon law) vehicles:** Any vehicle or piece of equipment may be replaced sooner than indicated in 1.1 and 1.2 at the discretion of the General Manager when maintenance costs dramatically exceed the average.
- 1.4 **Board review:** The General Manager is directed to annually prepare a schedule for vehicle replacement listing all District vehicles and equipment. The General Manager is also directed to prepare a five-year cash flow analysis of the vehicle replacement fund. The list and the cash flow analysis shall be reviewed with the Board President to determine if any review by the full Board is appropriate.

2.0 Purchasing Policy

2.1 Source:

2.1a Light Duty: Every effort will be made to locate good used vehicles, such as those available from lease returns and/or from public agency sales, such as Salt Lake City Department of Public Works. Good used vehicles generally will be only 1-3 years old with less than 40,000 miles on them. After three months (90 days) with no success, vehicles will be purchased new from the factory through local dealers following the District's purchasing policy.

2.1b Heavy Equipment: Backhoes and the Wastewater collection system cleaning equipment will be purchased new from the factory through local dealers. Good used dump trucks will be sought either from dealers and/or lease return sources.

2.1c Internet: Use of Internet sources shall be used.

2.2 Quotation & Bidding:

2.2a Used: Whenever possible, the District's purchasing policy will be followed – competitive bids will be sent to three or more qualified sources. However, the General Manager or his designate shall have the authority to approve single source purchases for already Board approved vehicle purchases.

2.2b New: The District's purchasing policy, regarding competitive bidding, will be followed with the exception that newspaper advertising is not required. The District will establish specifications for the vehicle or equipment, which will be sent to a minimum of ten prospective vendors for quotation. They will be given a minimum of 20 and a maximum of 30 days to respond. Regardless of the number of quotes received, the lowest qualified bid will be accepted.

3.0 Funding:

3.1 Source: Subject to budget approval, each year sufficient funds will be placed into the Vehicle Replacement Fund to support the replacement policy in section 1.0. The current amount is \$200,000, but this amount will change with changes in the average cost of vehicles and with changes in the number of vehicles in inventory. This amount will be calculated each year as part of the budget process and will be put into the Vehicle Replacement and Improvement fund.

3.2 Unused funds: Any unused funds in the Vehicle Replacement Fund shall remain intact and carry forward each year. This will allow for accumulation of funds for heavy equipment purchases.

4.0 Purchase authority: With this policy, the Board authorizes the General Manager to purchase vehicles and equipment without further Board review.

Originally adopted: Res. No. 2003- 24, March 26, 2003
Revised: Res. No. 2003-61, August 27, 2003

23.1 Purpose

The policy is intended to provide clear guidelines for establishing vehicle and equipment standards and procedures to be used for the purchase, surplus and replacement of the District's fleet of vehicles and equipment.

23.2 Policy

This policy applies to all District employees who are involved in the purchase, maintenance and surplus of the District's vehicles and equipment.

23.3 Vehicle Standards

23.3.01 The Director of Operations and fleet staff are responsible for standardizing the District's fleet. The intent of establishing vehicle standards is to provide the safest, most reliable and economical vehicle that is appropriate for the job for which it is intended. Additionally, standardization enhances the ability to repair, stock parts, and maintain units in an economical manner.

23.3.02 Appropriate safety and economic criteria shall be applied to establishing and maintaining a standardized fleet. Criteria for vehicles and equipment standards shall include but not be limited to:

- Purchase price
- Fuel efficiency
- Vehicle emission rating
- Reliability
- Operating costs
- Other special criteria as may be required by District departments

23.3.03 Vehicles purchased by the District shall be the most fuel-efficient vehicles available that meet safety, reliability, cost effectiveness and District program requirements. In general terms this usually would mean economy-type sedan automobiles and pickup trucks.

23.3.04 As appropriate, alternatively fueled vehicles may be introduced into District fleet.

23.3.05 All District vehicles will be conspicuously marked with the District's approved insignia, the words "Official Use Only" and a District vehicle number.

23.3.06 Any modifications to District vehicles must be pre-approved and coordinated by the Director of Operations, or designee.

23.4 Vehicle Classification Standards

23.4.01 The Director of Operations, or designee, shall work in conjunction with District departments to develop a list of standardized vehicle classifications for each program.

- 23.4.02 Requests for deviation from the standard vehicle classification must be justified and submitted in writing on such forms as provided by the Fleet Manager and be approved by the General Manager.
- 23.4.03 The Director of Operations shall have authority to adjust vehicle replacement standards when it is clearly in the best interest of the District and end-user for the function required.
- 23.4.04 Vehicle standards for 24-hour on-call response programs may be different than standards for general use vehicles.

23.5 Four-Wheel Drive Standards

Minimum annual utilization criteria for assignment of four-wheel drive vehicles include:

- 23.5.01 The requirement for vehicle clearance and traction for frequent travel on unpaved/off road surfaces at a minimum of 25% of usage annually, and/or
- 23.5.02 Four-wheel drive traction to travel snow/ice covered roads during seasonal periods typical for such conditions at a minimum of 25% of the time during these periods.

23.6 Vehicle Procurement

The Director of Operations shall work with Department heads to identify vehicle replacement and purchasing needs that will be incorporated into District's fleet standards. These standards will be used in the vehicle procurement process. Furthermore, vehicle life-cycle costs (which include both the purchase price and operating costs of the vehicle) shall be incorporated into procurement decisions and all vehicle purchases shall follow the District's Purchasing Policy.

The Director of Operations shall have the option to utilize vehicle leases when it is economically and operationally advantageous to the District and its fleet.

23.7 Vehicle Disposal

Vehicles shall be disposed of in accordance with the District's Surplus Property Policy. The following criteria are considered by the Director of Operations in determining the need to dispose of District vehicles:

- 23.7.01 Vehicle operating and repair cost per mile.
- 23.7.02 Vehicles no longer needed or serviceable.
- 23.7.03 Vehicle mileage, condition, accumulated depreciation, utilization and parts availability.
- 23.7.04 High or anticipated high maintenance costs.

- 23.7.05 Introduction of improved vehicle technology, especially in the areas of fuel efficiency, safety, productivity and maintenance.
- 23.7.06 Vehicle repair cost exceeds salvage value.
- 23.7.07 Vehicle age and /or aging functionality and safety technology.

23.8 Replacement Policy

- 23.8.01 Light Duty Vehicles: Such as office pool vehicles, compact to one-ton pickups and meter reading vehicles, are eligible to be replaced after 100,000 miles, per the discretion of the Director of Operations, or when vehicle life cycle costs analyzed by using the criteria delineated in section 23.7, dictate.
- 23.8.02 Heavy Duty Vehicles: Such as backhoes, excavators, dump trucks, wastewater collection cleaning and inspection equipment (i.e. VacCon, Pumper trucks and TV van) are eligible to be replaced according to the following schedule, or as deemed appropriate and necessary by the Director of Operations, or when life cycle costs analyzed by using the criteria delineated in section 23.7, dictate:


Vehicle Type	Replacement, Years
Backhoe, Excavator	12
Dump Trucks	12
VacCon	7
Pumper Truck	7
TV Van	10

- 23.8.03 Reporting: On an annual basis the Director of Operations and the Director of Administrative Services will prepare a three-year vehicle replacement schedule listing all District vehicles and equipment, including a list of all required vehicle accessories. The Director of Administrative Services will also prepare a three-year cash flow analysis of vehicle purchases. The vehicle replacement schedule and cash flow analysis shall be incorporated into the annual budget process.

Agenda Item

DATE: March 19, 2019

TO: Finance Committee

FROM: Jeffrey Meyer,  Director of Administrative Services

SUBJECT: Discussion/Direction regarding District's Rules and Regulations Governing the Furnishing of Water and/or Wastewater Services – Article III, Section 21E, Termination of Services

RECOMMENDED ACTION:

Discussion/Direction regarding District's Rules and Regulations Governing the Furnishing of Water and/or Wastewater Services – Article III, Section 21E, Termination of Services.

SUMMARY:

On November 23, 2010 the Board of Directors adopted Resolution 2010-78, amending the District's Rules and Regulations Governing the Furnishing of Water and/or Wastewater Services – Article III, Section 21E, Termination of Services. The adopted policy states that termination of water and/or wastewater services to a property is not allowable under this policy. Director Secada has requested that the Finance Committee discuss this policy.

FINANCIAL CONSIDERATIONS:

None at this time.

Attachment: District Rules and Regulations Governing the Furnishing of Water and/or Wastewater Services – Article III, Section 21E, Termination of Services

RESOLUTION 2010 - 78

**A RESOLUTION OF THE BOARD OF DIRECTORS
OF THE CALAVERAS COUNTY WATER DISTRICT**

**AMENDING THE DISTRICT RULES AND REGULATIONS
GOVERNING THE FURNISHING OF WATER AND/OR WASTEWATER
SERVICES - ARTICLE III, SECTION 21E**

WHEREAS, the Board of Directors of the CALAVERAS COUNTY WATER DISTRICT adopted the Rules and Regulations Governing the Furnishing of Water and/or Wastewater Service to Consumers on December 7, 1954; and

WHEREAS, the Board added Section 21D - Suspension of Services, and Section 21E - Termination of Services, to Article III by Resolution No. 99-56 on October 13, 1999; and

WHEREAS, the Board added Section 21F – Foreclosure Abatement, to Article III by Resolution No. 2008-36 on May 21, 2008; and

WHEREAS, for the purpose of updating said policy, amendments to the current policy have been considered by the Board.

NOW, THEREFORE BE IT RESOLVED, that the Board of Directors does hereby rescind in its entirety Section 21E of Article III of the Rules and Regulations Governing the Furnishing of Water and/or Wastewater Service, adopted by Resolution No. 2008-36 on May 21, 2008, and any subsequent resolutions or amendments thereto.

BE IT FURTHER RESOLVED, that Section 21E of Article III of the Rules and Regulations Governing the Furnishing of Water and/or Wastewater Service is to be replaced by the following and so incorporated into Article III, is hereby approved by the Board of Directors and shall become effective immediately:

21E – Termination of Services. Termination of water and/or wastewater services to a property is not allowable under this policy.

BE IT FURTHER RESOLVED, that the remainder of the Rules and Regulations Governing the Furnishing of Water and/or Wastewater Service to Consumers adopted December 7, 1954, and thereafter amended shall remain in full force and effect.

....

....

....

PASSED AND ADOPTED this 23rd day of November 2010 by the following vote:

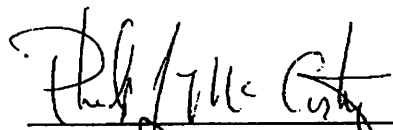
AYES: Directors Dean, Stump, Dooley, Davidson, and McCartney

NOES: None

ABSTAIN: None

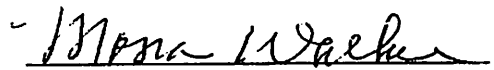
ABSENT: None

CALAVERAS COUNTY WATER DISTRICT



Philip J. McCartney, President
Board of Directors

ATTEST:



Mona Walker, Clerk to the Board

CALAVERAS COUNTY WATER DISTRICT
RULES AND REGULATIONS GOVERNING THE FURNISHING OF WATER
AND/OR WASTEWATER SERVICES
ARTICLE III

APPLICATION FOR SERVICE RATES AND BILLING

The owner must notify the District at least forty-eight (48) hours (excluding weekends and Holidays) prior to the reconnection of the services. If an owner does not establish a reconnection within two (2) years, automatic termination of the suspension will occur and monthly service and consumption charges will be reinstated.

If any District facilities are found to be in use during such time as service has been suspended, owner will immediately become liable for the monthly water and wastewater service and consumption charges that would have been billed during the suspension period.

E. Termination of Services. Termination of water and/or wastewater services to a property is not allowable under this policy.

Resolution 2010-78
November 23, 2010

E.1 Granting and Accepting Capacity Transfers.

Owners of two parcels within the same CCWD service area as defined below may request the ability to transfer capacity from one lot to another provided:

- a. Both lots involved must be:
 - i. Owned in fee title per County of Calaveras Recorder's Office by the same owner at the time capacity transference.
 - ii. Located in the same CCWD service area hereby defined as an area served by the same CCWD distribution and/or collection plants.
 - iii. Designated for single family residential construction only. Capacity transfer is not available to multi-unit or commercial properties.

Agenda Item

DATE: March 19, 2019
TO: Finance Committee
FROM: Jeffrey Meyer, Director of Administrative Services
SUBJECT: Discussion/Direction regarding District Financial Management Policy No. 5.02, Purchasing Policy

RECOMMENDED ACTION:

Discussion/Direction regarding District Financial Management Policy No. 5.02, Purchasing Policy.

SUMMARY:

The audit of the District's Federal Awards includes a report on compliance for each major federal program. That report identified a deficiency in regards to the to the District's Purchasing Policy. Specifically, the findings stated that the District's Purchasing Policy does not include a reference to the procurement requirements in the Title 2 U.S. Code of Federal regulations (CFR) Section 200.318 (Uniform Code).

Staff has prepared an updated Financial Management Policy No. 5.02, Purchasing Policy that includes these procurement requirements, as well as other updates. Staff will review the draft policy (attached) and requests comments and direction from the Finance Committee on the draft policy. Staff will then incorporate those comments into the proposed Purchasing Policy and return it to the Finance Committee for further review and comment. Once the policy is finalized and approved by the Finance Committee, staff will request the Board rescind the current Financial Management Policy No. 5.02 and adopt the proposed Financial Management Policy No. 5.02, Purchasing Policy.

FINANCIAL CONSIDERATIONS:

None at this time.

Attachment: Draft District Financial Management Policy No. 5.02, Purchasing Policy

5.02.01 Purpose

The purpose of ~~this~~ the Purchasing Policy (“P-policy”) is to provide the Calaveras County Water District (“District”) with a means of assuring continuity and uniformity in its purchasing operation, and to define the responsibilities for purchasing supplies, services and equipment for the ~~Water~~-District. These guidelines are not intended to address every issue, exception, or contingency that may arise in the course of purchasing activities. The basic standard that should always prevail is to exercise good judgment in the use and stewardship of District resources, including keeping within the budget authorized by the Board of Directors.

5.02.02 Policy

The policy outlined herein is to be adhered to by all personnel when procuring supplies, services and equipment. This Policy strives to define decision making with prudent review and internal control procedures and to maintain departmental responsibility and flexibility in evaluating, selecting, and purchasing supplies, equipment and services.

5.02.03 Unauthorized Purchases

Except for emergencies, departmental purchases, or other authorized exemptions stated in these guidelines, no purchase of supplies, services, or equipment shall be made without an authorized purchase order. Otherwise:

- A. Such purchases are void and not considered an obligation of the ~~Water~~-District.
- B. Invoices without an authorized purchase order may be returned to the vendor unpaid.
- C. The person ordering the unauthorized purchase may be held personally liable for the costs of the purchase or contract.
- D. Purchases over budget are prohibited with the exception of emergencies. [See Section 8(E).]

Purchase orders shall be issued prior to ordering supplies, equipment and services and not “after the fact.”

5.02.04 Vendor Relations

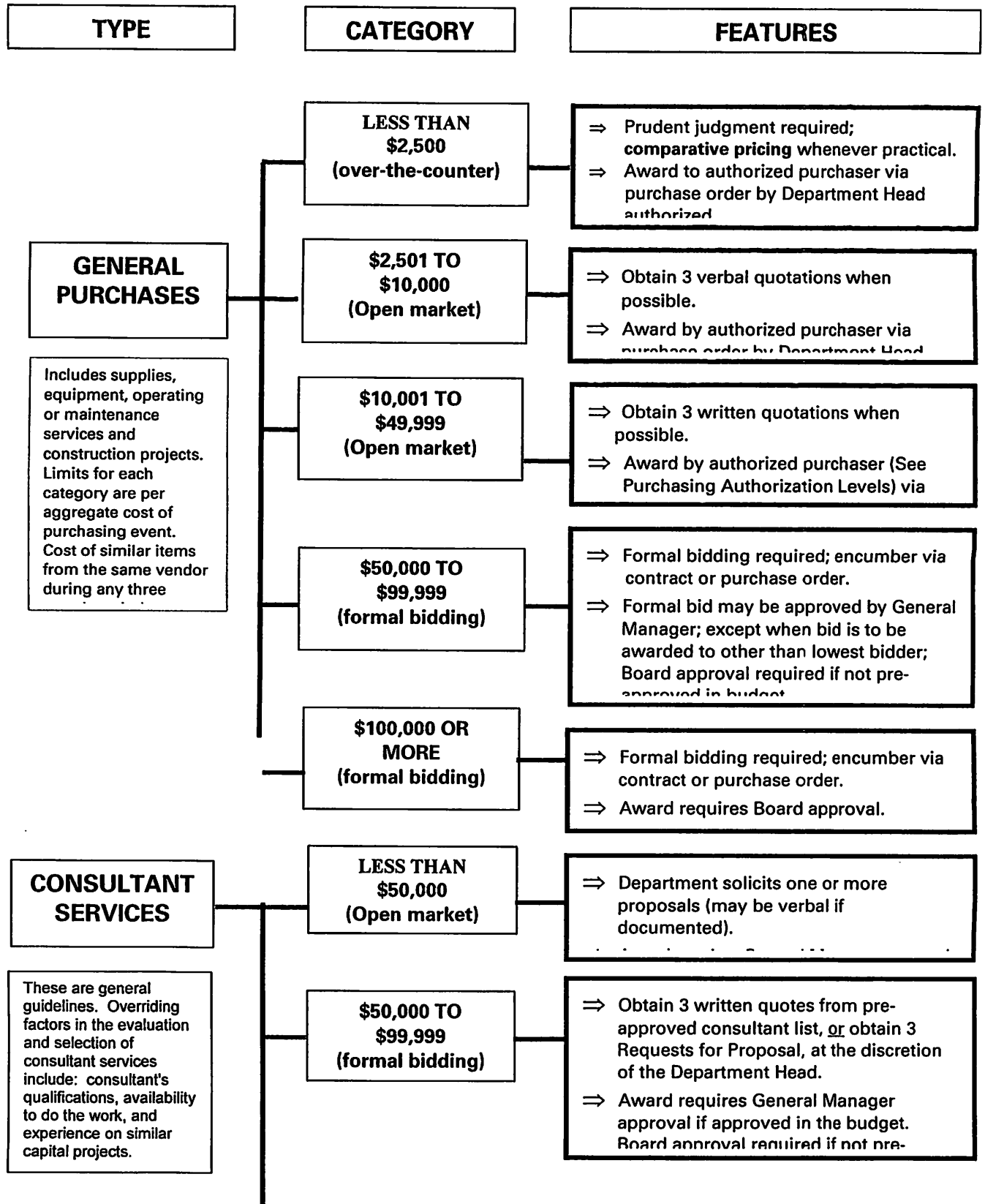
It is to the District’s advantage to promote and maintain good relations with vendors. District staff shall conduct their dealings with vendors in a professional manner and shall promote equal opportunity and demonstrate fairness, integrity, and courtesy in all vendor relations.

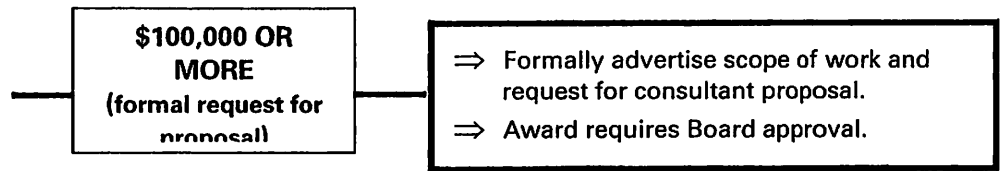
No employee participating in the purchasing process shall:

- A. Accept any fee, compensation, gift, or payment of expenses which results in private gain in return for preferential treatment.
- B. Grant any special consideration, treatment, or advantage to any person beyond that which is available to every other person in similar circumstance.

When feasible to do so, vendors within the County service area should be utilized for supplies, services and equipment.

PURCHASING SYSTEM OVERVIEW





5.02.05 Responsibilities of the Authorized Purchaser

An authorized purchaser is responsible for 1) the procurement of general supplies, services and equipment; and 2) the administration of the purchasing policy. To perform these functions efficiently, the authorized purchaser shall:

- A. Be charged with the responsibility and authority for coordinating and managing the procurement of the District's general supplies, services and equipment from the lowest responsive and responsible bidder when required by this policy.
- B. Ensure full and open competition on all purchases as required by this policy.
- C. Identify, evaluate and utilize purchasing methods which best meet the needs of the District (i.e. blanket purchase orders, contractual agreements, etc.).
- D. Coordinate vendor relations, locate sources of supply, and evaluate vendor performance.
- E. Recommend revisions to purchasing procedures when necessary and keep informed of current developments in the field of public purchasing.

5.02.06 Responsibilities of Department Heads

Each Department Head is responsible for the following:

- A. To provide the Finance Department, upon request, a current list of positions delegated the authority to make purchases per the policies and procedures as described herein.
- B. To anticipate requirements sufficiently in advance to allow adequate time to obtain goods and/or services in accordance with the best purchasing practices.
- C. To communicate and coordinate purchases with the Finance Department and such other departments, as necessary.
- D. To provide detailed, accurate specifications to ensure goods and services obtained are consistent with requirements and expectations.
- E. To prepare purchase orders in accordance with instructions, including documentation of the bid process, so as to minimize the processing effort and to establish an audit trail.
- F. To inform the Finance Department of any vendor relations problems, shipping problems (i.e., damaged goods, late delivery, wrong items delivered, incorrect quantity delivered, etc.) and any situations which could affect the purchasing function.
- G. To minimize emergency and sole source purchases in accordance with this ~~p~~P~~o~~l~~i~~c~~y~~, and to provide written documentation when such purchases may be necessary.
- H. To review all bids received for compliance with specifications, and provide the Finance Department with written documentation regarding their findings.
- I. To notify vendors of purchase awards.

- J. To not "split" orders for the purpose of avoiding procurement requirements. See Definitions.
- K. To require that an individual other than purchaser of the product verify receipt of purchased goods. Receipt of such goods shall be evidenced on a copy of the Purchase Order or a receiving form, referred to as receiving documentation throughout this section. Authorization of receiving documentation without actual verification of product's receipt and proper condition is strictly prohibited. The receiving employee must sign the receiving documentation. Bills of lading and shipping documents that are included with the products shall be attached to the evidence of receipt and forwarded to the Accounts Payable Department.

5.02.07 Responsibilities of the Finance Department

- A. The Director of Administrative Services is responsible for administering the internal financial policies and procedures of the District and to provide a supportive role in assuring budget accountability. In addition, the Director of Administrative Services and authorized employees in the Finance Department have an obligation to look for "loose ends" and make sure that all pieces of a transaction come together and make sense; this is called a "reasonableness review." Authorized Finance Department personnel, therefore, shall do the following:
 - 1. Review the Purchase Order for completeness.
 - 2. Assign the vendor number if it is not already on the form.
 - 3. Determine that the appropriate approvals are included.
 - 4. Determine that the account and project numbers charged are appropriate for the item being acquired.
 - 5. Review for availability of funds or determine that the Request for Budget Appropriation Transfer has been completed.
 - 6. Verify invoices for payment, including the following:
 - Comparison of quantities billed on the invoice with quantities listed on the Purchase Order and shown on receiving documents.
 - Comparison of prices, discounts, and terms with those specified on the Purchase Order.
 - Proof of clerical accuracy of the invoice with respect to extensions, footings, and deduction of discounts
- B. If the Purchase Order has missing, or what appears to be incorrect, information, authorized Finance Department personnel shall use their best judgment in handling the problem in accordance with these guidelines:
 - 1. If there is a minor problem, such as an incomplete or misspelled name, address, telephone number, etc., the appropriate department personnel will be contacted.
 - 2. If the required bids or approvals have not been obtained, the Purchase Order is returned to the initiator with an explanation of the problem and suggested corrective action.
 - 3. If the account number appears to be incorrect, the authorized Finance Department personnel will, depending on the amount of the purchase, either correct the account number and notify

the initiator or return the Purchase Order to the initiator with a request for clarification.

4. If budgeted funds are not available and the Request for Budget Appropriation Transfer has not been completed, the appropriate department personnel will be contacted.

5.02.08 Purchasing Methods - General Purchase Items

- A. Purchasing dollar limits are “per order.” This Policy specifically prohibits splitting an order to circumvent the specified dollar limits. Departments shall contact an authorized purchaser (see Exhibit A) to coordinate volume bids or repetitive requirements (i.e., the frequent purchase of items such as chemicals, paper goods, office supplies, etc.).

- 1. Purchases of Less than \$2,500 – Over-the-Counter**

Comparative pricing is not required but shall be used when practical. Prudent judgment shall be used at all times. All departments may purchase supplies, equipment, and services, of less than \$2,500 without competitive bidding. A Purchase Order authorized by the department head will be required unless exempted under this policy (see section 8F).

- 2. Purchases Between \$2,501 and \$10,000 – Open Market**

Purchases between \$2,501 and \$10,000 by authorized purchaser (see Exhibit A). All departments shall obtain three (3) verbal competitive quotations whenever possible for purchases. The department shall submit a Purchase Order, authorized by the department head or designee, which includes the recommended vendor, with all supporting documentation to the Finance Department. Supporting documentation shall include competitive price quotes obtained, names of vendors contacted, and a description of the items required.

- 3. Purchases Between \$10,001 and \$49,999 – Open Market**

Purchases between \$10,001 and \$49,999 by authorized purchaser (see Exhibit A). Staff shall not award purchase orders for \$10,001 - \$49,999 without the approval of the Authorized Purchaser, except in the event of an emergency (see section 8E) or other exception herein. All departments shall obtain three (3) written competitive quotations whenever possible for purchases. The department shall submit a Purchase Order, authorized by the department head, which includes the recommended vendor, with all supporting documentation to the Finance Department. Supporting documentation shall include competitive price quotes obtained, names of vendors contacted, description of the items required, and such other supporting information as may be required by the General Manager.

- 4. Purchases Between \$50,000 and \$99,999 – Formal Bid**

Purchases that exceed \$50,000 require a Formal Bid Process except in the event of an emergency (See Section 8E) or other exception herein. Formal bids shall be approved by the General Manager if pre-approved by adopted budget. If a bid is recommended to be awarded to other than the lowest bidder, or the expenditure has not been pre-approved by adopted budget, then Board approval shall be required.

- 5. Purchases of \$100,000 or More – Formal Bid**

Purchases that exceed \$100,000 require a Formal Bid Process except in the event of an emergency (See Section 8E) or other exception herein. All formal bids over \$100,000 shall be approved by the Board.

B. Open (Blanket) Purchase Orders

A Blanket Purchase Order is an agreement whereby the District contracts with a vendor to provide equipment or supplies on an as-needed and often over-the-counter basis. Blanket Purchase Orders provide a mechanism whereby items which are uneconomical to stock may be purchased in a manner that allows timely access to necessary materials. Blanket Purchase Orders shall not be used to purchase services, capital assets or items maintained in stock.

The authorized purchaser shall request confirmation of Blanket Purchase Orders annually, before the beginning of the fiscal year. Requests for Blanket Purchase Orders may also be submitted to the Finance Department on an as-needed basis. The Finance Department shall review Blanket Purchase Order requests based upon the following criteria:

- Geographic location.
- Responsiveness and capabilities.
- Average dollar value and type of items to be purchased.
- Frequency of need.

All Open (Blanket) Purchase Orders shall include the following information:

- A general description of the equipment or supplies which may be charged.
- The period of time the order will remain open, not to exceed one year.
- The maximum total amount which may be charged on the Blanket Purchase Order.
- The maximum amount which may be charged each time the employee implementing a purchase enters the vendor's place of business.
- Items excluded from the purchase, if applicable.
- Identification of the department(s) and authorized purchaser(s) who may charge against the order.
- Requirement that the employee/purchaser show District identification.
- Requirement that employees/purchasers print and sign their names when picking up goods.
- Account number(s) to be charged.

Once a Blanket Purchase Order is issued to a vendor, any authorized District employee may contact the vendor directly to place orders per terms and conditions specified in the Blanket Purchase Order.

C. Contract Purchase Orders

Contract Purchase Orders are the preferred method of purchasing repetitive-use items or services which may be common to several departments or within one department. Establishing Contract Purchase Orders provides a means of obtaining volume pricing based upon the combined needs of all departments; reduces— the administrative costs associated with seeking redundant competitive bids and processing a purchase order each time an order is placed; and allows

departments to order items and services as needed, thus reducing the requirement to maintain large inventories of stock.

If a Contract Purchase Order exists, departments shall order all of their requirements from the successful vendor. No other source shall be used without prior approval of the Director of Administrative Services. Departments shall submit, in writing to the Finance Department, any performance problem encountered immediately following the occurrence so that corrective action may be taken.

Contract Purchase Orders are issued annually with the budget process and may include renewal option for specific products, product types, or services at agreed upon prices or pricing structure and for a specified period of time.

D. Sole Source Purchases

Commodities and services which can be obtained from only one vendor are exempt from competitive bidding. Sole source purchases may also include proprietary items sold directly from the manufacturer; items that have only one locally authorized distributor; or a certain product or vendor that has been proven to be the only acceptable provider. All sole source purchases shall be supported by written documentation signed by the appropriate department head and forwarded to the Finance Department. Final determination that an item is a valid sole source purchase will be made by the General Manager.

E. Emergency Purchases

In the event of an emergency affecting the ability to maintain water or wastewater service to ~~Calaveras County Water~~ District customers or other health/safety concerns that result from damage to District facilities, the General Manager, or designee, shall have the authority to make any purchases necessary to restore service to customers or prevent a Public Health & Safety risk to any individual. Bidding requirements and authorization levels as specified in this policy shall be waived for these purchases by authority of the General Manager.

Subject to the Brown Act rules, upon occurrence of the emergency, immediate notification shall be given to members of the Board of Directors through reasonable communication channels. An emergency meeting of the Board of Directors, if necessary, will be held to apprise the Board of the circumstances surrounding the emergency and obtain after-the-fact budget authorization for purchases not previously authorized within the fiscal year budget.

F. Uniform Guidance Requirements

The District must comply with the procurement requirements set forth in the Uniform Guidance for contracts funded with federal awards containing applicable Federal State and local procurement laws and regulations as noted in Title 2 U.S. Code of Federal Regulation (CFR) Section 200.318, as detailed in Appendix A - Section 200.318 General Procurement Standards.

F.G. Purchase Order Exemptions

Certain purchases are not readily adaptable to the open market and formal bidding process. These purchases are generally for items where (1) the competitive bid process is not applicable; (2) where a check is required to accompany the order; and (3) where the expenditure is re-occurring. The following is a list of allowable exemptions:

Petty Cash Replenishment	Employee Reimbursements
Insurance Claims and Premiums	Subscription Renewals
Medical/Dental Reimbursement Payments	Travel Expense/Advances
Membership Dues	Real Property/Easement Acquisition
Utility Payments	payable through Escrow
Vehicle Fuel Purchases	

Departments Exemptions to purchase order requirements are limited to those items listed above. may submit written requests for additional exemptions to the Finance Department. If warranted, additional exemptions will be added to this list by approval of the General Manager.

G.H. Purchase Award

1. Lowest Responsive and Qualified Bidder
 - a. Bids shall be awarded to “responsive” and “qualified” bidder who submits the lowest bid.
 - b. In determining the lowest “responsive” bid, the following elements shall be considered in addition to price:
 - 1) A responsive bid is one which is in substantial conformance with the requirements of the invitation to bid, including specifications, the District’s contractual terms and conditions, delivery dates, delivery charges, and the inclusion of sales or other transaction taxes. Bidders who substitute terms and conditions or who qualify their bids in such a manner as to nullify or limit their liability shall be considered non-responsive bidders.
 - 2) Conformance with the requirements of the invitation to bid may also include providing proof of insurance, completing all forms, including references, and all other information as requested in the bid document.
 - 3) The successful bidder must demonstrate the ability to successfully fulfill a contract, including rendering of subsequent and continuing service. Staff may request proof of a prospective bidder’s reliability. Prospective bidders may be requested to furnish proof – of financial resources, a list of current or previous customers, and other pertinent data. Such action may also be taken after receipt of bids.
 - 4) A bidder may be determined to be non responsive if a prospective bidder fails to furnish proof of qualifications when required.
 - c. In determining the lowest “qualified” bidder, the following elements shall be considered in addition to price:
 - 1) That the products offered provide the quality, fitness, and capacity for the required usage. This may include providing the make and/or model specified, or a substitute make and/or model of equal or greater value.

- 2) That the bidder has the ability, capability and skill to perform the contract satisfactorily and within the time required.
 - 3) That the bidder's experience regarding past purchases by the District or other public agencies demonstrates the reliability of the bidder to perform on the contract.
- d. When a bid is recommended to be awarded to other than the low bidder, written justification is required. The written statement, signed by the appropriate department head, shall be attached to the Purchase Order.

2. Rejection of Bids

The General Manager or requesting department may recommend rejection of any or all bids if it is determined to be in the best interests of the District. Reasons for rejection may include, but are not limited to: a bid is determined to be non-responsive; the number of bids received is inadequate; bids received are not reasonably uniform in price; or the lowest bid received is deemed to be too high. The General Manager or requesting department may in any given case, reject all bids with or without cause and submit the supplies, equipment or service involved to a new bidding process. If all bids are rejected an authorized purchaser may wish to re-solicit bids or abandon the purchase.

3. Tie Bids

If two or more bids are received which are in all respects equal, the General Manager may accept the one deemed to be in the best interests of the District.

4. Local Preference Program

A responsive and responsible bid may qualify for the Local Preference Program. See Section 5.02.12 for details and requirements.

H.I. Modified Purchase Orders

Any substantial change to a Purchase Order shall be documented as a modification to an existing Purchase Order. These changes can include but are not limited to: a change in quantity, description, size or color; vendor name or address change; a change in unit price, delivery location, or terms and conditions; and to add or delete to the order. A modification shall also be used to terminate a purchase order and to correct errors in the original purchase order.

Modified Purchase Orders shall be reviewed by the authorized purchaser and approved by the General Manager. A purchase order may not be increased by more than 10% or \$2,500, whichever is less, without a formal modification, except for taxes, shipping and handling. Taxes, shipping and handling may cause the purchase order to exceed the authorized purchase order amount, but do not require a formal modification, even if they exceed 10% of the original purchase order amount. Modified Purchase Orders resulting in an additional \$50,000 or more require Board approval.

H.J. Construction Contract Change Orders

An authorized Contract Change Order (CCO) is required for all changes in the Contract amount for construction contracts. Refer to the General Conditions of the Project Contract Documents and Specification for the requirements of Authorized Changes in the Work.

1. Authorized Amounts

The District Engineer and the Director of OperationsUtilities are authorized to approve CCO's, singular or cumulative, up to the amount of contingency presented to and approved by the Board at the time of Contract award. Approval shall require the signatures of both the District Engineer and the Director of OperationsUtilities on the District's CCO form. The General Manager may, at his/her discretion, authorize amounts over the approved contingency, but within the approved Project budget.

2. Contract Change Order Process

All CCO's are to be processed on District forms approved by the General Manager and in compliance with the provisions of the General Conditions of the Project Specifications. The District Engineer and the Director of Utilities shall sign all CCO's after the approval of the contractor. After all signatures are complete, the Progress Payment is to be revised to show the CCO and new Contract Amount. A copy of the CCO is to be attached to the Progress Payment.

Construction Contract Change Orders must be completed as follows:

1. Contract Change Orders should be processed on District CCWD-forms.
2. Description of the change and the contract increase/decrease in costs.
3. Include a justification or explanation along with a cost estimate.
4. Address increase/decrease in contract time.
5. Have the contractor counter-sign the Contract Change Order.
6. The District Engineer and the Director of OperationsUtilities shall sign the Contract Change Order.

4.K. Construction Progress Payments

The General Manager, the District Engineer, and the Director of OperationsUtilities are authorized to approve Construction Progress Payments up to the amount of the Project budget as approved by the Board at the time of the contract award. Such Progress payments shall be processed on District forms as approved by the General Manager.

5.02.09 Informal and Formal Bidding Process

Except as otherwise exempted in the policy, supplies, services and equipment with an estimated cost of up to \$49,999 shall be purchased following an Informal Bid Process and purchases of \$50,000 or more shall be made following a Formal Bid Process.

To initiate the informal/formal bid process, the department making the request shall provide specifications for the item to be purchased and documentation showing the existence of an unencumbered appropriation for the item in the current approved budget. The requesting department shall solicit informal/formal bids as prescribed by the policy.

Informal bids may be posted at the District Administrative Office, mailed to prospective bidders a minimum of ten calendar days before the due date, or solicited over the phone, via e-mail, fax or on the District's website. Formal bids shall be posted at the District Administrative Office, on the District's website, and shall be published at least once in a newspaper of general circulation, and if applicable, in appropriate trade or other publications. The date of publication shall be at least fifteen (15) days before the due date. All formal bids shall be sealed and shall be publicly opened and read at the date, time, and place indicated in the published notice.

Bids shall be reviewed for compliance with specifications by the requesting department. All deviations from the specifications shall be fully documented by the requesting department and the impact of the deviations on the performance or suitability of the bid item shall be detailed. The Department Head will prepare and forward a recommendation for approval of purchase to the Director of Administrative Services. Informal bids shall be approved by the Department Head. Formal bids shall be approved by the General Manager, except when a bid is recommended to be awarded to other than the lowest bidder, or when the bid otherwise requires Board approval.

A. Exemptions from the Competitive Process

The award of contracts without competitive bidding shall be permitted in cases where the Board of Directors has approved findings which support and justify exceptions to the competitive bidding process. Those circumstances may include, but are not limited to:

1. Competitive bidding would not be in the public's best interest because of an emergency as defined in section 8(E); or
2. The unique nature of the property or services required precludes competitive bidding; or
3. Competitive bidding would produce no economic benefit to the District; or
4. All of the following requirements are met with respect to the item:
 - a. The item may be purchased from a vendor that has a contract with another public agency of this state, an alliance of this state, or an alliance of the local public agencies within the state for the purchase of the item; and
 - b. The contract was awarded utilizing a competitive bidding process substantially the same as that utilized by the District; and
 - c. The item and terms of the transaction are the same or substantially the same; or
5. Special circumstances exist such that the purchase must be made within a limited period of time in order to secure for the District an advantageous price for the item that would not be achievable through competitive bidding. Such purchases shall be reported to the Board at its next regularly scheduled meeting; or
6. It is in the best interest of the District to extend a contract award from the previous contract period for up to one additional contract term provided the contractor agrees to furnish such products or services at the same contract price and under the same terms and conditions as the prior contract. This finding shall be made only when one of the following conditions exists:
 - a. The extension is necessary to avoid the interruption of District business; or

- b. The extension makes good business sense; or
7. The products or services are needed by the District pending a bid award and the contractor with the most recently awarded contract for such product or services agrees to extend that contract for an interim period at the same contract price, terms, and conditions as the previous award. Such interim period contracts shall not exceed the greater of ninety (90) days, or until the conclusion of a bidder's appeal, if applicable, of the pending bid process.
8. Sole source vendors, in accordance with Section 5.02.08 D.
9. Negotiated contracts following solicitation of competitive proposals.
10. Any public works project where the Board of Directors finds that the "design-build" procurement process would save money or result in faster project completion. In such situations, the ~~Water~~-District may negotiate and award a "design-build" contract without having to award the contract to the lowest responsible bidder.

A comparative market analysis shall be included in the written findings of fact for purchases made pursuant to Exemptions to the Bidding Process for items 4, 5 or 6 hereinabove. Except in emergencies, no contract shall be awarded pursuant to the exceptions provided hereunder unless findings to support and justify such exception have been approved by the Board of Directors.

5.02.10 Specifications

It is the responsibility of each department to provide detailed, accurate specifications when requesting supplies, equipment and services. Accurate specifications are essential for effective bidding.

A. Sole Source Specifications

Sole source specifications shall be avoided whenever possible, as they minimize or eliminate competition. The appropriate authority (General Manager if total purchase is less than \$50,000; Board if total purchase is \$50,000 or more) may waive bidding requirements if sufficient written justification for a sole source purchase exists. An example of sole source is where equipment or supplies are required in order to be compatible with existing equipment or to perform a complex or unique function. Written documentation signed by the appropriate ~~d~~Department ~~h~~Head shall accompany the request for any sole source request. General purchase items specifically exempt from competitive bidding include: telecommunications, data processing, and information technology equipment and services.

B. Standardization

Standardization of specifications for items common to several departments can facilitate the purchasing process. The departments shall work together to establish standard specifications for such items.

C. Vendor Assistance in Writing Specifications

There may be occasions when vendor assistance is required to develop a specification. Such specifications shall be written in general terms and the vendor shall be informed that the

information they provide may be used to develop specifications for a competitive bid process. The vendor shall be allowed to submit a bid, but will not be given any preference over the other bids.

5.02.11 Professional Consultant Selection

The following Policy shall apply to selection of certain professional consultants for services in connection with public improvement projects and governmental operations of the ~~Calaveras County Water-District (CCWD)~~. For purposes of this Policy, consultants includes individuals, partnerships, corporations, joint ventures, associations or other legal entities, or any other combination of firms or persons competent to perform the required services. The selection of consultants shall be based upon the experience of the consultant, knowledge of the subject matter, demonstrated ability to perform similar services within budget and the time allowed, and the total estimated cost to ~~the District~~CCWD. Above all, the goal of this Policy shall be to create a competitive environment where the best value can be achieved.

The General Manager has the authority to issue contracts for consultant services up to \$99,999 when funds have been approved in the budget for such services. For projects estimated at \$100,000 or more, at least three requests for proposals should be solicited and evaluated if possible. All consultants will submit written proposals in response to requests for services. A consultant may qualify for the Local Preference Program. See Section 5.02.12 for details and requirements.

The evaluation and a subsequent recommendation to the General Manager for consultant services shall be conducted by the individual responsible for the project. Before a recommendation is made to the Board, as may be required above, the fee for the services shall be negotiated. If a mutually satisfactory fee cannot be agreed upon, negotiations shall be terminated; thereupon another consultant shall be selected and fee negotiations undertaken.

Award of a contract to a consultant shall be made only when sufficient funds have been appropriated in the project budget and all other applicable provisions in any applicable agreements are satisfied. The only exceptions are those services which relate to the processing of development plans that will be paid for by the developer.

5.02.12 Local Preference Program

A. Purpose

In recognition that wages earned by County residents benefit Calaveras County's overall economy, the Board wishes to establish a local preference program for the contracting of construction and professional services.

B. Application in Construction Contracting

A local preference comparison amount may be applied to construction projects that exceed \$50,000. The comparison amount is for bid comparisons only; it shall be five percent (5%) of the total bid amount, up to a maximum comparison amount of \$50,000; and can be applied to local prime contractors or prime contractors using qualified local subcontractors. The comparison amount is deducted from the submitted bid.

1. Local Prime Contractor – Comparison amount equals five percent (5%) of bid amount, with a maximum comparison amount of \$50,000.

- or -

2. Prime Contractor using Qualified Local Subcontractors – If the sum of all qualified local subcontractors' costs is at least ten percent (10%) of total bid, then the comparison amount equals five percent (5%) of prime contractors' total bid, with a maximum comparison amount of \$50,000.

C. Application in Professional Services Contracting

A local preference may be applied to Professional Services contracts that exceed \$50,000 for a given project. The maximum local preference comparison amount shall not exceed a weighting factor of five percent (5%) of the total evaluation criteria outlined in the Request for Proposal. The local preference can be applied to local consultants, or to consultants using local sub-consultants as described above under applications for construction contractors.

D. Definition

A local contractor or professional services consultant is any contractor or consultant able to demonstrate that, for the calendar year prior to bid opening, at least fifty percent (50%) of that contractor's or consultant's payroll was paid to employees who are residents of Calaveras County. Contractors, subcontractors, and consultants seeking a local preference must submit the District's form certifying compliance with the local payroll criterion.

E. Award Review

After deducting the local preference comparison amount from the bid amount, the result will be compared to competing bids. The project will be awarded to the lowest responsive and responsible bidder. The price paid by the District will be the bid amount quoted by the winning bidder.

F. Exceptions in the Application of Local Preference:

1. No local preference shall be applied on projects using federal funds, or funds administered by a state agency where the funding originated from a federal source, or as may be otherwise disallowed by funding agency or regulation.
2. The District may, at its sole discretion, waive seeking local business or any offer of local preference if:
 - a. An emergency exists that requires the contract to be executed immediately.
 - b. No local firm is available to provide the service, equipment, or material.
 - c. The product or service required is proprietary in nature.
 - d. Staff determines, and Board approves, that the local preference is not in the best interests of the District's needs.

G. Right to Terminate

The Board of Directors reserves the right to terminate the local preference at any time if, in its sole discretion, (a) the program does not appear to be providing the desired economic benefit, and/or (b) the justification cited for the program appears no longer to be valid.

5.02.13 Encumbrances

YEAR END PROCESS FOR ENCUMBRANCES/PURCHASE ORDERS

An encumbrance is an outstanding purchase order for goods or services; a portion of the budget appropriation is reserved in the amount of the purchase order. Encumbrances help to ensure administrative and budgetary compliance. Purchase Orders for Operating and Capital Improvement Projects (CIP) may be carried forward to the future fiscal year provided there are sufficient funds available and approval by the Department Head and General Manager via the budget process.

Due to the large volume of Purchase Order requests presented at year-end, the Finance Department will accept Purchase Orders each fiscal year up to May 31. Purchase Orders submitted after May 31 of each fiscal year shall require prior approval by the Director of Administrative Services. As of May 31, all accounts must have an available balance greater than or equal to the amount of the purchase order requested. If a budget transfer is required, Department Heads must provide a **Budget Transfer Request** prior to submitting a **Purchase Order**.

GLOSSARY OF TERMS

Agreement	A written understanding between two or more parties. See “ <i>Contract</i> ” and <i>Purchase Order</i> .”
Appropriation	District authorization to expend public funds for a specific purpose.
Award	The acceptance of a <i>Bid</i> or <i>Proposal</i> .
Bid	The executed document submitted by a <i>Bidder</i> in response to a <i>Notice Inviting Bids (NIB)</i> , a <i>Proposal</i> , or a <i>Request for Quotation</i> .
Bidder	A person or legal entity who submits a <i>Bid</i> in response to a solicitation. See also <i>Bid</i> or <i>Proposal</i> .
Blanket Purchase Order	An <i>Agreement</i> of no more than one year duration between the District and a <i>Vendor</i> allowing authorized District employees to charge repetitive <i>Purchases</i> of supplies, equipment, or services at pre-arranged prices, dollar limits, and/or other terms and conditions.
Brand Name	A trade name that serves to identify a product or particular manufacturer.
Competitive Bidding	The submission of prices by individuals or firms competing for a <i>Contract</i> , privilege, or right to supply merchandise or services.
Consultant Services	A person who facilitates organizational change and/or provides subject matter expertise on technical, functional, and business topics during development or implementation of a project.
Contract	A written, legally binding and mutual promise between two separate parties. e.g. an accepted <i>Purchase Order</i> .
Contract Change Order (CCO)	Written modification or addition to a <i>Construction Contract Purchase Order</i> or <i>Construction Contract Agreement</i> authorized by the appropriate authority.
Contract Purchase Order	A <i>Purchase Order</i> (usually issued for one year) that outlines unit prices to be charged by the Vendor for the term of the Purchase Order. This type of <i>Purchase Order</i> is generally used for such things as electrical, plumbing, and other goods and services that are anticipated to be needed periodically throughout the year. The <i>Bids</i> are usually expressed at hourly rates plus parts expressed at a specific <i>Discount</i> below list price.
Design-Build	For purposes of this policy, “design-build” means a procurement process in which certain elements of both the design and construction of the project are procured from a single entity.
Discount	An allowance or deduction from the normal or list price extended by a seller to a buyer to make the unit price more competitive.
Emergency Purchase	See <i>Emergency Purchases – page 7</i> .
Encumbrance	Committing budgeted funds prior to receiving supplies, equipment, or services; committed funds are shown as an encumbrance until supplies and equipment are received or service rendered, at which time funds are actually expended.

Formal Bid	A <i>Bid</i> that must be submitted in a sealed envelope and in conformance with a prescribed format, and only to be opened and announced at a specified time at a public opening.
Guarantee	A pledge or assurance that something is represented and will be replaced or repaired if it fails to meet the stated <i>Specifications</i> .
Informal Bid	Written or verbal <i>Quotations</i> for supplies, equipment and services which pursuant to this policy are not required to meet the formal bidding requirements. <i>Informal Bids</i> include unsealed written quotes, verbal quotes and quotes received via fax and email.
Lowest (Responsive & Responsible) Bidder	The <i>Bidder</i> submitting the lowest price who has also demonstrated the attribute of trustworthiness, as well as quality, fitness, capacity, and experience necessary to perform the proposed Contract. See also " <i>Responsible Bidder</i> " and " <i>Responsive Bidder</i> ."
Non-Responsive Bidder	A <i>Bid</i> that does not conform to the essential requirements of the Notice Inviting <i>Bids</i> . Non-conforming <i>Bid</i> . Unresponsive <i>Bid</i> .
Notice Inviting Bids (NIB)	A formal notice, published in the newspaper or elsewhere or sent directly to potential Bidders, notifying them that the District is accepting Bids for a specific purpose.
Professional Services	Any work performed by an auditor, attorney, doctor, architect, engineer, land surveyor, appraiser, expert, etc.
Proposal	The executed document submitted as an offer, or in response to a <i>Request for Proposals</i> (and the basis for subsequent negotiations).
Public Contract Code	Shall mean <i>Public Contract Code</i> of the State of California.
Public Project	(definition is from State of California Public Contract Code) <ol style="list-style-type: none">1. A project for the erection, improvement, or repair of public buildings and works.2. Work in or about streams, bays, waterfronts, embankments, or other work for protection against overflow.3. Street or sewer work except maintenance or repair.4. Furnishing supplies or materials for any such project, including maintenance or repair of streets and sewers.
Purchase Order	A <i>Purchaser's</i> document to formalize a <i>Purchase</i> transaction with a <i>Vendor</i> . Acceptance of a <i>Purchase Order</i> constitutes a Contract; a <i>Purchaser's</i> written offer to a supplier stating all terms and conditions of a proposed transaction.
Purchaser	A prospective buyer.
Purchases	Goods or services.
Purchasing	The employee, division, and/or department within the organization to which the purchasing

Division Qualified Bidder	function has been delegated. A “qualified” <i>Bidder</i> is a <i>Bidder</i> that demonstrates the following characteristics: <ol style="list-style-type: none">1. Can provide product quality, fitness, and capacity for the required usage.2. Has the ability, capacity, and skill to perform the contract or provide the service required.3. Has demonstrated character, integrity, reputation, good judgment, experience, and efficiency, particularly with reference to past purchases by the District or other public agencies.4. Has the ability to perform within the time required.5. Has shown quality of performance and/or of products provided in previous contracts or services with the District or other public agencies.6. Note: Previous documented incidents of unsatisfactory performance and/or unsatisfactory delivery, materials, or services may result in a determination of unqualified.
Quotation	A <i>Bid</i> . A statement of price, terms of sale, and description of goods or services offered by a prospective seller to a <i>prospective Purchaser</i> , usually for <i>Purchases</i> below the amount requiring <i>Formal Bidding</i> .
Request For Proposal (RFP)	All documents, whether attached or incorporated by reference, utilized for soliciting competitive <i>Proposals</i> . The <i>RFP</i> procedure permits the negotiation of <i>Proposals</i> and prices as distinguished from <i>Competitive Bidding</i> and a <i>Notice Inviting Bids</i> . The procedure allows changes to be made after <i>Proposals</i> are opened and contemplates that the nature of the <i>Proposal</i> and/or prices offered will be negotiated prior to the <i>Award</i> .
Request For Quotation (RFQ)	The document generally used for seeking competition on small <i>Purchases</i> or on any <i>Purchase</i> that does not require competitive <i>Sealed Bidding</i> . Can be used for obtaining price and delivery information for <i>Sole Source</i> and emergencies. Also, see “ <i>Quotation</i> .”
Responsible Bidder	A person who has the capability in all respects to perform in full the <i>Contract</i> requirements, and the integrity and reliability which will assure good faith performance.
Responsive Bidder	(1) A person who has submitted a <i>Bid</i> which conforms in all material respects to the <i>Notice Inviting Bids</i> , or (2) One whose <i>Bid</i> conforms in all material respects to the terms and conditions, <i>Specifications</i> , and other requirements of the <i>NIB</i> .
Sealed Bid	A <i>Bid</i> which has been submitted in a sealed envelope to prevent its contents from being revealed or known before the deadline for the submission of all <i>Bids</i> ; required on <i>Formal Bids</i> .
Sole Source	An <i>Award</i> for a commodity or service to the only reasonably known and capable supplier due to the unique nature of the requirement, the supplier, or market conditions.
Specifications	A description of what the <i>Purchaser</i> seeks to buy or accomplish, and consequently, what a <i>Bidder</i> must be responsive to in order to be considered for <i>Award</i> of a <i>Contract</i> . A <i>Specification</i> may be a description of the physical or functional characteristics, or the nature of a supply or service. It may include a description of any requirements for inspecting, testing, or preparing a supply or service item for delivery.

Split To divide a *Purchase* into two or more parts in order to avoid the requirements of the *Purchasing Policy*. This is an action prohibited by the *Policy*.

Example:

Split –

If a department knows it will use \$52,000 of a particular supply in one fiscal year and they place two orders six months apart to keep each order below the \$50,000 limit, the action is considered *Splitting* and is not allowed under the *Policy*.

Not Split -

If a department hires ABC Engineering to prepare a fee study for \$28,000 and also hires the same company to oversee a capital improvement project for \$29,000, the action is not considered *Splitting*.

Supplies Office *Supplies*, janitorial *Supplies*, materials, goods, tools, or other commodities used in the general conduct of the District business, excepting *Supplies* or materials for a public work which is regulated under the *Public Contract Code* section of 20160 et seq.

Vendor A supplier of goods or services.

Warranty The representation that something is true. Not to be confused with "*Guarantee*." A representation of utility, condition, and durability made by a *Bidder* for a product offered, that shall include a time period.

APPENDIX A –

Section 200.318 General Procurement Standards

- (a) The non-Federal entity must use its own documented procurement procedures which reflect applicable State, local, and tribal laws and regulations, provided that the procurements conform to applicable Federal law and the standards identified in this part.
- (b) Non-Federal entities must maintain oversight to ensure that contractors perform in accordance with the terms, conditions, and specifications of their contracts or purchase orders.
- (c)
 - (1) The non-Federal entity must maintain written standards of conduct covering conflicts of interest and governing the actions of its employees engaged in the selection, award and administration of contracts. No employee, officer, or agent may participate in the selection, award, or administration of a contract supported by a Federal award if he or she has a real or apparent conflict of interest. Such a conflict of interest would arise when the employee, officer, or agent, any member of his or her immediate family, his or her partner, or an organization which employs or is about to employ any of the parties indicated herein, has a financial or other interest in or a tangible personal benefit from a firm considered for a contract. The officers, employees, and agents of the non-Federal entity may neither solicit nor accept gratuities, favors, or anything of monetary value from contractors or parties to subcontracts. However, non-Federal entities may set standards for situations in which the financial interest is not substantial or the gift is an unsolicited item of nominal value. The standards of conduct must provide for disciplinary actions to be applied for violations of such standards by officers, employees, or agents of the non-Federal entity.
 - (2) If the non-Federal entity has a parent, affiliate, or subsidiary organization that is not a state, local government, or Indian tribe, the non-Federal entity must also maintain written standards of conduct covering organizational conflicts of interest. Organizational conflicts of interest means that because of relationships with a parent company, affiliate, or subsidiary organization, the non-Federal entity is unable or appears to be unable to be impartial in conducting a procurement action involving a related organization.
- (d) The non-Federal entity's procedures must avoid acquisition of unnecessary or duplicative items. Consideration should be given to consolidating or breaking out procurements to obtain a more economical purchase. Where appropriate, an analysis will be made of lease versus purchase alternatives, and any other appropriate analysis to determine the most economical approach.
- (e) To foster greater economy and efficiency, and in accordance with efforts to promote cost-effective use of shared services across the Federal Government, the non-Federal entity is encouraged to enter into state and local intergovernmental agreements or inter-entity agreements where appropriate for procurement or use of common or shared goods and services.
- (f) The non-Federal entity is encouraged to use Federal excess and surplus property in lieu of purchasing new equipment and property whenever such use is feasible and reduces project costs.

- (g) The non-Federal entity is encouraged to use value engineering clauses in contracts for construction projects of sufficient size to offer reasonable opportunities for cost reductions. Value engineering is a systematic and creative analysis of each contract item or task to ensure that its essential function is provided at the overall lower cost.
- (h) The non-Federal entity must award contracts only to responsible contractors possessing the ability to perform successfully under the terms and conditions of a proposed procurement. Consideration will be given to such matters as contractor integrity, compliance with public policy, record of past performance, and financial and technical resources. See also § 200.213 Suspension and debarment.
- (i) The non-Federal entity must maintain records sufficient to detail the history of procurement. These records will include, but are not necessarily limited to the following: rationale for the method of procurement, selection of contract type, contractor selection or rejection, and the basis for the contract price.
- (j)
- (1) The non-Federal entity may use a time and materials type contract only after a determination that no other contract is suitable and if the contract includes a ceiling price that the contractor exceeds at its own risk. Time and materials type contract means a contract whose cost to a non-Federal entity is the sum of:
- (i) The actual cost of materials; and
- (ii) Direct labor hours charged at fixed hourly rates that reflect wages, general and administrative expenses, and profit.
- (2) Since this formula generates an open-ended contract price, a time-and-materials contract provides no positive profit incentive to the contractor for cost control or labor efficiency. Therefore, each contract must set a ceiling price that the contractor exceeds at its own risk. Further, the non-Federal entity awarding such a contract must assert a high degree of oversight in order to obtain reasonable assurance that the contractor is using efficient methods and effective cost controls.
- (k) The non-Federal entity alone must be responsible, in accordance with good administrative practice and sound business judgment, for the settlement of all contractual and administrative issues arising out of procurements. These issues include, but are not limited to, source evaluation, protests, disputes, and claims. These standards do not relieve the non-Federal entity of any contractual responsibilities under its contracts. The Federal awarding agency will not substitute its judgment for that of the non-Federal entity unless the matter is primarily a Federal concern. Violations of law will be referred to the local, state, or Federal authority having proper jurisdiction.