

FKAA PURCHASING/INVENTORY CONTROL SECTION

PART I - PURCHASING POLICIES

I. LEGAL AND ADMINISTRATIVE CONTROLS AND LIMITATIONS

- A. The Florida Keys Aqueduct Authority's purchasing policies and procedures are subject to its enabling act, Chapter 76-441, and certain provisions of the Florida Statutes Chapter 287 and 255. The FKAA's purchasing thresholds are based on the Categories defined in Section 287.017(1) (a-c) Florida Statutes and 60A-1.001 Administrative Rule.
- B. The Executive Director's purchasing authority is defined by the revised Purchasing Policies and Procedures as adopted June 26, 2002.
 - 1. The Executive Director or designee may authorize the purchase of goods and services not exceeding Category Three without approval of the Board of Directors.
 - 2. The purchase of materials and services must conform to the policies established in this section, unless at least one of the following five conditions exist:
 - a. **State or General Services Administration (GSA) Contract.** If the item is available for purchase under State or GSA Contract, competitive bidding is not required. Board approval must be obtained prior to procurement if the purchase amount exceeds Category Three.
 - b. **Sole Source.** If the item is available from only one supplier it cannot be subject to competitive bidding. In these instances, the requisitioner should make a note in the internal comment field alerting Purchasing that the item could be a sole source item. If a commodity or contractual service exceeds Category Three and is believed to only be available from one source, the Authority shall electronically post a description of the commodities or contractual services sought for a period of at least (7) business days. The description must include a request that prospective vendors provide information regarding their ability to supply the commodities or contractual services described. If it is determined in writing that the commodities or contractual services are available only from a single source, the agency shall: Provide notice of its intended decision to enter a single-source purchase contract. Board approval must be obtained prior to procurement if the purchase amount exceeds Category Three.
 - c. **Emergency Purchases.** When an immediate requirement exists and delay in

procurement would be detrimental to the Authority and poses an immediate danger to the public health, safety, or welfare, or other substantial loss to the Authority, the Executive Director, or designee, may authorize immediate purchase without competitive bidding. Such determination shall be in writing and under written oath on the emergency authorization form, along with any other documents relating to the emergency action. If the purchase amount is in excess of **Category Three**, the circumstances must be documented in detail and the Board of Directors appropriately advised in an agenda item.

- d. **Direct Purchase from the Manufacturer.** When a manufacturer declines to submit a bid, the Board of Directors may waive the competitive bidding requirements for purchases which exceed Category Three, if it is determined a direct purchase from the manufacturer will be in the public interest. All other such purchases will be reviewed and approved by Staff.
 - e. **Specified Contractual Services.** In the procurement of contractual services as outlined in Chapter 287.057(3)(f) Florida Statutes, the competitive bidding requirements are waived if it is determined to be in the public interest. The Authority may procure commodities and contractual services by an invitation to negotiate, or a request for quote for vendors under contract with the department. Written approval must be obtained by the Executive Director or their designee prior to invitation to negotiate. In these instances, the Department Manager of the requisitioning department must detail in writing why the public interest will be served through waiving the requirement. Board approval must be obtained prior to procurement if the purchase amount exceeds Category Three.
 - f. **Recycled Paper.** The Authority will purchase recycled paper when it is economical, if and when recycled products can be obtained that is of adequate quality for the purposes of the agency. Any bidders wishing to be considered for price preference on a bid for a printing contract must certify in writing the percentage of recycled content of the material used for such printing. The Authority may allow up to a 10 percent price preference when awarding a contract for printing if a responsive bidder has certified that the materials used in printing contains at least the minimum percentage of recycled paper set forth by the Authority.
3. Purchase Orders will only be prepared and issued by the Purchasing staff. All Purchase Orders are signed electronically when they are generated..
- a. The Authority is subject to many of the same rules of law as a private business entity. With the exception of its tax exempt status and authorization to purchase

under State and GSA contracts, the Authority enjoys no special status either as a government body or as a water utility. All problems, questions, and concerns involving contract law should be referred to counsel.

- b. All vendors who provide services on the Authority's premises must provide proof of adequate Workman's Compensation, General Liability, and Automobile Liability Insurance to the Human Resource Department before any work is performed.

C. Purchasing Categories are defined below.

- a. Category 1 (\$0.01 - \$5,000.00)
- b. Category 2 (\$5,000.01 - \$34,999.00)
- c. Category 3 (\$35,000.00 and greater)

II. **CATEGORY 1 PURCHASES (\$0.01 - \$5,000.00)**

- A. A Requisition for Purchase Order must include specifications on the material or service required; the account number, **and delivery site**. The description on the requisition must be as specific as possible in order for the Purchasing staff to obtain quotations. An FKAA item number should be provided when ordering inventory items. Completed requisitions should be forwarded to the Purchasing Office for processing.
- B. Purchasing of materials and services with an aggregate cost under **\$2,500.01** will be accomplished through the use of sound purchasing practices which may include written, **email**, or facsimile quotes. All purchases over **\$2,500.00** will require at least two price quotes (written, **email**, or facsimile). Negotiation of the purchase most advantageous to the FKAA should be based on price, product quality, estimated shipping costs, and the ability of the supplier to meet the required delivery schedule. If at least two quotations are not received, a statement as to why they were not received must be shown. All purchase order requisitions related to one specific job will be awarded based on the lowest total cost. Requisitions must be documented accordingly noting the job information. The Authority shall document the conditions and circumstances used to determine the procurement method.
- C. A Purchase Order will be issued to execute the purchase. A record of any quotes obtained will be attached to the electronic copy of the Purchase Order and be filed in the Workplace procurement program.

- D. A Local Vendor Preference of 15% will be granted to all vendors whose main office or headquarters is physically located in Monroe County, Florida on purchases of \$5,000.00 or less.

III. CATEGORY TWO PURCHASES (\$5,000.01 - \$34,999.99)

- A. A Requisition for Purchase Order must include specifications on the material or service required, the account number, **and delivery site**. The description on the requisition must be as specific as possible in order for the Purchasing staff to obtain quotations. An FCAA item number should be provided when ordering inventory items. Completed requisitions should be forwarded to the Purchasing Office for processing.
- B. The Purchasing staff will obtain at least three price quotes prior to procurement. Quotations will be in writing (**email, or** facsimile copies are acceptable), , or informal bids to be opened upon receipt. Negotiation of the purchase most advantageous to the FCAA should be based on price, product quality, estimated shipping costs, and the ability of the supplier to meet the required delivery date. If at least three quotations are not received, a statement as to why they were not received must be shown. All purchase order requisitions related to one specific job will be awarded based on the lowest total cost. Requisitions must be documented accordingly noting the job information. The Authority shall document the conditions and circumstances used to determine the procurement method. A Purchase Order will be issued to execute the purchase. A record of all quotes obtained will be attached to **the electronic file**.
- C. The Executive Director is authorized to approve task orders and change orders not to exceed \$34,999.99 (See Appendix D)
- D. A Local Vendor Preference of 15% will be granted to all vendors whose main office or headquarters is physically located in Monroe County, Florida in this category for purchases up to \$5,000.00

IV. CATEGORY THREE PURCHASES - \$35,000 OR GREATER

- A. All purchases in excess of the Category Three must be accomplished through a competitive bid process. Specifications of the material or service to be purchased will be prepared by the requisitioning department. The specifications must contain the desired date and time of the bid opening and be forwarded to the Purchasing Office.
- B. The Purchasing staff will assign a bid number and prepare a bid package for the required

purchase. This package will include a listing of all bid specifications (as provided by the requisitioning department), the insurance information required, and the appropriate FCAA Invitation to Bid Form. The date, time, and location of the bid opening will be specified on the Invitation to Bid form, as well as submission instructions for potential bidders. All Invitation to Bid forms will reserve the right to reject any and all bids if such rejection is determined to be in the interest of the Authority. All specifications for materials and/or services, as well as, projects in excess of Category Three must be approved by the Internal Auditor, General Counsel, **and** Employee Benefits Coordinator. The appropriate Department Manager will approve the specifications prior to forwarding the bid to Purchasing. Purchasing will be responsible for preparing the routing of all documents, ensuring any necessary changes are made, and all parties have signed off on the finished documents prior to advertisement.

- C. The Purchasing staff will prepare a bid solicitation advertisement which briefly describes the material or service to be purchased and will contain instructions for potential bidders. The Purchasing staff will arrange for publication of the ad in at least one newspaper of general circulation, as well as, electronically posting it on the FCAA web site, **and Demandstar**. The last publication/posting of this ad will be at least (10) calendar days before the scheduled bid opening. If the products/services being bid can be acquired locally by firms whose main office or headquarters are located in Monroe County, the bid will be advertised in newspapers in the Lower, Middle, and Upper Keys. Ads may also be published in trade or professional journals when deemed appropriate.
- D. Advertisement is not required for the re-issuance of an invitation to bid or request for proposals if the FCAA advertised the original bid or proposal solicitation as per established procedure. In this instance, all bidders that were emailed notice of the original solicitation must be mailed notice of the re-issuance. This requirement excludes any vendor that responded with an indication of no interest in bidding or offering.
- E. The Purchasing staff will email vendors provided by the requesting department to inform them that a bid is available for download.
- F. Bids for construction projects will be processed in the same manner, except that the Contracts Manager will request that the Purchasing Office advertise the bid. A Project Number, assigned by the Contracts Manager will be included in the request.
- G. All bid openings will be open to the public and will be held on the date, time, and at the location specified in the bid advertisement.

Bid openings for construction projects will be conducted by the Contracts Manager, at least one member of the Contracts Office staff, the Internal Auditor, the Purchasing Manager or designee, and the manager or assistant manager of engineering. Bids will be opened and read by the Contracts Manager. The bids will then be recorded on the Bid

Tabulation Sheet by the attending member of the Contracts Office and be passed to the Internal Auditor and department representative for verification. After all bids are read and recorded, the Bid Tabulation Sheet will be signed by all individuals present.

All other bid openings will be conducted by the Purchasing and Inventory Manager, at least one member of the Purchasing Office staff, the Internal Auditor, and the manager, assistant manager, or division manager of the requesting department. Bids will be opened and read by the Purchasing and Inventory Manager or designee. The bids will then be recorded on the Bid Tabulation Sheet by the attending member of the Purchasing Office and be passed to the Internal Auditor and department representative for verification. After all bids are read and recorded, the Bid Tabulation Sheet will be signed by all individuals present.

- H.** For Construction Projects, the Contracts Manager, and for all other bids, the Purchasing Manager, will recommend to the requesting Department Manager, the bid which should be accepted. The appropriate department head will inform the Purchasing Manager or the Contracts Manager of their decision. The Purchasing Manager or Contracts Manager will ensure the final selection is posted on the FKAA web site. The department head will then make an appropriate recommendation to the Board of Directors in an agenda item. If the recommendation is to accept other than the lowest bid, or to reject any bids, approval by General Counsel must be obtained and be fully justified in the agenda item.
- I.** In the case of tie bids, the Authority will evaluate the tied bidders based on the following:

 - 1. Certified minority owned business.
 - 2. Bid certifying a drug-free workplace has been implemented in accordance with Section 287.087, Florida Statutes.
 - 3. Products manufactured domestically will be given preference over products from a foreign manufacturer.
 - 4. Number of valid vendor complaints on file.
- J.** The requesting Department Manager will provide Purchasing with a copy of the Board approval. A Purchase Order will be issued to execute the purchase. The Board approval of the bid will be attached to the requisition in Workplace.

VI. CHARGE ACCOUNT PURCHASES

Charge accounts are not to be used or opened.

VII. PETTY CASH FUND

- A.** Certain Authority offices throughout the Florida Keys are authorized a Petty Cash Fund. The Petty Cash Custodians for these funds are appointed by the Manager of Administration. Required changes in the amount of the Petty Cash Fund must be requested in writing to the Manager of Administration.
- B.** Purchases are limited to \$300.00 unless prior approval is obtained from the Manager of Administration or designee. The Petty Cash Fund is used for minor purchases, when, due to urgency of need or low cost of the item, it is not feasible to use normal procurement procedures. Petty Cash shall not be used for automotive repairs, purchase of fixed assets, or purchase of a stocked item unless, due to circumstances petty cash procurement is the most cost effective method to obtain the required item. If the Petty Cash Custodian is unsure if a particular expenditure is authorized, clarification and guidance should be obtained from the Manager or Assistant Manager of Administration before funds are dispersed. Since the Authority is exempt from State Sales Tax, such tax will not be paid on Petty Cash purchases. Personnel should obtain a copy of the Tax Exempt Certificate from the Petty Cash Custodian, Purchasing, Finance, or Administration in order to provide the vendor with proof of the Authority's tax exempt status.
- C.** All monies disbursed from the Petty Cash Fund will be substantiated by a Petty Cash Voucher Slip. The voucher slip will include the amount, date, and description of the item purchased. It will be signed by the recipient and the Petty Cash Custodian, and the receipt for the purchase will be attached to the voucher slip.

 - 1. All voucher slips will be retained as a temporary file in the Office Fund Voucher Envelope. As completed voucher slips are received by the Petty Cash Custodian, the custodian will enter the date, to whom paid, for what, the account number, and amount in the proper columns in the voucher envelope.
 - 2. Three working days should be allowed for processing purposes prior to the weekly check run on Fridays. The total disbursed, cash on hand, and the amount of fund entries must be completed. The voucher fund envelope with all voucher slips and receipts enclosed will then be forwarded to the Manager of Administration for audit, review of account numbers, and approval of reimbursement of the Petty Cash Fund.
- D.** The Manager or Assistant Manager of Administration or designee will audit the Petty Cash Funds from time to time. All petty Cash Funds will be submitted for reimbursement through September 30, or the last business day before September 30.

VIII. MISCELLANEOUS PURCHASES

- A.** Certain purchases fall outside the scope of the Purchase Order, Petty Cash Fund, and Open Charge Account policies.

Such purchases include, but are not limited to, electric service, memberships, telephone service, licenses/certifications, garbage service, subscriptions, security service, reimbursements for employee travel, sewer service, dumping fees, pre-employment physical, and computer and copier maintenance. When possible a purchase order will be generated for internal use to ensure that bills are reviewed prior to payment. If a purchase order has been generated the requisitioning employee will review the bill and receive the appropriate amount in Dynamics. Otherwise as invoices for purchases are received, other than utility bills which will be reviewed by the Accounting Manager or designee, the Finance Specialist will forward them to the appropriate office for review and approval. The Department Manager or designee will sign the invoice indicating it is proper for payment, and return it to Accounts Payable for processing. Any discrepancies in billing should be noted on the invoice and the discrepancies resolved before payment is approved. When possible such purchases will be paid using the FKAA accounts payable credit card.

IX. TRAVEL ARRANGEMENTS

All out of State Travel, as well as, in State travel which will cost over \$2,500 (excluding seminars fees and/or training fees) per person will be reviewed and approved by the Executive Director or designee. A copy of this approval must be attached to the requisition for Purchase Order. All travel outside of the Continental United States must be Board Approved. All travel arrangements will be made by the Department Manager's designee who must secure the best possible price by acquiring Government rates, specialty fares, or any other discounts which may apply. Air travel cannot be based on preference of airlines or based solely on preference of flight schedules if it effects the overall cost to the company. (For further clarification refer to Appendix A)

X. MINORITY, VETERAN OWNED, and HUB Zone BUSINESS PREFERENCE

- A. Whenever possible an effort to solicit bids from Minority Owned, Veteran Owned and HUB Zone businesses will be made.
- B. The first tie-breaker for all bids will go to certified Minority, Veteran, and HUB Zone businesses.
- C. Whenever possible, especially on Navy projects, contracts will be set aside to be bid on only by Minority, Veteran, and HUB Zone businesses.