

RESOLUTION NO. 801

A RESOLUTION OF THE BOARD OF COMMISSIONERS FOR THE APPROVAL AND ADOPTION OF A PROCUREMENT POLICY

WHEREAS, Kittitas County Public Utility District No. 1 finds that it will be beneficial to establish a Procurement Policy; and

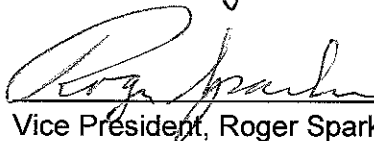
WHEREAS, The Procurement Policy establishes purchasing procedures, authority limits, ensuring bid laws are adhered to and safeguarding the District assets from unauthorized expenditures.

NOW, THEREFORE, BE IT RESOLVED that the Commissioners of Kittitas County Public Utility District No. 1 approve and adopt the Procurement Policy, as set forth in Exhibit A attached hereto.

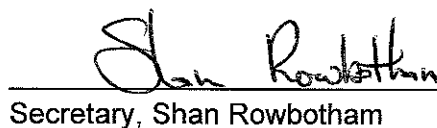
IN WITNESS WHEREOF, the undersigned, being all the members of the Board of Commissioners of Kittitas County Public Utility District No. 1 have executed this Resolution of the Board of Commissioners on this 23RD day of JUNE, 2014.



President, Paul Rogers



Vice President, Roger Sparks



Secretary, Shan Rowbotham

Exhibit A

PROCUREMENT POLICY

June 23, 2014

Table of Contents

- Policy Intent4
- Purchasing Approval.....5
- Delegation of Duties5
- Purchase Flow Chart6
- Equipment, Materials & Supplies6
 - Vendor List.....7
 - Equipment, Materials & Supplies Purchases of Materials, Supplies and Equipment under \$2,500.....7
 - Purchases of Materials, Supplies and Equipment over \$2,500 and less than \$15,0007
 - Purchases of Materials, Supplies and Equipment over \$15,0007
 - Single Source Supply7
- Contract Construction Work.....8
 - Contract Construction Work Less than \$25,0008
 - Contract Construction Work over \$25,000 and Less Than \$300,000.....8
 - Contract Construction Work over \$300,000.....8
 - Contract Monitoring.....8
- Services.....8
 - Architectural and Engineering Services.....8
 - Professional Services.....9
 - Maintenance and Miscellaneous Services.....9
- State Bid.....10
- Interlocal Agreement or Piggybacking.....10
- Declaration of Emergency.....10
- Change Orders11
- Invoices11
- Purchase Orders.....11
- Employee Purchases.....12
- Real Estate Transactions.....12

Policy Intent

This Procurement Policy is intended to protect Kittitas County Public Utility District No.1 ("District") by establishing purchasing procedures and authority limits, ensuring bid laws are adhered to and safeguarding the District assets from unauthorized expenditures.

The Finance Manager will work closely with the General Manager to ensure purchasing and bidding requirements are adhered to. The Finance Manager is responsible for internal controls and financial procedures, legal and regulatory compliance regarding all financial functions, external audits, accounts payable with supporting documents in accordance with state and federal laws and other reporting. The Finance Manager will provide the Commissioners with a summary of fixed asset, plant asset and inventory purchases.

This policy outlines District requirements for purchases and approval authority. The approval authority is responsible for the follow:

- The purchase was made in the conduct of District business.
- The purchase was made in accordance with District Policies.
- The approving authority is responsible for ensuring the product meets District standards at the lowest cost.
- The goods and services have been received and are satisfactory.
- The amount of the invoice meets the agreed upon price.
- The expenditure has been charged to the proper account.
- The transaction is processed in a timely fashion.
- The transaction was in accordance with this policy.

The District shall not purchase any goods or services from a member of the Commission, employee, entity or immediate family member belonging to the Commission or employee in which they may benefit from such procurement, unless authorized by the Commission after full disclosure of the potential benefits.

The District will not break any project or purchases into units or phases for the purpose of avoiding higher levels of approval.

District Employees will not accept any gifts, cash or donations from vendors, potential vendors, contractors, potential contractors, customers or potential customers.

Purchasing Approval

The District requires approval for all purchases. The purchasing authorization limits are as follows:

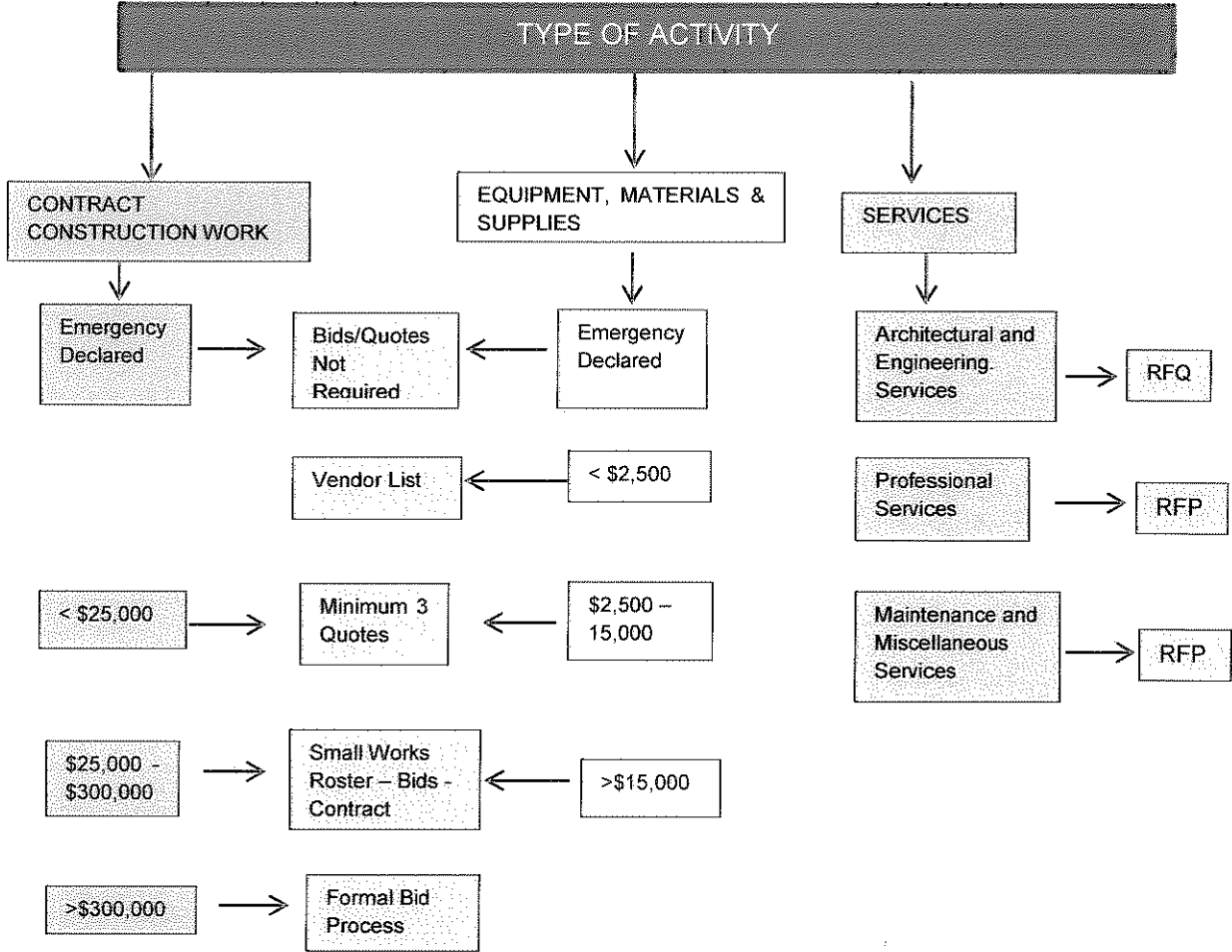
Authorized Amount	Approval Authority
Up to \$7,500	Assistant General Manager/Operations Manager Finance Manager
Up to \$100,000	General Manager
Over \$100,000 Power Sales Agreements and other approved Contracts	General Manager
Over \$100,000 not included in adopted Budget and/or Capital Work Plan	Commissioners
\$7,500 Credit Card Limit	Assistant General Manager/Operations Manager Finance Manager General Manager

Delegation of Duties

In the absence of the General Manager, the Assistant General Manager or Finance Manager may be delegated some of the General Manager responsibilities. In the absence of the Assistant General Manager or the Finance Manager, the General Manager will be delegated their responsibilities. In the rare case that the General Manager, Assistant General Manager and Finance Manager are all absent, each manager will delegate limited responsibilities to an employee.

In the absence of the General Manager, the signing authority for purchases and contracts will remain as authorized. In the event a purchase is required that exceeds \$7,500 for approval, the General Manager may provide written approval via email or fax for the specific purchases.

Purchase Flow Chart



Equipment, Materials & Supplies

Vendor List

In accordance with RCW 39.04.190, the District shall by resolution establish a Vendor List. At least twice per year, the District shall publish in a newspaper of general circulation within the District a notice of the existence of vendor lists and solicit the names of vendors for the lists. The District may solicit vendors directly to invite them to participate on the Vendor List.

In accordance with RCW 54.04.082, any purchases of the same kind of materials, equipment or supplies in an amount exceeding fifteen thousand dollars per calendar month will follow the procedures of Purchases of Materials, Supplies and Equipment over \$15,000 or the Formal Competitive Bid process, whichever is applicable. The District will not phase material, supply or equipment purchases for bidding purposes. All documentation shall be maintained by the Administrative Assistant and available for public review.

Equipment, Materials & Supplies Purchases of Materials, Supplies and Equipment under \$2,500

Purchases, including taxes, less than \$2,500 shall have quotes from the Vendor List to ensure the District is receiving the lowest competitive price. Managers are responsible to stay within their approved budget and should consult with the Finance Manager if they have questions regarding their purchasing authority in given situations.

Purchases of Materials, Supplies and Equipment over \$2,500 and less than \$15,000

Purchases between \$2,500 and \$15,000 shall obtain a minimum of three (3) quotes from the Vendor List. The written quotes and recommended award shall be submitted by the Operation Manager with final award granted by the General Manager. The awarding company shall be notified of bid award and a contract prepared.

All documentation shall be maintained by the Administrative Assistant and available for public review.

Purchases of Materials, Supplies and Equipment over \$15,000

Any item, or items of the same kind of materials, equipment, or supplies purchased, the estimated cost of which is in excess of \$15,000, exclusive of sales tax, shall be by contract in accordance with RCW 54.04.070(1).

Single Source Supply

In accordance with RCW 39.04.280, competitive bidding requirements may be waived for single source supply by written resolution adopted by the Commissioners. The resolution must recite the factual basis for the exception. This does not apply in the event of an emergency.

Contract Construction Work

Contract Construction Work Less than \$25,000

For small public works projects with a cost estimate less than \$25,000, the District may request a minimum of three quotes from the Vendor List.

Contract Construction Work over \$25,000 and Less Than \$300,000

In accordance with RCW 39.04.155, the District shall adopt rules implementing small works roster contract procedures. A minimum of five quotes shall be received from the small works roster (or entire roster list if less than five) for Public Work Projects with an estimate between \$25,000 and \$300,000. The District may invite sealed bids per RCW 54.04.080. All bids shall be thoroughly reviewed for accuracy. The estimate, bids, bid tabulation and recommendation shall be provided to the General Manager for Award. All bid documents will be retained in the administrative office, available for public review and results posted on the District website. The Finance Manager will determine if the bid Award requires Commissioner Action, based on the adopted budget.

Contract Construction Work over \$300,000

Any Public Works Project with an estimate greater than \$300,000 will have a formal competitive bid process, in accordance with RCW 54.04.080. The bids will be opened at a specified date and time and open to the public. The bids shall be thoroughly reviewed for accuracy. The estimate, bids, bid tabulation and recommendation shall be provided to the General Manager for review and then presented to the Commission for Award. The Finance Manager will determine if the bid Award requires Commissioner's action, based on the adopted budget.

Contract Monitoring

The Project Lead shall be responsible for monitoring and reporting phases and progress for all contract work. The Project Lead shall validate work progress, pay estimates and prepare and recommend change orders for approval.

Services

Services are non-public works activities requiring labor, equipment, supplies and/or materials for which an agency contracts, on a periodic and/or routine basis.

Architectural and Engineering Services

In accordance with RCW 39.80 these professional services include, but not limited to:

- Architectural design
- Engineering study and design
- Land Surveying
- Landscape architecture
- Structural Design

The two basic tasks when seeking these services:

1. Identifying and selecting the professional best qualified to meet the District's needs

2. Ensuring that the selected professional understands and provides for District's needs in the most cost-effective manner.

A Request for Qualifications (RFQ) will be published for these services. This process will include:

- Determination of services desired
- Advertisement of services desired
- Evaluation of qualifications submitted
- Selection of most qualified firm or individual
- Negotiation with the most qualified firm or individual
- Contract execution

Professional Services

Professional services are defined as a vocation, calling or occupation involving labor, skill, education, special knowledge and is predominately mental or intellectual, rather than physical or manual. These professional services include, but not limited to:

- Accountants
- Artists
- Attorneys
- Bond Brokers
- Computer Programmers/Consultants
- Insurance Brokers
- Financial Analysts
- Planners
- Real Estate Appraisers
- Telecom

The two basic tasks when seeking these services:

1. Identifying and selecting the professional best qualified to meet the District's needs
2. Ensuring that the selected professional understands and provides for District's needs in the most cost-effective manner.

A Request for Proposals (RFP) will be published for these services. This process will include:

- Determination of services desired
- Advertisement of services desired
- Evaluation of qualifications submitted
- Selection of most qualified firm or individual
- Contract execution

Maintenance and Miscellaneous Services

Ordinary maintenance is maintenance work performed by District forces and not contract. Maintenance is defined as work performed by contract, keeping existing facilities in good usable, operational condition. When maintenance is contracted out, it is subject to public works bidding and prevailing wage requirements.

Miscellaneous services are non-maintenance activities performed by contract. Typically these services are physical or manual labor as opposed to intellectual. The Finance Manager should be consulted prior to advertising for these services to confirm if prevailing wages apply.

Maintenance and Miscellaneous Service Examples	
Snowplowing	Service
Tree Trimming and Removal	Maintenance
Janitorial (prevailing wages apply)	Service
Security	Service
Landscaping	Maintenance
Painting	Maintenance

A Request for Proposals (RFP) will be published for these services. This process will include:

- Determination of services desired
- Advertisement of services desired
- Evaluation of qualifications submitted
- Selection of most qualified firm or individual
- Contract execution

State Bid

The District may purchase from the State Bid without a bidding process, provided the item is included in the adopted budget.

Interlocal Agreement or Piggybacking

The District may utilize another local government entity bid if the following conditions are met:

- The contract is determined to have been awarded in compliance with all bidding requirements of the District.
- The contract was awarded with terms indicating that it would be available for use by other public entities.
- There is no statutory provision prohibiting such a purchase.
- The District has performed due diligence to confirm the contract is the lowest competitive price available.

The Commission will pass a resolution approving an Interlocal Agreement for the intergovernmental purchase.

Declaration of Emergency

When the Commissioners declare an emergency by resolution, the Procurement Policy bidding and quote requirements will not be required, per RCW 39.04.280. The spending authority levels

will remain in accordance with the Procurement Policy with the exception of Commissioner Approval for items over \$100,000.

The declaration of emergency will be enforce until normal maintenance practices return, at which time the Procurement Policy bidding and quote requirements will be required.

Change Orders

The approval limits are also applicable to the total of the original purchase or contract amount and plus any change order amount. If the revised total purchase amount exceeds the purchasing approval limit, a higher-level authority must approve the change order per the established limits. If the Commissioners approved the original purchase, the General Manager may approve change orders up to 25% of the original purchase amount up to a maximum of \$50,000.

Invoices

When goods or services have been accepted by the District representative and the invoice total exceeds the purchase order amount, the payment shall require approval as follows:

1. For purchase orders or contracts with an original purchase amount up to \$100,000, the General Manager may authorize payment of invoices that exceed the approved purchase amount; however, in no case may the invoice be approved totaling more than 110% of the agreed price.
2. For purchase orders or contracts where the original purchase amount exceeds \$100,000, the General Manager may authorize payment of invoices that exceed the approved purchase amount by 10%. Any variance over 110% of the agreed price must be approved by the Commissioners.
3. For any purchase where an invoice is received and a purchase order was required but not approved in advance, Accounting may pay the invoice provided it is approved for payment by the appropriate Manager.
4. Accounting may pay total invoices that exceed the original approved purchase order amount by less than \$100 without further approvals.

Purchase Orders

Purchase orders will have a pre-printed numeric sequence. A copy of all purchase order forms shall be maintained in a file, including voided forms. All numeric sequences shall be accounted for. The accounting department will distributed purchase orders to managers and retain copies of executed and voided purchases orders. Purchase orders are intended to be used for all tangible purchases, for maintenance and repair expenses, and services that are not covered under other contractual agreements. Every purchase order requires Manager Approval in accordance with the approval authority.

Employee Purchases

The District does not have a Petty Cash Fund. In the event a small purchase is made by an employee with personal funds, the employee will be reimbursed through the payroll process as a reimbursement. An invoice/receipt is required, signed by the employee and the employee's Manager and appropriately coded by the Manager. This process is intended for purchases with a value less than \$50. Alternately, employees may from time to time, charge items at local vendors with Manager Approval. Employee will provide the original invoice with their signature for Manager Approval and appropriate account coding.

Real Estate Transactions

All real estate transactions shall be approved by the Board of Commissioners in a resolution, granting signing authority to the General Manager.