

MACON WATER AUTHORITY

PURCHASING POLICY

Scope

This policy outlines the procurement practices for purchasing goods and service for the Macon Water Authority, except as noted below. The policy addresses competition and vendor selection, issuance of purchasing transactions, purchasing methods, authorizations, receipt of goods and services, required documentation, and ethical practices.

Purchases NOT Covered

Purchases not covered by this policy include such goods and services as noted below.

THIS IS NOT AN EXHAUSTIVE LIST

- Investment Management Services
- Consultant Services
- Insurance
- Employee Travel & Entertainment
- Legal Services
- Employee Benefit Programs
- Construction Contracts & Projects
- Engineering Services
- Maintenance Projects which may include:
 - Maintenance Supplies
 - Maintenance Services
 - Maintenance Equipment

Policy Statement

MWA personnel should purchase goods and services using practices that are compliant with all applicable Federal and State of Georgia Law and in the best interest of the MWA. Purchasing practices should be utilized that help leverage MWA contracts and maximize the purchasing power of the MWA.

Diversity and Bidders

Minority and Disadvantaged Business Enterprises

The MWA has had and continues to have in place a procedural protocol that supports a statement that, “The Authority makes every effort to reasonably adhere to providing Minority Owned Business Enterprises, Women Owned Business Enterprises & Disadvantaged Business Enterprises as defined by the Small business Administration, meaningful opportunities to bid and to be awarded service engagements with the Macon Water Authority by helping to ensure that:

- Invitations to bid are currently advertised in print with the *Macon Telegraph*, on-line at *Macon.com* and on-line at *MaconWater.org*. Bids are also advertised with the *Georgia Informer*, an MBE media organization that utilizes both print and on-line media to reach and inform the African American community as well as the public at large in Middle Georgia.
- In addition, a state-wide database of Public Notices maintained by *Georgia’s Legal Organ Newspapers* pulls legal bid invitations from around the state and posts legal notices on <http://georgiapublicnotice.com>
- Invitations to bid are advertised in print over four (4) consecutive Saturdays in the *Macon Telegraph* and continually on-line at *MaconWater.org* until the bid closing date is reached.

In addition , the MWA has strived to provide an equal opportunity for MBE’s, WBE’s and DBE’s to submit bids for contract services, materials, supplies and equipment as invitations to bid are posted. The following recommendation has recently been employed in an effort to offer additional opportunities for bid invitations for these types of organizations.

- MWA Purchasing reviews specific Georgia State directories for business enterprises that fit the above referenced classifications when inviting organizations to bid. This may provide some additional information

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for registered business enterprises that fit into these classifications and possible follow up with such organizations.

Examples include:

- www.doas.georgia.gov
- www.dot.state.ga.us/construction/contractorsadm/document/dbe/deb_dir.pdf
- www.sbdc.uga.edu

Responsibilities and Authorities (General)

The following roles may be fulfilled by multiple positions

Initiator(s) (often a director, manager, supervisor or planner)

- Requests goods or services to be purchased
- Determines that costs of requested goods and services are in line with department budget and documents where funds are budgeted

Preparer(s)

- Prepares and places orders for goods and services based on direction from initiator

Approver(s)

- Approves purchases of goods and services by the MWA
- Acknowledges that procurement practices used to acquire goods and services are in compliance with MWA procedures
- Provides receipt/tracking documentation for goods and services

Buyer(s)/Purchasing Agent(s)

- Performs analysis of vendors seeking to do business with the MWA
- Obtains bids and quotes
- Supports user/vendor customer service functions
- Approves purchase orders based on MWA approval limits

Accounting Manager/Purchasing Manager

- Oversees various operations within the purchasing/procurement department

Ethical Practices & Standards

MWA employees involved in the purchasing process must follow the requirements set forth in the MWA Employee Personnel Manual section 8: Conflict of Interest and section 9: Gifts, Gratuities and Payments. Any situation that compromises, or appears to compromise, any personnel involved in the procurement process must be reported immediately to the Chief Financial Officer or the Executive Director. Violation of the requirements in these sections may lead to disciplinary action, up to and including termination of employment. In general, ethical practices include, but are not limited to, observing the guidelines in this section. A confidentiality section has been added to this purchasing policy as noted below.

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Conflict of Interest (this section is verbatim from the Employee Personnel Manual Chapter VII, Sect. 8)

The basic guiding principle in conflict of interest regulations is that employees should avoid any activity, investment, or interest that might reflect unfavorably upon the integrity or good name of them-selves or of the Authority. Conflict between the private interests of the employee and the legitimate business interests of the Authority generally arises whenever the personal interests or investments of the employee run counter to the duties which employees owe the Authority. This means that employees should not engage in any activity which is detrimental to the employer or deprives it of a legitimate profit; and those employees should not improperly use their position in order to benefit themselves, relatives, friends or other businesses.

In the performance of their job, employees have the duty to act in the best interests of the Authority, rather than those of others. Employees should avoid obligations to, or relations with, any person or business with whom the Authority does business which might affect their judgment in performing their duties. It is inconsistent with this policy for a business decision to be made on any basis other than in the best interests of the Authority. An employee whose duties bring him or her into contact with an organization which employs a relative, for example, should take appropriate precautions to avoid a potential conflict of interest or the suspicion of preferential treatment. The employee should consult with his/her manager and, if necessary, remove himself from acting on behalf of the Authority.

Gifts, Gratuities and Payments (this section is verbatim from the Employee Personnel Manual Chapter VII, Sect. 9)

The Authority policy with regard to giving or receiving of gifts and gratuities by employees provides that: No Authority representative or members of his/her immediate family will give or accept any cash, gifts, special accommodations, favors, or use of property or facilities to or from anyone with whom the representative does business or is negotiating business on behalf of the Authority.

The intent of this policy is that the giving or accepting of anything of value by Authority employees to or from any of its suppliers, customers, or other employees in any form whatsoever is prohibited.

The policy is not intended to eliminate participation in business related functions and activities which occur in conjunction with seminars, exhibits, meetings, and presentations, which incorporate lunches, dinners and entertainment.

The policy also does not preclude gifts of items of nominal value (not in excess of \$25.00 per year). Gifts bearing a supplier logo, which are distributed generally and cost no more than \$4.00, may be excluded from the \$25.00 annual limitation.

Invitations to hunting, fishing, and golfing trips involving overnight stays can create feelings of obligation which are contrary to this policy. Under certain circumstances, however, such activities could be in the best interest of the Authority and contribute to good working relationships with suppliers. Employees should report any invitations to such functions to their manager. If it is mutually agreed that attendance at such a function will serve a useful business purpose, the invitation may be accepted.

Confidentiality has been added to this policy

When discussion arise between vendors and MWA departments, MWA personnel involved in the procurement process may only discuss the specifics of applicable policies and standard procedures as they impact specific orders.

Competing vendors must not be told the prices, terms, or conditions quoted by other vendors. All MWA personnel must respect confidentiality in all procurement actives.

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Separation of Duties

Departments should separate the duties of purchasing, receiving, and authorizing payment for goods and services by distributing the duties among two or more persons. If and when this separation of duties is difficult to comply with due to staff limitations, a supervisor or manager should be responsible for monitoring and verifying transactions as an alternative means of mitigating risk.

MWA Purchasing Card

Individuals authorized to use an MWA Purchasing Card (P-Card) may pay for travel and entertainment expenses in accordance with their transaction limit and authorization levels. All P-Card transactions must be processed and approved in a timely manner, generally within a 30 day time period of the time the charge was incurred. Refer to the Purchasing Card Policy for more details on the P-Card Policy and Procedures for Usage.

Competition and Vendor Selection

The MWA encourages competition among vendors in providing goods and services to the MWA. Competition assures a mix of quality, service, and price that matches the stated needs of the MWA. Accordingly, those involved in recommending vendor selection have a responsibility to help identify viable vendors.

MWA Purchases

The MWA purchases supplies, materials, equipment, and personal property such as office equipment. Examples of purchases include materials for water and sewer systems, inventory and supplies, office supplies, technical equipment, vehicles, services and general use items.

MWA goods and services are purchased under a system that promotes procedures that help ensure a level, fair, economical and competitive environment. The goods and services that the MWA procures are needed to ensure that customers are provided with a service level that provides an uninterrupted delivery of clean drinking water and sewer conveyance services in the MWA service area. In order to provide an exceptional level of customer service and product quality while meeting or exceeding all state and federal quality and compliance regulations the MWA purchases many goods and services through a competitive bidding process.

The Macon Water Authority reserves the right to make some purchases based on the immediate needs of the business and our customers.

The Authority reserves the right NOT to purchase proprietary products and systems.

Policy for Purchasing by Quotes

Quotes are permissible for items valued up to and including \$10,000. Quotes need not follow the formal policy that governs the SEALED BID process. Quotes are considered a good faith response from a vendor of the cost of an item. Quotes must follow the following limit guidelines

\$0.00 - \$5,000

Items valued at less than \$5,000 are purchased from the lowest of three quotations obtained verbally or in writing and communicated via fax, email, phone or standard mail. If quotes are received verbally either in person or by phone, a permanent record of the conversation and quotes will be kept that follows the record retention section of this policy.

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\$5,001 - \$10,000

Items valued at between \$5,001 and \$10,000 are purchased from the lowest of three written quotations and must be in writing and received by fax, email, or standard mail. Verbal quotes are not acceptable for items over \$5,001.

Policy for Purchasing by BID

\$10,001 & Over

Items valued over \$10,001 are purchased through a SEALED BID process. Quotes are NOT an acceptable procurement alternative to a formal SEALED BID for items in excess of \$10,001.

A formal SEALED BID opening time and date will be communicated to vendors. Notification will be in writing and may be communicated via email, www.maconwater.org, in the bid package, standard mail or by advertisement in the local paper.

SEALED BID's must always be opened in the presence of at least two (2) Macon Water Authority employees and be comprised of employees from the finance department and at least one other operating department other than finance. In addition the Executive Director/President of the Authority &/or the EVP of Business Operations/CFO of the Authority are required to be present when opening sealed bids when only one bid has been submitted for consideration. Vendors that have submitted sealed bids are invited to attend the BID openings. Members of the MWA Finance Committee or Engineering Committee are invited and encouraged to attend sealed bid openings.

Authorization limits for Purchase Orders & Purchases

Executive Director/President - \$10,000 and over

EVP Plant and Field Operations - \$10,000*

EVP Business Operations - \$10,000

Department Directors - \$7,500

Department Managers - \$2,500

*May be adjusted upward during an absence of the Executive Director

The Macon Water Authority reserves the right to select bids from vendors that sell and/or produce American made and American assembled goods.

"Local Preference Provision for State of Georgia Auto and Truck Dealers" of Fleet Vehicles

Bids for standard fleet vehicles including but not limited to pickup trucks, work trucks and sedans, may be given a preference to State of Georgia auto and truck dealerships and/or vendor bid submissions over out of state submissions (a "local preference" provision). The potential for increased administrative and logistics time and costs of dealing and administering interstate transfers of vehicles, tagging, pre- inspection walk-a-round (if desired), travel time and expense related to out of state dealerships and access to vehicle service centers are reasons to try and award standard vehicle bids to State of Georgia dealerships. The existence of the local preference will be referred to in bid documents and bid requirements so that interested out of state auto and truck dealers will be aware of the preference for Georgia auto and truck dealers.

Sole Source Purchases

Authority reserves the right to purchase products and services from a sole source provider. Sole source providers may be selected based on "sole source product(s) or supplies", a "sole source service" or a quality or service advantage to the Authority. A sole source purchase is one where it is beneficial for the MWA to purchase a service or product from a single source without going through the competitive bid process. Some purchase situations makes it impractical or impossible to obtain bids from competing organizations. The requisitioner shall furnish

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documentation to justify why the technical characteristics inherent in the item or service make it essential to purchase the particular good or service from a sole source. Sole sourcing may occur in any department and area of the MWA system. Justification for sole sourcing may include BUT IS NOT limited to such reasons as, standardization, compatibility with other system components, time sensitivity, regulatory demand, cost, complexity or familiarity. Written documentation of some form of price or cost analysis is required on sole source purchases. Appropriate documentation may include copies of published price lists, advertised pricing in established magazines, journals, and newspapers, and similar indices. Final responsibility in determining whether an item may be purchased from a sole source rests with the Executive Director, the Assistant Executive Director, and the Chief Financial Officer. The Executive Director may seek approval of the Authority Board for sole source purchases if deemed prudent to do so.

Tabulation of Bids

Bids received are tabulated by a Buyer/Purchasing Agent and forwarded to the Chief Financial Officer (CFO) for review. All bids are evaluated based on the guidelines presented in the bid documents that were supplied by the MWA to the vendor(s) to determine compliance. A final report and summary of all bids received will be compiled by the Finance or Engineering departments for presentation to the Executive Director of the MWA. This compilation will include:

- Compilation of submitted bids
- Compliant and non-compliant bids with an explanation as to why any vendors bid is considered non-compliant
- Budget for BID items
- Explanation if BID item is not an approved budget item
- Staff recommendation for awarding bid

Recommendation of award of bid(s) will be presented to the finance committee at the next scheduled finance committee meeting for bid items over \$10,001.

How the Formal Bid Process Works: Refer to detailed information in the BID package documents.

Right to Reject or Purchase

The MWA retains the right to make immediate purchases in order to meet immediate demands of the business, our customers or to comply with regulatory agency requirements. The MWA also reserves the right to reject all bids on a product or service if such a rejection would be in the best interest of the MWA.

Record Retainage

The Buyer/Purchasing agent with guidance from the Accounting/Purchasing Manager is responsible for maintaining copies of all bid packages in a safe and secure location for a minimum of seven (7) years from the date that any bid is approved by the Finance Committee. These records may be viewed by the general public given proper notification.

Violation of Policy

The MWA Purchasing Policy is intended to maximize buying power, streamline business practices and reduce potential risks associated with contracting and other procurement activities.

If any MWA employee believes that his/her actions have, or may have, violated an MWA purchasing/procurement policy either in substance or spirit, he/she is advised to disclose the policy violation to their immediate supervisor and department head. The department head is then further advised to consult with the Chief Financial Officer or the Executive Director.