

TRUCKEE TAHOE AIRPORT DISTRICT

POLICY INSTRUCTION

PI NUMBER 303

Formerly PI 210

Effective:

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SUBJECT: EXPENDITURE AUTHORIZATION -PROCUREMENT

PURPOSE: The procurement of goods and services by the district is integral to operations. California government code section 54202 requires all local agencies to adopt formal purchasing policies and procedures. This policy is designed to guide district personnel in making economical and efficient purchases of goods and services and to maximize the purchasing power of public funds.

POLICY: This policy applies to all expenditures by the District, irrespective of the source of the funds. When the procurement involves the expenditure of state or federal assistance or grant funds, the procurement shall be conducted in accordance with any mandatory applicable State of California, Federal Aviation Administration or other federal law and regulations. Nothing in this policy shall prevent the District from complying with the terms and conditions of any grant, gift or bequest that is otherwise consistent with law. Adherence to the policy is intended to provide assurance that the District's assets are safeguarded from loss from unauthorized use or disposition and that transactions are executed in accordance with the will of the Board of Directors.

EXPENDITURE CLASSIFICATIONS:

Expenditures are classified both by type and by magnitude. The control mechanisms ~~and method of documentation are determined based on both characteristics. The District recognizes the following types of expenditures for procurement and method of documentation.~~ The District recognizes the following magnitudes of purchases:

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- ~~1. Goods and Services — Purchases of goods or services by the District require~~

~~budget approval and a coded invoice unless they are recurring in nature. Examples of recurring items include utilities, payroll, payroll taxes and benefits, insurance, fuel inventory purchases, postage, taxes, office equipment rental, dues and subscriptions and debt service payments.~~

- ~~2. **Contract Items** – Included are goods and services, including professional services, hazardous material disposal, equipment maintenance, construction services, janitorial services, etc., which are purchased by means of a contract with the vendor or service provider. A contract executed in conformance with this policy will eliminate the need for a purchase authorization.~~
- ~~3. **Travel** – Included are advances and reimbursements for travel, mileage reimbursement for use of personal automobiles and local meals and entertainment expenses.~~
- ~~4. **Credit Cards** – Included are all purchases made with a credit card or debit card.~~
- ~~5. **Other** – Included are all expenditures which cannot be classified in one of the above categories.~~

~~For each type of expenditure, the magnitude of the purchase may affect the approval and payment process. The District recognizes the following classifications magnitudes of purchases:~~

~~1. **Small purchases** – Purchases of goods, supplies, materials, equipment, or services having a total value of not more than \$25,000~~15,000~~.~~

- ~~1. **Minor purchases** – Purchases of goods, supplies, materials, equipment, or services having a total value of between \$25,001 and \$99,999~~15,001 and \$75,000~~.~~
- ~~2. **Major purchases** – Purchases of goods, supplies, materials, equipment, or services having a total value more than \$100~~75,000~~.~~

Manipulation prohibited. Purchases shall not be artificially divided into smaller amounts to evade the expenditure authorization controls established by this policy.

AUTHORIZATION AUTHORITY

All purchases made for the District shall be in conformity with the annual budget approved by the Board of Directors.

~~**GOODS AND SERVICES** – Expenditures of District funds requires a Purchase Authorization for pre-purchases, unless specifically stated in this policy. Purchase Authorization limits are as follows:~~

- Small purchases – Purchase Authorizations may be signed by the Operations/Maintenance Supervisors, Aviation and Community Services Manager(s), Safety & Security Manager, Staff Director(s), IT Manager or the General Manager. While there is no requirement to obtain multiple quotes for small purchases, employees shall strive to be fiscally responsible in all purchases. While

documentation is not required, shopping for the best possible price is expected.

- ~~Although there is no requirement to obtain multiple quotes for small purchases, employees shall strive to be fiscally responsible in all purchases. While documentation is not required, shopping for the best possible price is expected.~~
- Minor purchases – Purchase Authorizations must be signed by a Staff Director(s) or the General Manager. The goods or services ~~should~~shall be solicited from three potential vendors. The policy objective is to strive for ~~receive~~ at least 3 specific quotes ~~when able~~ from potential vendors. Vendors within the Airport District are preferred. A summary of solicitations and quotes from the potential vendor(s) shall be documented~~submitted to the General Manager and Finance and Administration~~. Any documentation supporting the quotations received, including solicitations which were not responded to by the vendor, shall be filed in the procurement file along with a copy of the quote summary page for future reference. Non-responsive solicitations may be considered one of the three ~~required~~ solicitations if approved by the General Manager. Once a supply or material has been purchased through appropriate authorization, the District may make additional purchases of the required supply or material without further solicitation or bidding if the General Manager deems that the item's continuity is beneficial to District operations. ~~If the District makes a recurrent purchase of a good or service within a six month period, new quotes will not be required.~~
- Major purchases – Major purchases of goods and services will ~~often~~ be documented by means of a contract with the vendor; in that case, the purchase will be subject to the "contract items" section which follows. ~~If a contract is not required or~~ if the District makes a recurrent purchase of a good or services within a six-month period, new quotes will not be required. Major purchases within budget must be pre-approved by the General Manager. Item not in budget must be pre-approved the Board of Directors.

RECURRING ITEMS – Expenditures of this type will not normally require a Purchase Authorization as they are ongoing in nature and essential to the operation of the District.

Authorization of these items is considered implicit. The expenditures will be monitored and any variance to the annual budget will be reported to the Board of Director on a quarterly basis. When an invoice is presented for payment of a recurring item, the following signature authorization limits apply:

- Small purchases – Invoices may be approved for payment by the Director of Finance and Administration.
- Minor purchases – Invoices may be approved for payment by the Director of Finance and Administration.
- Major purchases - Recurring item invoices more than \$10075,000 must be approved by the General Manager.
- **CONTRACT ITEMS** - Public Projects and Maintenance – Notwithstanding any other provision in the Policy, any contract for a public project (as defined in section 22000 of the Public Contract Code) or maintenance (as defined in section 22000 of the Public

Contract) may be awarded by the appropriate Staff Authority without competitive bidding, requests for quotes, or any other competitive selection process where such project does not exceed \$100,000, provided that the contract must undergo a legal review by the District counsel, provided further that the General Manager may, in his or her discretion, employ any competitive selection process that the General Manager deems advisable in his or her judgment in connection with such contracts.

Generally, quotes should all be solicited from at least three potential vendors. For contracts at or exceeding \$100,000 three quotes shall be solicited. For contracts at or exceeding \$100,000 A copy of the contract must be submitted to the accounting department so that payments may be tracked against the contract, the original contract is to be filed by the District Clerk. Invoices received against a properly authorized contract will require approval for payment by an appropriate level of staff, preferable the member of staff that approved the contract the employee who arranged the contract.

- Small purchases – Contracts for goods or services for an amount less than or equal to \$25,000 ~~Contracted services~~ may be arranged by one of the Operations/Maintenance Supervisors, the Director of Operations and Maintenance, IT Manager, Staff Director(s) or the General Manager; however, the actual contract must be signed by the General Manager.
- Minor purchases – Contracts for goods or services falling in the ~~\$10,001~~ \$25,001 - \$75,000 ~~\$99,999~~ range can be arranged Staff Director(s) or the General Manager; however, the expenditures must be included in the Budget approved by the Board of Directors, and they must be signed by ~~the General Manager~~ a Staff Director or General Manger.
- Major purchases – Contracts with a value exceeding ~~\$100~~ \$75,000 will ~~typically~~ require a competitive sealed bid or request for proposal process. Expenditures in this classification must be formally approved by the Board of Directors either through specific Board action or as an element of the District's annual budget. The contract must undergo a legal review by the District counsel and be signed by the President of the Board of Directors. The General Manager may sign major purchase contracts if referenced by motion in a Board Meeting. Partial p~~P~~ayments made against the contract of less than \$100,000 may be approved by an appropriate level of staff defined by this policy. Payments made against the contract of \$100,000 or more must be approved by a Board Member. For contracts at or exceeding \$100,000 a copy of the contract m ust be submitted to the accounting department so that payments may be tracked against the contract, the original contract is to be filed by the District Clerk. ~~must be approved by the General Manager.~~
- ~~Public Projects and Maintenance – Notwithstanding any other provision in the Policy, any contract for a public project (as defined in section 22000 of the Public Contract Code) or maintenance (as defined in section 22000 of the Public Contract) may be awarded by the appropriate Staff Authority~~ General Manager without competitive

~~bidding, requests for quotes, or any other competitive selection process where such project does not exceed \$100,000, provided that the contract must undergo a legal review by the District counsel, provided further that the General Manager may, in his or her discretion, employ any competitive selection process that the General Manager deems advisable in his or her judgment in connection with such contracts.~~

TRAVEL – Reimbursement of travel expenses for employees is covered under Policy Instruction 306. Travel expenses incurred by members of the Board of Directors are covered by policy Instruction 210.

CREDIT CARDS - The General Manager may authorize certain staff members to hold District credit cards. Charges made on the cards must be authorized in accordance with this policy.

OTHER - Any expenditure outside the guidelines presented in this policy shall be approved by the General Manager.

ADDITIONAL GUIDELINES

Sole source purchasing – In some cases, a required good or service is specialized and there is only one known supplier. The employee with authority to authorize the Purchase Authorization will attest to the fact that the purchase qualifies as a ‘sole source’ transaction. The District will negotiate to obtain fair and reasonable pricing on all sole source purchases.

Recurring Consulting Services for Projects, Analysis, or Study Updates – In some cases, it is beneficial to have a specific project, program, or study updated or renewed by the original vendor or consultant to efficiently use time and resources. In such cases where the District has a substantial investment of funding and time with a specific vendor or consultant on a project or study, the District can re-engage with the specific consultant or vendor to solicit a bid to complete a study revision, amendment, or update without requiring multiple quotes or a formal RFP. A fair market price will be solicited. The original contract must have been secured through a competitive process ~~when required by~~ outline in this policy. Re-engagement of an original consultant under this policy must be approved by the Board of Directors when the cost meets or exceeds \$100,000. ~~Examples of application of this policy: Godbe Survey, Allocation Studies, Appraisals, Safety Gap Analysis, or includes cases where other studies or were the original knowledge and expertise of the consultants is of high value to the District.~~

Small Claim Resolution – The General Manager with the advice and consent of the Board President and District Legal Council may resolve legal claims of an urgent nature against the District of up to \$35,000. The claim resolution will be reported to the Board at the next available Board Meeting.

Recent Governmental Agency Purchases – If another governmental agency has obtained bids within the past 120 days and the vendor offers the same pricing, the District may purchase from that vendor without obtaining additional bids.

Emergency Situations – Purchases of supplies, services or construction during emergencies may be made without bid procedures. The purchases may be authorized by an Operations and Maintenance Supervisor, the Director of Operations and Maintenance, the Director of Aviation and Community Services, or the General Manager. The General Manager will review and approve all emergency purchases as soon as possible.

Local Business Preference – It shall be the policy of the District to encourage local businesses to provide goods and services to the District in order to maintain a healthy local economy and to increase local competition. The District wishes to promote employment and business opportunities for local residents and firms to the extent consistent with the law and the interests of the public.

To qualify for this preference, the following criteria must be met:

- The business must be primarily based and actively doing business within the District's geographical boundaries, and
- A majority of the full-time employees of the business must regularly conduct operations from a location within the geographical boundaries of the District.

The local preference policy shall not apply to purchases or contracts which are funded in whole or in part by a governmental entity if the laws, regulations, or policies governing such funding prohibit application of the preference policy.

Disadvantaged Business Enterprise (DBE): The District strongly encourages the participation of disadvantaged business enterprises (DBEs) in District procurement and contracting. The District will endeavor to provide notice regarding procurement options in ways that facilitate awareness by DBEs and other qualified entities. The District may further establish goals for DBE participation in procurements. Except as permitted or required by applicable law, the District will not provide a preference in contracting to DBEs.

Payments - Payments made by check must be signed by two authorized signatories on the District's operations account. As an added level of review, one of the signatures on all checks in excess of \$100,000 must be that of a member of the Board of Directors.

Standard Procedure Documentation – The District will develop, implement, and monitor adherence to a standard procedure which ensures the application of this policy to all District purchases. This policy and the related procedures shall be periodically reviewed to ensure consistency with the overall policy objectives.

Department of Industrial Relations (DIR) Filing Requirements: DIR has several thresholds for public works projects in California, including:

- Prevailing wage rates

Public works projects that cost more than \$15,000 for maintenance or \$25,000 for construction, alteration, installation, demolition, or repair must be registered with the DIR

Public works in general means:

- Construction, alteration, demolition, installation, or repair work done under contract

and paid in whole or in part out of public funds.

- It can include preconstruction and post-construction activities related to a public works project.
- For a full definition of public works refer to [Labor Code section 1720](#).

Anyone working on a public works project must be paid prevailing wages as determined by DIR. Projects of \$30,000 or more must meet DIR's apprenticeship requirements. Failure to comply with public works requirements can result in civil penalties, criminal prosecution, or both.

~~Rick Stevens, Board President~~Kat Rohlf, Board President