

**DRAFT**

**2023 BOARD OF COMMISSIONERS**

ATUL DESHMANE, PRESIDENT  
CHRISTINE GRANT, VICE PRESIDENT  
JAIME ARNETT, SECRETARY

## **PUBLIC UTILITY DISTRICT No. 1 of Whatcom County**

Agenda for the Regular Meeting of July 11, 2023  
8:15 a.m. at the PUD Office  
(In-person, Zoom, & Teleconference)

1. Call to Order | Pledge of Allegiance
2. Approval of Agenda (3 minutes)
3. Consent Agenda (5 minutes)
  - a) Approval of the Minutes of the Regular Meeting of June 13, 2023
  - b) Approval of the Minutes of the Regular Meeting of June 27, 2023
  - c) Approval of Claims for July 11, 2023
4. Public Comment (10 minutes – Individual speakers: 3 min.)
5. Old Business (10 minutes)
  - a) Broadband Program Update
  - b) Adjudication Update
6. New Business (5 minutes)
  - a) Approve Revision to Purchasing Policy
7. General Manager Report (10 minutes)
8. Operations Report (10 minutes)
9. Commissioner Reports (10 minutes)
  - a) Upcoming Per Diem Requests
10. Public Comment (10 minutes– Individual speakers: 3 min.)
11. Executive Session: RCW 42.30.110(1)(g): To review the qualifications and/or performance of a public employee (30 min.)
12. Adjourn (10:00 AM estimated)

**Notice:**

All Commissioners will participate either in-person, via Zoom/internet or teleconference.

**The public meeting can be accessed:** In-person at location announced;

**By internet:** <https://us02web.zoom.us/j/88578940799>

**Or telephone:** Dial 1 (253) 215 8782 or 1 (346) 248 7799

**Webinar ID:** 885 7894 0799

### **Next Commission Meetings**

July 25 & August 8, 2023 | 8:15 a.m. | Regular Meetings – District Office or other location announced  
1705 Trigg Road, Ferndale, WA 98248

Contact: Ann Grimm, Commission Clerk at (360) 384-4288 x 27 • [www.pudwhatcom.org](http://www.pudwhatcom.org)

# DRAFT

## MINUTES OF THE REGULAR MEETING OF THE COMMISSION

June 13, 2023

### 1. Call to Order | Pledge of Allegiance

The regular meeting of the Board of Commissioners of Public Utility District No. 1 of Whatcom County was called to order at 8:15 a.m. by Commissioner Atul Deshmane. Said meeting was open to the public and notice thereof had been given as required by law. Those present included: Commissioner Jaime Arnett; Commissioner Atul Deshmane; and Legal Counsel Peter Ruffatto. Commissioner Grant's absence was excused. Staff: Chris Heimgartner, General Manager; Assistant General Manager Brian Walters; Andrew Entrikin, Broadband Program Manager; Steve Jilk, In-House Consultant; Rebecca Schlotterback, Manager of Contracts and Regulatory Compliance; Annette Smith, Director of Finance; Aaron Peterson, IT/SCADA Technician; Mike Macomber, IT/SCADA Technician; Traci Irvine, Accountant I; Garrett Love-Smith, Project Manager; Paul Siegmund, Manager of Automation and Technology; and Kurt Wank, Director of Utility Operations.

Public attending:

Rick Miracle, Citizen     Dave Olson, Citizen  
Jack Wellman, PSE     Lauren Turner, P66

### 2. Approval of Agenda

No changes.

**ACTION:** Commissioner Arnett made the motion to APPROVE THE AGENDA OF JUNE 13, 2023. Commissioner Deshmane second the motion. Motion passed unanimously.

### 3. Approval of Consent Agenda

- a) Approval of Meeting Minutes of the Regular Meeting, May 23, 2023;
- b) Approval of the Claims of June 13, 2023:

VENDOR NAME	AMOUNT
ALUMICHEM CANADA INC (formerly WATERHOUSE ENV.)	31,098.00
APPLIED DIGITAL IMAGING	26.11
APSCO, LLC	33,486.19
INDUSTRIAL SUPPLY, INC	224.93
BRIDGEVIEW AUTO PARTS	58.64
CDW/COMPUTER DISCOUNT WAREHOUSE	7,180.80
CENTRAL WELDING SUPPLY	192.98
CESCO NEW CONCEPT CHEMICAL PRODUCTS	154.95
CONSOR NORTH AMERICA, INC.	148,286.32
CORNERSTONE MANAGEMENT, INC.	1,507.05
CRABTREE, DEVIN	207.45
DLT SOLUTIONS, LLC	1,392.14
EAGLE-EYE AERIAL SOLUTIONS, LLC	92,800.00
EDGE ANALYTICAL LABORATORIES	1,431.00
EVERGREEN LAND TRUST ASSOCIATION	3,079.00
EXACT SCIENTIFIC SERVICES INC.	27.00
FCS GROUP	2,216.25
FERGUSON ENTERPRISES, INC	122.47
FERNDALE ACE HARDWARE	68.02
FLOWSERVE FSD CORPORATION	2,652.01
GDS ASSOCIATES (EES CONSULTING)	3,594.71
GRAY MATTER SYSTEMS, LLC	3,760.00

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GRIMM, ANN	246.94
HARDWARE SALES, INC	109.41
HD FOWLER CO, INC	18.89
HEALTH PROMOTIONS NORTHWEST	150.00
HEIMGARTNER, CHRIS	400.15
HOLLAND & HART LLP	14,302.50
KAMAN FLUID POWER LLC	303.65
KCDA PURCHASING COOPERATIVE	140.14
LAPLAUNT, DAVID	27.57
LOOMIS, CHRIS	30.06
MALLORY SAFETY & SUPPLY LLC	528.78
MANAGEMENT SERVICES NW	689.62
NATIONAL SAFETY, INC.	66.70
NESS CRANE SERVICE, INC	3,402.18
NORTHWEST CASCADE, INC.	118.50
NORTHWEST FIBER DBA ZIPLY FIBER	1,434.03
NP INFORMATION SYSTEMS (3-D CORP)	269.82
NW WASHINGTON FAIR ASSOCIATION	25,000.00
P&P EXCAVATING, LLC	27,961.27
PACIFIC UNDERWRITERS CORP INC	223.00
PITNEY BOWES GLOBAL FINANCIAL SERVICES LLC	151.04
PLATT ELECTRIC SUPPLY CO	849.17
PUD #1 OF WHATCOM COUNTY	656.19
PUGET SOUND ENERGY, INC	6,371.72
REGENCE BLUE SHIELD	45,798.72
REISNER DISTRIBUTION, INC	1,999.02
RICOH USA	228.59
SHRED-IT USA	54.79
SMITH, ANNETTE	131.00
SSC - SANITARY SERVICE COMPANY	615.43
STEEL RIVER PIPING & FABRICATION	17,576.08
SUPERLOGICS, INC.	5,478.87
TEAMSTER LOCAL #231	616.00
UNITED WAY OF WHATCOM COUNTY	742.00
UTILITIES UNDERGROUND LOCATION	21.93
VALVOLINE	92.47
WA PUBLIC UTILITY DISTRICTS ASSOCIATION	75.00
WASHINGTON DENTAL SERVICE	2,860.50
WASHINGTON TEAMSTERS WELFARE	13,273.40
WESTERN REFINERY SERVICES	9,991.20
WHATCOM FARMERS CO-OP	224.66
WHATCOM JANITORIAL	1,430.00
WILSON ENGINEERING, LLC	744.00
WINDWOOD ENTERPRISES INC.	3,138.54
<b>GRAND TOTAL</b>	<b>\$522,109.55</b>

**ACTION:** Commissioner Arnett made the motion to APPROVE THE CONSENT AGENDA OF JUNE 13, 2023. Commissioner Deshmane second the motion. Motion passed unanimously.

4. **Public Comment** – No comments.

5. **Old Business**

a) **Broadband Program Update**

- Staff met with the State Broadband Office to discuss two of the three projects that did not receive funding (Glacier and Raven Crest communities).

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- Future broadband funding is coming with state and federal dollars. The funding will cover “distressed” counties first; however, Whatcom County is not considered distressed. Entrikin estimates more funds available in 2027; with potential smaller pools of funds available sooner.
- The Port of Bellingham is working on scaling back their \$12 million project that was not awarded grant funding through the State Broadband Office. They are now looking to Whatcom County for assistance, who has \$4 million available for broadband funding.

b) **Adjudication Update** - No update.

## 6. New Business

a) **Approve Transfer of BPA Energy Efficiency Incentives Budget (EEI) to Public Utility District No. 1 of Jefferson County**

The District’s existing Interlocal Agreement with Jefferson PUD was approved by Commission on May 25, 2021 and enabled the transfer of \$100,000 of the BPA EEI Budget. This is a request for the Commission to approve a third transfer of EEI Budget under the current Interlocal Agreement with Jefferson PUD. This transfer is identified under Exhibit A, Amendment No. 2 to the Agreement. There is no fiscal impact to the District.

**ACTION:** Commissioner Arnett made the motion to APPROVE THE TRANSFER OF \$100,000 OF THE DISTRICT’S BPA EEI PROGRAM BUDGET TO PUBLIC UTILITY DISTRICT NO. 1 OF JEFFERSON COUNTY (JEFFERSON PUD) UNDER EXHIBIT A, AMENDMENT NO. 2 OF THE INTERLOCAL AGREEMENT; AND AUTHORIZE THE DISTRICT’S GENERAL MANAGER TO SIGN THE AMENDMENT IMPLEMENTING THE TRANSFER. Commissioner Deshmane second the motion. Motion passed unanimously.

b) **Approve Change Order No. 18 for Potelco Inc.’s Construction Contract for the Ferndale Pump Substation Project**

Change Order No.18 regards the Ferndale Pump Substation Project (CIP E-22) and the associated Construction Contract with the prime contractor Potelco, Inc. The proposed change order covers the additional labor hours, materials, and leased equipment needed to complete the project due to unanticipated delays in project construction activities, design modifications, and additional materials acquisition at higher costs. Delay due to redesign of project Distribution Line was caused due to the contractor calling for a Safety Stop work as the proposed design was unfit and unsafe for working conditions.

**ACTION:** Commissioner Arnett made the motion to APPROVE CHANGE ORDER NO. 18 IN THE NOT TO EXCEED AMOUNT OF \$154,510.43, FOR POTELCO, INC’S CONSTRUCTION CONTRACT FOR THE FERNDALE PUMP SUBSTATION PROJECT AND AUTHORIZE THE DISTRICT’S GENERAL MANAGER TO EXECUTE THE CHANGE ORDER. Commissioner Deshmane second the motion. Motion passed unanimously.

## 7. General Manager Report

- Working on a formal succession plan;
- Working on a series of contracts with Energy Northwest, at the suggestion of Commissioner Grant, about Whatcom PUD’s ability to develop a geothermal plant, along with grant funding of feasibility study to see if it is possible.
- The Port of Bellingham is looking at a district energy system at its facilities. Heimgartner has been asked to apply to the board overseeing the project. This would be on his personal time.

## 8. Operations Report - No report.

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## 9. Commissioner Reports

Arnett:

- Met with Heimgartner;
- Attended the WRIA1 Watershed Management Board meeting regarding the five-year work plan.
- Attended the WPUA Board of Directors special meeting regarding the use their reserves to conduct a net-metering study; the study was approved.

Deshmane:

- Attended Public Power Council Meetings;
- Would like to have further internal discussion of BPA tier power pricing.
- Indicated that Northwest RiverPartners presented during the Public Power Council Meeting.
- Will prepare a report for the next commission meeting regarding the District's liability insurance carrier Public Utility Risk Management Services (PURMS).

## 10. Public Comment – No comments.

## 11. Executive Session

Commission President Deshmane requested an Executive Session pursuant to RCW 42.30.110(1)(g): To review the qualifications and/or performance of a public employee. Estimated time for Executive Session was sixty (60) minutes. The Commission President indicated no action is anticipated to be taken after the adjournment of Executive Session. After a short recess, the Commission adjourned to Executive Session at 9:17 a.m.

### Executive Session Adjourn

There being no further business for Executive Session, the Commission rejoined the Regular Commission Meeting at 10:23 a.m.

## 12. Adjourn

There being no further business for the regular meeting, Deshmane adjourned the regular meeting at 10:23 a.m.

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Atul Deshmane, President/Commissioner

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Christine Grant, Vice President/Commissioner

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Jaime Arnett, Secretary/Commissioner

### Commission Clerk Note:

Video recordings of the Whatcom PUD Commission Meetings are available online at the following link on the PUD's Website: <https://www.pudwhatcom.org/the-commission/2023-agendas-packets-meeting-minutes-recordings/>

# DRAFT

## MINUTES OF THE REGULAR MEETING OF THE COMMISSION

June 27, 2023

### 1. Call to Order | Pledge of Allegiance

The regular meeting of the Board of Commissioners of Public Utility District No. 1 of Whatcom County was called to order at 8:15 a.m. by Commissioner Atul Deshmane. Said meeting was open to the public and notice thereof had been given as required by law. Those present included: Commissioner Jaime Arnett; Commissioner Christine Grant, Commissioner Atul Deshmane; and Legal Counsel Jon Sitkin.

Staff: Chris Heimgartner, General Manager; Andrew Entrikin, Broadband Program Manager; Ann Grimm, Executive Assistant; Annette Smith, Director of Finance; Aaron Peterson, IT/SCADA Technician; Brian Walters, Assistant General Manager; Garrett Love-Smith, Project Manager; Kurt Wank, Director of Utility Operations; Mike Macomber, IT/SCADA Technician; Rebecca Schlotterback, Manager of Contracts and Regulatory Compliance; Steve Jilk, In-House Consultant; and Traci Irvine, Accountant I.

Public attending:

Dave Olson

Mike Kaufman

### 2. Approval of Agenda

No changes made.

**ACTION:** Commissioner Arnett made the motion to APPROVE THE AGENDA OF JUNE 27, 2023. Commissioner Grant second the motion. Motion passed unanimously.

### 3. Approval of the Claims of June 27, 2023

<b>VENDOR NAME</b>	<b>AMOUNT</b>
ALUMICHEM CANADA INC	31,325.20
INDUSTRIAL SUPPLY, INC	170.86
BAY CITY SUPPLY	268.00
BIRCH EQUIPMENT COMPANY	253.73
BONNEVILLE POWER ADMINISTRATION	583,405.00
BRIDGEVIEW AUTO PARTS	34.57
CENTRAL WELDING SUPPLY	96.48
CHMELIK SITKIN & DAVIS	14,594.00
COMCAST	191.61
COMCAST - NWRC	300.00
CONSOR NORTH AMERICA, INC.	111,572.50
CRABTREE, DEVIN	101.47
CULLIGAN NORTHWEST	259.03
DESHMANE, ATUL	90.98
EDGE ANALYTICAL LABORATORIES	24.00
FASTENAL	209.75
FEDERAL EXPRESS	16.00
FERNDALE ACE HARDWARE	318.71
HARDWARE SALES, INC.	96.08
INTERNAL REVENUE SERVICE	21,622.92
LES SCHWAB TIRE CENTER	16.54
LFS MARINE	287.28
MASSMUTUAL RETIREMENT SVCS LLC	12,800.00
NESS CRANE SERVICE, INC	4,699.62
NW WASHINGTON FAIR ASSOCIATION	25,000.00
PACIFIC SURVEY & ENGINEERING	2,050.00

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PAYLOCITY	183.16
PAYROLL	229,894.72
PLATT ELECTRIC SUPPLY CO	5,603.96
POTELCO, INC	10,690.78
PUBLIC UTILITY RISK MANAGEMENT SERVICES	3,594.30
PUGET SOUND ENERGY, INC	535.41
SCHOOLS, HEALTH & LIBRARIES BROADBAND COALITION	500.00
SMITH, ANNETTE	208.29
SOUND WATER SERVICES	5,662.50
STAR RENTALS	1,705.78
TUPPER MACK WELLS PLLC	18,686.50
WA FEDERAL VISA CARD MEMBER SERVICES	9,456.78
WA ST DEPT OF REVENUE - EXCISE TAX	74,073.59
WESTERN CONFERENCE OF TEAMSTERS	9,191.00
WHATCOM FARMERS CO-OP	76.15
WHISTLE WORKWEAR	269.77
GRAND TOTAL	\$1,180,137.02

**ACTION:** Commissioner Grant made the motion to APPROVE THE CLAIMS OF JUNE 27, 2023. Commissioner Arnett second the motion. Motion passed unanimously.

## 4. New Business

### a) Award of Bid: D Station Stop Line and Valve Replacement

The District has implemented previous upgrades to D-Station and began using a *ball valve* housed inside the unit. This is vital not only to controlling flow to the BP ponds, but also to support future upgrades to the main water transmission line inside D-Station. Upon testing, the valve would not functionally close all the way, which led to an assessment into what it would take to repair the valve. After exposing the buried water line within D-Station's fence line, it was determined that the most economical and timely fix would be to insert a line stop restricting the line before the valve and then to replace the valve.

The bid opening for the project contract was held on Friday, June 16, 2023 at 10:00 a.m. Two bid packages were received by the deadline, were publicly read aloud, and the bids submitted deemed responsive. Staff's review of the P&P Excavating bid package determined that it was the lowest responsive bid. The results of the bids are as follows:

P&P Excavating	\$129,610.00 (tax not included)
Stremler Gravel	\$243,500.00 (tax not included)

Staff recommends awarding the contract to P&P Excavating. Although not originally planned for the scope of work, this replacement still falls within the RW-M-7 Capital Improvement Budget which has a budget of \$250,000.00 for 2023.

**ACTION:** Commissioner Grant made the motion to AWARD THE D-STATION LINE STOP AND VAVLE REPLACEMENT PROJECT CONTRACT TO P&P EXCAVATING IN THE AMOUNT NOT TO EXCEED \$129,610.00 (TAX NOT INCLUDED) AND AUTHORIZE THE GENERAL MANAGER TO EXECUTE THE AGREEMENT. Commissioner Arnett second the motion. Motion passed unanimously.

## 5. Public Comment

Mike Kaufman asked to make a public comment. Although public comment was not included on the recently approved agenda, Sitkin said under full consent of the Board, comments could be made. Kaufman indicated he would attend the next Commission meeting and speak at that time.

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## 6. Adjourn

There being no further business for the regular meeting, Deshmane adjourned the regular meeting at 8:26 a.m.

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Atul Deshmane, President/Commissioner

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Christine Grant, Vice President/Commissioner

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Jaime Arnett, Secretary/Commissioner

### **Commission Clerk Note:**

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AGENDA ITEM #6a  
July 11, 2023

## Action Memo

**To:** Commissioners Arnett, Deshmane, and Grant  
**From:** Annette Smith, Director of Finance  
**Date:** July 11, 2023  
**Re:** Purchasing Policy Revisions

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**Requested Action:** APPROVE REVISIONS TO THE DISTRICT'S PURCHASING POLICY.

**Background:** On November 27, 2007, the Commission initially approved a formal Purchasing Policy. Since that time, occasional adjustments have been made due to RCW and internal policy changes. The last update was in September of 2022 to clarify language around change orders.

The revisions to the Purchasing Policy this time concerns:

- **Professional Services Evaluation:** An evaluation matrix needs to be completed for Architecture, Surveying, and Engineering.
- **Purchase Order use for credit cards:** Clarified that a Purchase Order is not needed if an item is purchased immediately, as in use of a credit card or in-person purchases.
- **Purchase Order required:** Increased limit for when a Purchase Order is required from \$1,000 to **\$2,500**.

**Fiscal Impact:** None.

**Recommended Action:** APPROVE REVISIONS TO THE DISTRICT'S PURCHASING POLICY.



# **Purchasing Procedures**

Effective July 11, 2023

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**ACQUISITION OF EQUIPMENT, MATERIALS, SUPPLIES,  
SERVICES, PUBLIC WORK, AND PROFESSIONAL SERVICES  
FOR THE PUBLIC UTILITY DISTRICT NO. 1 OF  
WHATCOM COUNTY**

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**POLICY:** The Public Utility District No. 1 of Whatcom County (“District”) establishes these Purchasing Procedures (“Procedures”) to set forth the policy and procedures by which the District will acquire equipment, materials, supplies, and services, and competitively bid public work projects in a manner that is consistent with the applicable statutory provisions of the Revised Code of Washington (RCW) and in accordance with District Resolutions resulting in the most effective delivery of services considering, where allowed, not only cost but value received.

All purchasing dollar limits are subject to change by revisions of governing laws. The current limits as set by the RCW prevail over the stated limits in this policy.

The purchasing limit associated with the General Manager is stated and updated in the current Delegation of Authority Resolution.

**PURPOSE:** This administrative manual establishes procedures, responsibilities and practices to be followed by the District in acquiring equipment, materials, and services, and competitively bidding public work to accomplish the overall mission of the District.

**AUTHORITY:** The authority to establish and from time to time amend these procedures rests with the General Manager of the District to the extent allowed by the current “Delegation of Powers” Resolution approved by the Commission of the District.

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## A. GENERAL PROCEDURES AND PRACTICES

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### 1. INDIVIDUAL AUTHORITY

Through a formal “Delegation of Powers” adopted by a District Resolution, purchasing authority is granted by the General Manager to individual employees at levels set by the General Manager. The General Manager will maintain a written list of those staff members that have been granted purchasing authority. These purchasing limits are subject to all purchasing guidelines imposed by both the internal District purchasing policy and the applicable provisions of the RCWs. Public Work projects shall comply with these Procedures and the applicable provisions of the RCW.

### 2. PURCHASING UNDER COOPERATIVE CONTRACTS

Pursuant to RCW Chapter **(39.34)**, the District has entered into agreements with both the State of Washington and the King County Directors Association (KCDA). Both agencies are purchasing cooperatives who maintain lists of approved vendors for a wide array of products and services. From time to time, the District may enter into similar cooperative contracts, which the District shall implement in a manner consistent with these Procedures herein.

The District encourages the purchase of goods and services covered by contracts available through the State of Washington and KCDA. Utilization of these purchasing programs will suffice in lieu of the need to solicit bids.

Listed below are two of the State of Washington contracts sites for reference:  
Office of State Procurement (OSP): <https://fortress.wa.gov/ga/inet/pca/pcacont.htm>  
Department of Information Services:  
[http://techmall.dis.wa.gov/borders/alpha\\_services\\_list.asp](http://techmall.dis.wa.gov/borders/alpha_services_list.asp)

The KCDA information is available through either the binder located in the District office or on the website: <http://kcda.org> website.

### 3. LOCAL PREFERENCE

All things being equal in terms of cost, delivery and vendor support, preference will be given to vendors and/or providers of services operating in Whatcom County. Purchasers are encouraged to use the cooperative purchasing contracts.

### 4. USE OF RECYCLED PRODUCTS

Products utilized by the District shall be made from recycled materials if such products are reasonably available, are of acceptable quality, and are generally priced the same as similar products not made from recycled materials. The determination of recycled materials shall be generally consistent with the United States Environmental Protection Agency guidelines for Federal

Procurement of materials made from recycled and recovered materials. Reports and other written documents utilizing recycled paper should be so marked.

## 5. ITEMS PURCHASED FOR RESALE

If the District purchases items (hats, sweatshirts, etc.) for resale, the District does not pay the vendor any Washington State Sales Tax. The vendor is given a completed Resale Certificate, with the District's Washington State UBI #371 008 166 000. Washington State Sales Tax is collected when the District resells the item.

## 6. AVAILABILITY OF FUNDS

It shall be the obligation of the General Manager to ensure that purchases are initiated only where budgeted funds within a particular account are sufficient to cover the anticipated cost. This applies to both operating budget line items and capital budget accounts.

The General Manager is responsible for ensuring that contract costs do not exceed authorized contract amounts including approved contingency allowances *and* that aggregate project costs do not exceed the authorized budget line item.

When anticipating that funds budgeted for a specific purchase are insufficient, the purchaser should review available options for completing the funding with the District's Director of Finance.

## 7. CONFLICTS OF INTEREST

No District official, elected, appointed, or hired, nor their immediate families (children or spouse) may profit from the procurement of equipment, materials, supplies, or services provided for or obtained for the District. The General Manager (or District Commission as deemed appropriate) will address any possible conflicts of interest.

For more information on Conflicts of Interest, refer to the District Employee Handbook.

## 8. PURCHASE ORDERS (POs)

The PO is the vendor's authorization to ship and/or deliver equipment, material, supplies, or services. The PO is used by accounting to verify the item, quantity, and price that was ordered and agreed upon. The acquisition of any equipment, material, supplies or services over \$2,500, exclusive of sales tax, must be accompanied by a PO or other written and duly authorized agreement **before** the goods, materials or services are ordered, if payment is not made immediately (ex. in-store purchase, credit card purchase)

The PO must be completed in its entirety and include:

- Name of Vendor
- Date
- Billing Address
- Quantity, rate and description of material or service to be purchased
- Actual cost if known or noted 'Not To Exceed' estimate (with or without sales tax)
- Terms

- Any additional, relevant information for the purchase

Completed POs are to be distributed as follows:

- *Faxed/PDF* copy- vendor
- *Original* copy- PO Book in central office space
- *Electronic* copy- retained for records

9. EXECUTION OF CONTRACTS: PO

With respect to the purchase of materials, equipment, supplies, and services, the PO approved by the appropriate authorizing staff and accepted by the vendor shall constitute the written contract, *except* where special terms or conditions necessitate the use of a more formalized contractual agreement.

10. MULTIPLE PURCHASES IN THE SAME MONTH

Multiple purchases, when taken together from the same vendor for the same material, equipment, or supply, are subject to the purchasing requirements in RCW 54.04.070. This currently limits purchases of the same kind of items of materials, equipment and supplies to not exceed \$12,000 (excluding sales tax) in any calendar month without a contract.

11. DISTRICT STAFF LIMITATIONS ON PERFORMING WORK

The District may undertake an accepted industry practice to employ prudent utility management and use its own regularly employed personnel to perform work when the material utilized does not exceed the limitation imposed in RCW 54.04.070 (currently \$300,000, excluding tax) per project. Per RCW 54.04.070 (2), the term "equipment" includes but is not limited to conductor, cabling, wire, pipe, or lines used for electrical, water, fiber optic, or telecommunications.

12. UNAUTHORIZED PURCHASES

The District shall not be obligated to pay any vendor for any purchase unless the District's policies have been adhered to concerning purchasing limits, purchase orders, and/or contractual agreements.

The District has no legal obligation to pay the vendor for any purchases made outside of this purchasing policy, and the individual making the purchase may be held personally responsible for the purchase.

All POs and/or contractual agreements must be duly approved and authorized ***before*** the purchase is made.

13. INVOICE APPROVAL

Whereas an approval of the PO authorizes a purchase, an invoice indicates that the goods or services were actually received. The authorized purchasing limits for each District staff position is maintained by the General Manager and is subject to change.

- Per RCW 42.24.080, goods must be received, services rendered, labor performed prior to payment. Any advance or progress payment must be pre-arranged in a contract.

Note: Upon receipt of material, equipment, supplies or services, (if available), attach the packing slip/delivery receipt to the invoice and turn the invoice in to Accounts Payable for payment.

14. RECEIPT OF GOODS: Material Safety Data Sheets (MSDS)

The authorized purchaser is responsible for the tracking of deliveries and inspection of material, equipment, or supplies upon arrival as well as obtaining the MSDS from the vendor at the time of purchase, if applicable. These items shall be tested as deemed necessary to determine their conformance with contracts and/or specifications prior to payment. The packing slip should be signed, dated, and returned to Accounts Payable in a timely fashion.

A copy of all MSDS sheets should be properly filed with the Districts designated MSDS manager, included in the safety policies, and kept on file at each plant or other District location of storage or use.

15. WARRANTY INFORMATION:

Warranty information for any assets should be filed with the Accounting Department along with a copy of the asset so that should repairs be necessary, warranty information is available prior to repair.

16. EMERGENCY PURCHASES:

On the occasion of an emergency in which an unforeseen circumstance beyond the control of the District presents a real, immediate threat to the proper performance of essential functions or will likely result in material loss or damage to property, bodily injury, or loss of life if *immediate* action is not taken, in accordance with RCW 39.04.280, the General Manager is authorized to purchase goods, materials, equipment, or services necessary to stabilize the emergency condition, temporarily suspending the guidelines set out in the District's Purchasing Policy. Emergency contracts executed pursuant to the authority herein shall contain a clause which states that the contract is subject to ratification by the Commission and that if ratification does not follow, the contract shall terminate, and the Contractor shall be compensated for his/her work and materials used to the time of termination.

If the purchase falls outside of the normal purchasing guidelines, as soon as possible, following the emergency, the purchase must be properly documented on an incident report form obtained from and returned to the Accounting Department.

17. SOLE SOURCE PURCHASES:

Per RCW 39.04.280, '...Competitive bidding requirements may be waived by the governing body of the municipality for purchases that are clearly and legitimately limited to a single source of supply,' or 'purchases involving special facilities or market conditions...'. If an item is thought to have a single source of supply, that needs to be verified and documented. A resolution will need to be passed declaring a sole source and the reasons why.



## 18. CHECK REQUESTS

Check Request Forms are available from Accounts Payable. Submit this form to Accounts Payable for minor expenses such as freight, permit fees, postage, small supplies, registration fees, customer refunds, ~~ete~~etc. when an actual invoice is unavailable.

Check requests must be approved by the supervisor and submitted to Accounts payable.

## 19. CREDIT CARDS

Purchases that are charged to one of the District's credit cards are subject to the same purchasing guidelines and limits as any other purchase.

A detailed original transaction receipt must be submitted to Accounts Payable in order to facilitate the monthly payment of the credit card. The designated supervisor will review and approve all credit card purchases prior to payment. Employees will be held responsible for the payment of any unapproved purchases.

## 20. CAPITAL PURCHASE/CAPITAL MAINTENANCE

- Capital Purchases are expenditures used in the operation of the District which are more than \$5,000, excluding sales tax, and have a useful life longer than one year.
- Maintenance projects are "capitalized" if the work costs more than \$10,000 and increases the useful life or enhances the use of the asset.
- All proposed Capital Purchases and Capital Maintenance projects (greater than \$10,000) are approved through the annual budget process.
- Any capital expenditure for material, equipment, work, or services NOT approved through the formal budget process must have a Capital Purchase Authorization Form completed and approved following the current purchasing guidelines.

The Capital Purchase Authorization Form is intended to allow:

- a. Oversight regarding the purchase,
- b. CWIP (Capital Work In Progress) Account numbers for expense tracking, and
- c. Detailed information to account for the completed project properly.

## 21. CONTRACT LIMITS

All contracts the District participates in will have duration limits, regardless of the dollar amounts. Contracts deemed to fall under the Professional Services category will not extend beyond 5 years. The Commission will individually approve power transmission and power supply contract length. All other contracts will not extend beyond three years. Contract lengths can be extended if specifically approved by the Commission for a defined purpose.

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## B. ACQUISITION PROCEDURES BY TYPE OF PURCHASE

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The purchasing acquisition procedures vary by type and amount as specified in the Revised Code of Washington (RCW) governing District and internal District policy. Table 1 (enclosed within this document) contains those requirements by type and amount of purchase. Following the procedures for acquisition by the type of purchase, will be the detailed definitions and instructions on the different procedures. Specific questions regarding District purchasing requirements and/or formal purchasing contracts should be directed to the Accounting Department. Any RCW dollar limits override the stated limits in this policy.

### 1. MATERIALS, EQUIPMENT, & SUPPLIES

The District can make purchases of the same kind of material, equipment or supplies totaling under \$12,000 in any calendar month without a contract. Purchases of the same kind of material, equipment or supplies in one calendar month exceeding \$12,000 shall be made by contract through competitive bidding. These purchases are split into four categories based on the dollar amount. All dollar amounts are excluding sales tax.

- a. **< \$2,500** – These purchases designed for the daily usual and customary purchases for the maintenance and operation of the District. These are restricted by the individual purchasing limits maintained by the General Manager. All employees are expected to seek the best value in purchasing.
- b. **\$2,500 - \$30,000** – These purchases are also governed by the individual purchasing limits. The General Manager may authorize any amount up to his limit set in the Delegation of Authority. Amounts over the limit require Commission approval. These purchases also require the use of a Purchase Order listing at the minimum:
  - i. Name of Vendor
  - ii. Date
  - iii. Billing Address
  - iv. Name of District employee responsible for purchase
  - v. Quantity, rate and description of purchase
  - vi. Actual cost if known or noted not to exceed estimate (including the sales tax)
  - vii. Terms
- b. \$30,000 - \$60,000 – These purchases should follow the directions for either use of established *Vendor Lists* or *Contracts*.
- c. > \$60,000 – These purchases should follow the directions for *Competitive Bidding and Contracts*.

### 2. ELECTRONIC DATA PROCESSING & TELECOMMUNICATION SYSTEMS

These purchases are categorized by the type of equipment being bought. If the equipment is 'off-the-shelf', then the guidelines for Material, Equipment, and Supplies apply. If the equipment or software is customized, then the purchases should be obtained through *Competitive Negotiations*.

### 3. CONTRACTS FOR PROFESSIONAL SERVICES, CONSULTANTS, AND SERVICES (Excluding Engineering & Architectural)

A Consultant is an independent individual or firm contracting with an agency to perform a service or render an opinion or recommendation according to the consultant's methods and without being subject to the control of the agency except as to the result of the work. Intangible properties such as human effort, experience, and impartial advice cannot be evaluated strictly on cost. Evaluation criteria for professional services and consultants may include quality, reputation, experience, and technical capabilities among the evaluation criteria.

Retention of legal services is not subject to the following guidelines and limitations, if such services may be retained as approved by the Commission and/or the General Manager, as such authority may be delegated by the Commission.

When there are multiple firms who can provide comparable, well-defined, uniform services, the following guidelines apply. The purchases are split into three categories, based upon dollar amounts excluding tax:

- a. < GM authorized limit - These purchases are subject to a competitive process at the District's discretion. Authorization is obtained from the General Manager or his designee.
- b. GM limit - \$150,000 – These purchases are subject to an informal competitive process. Several firms should be evaluated based on multiple factors, with cost not being the sole criteria. Authorization is obtained from the Commission. **A Professional Services Evaluation Form should be completed.**
- c. > \$150,000 – These purchases are subject to a formal competitive process. Competitive procurement of professional services involves evaluation of proposals based on multiple factors, rather than relying on price as the determinant factor. **A Professional Services Evaluation Form should be completed.** The process described under *Competitive Negotiations* would be used. Authorization is obtained from the Commission.

Depending on the type of professional services being retained, the qualifications of the consultant may be the primary criteria for selection, without cost being a factor. If available, several firms should be evaluated and selected based on multiple factors/criteria, without cost being a factor. **In using an RFQ, a Professional Services Evaluation form** will be completed with a list of evaluation criteria specific for the RFQ. Final *Contract Negotiations* with the selected consultant will occur after the consultant's initial selection. If the selected consultant and the District are unable to negotiate an agreement acceptable to the District, the District may then select the next ranked consultant.

### 4. ENGINEERING SURVEYING & ARCHITECTURAL SERVICES

All purchases falling under this category are subject to purchasing through *Contract Negotiations*. Periodically, a request for qualifications (RFQ) will be published for different categories. A firm will be selected, using a Professional Services Evaluation form. This firm will be used for the specific category of work until the next published RFQ. Large projects may result in a separate advertisement and selection. Authorizations are as follows excluding sales tax:

- a. < GM limit– General Manager or Designee
- b. >GM limit – Commission approval required

Once a contract is negotiated, individual projects will be authorized by use of a work order. Each work order will include a scope of work, dollar amount, and authorizing signatures from both the District and contracted firm.

## 5. CONSTRUCTION OR IMPROVEMENT OF ELECTRICAL FACILITY

Per RCW 54.04.080, Construction or Improvement of an Electrical Facility shall mean the construction, moving, maintenance, modification, or enlargement of facilities primarily used or to be used for the transmission or distribution of electricity at voltages above 750 volts, including structures directly supporting transmission or distribution conductors, but not including site preparation, housing, or protective fencing associated with but not included in a contract for such construction, moving, modification, maintenance, or enlargement of such facilities.

All purchases falling under this category are subject to purchasing through use of the *Contract Proposal Form* for prequalified bidders only (RCW 54.04.085). All purchases falling under this category are subject to purchasing using one of the following methods (amounts excluding sales tax):

- <\$2,500 - Individual Purchasing Limits
- \$2,500 - \$50,000 – Individual Purchasing Limits and a Purchase Order
- \$50,000 - \$350,000 – *Small Works Roster*
- >\$350,000 – *Competitive Bid*

Authorizations are as follows excluding sales tax:

- a. < GM limit– General Manager or Designee
- b. >GM limit – Commission approval required

Changes to the scope of Work, Project or Contract, as defined in Section C will be administered in compliance with the general provisions of the project, contract or standard specifications. The General Manager shall have the authority to approve change orders with any single change order amount not to exceed the limit set in the Delegation of Authority. The General Manager shall notify the Commission of change orders when the cumulative total of change orders exceeds 20% of the contract amount. On at least a monthly basis the Finance Director shall provide the Commission with a summary of all change orders approved by the General Manager and/or the Commission on a project by project basis for the preceding month and from the commencement of each project.

## 6. PUBLIC WORKS CONTRACTS

Per RCW 39.04.010, Public Work is defined as all work, construction, alteration, repair, or improvement other than ordinary maintenance (work not performed by contract and that is performed on a regularly scheduled basis (e.g. daily, weekly, monthly, seasonally, semiannually, but not less frequently than once per year), to service, check or replace items that are not broken; or work not performed by contract that is not regularly scheduled but is required to maintain the asset so repair does not become necessary). All purchases falling under this category are subject to purchasing using one of the following methods (amounts excluding sales tax):

- <\$2,500 - Individual Purchasing Limits
- \$2,500 - \$50,000 – Individual Purchasing Limits and a Purchase Order
- \$50,000 - \$350,000 – *Small Works Roster*
- >\$350,000 – *Competitive Bid*

Authorization guidelines are as follows:

- a. < GM limit– General Manager or Designee
- b. >GM limit – Commission approval required

Changes to the scope of Work, Project or Contract, as defined in Section C will be administered in compliance with the general provisions of the project, contract or standard specifications. The General Manager shall have the authority to approve change orders with any single change order amount not to exceed the limit set in the Delegation of Authority. The General Manager shall notify the Commission of change orders when the cumulative total of change orders exceeds 20% of the contract amount. On at least a monthly basis the Finance Director shall provide the Commission with a summary of all change orders approved by the General Manager and/or the Commission on a project by project basis for the preceding month and from the commencement of each project.

## 7. UNIT PRICED CONTRACTS

Per RCW 54.04.070, a Unit Price Contract is defined as a competitively bid contract in which public works are anticipated on a recurring basis to meet the business or operational needs of the District, under which the contractor agrees to a fixed period indefinite quantity delivery of work, at a defined unit price, for each category of work. The contract must be executed for an initial contract term not to exceed three years, with the option of extending or renewing the unit priced contract for one additional year. Since the nature of the contract is the unknown quantities, the Commission will approve all of the contracts, or a 'not to exceed' section will be included in the contract.

Change orders are handled the same as Public Works.

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## C. DEFINITIONS AND METHODS OF AUTHORIZATIONS

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1. **Change Orders** – (2010 WSDOT and MRSC) A change order is work that is added to or deleted from the original scope of work of a contract, which alters the original contract amount or completion date. A change order is only appropriate to change a project in a manner consistent with the original bid specifications and does not materially change the intended scope of the project. These contract changes can be caused by:
- Plan deficiency (errors or omissions)
  - Design criteria changes
  - Specification conflict or ambiguity
  - Unforeseen circumstances
  - Change in requirements of a regulatory agency
  - Cost reduction
  - District requested change
  - Contractor proposed changes (material substitution, etc.)

The District reserves the right to make, at any time during the Work, such changes in quantities and such alterations in the Work as are necessary to complete the project satisfactorily. Such changes in quantities and alterations shall not invalidate the Contract nor release the Surety, and the Contractor agrees to perform the work as altered. Among others, these changes and alterations may include:

- 1) Deleting any part of the work;
- 2) Increasing or decreasing quantities;
- 3) Altering specifications, designs or both;
- 4) Altering the way the work is to be done;
- 5) Adding new work;
- 6) Altering facilities, equipment, materials, services, or sites, provided by the District; ordering the contractor to speed up or delay the work.

The District will issue a written Change Order for any change as provided in the Project, Contract or Standard Specifications. The General Manager shall have the authority to approve change orders with any single change order amount not to exceed the limit set in the Delegation of Authority. The General Manager shall notify the Commission of change orders when the cumulative total of change orders exceeds 20% of the contract amount. On at least a monthly basis the Finance Director shall provide the Commission with a summary of all change orders approved by the General Manager and/or the Commission on a project by project basis for the preceding month and from the commencement of each project.

2. **Competitive Bids** – (RCW 54.04.070) The District shall publish in the newspaper a notice once or more at least thirteen days before the close of the bid. The notice shall invite sealed proposals for the work or materials to be purchased. Plans and specifications of which shall at the time of the publication will be on file at the District, subject to public inspection. At the close of the bid, the sealed bids will be opened and the contract awarded to the lowest responsive, responsible bidder or to the best bidder submitting his or her own plans or specifications. If the contract is to construct or improve electrical facilities, the contract may be let to the lowest bidder prequalified according to RCW 54.04.085. No contract may be awarded if it exceeds fifteen percent (15%) of the District's estimate. The Commission may reject all bids and re-

advertise.

3. **Competitive Negotiations** – (RCW 39.04.270) A Request for Proposal (RFP) shall be prepared, detailing the requirements of the purchase. The RFP shall be submitted to an adequate number of sources to permit reasonable competition. Notice of the RFP must be published in a newspaper of general circulation at least thirteen days before the due date. The RFP shall identify significant evaluation factors, including price and their relative importance. The District shall provide reasonable procedures for technical evaluation of the proposals received, identification of qualified sources, and selection for awarding the contract. The District will then evaluate the proposals received, and select the qualified bidder whose proposal is most advantageous to the District with price and other factors considered. The Professional Services Evaluation form will be used to evaluate firms.
4. **Construction or Improvement of an Electrical Facility** – (RCW 54.04.080) The construction, moving, maintenance, modification or enlargement of facilities primarily used or to be used for the transmission or distribution of electricity at voltages above 750 volts, including structures directly supporting transmission or distribution conductors, but not including site preparation, housing, or protective fencing associated with but not included in a contract for such construction, moving, modification, maintenance, or enlargement of such facilities.
5. **Consultant** – The term Consultant refers to an independent individual or firm contracting with an agency to perform a service or render an opinion or recommendation according to the consultant's methods and without being subject to the control of the agency except as to the result of the work.
6. **Contract** – (RCW 54.04.070) The District will publish a notice once or more in the Bellingham Herald or any newspaper of general circulation in the district at least thirteen days before the last date upon which bids will be received, inviting sealed proposals for the work or materials. Plans and specifications for the work or materials will be on file at the office of the District and subject to public inspection at the time of publication. Any published notice ordering work to be performed for the District shall be mailed at the time of publication to any established trade association that files a written request with the District to receive such notices. At the close of the bid, the sealed bids will be opened and the contract awarded to the lowest responsive, responsible bidder or to the best bidder submitting his or her own plans or specifications. If the contract is to construct or improve electrical facilities, the contract may be let to the lowest bidder prequalified according to RCW 54.04.085. No contract may be awarded if it exceeds fifteen percent (15%) of the District's estimate. The Commission may reject all bids and re-advertise.
7. **Contract Negotiations** – (RCW 39.80) The District will publish in advance the requirement for professional services. This announcement will state concisely the general scope and nature of the project or work for which the services are required and contact information. The evaluation process will include receiving statements of qualifications and performance data from the interested parties. The District shall conduct discussions with one or more firms regarding anticipated concepts and the relative utility of alternative methods of approach for furnishing the required services and then shall select based upon criteria established by the District. **A Professional Services Evaluation form will be completed.** Such District procedures and guidelines shall include a plan to insure that minority and women-owned firms are afforded the maximum practicable opportunity to compete. The District shall negotiate a contract with the most qualified firm at a price, which is fair and reasonable.



- 8. Contract Proposal Form** (RCW 54.04.085) – The Contract Proposal Form is used in any project involving the construction or improvement of an electrical facility. Prior to providing a Contract Proposal Form, the District will require answers to questions contained in a standard form of questionnaire and financial statement, including a complete statement of the financial ability and experience of such person, firm, or corporation in performing electrical work. Such questionnaire shall be sworn to before a notary public or other person authorized to take acknowledgement of deeds and shall be submitted once a year. If the District is unsatisfied with the answers supplied, the District may refuse to furnish such a person, firm or corporation with a Contract Proposal Form. The Contract Proposal Form is an internal document generated by the District for each individual project.
- 9. Individual Purchasing Limits** – The Individual Purchasing Limits are designed to be used for the small, usual and customary purchases of the District. This list is maintained by the General Manager of each position’s authorized purchasing limit.
- 10. Ordinary Maintenance** – Work not performed by contract and that is performed on a regularly scheduled basis (e.g. daily, weekly, monthly, seasonally, semiannually, but not less frequently than once per year), to service, check, or replace items that are not broken, or work not performed by contract that is not regularly scheduled, but is required to maintain the asset so repair does not become necessary. Typically understood to be maintenance performed by employees.
- 11. Prevailing Wage** – (RCW 39.12) The Prevailing Wage shall be the rate of hourly wage, usual benefits, and overtime paid in the locality, as hereinafter defined, to the majority of workers, laborers, or mechanics, in the same trade or occupation. Prevailing wages are required on all Public Work and Contract Maintenance projects. For projects under \$2,500, use a combined form, with no fee required. For projects greater than \$2,500 and less than \$35,000, a combined form may be used if a single payment will be used and no subcontractors. Statements of Intent to pay prevailing wage and Affidavits may be filed with the Department of Labor and Industries without a contractor’s registration number if it is for service type work (ex. Building services, surveying, and truck driving). Starting in 2019, intents and affidavits may be filed annually on the contract date for the previous 12 months instead of with each work order.
- 12. Professional Services** – Activities such as consulting that have a primarily intellectual final product.
- 13. Public Work** – (RCW 39.04.010) -The term “Public Work” shall include all work, construction, alteration, repair or improvement other than ordinary maintenance.
- 14. Small Works Roster** (RCW 39.04.155) – The Small Works Roster is used to award contracts under \$350,000 for construction, building, renovation, remodeling, alteration, repair, or improvement of real property that may be used by the District. This is a list of all responsible contractors who have requested to be on the list and where required by law are properly licensed or registered to perform such work in this state. At least once a year, the District will publish in a newspaper of general circulation within the jurisdiction a notice of the existence of the roster or rosters and solicit the names of contractors for such roster or rosters. In addition, responsible contractors shall be added to an appropriate roster or rosters at any time they submit a written request and necessary records. From the small works roster, telephone, written or electronic quotes shall be obtained to assure a competitive price and awarded to the lowest responsible bidder. Invitations for quotes shall include an estimate of the scope and nature of the work to be performed as well as materials and equipment to be furnished. If the cost of the project is less than \$250,000, at least five of the contractors must be contacted. If

the cost of the project is greater than \$250,000, all of the contractors must be notified. All bids received are open to public inspection and available by telephone or electronic inquiry. The District shall maintain a list of the projects, vendors contacted, registration number, amount of the contract, a brief description of the project, the date awarded, and the vendor awarded the contract through the Small Works Roster for a period of at least two years.

- 15. Sole Source** – (RCW 39.04.280) this may only be used to bypass competitive bidding if purchases are clearly and legitimately limited to a single source of supply or purchases involving special facilities or market conditions (ex. auctions). A single source of supply needs to be verified. A resolution needs to be passed. A decision to use a specific model is not a sole source or reason to bypass competitive bidding unless that specific model is only available from one source.
  
- 16. Unit Price Contract** – (RCW 54.04.070) A competitively bid contract in which public works are anticipated on a recurring basis to meet the business or operational needs of the District, under which the contractor agrees to a fixed period indefinite quantity delivery of work, at a defined unit price for each category of work. The initial contract term must not exceed three years, with the District having the option of extending or renewing the contract for one additional year. Invitations for bids shall include estimated quantities of the anticipated types of work and how the District will issue or release work assignments, work orders, or task authorizations. Different units may include weight, surface area, volume, length/depth, time, quantity of items, or lump sum per task. When a specific project is identified, individual work orders are authorized based upon either a 'not-to-exceed' time and materials basis or a negotiated lump sum amount. If the work includes construction or improvement work on an electrical facility, bidders must be prequalified under RCW 54.04.085. Unit Price contracts to be used on non-budgeted, non-planned work.
  
- 17. Vendor Lists** – (RCW 39.04.190) for the purchase of materials, equipment, or supplies in lieu of formal sealed bidding for purchases between \$30,000 and \$60,000. At least twice a year, the District shall publish in a newspaper notice of the existence of vendor lists and solicit the names of vendors for the lists. Telephone, electronic, or written quotes shall be obtained from at least three vendors whenever possible to assure a competitive price. The award shall be made to the lowest responsive, responsible bidder. All quotes received are open to public inspection and available by telephone inquiry.