

**Metropolitan Domestic Water Improvement District  
Board of Directors Meeting**

**December 12, 2011**

**Procurement Policy**

**Synopsis**

The Board of Directors is requested to approve an updating of the Procurement Policy.

**Background**

At the November 14, 2011 meeting, Board member Helen Ireland requested to have Procurement Policy revisited and that she would like to propose changes. The Procurement Policy was approved by the Board in 1999 with minor updating in 2009. The Procurement Policy was primarily developed from the policy of Pima County. Most public entities have such policies to define how materials and services will be acquired. In addition, such policies must conform to requirements for procurement that are specific in State statute.

**Report**

As staff began to review the Procurement Policy, it was recognized the overall policy ought to be updated. The objective was not to change substance but to make it more straightforward and direct. One main modification was to change the dollar amount for procurements that would require Board approval. This was to make the Procurement Policy consistent with Resolution 2007-2. The current policy states \$10,000 for materials and services and \$25,000 for professional service agreements. The proposed revised policy changes the amount to \$15,000 for all procurements, which is the amount authorized by Resolution 2007-2. That resolution states the General Manager shall obtain approval of the Board for any expenditure or hiring of any consultant that exceeds \$15,000 per fiscal year. Please find attached the recommended Procurement Policy along with a copy of Resolution 2007-2. Also attached for comparison purposes is the current policy.

Board member Ireland did provide staff language that she wanted to have included. Under Standard, on page 1, she proposed for the second sentence to add “to any District employee” so that it reads “Each purchase shall be made impartially, fairly and without personal benefit to any District employee.” She also wanted to include with the requirements for three bids that at least one of those bids be from a company that does not have a relative working at Metro Water. Both of these suggestions go beyond what the State requires for procurement. Staff and Legal Counsel recognized that these recommendations are also already addressed by State Statutes and the District’s personnel manual regarding conflict of interest. Employees as well as Board members are required to state if they could gain financially from a procurement that they are able to influence or decide. The Board

can decide to have a stricter policy than what the State requires but the District would then need to be prepared to enforce it, which based on the suggested language would require the District to maintain a list by which each employee records their relatives and their respective employment and then check that list for each procurement. Staff and Legal Counsel both believe that State Statutes and the District's conflict of interest policy is more than adequate to cover concerns about employees or Board members gaining financially from a procurement.

Ms. Ireland also requested that for small purchases under \$10,000, staff's time according to the dollar amount of wages paid should be included in determining the overall cost of services to be provided. Staff did not include this suggestion in the updated Procurement Policy because it is not sure how staff's time would be accounted for. Calculating the amount of staff time that would be involved would be an estimate because when a purchase is being made, it is often not known until after the fact what involvement staff may have. To attempt to track staff's time would become a large accounting challenge. The District has staff employed to accomplish the work that is required including often work that is necessary due to a purchase. This is often the case in field when parts are purchased but then a whole crew must do the work. An acquisition of a part or service and employee's salary are already calculated as part of the budget.

Ms. Ireland would also like to have the procurement policy posted on the District's website.

### **Staff Recommendation**

It is recommended that the Board of Directors approve the attached December 2011 Procurement Policy for the District. The Procurement Policy complies with State Statutes. Legal Counsel and staff will be prepared to discuss any questions or suggestions that Board members may have.

### **Suggested Motion**

I move to approve the Procurement Policy dated December 2011.

Respectfully submitted,

Mark R. Stratton, P.E.  
General Manager