

Finance and Personnel Committee Meeting - April 15, 2020

1. Agenda Packet

Documents:

[200415 AGENDA PACKET - POSTED 200410.PDF](#)



SWEETWATER AUTHORITY

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JENNIFER H. SABINE
ASSISTANT GENERAL MANAGER

FINANCE AND PERSONNEL COMMITTEE

AGENDA

DATE: Wednesday, April 15, 2020

TIME: 4:30 p.m.

Notice: Pursuant to Governor Newsom's Executive Orders N-29-20 and 33-20, meetings of the Board of Directors will be held by teleconference. There will be no physical location from which members of the public may participate. Instead, the public may listen to meeting proceedings and provide public comment and comments on agenda items by following these instructions:

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To provide public comment on non-agenda items or to provide public comment on any item of the agenda:

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Physically deposit your public comment in the Authority's payment drop box located in the public parking lot at the Authority's Administrative Office at 505 Garrett Avenue, Chula Vista.

OR

Mail your comments to 505 Garrett Avenue, Chula Vista, CA 91910 [Attention: Public Comment].

All public comment submissions must be received 1 hour in advance of the meeting and will be read aloud to the Board during the appropriate portion of the meeting with a reading limit of 3 minutes for each comment. Any person with a disability who requires a modification or accommodation in order to participate in a meeting should direct such request to the Board Secretary at (619) 409-6703 at least forty-eight (48) hours before the meeting, if possible. The above public comment procedures supersede any Authority standard public comment policies and procedures to the contrary.

1. CALL MEETING TO ORDER AND ROLL CALL.

2. ITEMS TO BE ADDED, WITHDRAWN, OR REORDERED IN THE AGENDA.

3. PUBLIC COMMENT.

Opportunity for members of the public to address the Committee. (Government Code Section 54954.3).

4. ACTION AGENDA.

The following items on the Action Agenda call for discussion and action by the Committee. All items are placed on the Agenda so that the Committee may discuss and take action on the item if the Committee is so inclined, including items listed for information.

A. Consideration of Policy for the Procurement of Services (including Construction), Supplies, and Equipment

B. Postpone Review of FY 2020-21 Five-year Financial Plan (Information Item)

5. CLOSED SESSION.

At any time during the regular session, the Committee may adjourn to closed session to discuss real property matters within the attorney-client privilege, subject to the appropriate disclosures. (Government Code Section 54956.8).

6. NEXT MEETING DATE: Wednesday, May 6, 2020 at 4:30 p.m.

7. ADJOURNMENT.

This agenda was posted at least seventy-two (72) hours before the meeting in a location freely accessible to the Public on the exterior bulletin board at the main entrance to the Authority's office and it is also posted on the Authority's website at www.sweetwater.org. No action may be taken on any item not appearing on the posted agenda, except as provided by California Government Code Section 54954.2. Any writings or documents provided to a majority of the members of the Sweetwater Authority Governing Board regarding any item on this agenda will be made available for public inspection at the Authority Administration Office, located at 505 Garrett Avenue, Chula Vista, CA 91910, during normal business hours. Upon request, this agenda will be made available in appropriate alternative formats to persons with disabilities, as required by Section 202 of the Americans with Disabilities Act of 1990. Any person with a disability who requires a modification or accommodation in order to participate in a meeting should direct such request to the Board Secretary at (619) 409-6703 at least forty-eight (48) hours before the meeting, if possible.

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BOARD ACTION

TO: Governing Board (Finance and Personnel Committee)
FROM: Management
DATE: April 10, 2020
SUBJECT: Consideration of Policy for the Procurement of Services (including Construction), Supplies, and Equipment

SUMMARY

The draft Policy for the Procurement of Services (including Construction), Supplies, and Equipment (Draft Policy) retains some elements of the existing policy and incorporates new components desired by the Board, such as measures to promote local and disadvantaged businesses. The Draft Policy is attached for the Board's review and consideration prior to its incorporation into Policy 517 – Financial Policies.

The Draft Policy includes existing Board authorizations in the areas of:

- Procurement authority limit for the General Manager
- Procurement exemptions for:
 - Cooperative Procurements
 - Sole Source Procurements
 - Standardization of specifications
 - Emergency Contracts
 - Disposition of Obsolete / Surplus Equipment or Supplies

The Draft Policy now includes provisions for preferential treatment of local vendors and disadvantaged businesses within the Authority's service area when procuring non-professional services, supplies and equipment. As with other parts of Policy 517 – Financial Policies, staff will develop procedures and programs to implement these new provisions. Authority staff will annually reach out to local businesses to inform them of how to register and qualify as a local vendor.

Policy 517 - Financial Policies, with the inclusion of the new section for the Policy for the Procurement of Services, (including Construction), Supplies, and Equipment, will be included in the draft FY 2020-21 Budget. The updated Policy 517 - Financial Policies will receive a final approval with the Board's adoption of a final FY 2020-21 Budget.

PAST BOARD ACTION

June 7, 2019 The Governing Board approved the FY 2019-20 Strategic Plan Work Plan that included the goal to update the Authority's purchasing policy.

Memo to: Governing Board (Finance and Personnel Committee)
Subject: Consideration of Policy for the Procurement of Services, (including Construction), Supplies, and Equipment
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FISCAL IMPACT

There is no fiscal impact to the adoption of the Policy for the Procurement of Services, (including Construction), Supplies, and Equipment as it reflects existing Board policy delegating procurement authorization to the General Manager.

POLICY

Strategic Plan Goal 4: Customer Service, Citizen Engagement and Community Relations - Provide high-quality customer service based on customer feedback and serve the community through education, outreach, and partnerships.

- Objective CS4: Support local and disadvantaged businesses in the community.
 - 001.00 Update the Purchasing Policy to promote local and disadvantaged businesses in the community, as allowable by law and compatibility with cost effective procurement.

Strategic Plan Goal 6: Administrative Effectiveness - Provide efficient and effective administrative systems and procedures in accordance with best management practices.

- Objective AE4: Update the Authority's Purchasing Policy to reflect Board policy and current best practices.

ALTERNATIVES

1. Review the draft Policy for the Procurement of Services (including Construction), Supplies, and Equipment; direct staff to finalize the policy without comment; and incorporate the policy into the final into Policy 517 - Financial Policies that will be included in and approved with the FY 2020-21 Budget.
2. Review the draft Policy for the Procurement of Services (including Construction), Supplies, and Equipment; direct staff to finalize the policy with comments received at the April 22, 2020 Board meeting; and incorporate the policy with Board comments into the final into Policy 517 - Financial Policies that will be included in and approved with the FY 2020-21 Budget.
3. Review the draft Policy for the Procurement of Services (including Construction), Supplies, and Equipment; direct staff to incorporate comments received at the April 22, 2020 Board meeting in to the draft policy; and return with an updated draft policy to a subsequent Board meeting for further review.

Memo to: Governing Board (Finance and Personnel Committee)
Subject: Consideration of Policy for the Procurement of Services, (including
Construction), Supplies, and Equipment
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STAFF RECOMMENDATION

Management seeks comment from the Governing Board on the draft Policy for the Procurement of Services (including Construction), Supplies, and Equipment.

ATTACHMENT

Policy 517 – Financial Policies (draft Procurement of Services (including Construction), Supplies, and Equipment section only)

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POLICY 517 – FINANCIAL POLICIES

Introduction

The purpose of this document is to identify various policies and procedures related to the financial management of the Sweetwater Authority (Authority.) The financial policies are listed below and individually included on the following pages.

Financial Policies

- Budget Policy, page (not included for this review)
- Debt Policy, page (not included for this review)
- Disclosure Procedures Policy, page (not included for this review)
- Investment Policy, page (not included for this review)
- Procurement Policy, page TBD (draft)
- Reserve Policy, page (not included for this review)



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Policy for the Procurement of Services (including Construction), Supplies, and Equipment

Introduction

The purpose of this Policy on the Procurement of Services (including Construction), Supplies, and Equipment (Policy) is to establish policies and procedures, as required by California Government Code Section 54202, for the procurement of services (including professional services, maintenance, and construction services), supplies, and equipment by the Sweetwater Authority (Authority). The Policy shall be reviewed annually by the Governing Board (Board).

Objectives

The Policy is to be adhered to by all Authority employees when procuring services, supplies, and equipment. It is intended to assist the Authority and its employees in maintaining the highest level of integrity in procurement activities and decision making. The Policy sets out prudent internal control procedures, which are consistent with the Authority's Budget Policy, and which permits maintaining departmental responsibility and flexibility in evaluating, selecting, and contracting for services, supplies, and equipment.

Authority and Responsibility

The Board authorizes and requires the General Manager or designee(s) to establish comprehensive procurement procedures that adhere to and implement the directives of this Policy for the procurement of services, supplies, and equipment essential for the day-to-day operation of the Authority. The Board recognizes that the Authority utilizes a decentralized procurement process and hereby delegates to the General Manager or designee(s) the responsibility to:

- determine specifications for services, supplies, and equipment;
- solicit bids, quotes, or proposals by using the applicable procurement method based on the scope and cost of the services, supplies, and equipment to be procured;
- implement risk transfer best practices;
- maintain appropriate procurement records; and
- obtain required approval for contracts.

The authorized approval limits set out in this Policy apply to the purchase of all services, supplies, and equipment whereby funding is included within the Board-approved annual budget, or funding is approved by the Board outside of the annual budget process.



Requirements for Comprehensive Procurement Procedures

The comprehensive procurement procedures established by the General Manager or designee(s) shall supplement the requirements of this Policy and include, at a minimum, the following requirements:

- Contract Approval Authority:
 - Procurement of services, supplies, and equipment in the amount of \$75,000 or less may be approved by the General Manager or the General Manager's designee(s), provided that the Board has authorized funds for the procurement within the annual budget.
 - Procurement of services, supplies, and equipment in an amount over \$75,000 requires approval by the Governing Board, even if the Board has authorized funds for the procurement within the annual budget.
 - The approval authority is based on the total contract cost, including all years of a multi-year contract.
 - Separating, splitting, or dividing purchases or contracts for services, supplies, and equipment into smaller components for the purpose of evading the requirements of this Policy or the comprehensive procurement procedures established by the General Manager is prohibited.
- Contract Term:
 - Contracts are limited to a maximum of 5 years unless otherwise approved by the Board.
- Bid Requirements:
 - Contracts paid for with proceeds from the sale of bonds or a limited assessment shall be let to the lowest responsive responsible bidder regardless of value and shall otherwise be procured in accordance with applicable law; and
 - Contracts for public works projects shall be subject to competitive bidding procedures set forth in the comprehensive procurement procedures and shall otherwise be procured in accordance with applicable law.



POLICIES & PROCEDURES FOR THE GOVERNING BOARD

FINANCIAL POLICIES Policy 517

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- Preferential Purchasing for Local Businesses:
 - Authority staff will maintain a vendor database that will include, but not be limited to, local and disadvantaged businesses within the Authority's service area. Authority staff may provide preferences to local vendors and disadvantaged businesses as part of the selection process for non-professional services, supplies, and equipment. In addition, Authority staff, on an annual basis, will undertake outreach to communicate with the local vendor community to provide information on how to better access the Authority's procurement process.

 - Exemptions to Procurement Requirements:
 - *Purchases when Price Controlled by an Official Rate-Making Body* – the Authority is authorized to procure services, supplies, and equipment without conducting a competitive process if the price for the services, supplies, and equipment is controlled by an official rate-making body such as is the case with wholesale water from SDCWA, electricity, gas, and telephone, and funding for the services, supplies, and equipment are provided for in the operating budget.

 - *Cooperative Procurement* - The Authority may participate in purchases and contracts established by other political jurisdictions, provided the cooperative agreement is established following a competitive process applicable to the contracting political jurisdiction. Evidence of the competitive process conducted by the other political jurisdiction must be obtained and kept on file to support the procurement.

 - *Sole Source* - Procurement of services, supplies, and equipment that can only be obtained from one supplier or contractor and for which obtaining quotes or bids is therefore impossible or not in the public interest, such that no competitive advantage can be gained by soliciting quotes or bids, does not require a competitive process.

 - *Standardization of Specifications* – Supplies and equipment, components, items, or features with standardized specifications approved by the General Manager is exempt from the Authority's comprehensive procurement procedures. Standardization of specification will be permitted when the desired supplies, equipment, component, item or feature matches or is



POLICIES & PROCEDURES FOR THE GOVERNING BOARD

FINANCIAL POLICIES Policy 517

compatible with other existing items; the desired equipment, component, item or feature is found to be the most reliable, cost-efficient and/or feasible for the Authority; or the desired equipment, component, item or feature is found to provide significant safety benefits for the Authority or complies with a safety standard. Services, from time to time, may also fall within this exemption.

- *Emergency Contracts* - Emergency contracts may be made without strict compliance with the Authority's comprehensive procurement procedures when time is of the essence and when necessary to preserve or protect life, health, or property; upon natural disaster; or to forestall a shutdown of essential services. An emergency purchase of \$75,001 or more shall be submitted to the Board for ratification at the next occurring Board meeting from when the emergency contract was made.
- Change Orders: Changes to existing contracts are allowed with the following limitations:
 - *Agreements initially \$75,000 or less* - Any Change Order resulting in a new contract amount of over \$75,000 requires Board approval.
 - *Agreements initially over \$75,000* - Any Change Order resulting in an increase in the cost of more than 10% of the original contract price or resulting in a \$75,000 increase requires Board approval.
 - A Change Order exceeding the Change Order limits set forth in this article may be authorized by the General Manager prior to Board approval if, in the General Manager's determination, a delay in Change Order authorization could result in a negative financial impact to the Authority; or a delay in Change Order authorization could result in damage to or impairment of the operations of an Authority facility; or an Emergency exists which requires immediate work/services. Any Change Order authorization exceeding the General Manager's authorization limit shall be submitted to the Board for ratification at the next regularly scheduled Board meeting.
- Disposition of Obsolete / Surplus Equipment or Supplies
 - Surplus items may be exchanged or traded-in on new goods, sold using competitive procedures similar to standard acquisition practices, sold at public auction, eliminated as scrap if there is no resale or trade-in value, or donated



**POLICIES & PROCEDURES
FOR THE GOVERNING BOARD**

**FINANCIAL POLICIES
Policy 517**

to either AmVets of Chula Vista, or the REStore of National City. Surplus items shall have the written approval of the General Manager or the General Manager's designee prior to disposition.

Conflict of Interest

All vendors, suppliers, contractors, and consultants must disclose any actual or potential conflict of interest that exists between the vendor, supplier, contractor, or consultant and the Authority, its representatives, agents, members of the Governing Board of Directors, and employees.



BOARD INFORMATION

TO: Governing Board (Finance and Personnel Committee)
FROM: Management
DATE: April 10, 2020
SUBJECT: Postpone Review of FY 2020-21 Five-year Financial Plan

SUMMARY

The Draft FY 2020-21 Five-year Financial Plan (Draft Financial Plan) assumptions were reviewed by the Board on March 25, 2020. The Draft Financial Plan itself was scheduled for presentation at the April 15, 2020 Finance and Personnel Committee.

Due to the current pandemic situation, the presentation of the Draft Financial Plan is now postponed to allow staff to incorporate input from the Governing Board's special meeting scheduled for April 16, 2020, at which the Board will discuss impacts of the COVID-19 Pandemic.

The Draft Financial Plan will then be presented to the Finance and Personnel Committee on May 6, 2020, and will consider any financial preparations needed to maintain a balanced budget. Although revenue collections continue at a normal rate at this time, the postponement will allow for a more comprehensive presentation of the Draft Financial Plan to address any financial impact that may be experienced in the coming months.

The Draft FY 2020-21 Budget will continue to be scheduled for presentation to the Board on May 18, 2020.

PAST BOARD ACTION

March 25, 2020	The Governing Board reviewed the Draft FY 2020-21 Five-year Financial Plan assumptions
February 10, 2020	The Governing Board conducted a workshop to provide input to staff for the FY2020-21 Strategic Plan and Work Plan
January 8, 2020	The Governing Board approved the FY 2020-21 Budget Calendar
June 7, 2019	The Governing Board approved the FY 2019-20 Strategic Plan Work Plan and FY 2019-20 Budget

Memo to: Governing Board
Subject: Postpone Review of FY 2020-21 Five-year Financial Plan
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FISCAL IMPACT

The fiscal impact of the FY 2020-21 Five-year Financial Plan and the FY 2020-21 Budget will be presented during the Committee and Board meetings beginning in May with a proposed final budget to be presented to the Board on June 10, 2020.

POLICY

Strategic Plan Goal 3: Financial Viability (FV) – Ensure long-term financial viability of the agency through best practices, operational efficiency, and maximizing assets.

- Objective FV1 Develop an annual budget that determines yearly expenditures, incorporates a five-year projection to track fiscal stability, and guides rate-setting decision-making
 - 003.00 Review draft Budget, Five-year Projection, Financial Policies and Water Rates with the Board and public and incorporate comments

ALTERNATIVES

This item is provided for information purposes.

STAFF RECOMMENDATION

Defer review of the FY 2020-21 Five-year Financial Plan until the May 6, 2020 Finance and Personnel Committee Meeting.