



## Procurement Policy

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## **1.0 Purpose**

This Procurement Policy (Policy) establishes guidelines, rules and requirements for purchasing, buying, renting, leasing, or otherwise obtaining any supplies, services, or construction on behalf of Sanitation District No. 1 (SD1) to:

- Comply with applicable laws and regulations on procurement
- Provide increased economy in procurement activities by fostering effective competition
- Ensure that procurement procedures are conducted in a fair and impartial manner so that all qualified vendors have access to public business

## **2.0 Scope**

This Policy shall govern all SD1 procurement activities in accordance with the Model Procurement Code MPC (the "MPC") set forth in Kentucky Revised Statutes (KRS) 45A.345-45A.460, and 45A.490 with their adoption by the Board of SD1 and shall supersede all previous and existing SD1 procurement regulations.

If it is determined that a provision of these regulations is in conflict with the MPC, the MPC will govern and such determination shall not affect the validity of the other provisions of this Policy. Notwithstanding, however, the provisions of this Policy and other Board policies may be more restrictive than the minimum provision of the MPC. In the event that any provision of this Policy shall be held invalid or unenforceable by any court of competent jurisdiction, such finding shall not invalidate and render unenforceable any other provisions herein except to the extent required by law.

## **3.0 Persons Affected**

All SD1 employees are required to read, understand and act in accordance with this Policy, and seek assistance from their superior if unclear on a particular matter. SD1 employees or representatives, who are authorized to approve purchases or enter into agreements on behalf of SD1 with a third party, are responsible for verifying that the transaction complies with this Policy prior to approval.

## **4.0 Definitions**

Words and phrases used in this Policy shall have their ordinary meaning as commonly used in the context of a particular provision.

**Contract Amendment:** A formal document that is executed by all parties of a contract to authorize an addition, deletion, or revision to the original scope of work, which requires an adjustment in the contract price or the contract times and is issued after the effective date of the contract. Such modifications must be within the general scope of services contemplated by the original contract. Contract amendments for construction contracts are commonly referred to as change orders.

**Debarment:** The disqualification of an offeror to receive solicitations such as invitations for bids or requests for proposals, or the award of a contract by SD1 for a specified period of time.

**Evaluated Bid Price:** The dollar amount of a bid after bid price adjustments are made pursuant to objective measurable criteria, set forth in the invitation for bids, which affect the economy and effectiveness in the operation or use of the product, such as reliability, maintainability, useful life, residual value, and time of delivery, performance, or completion.

**Model Procurement Code:** Those sections of KRS Chapter 45A applicable to local public agencies and referred to as the MPC.

**Objective Measurable Criteria:** Sufficient information in the invitation to bid as to weight and method of evaluation so that the evaluation may be determined with reasonable mathematical certainty. Criteria which are otherwise subjective, such as taste and appearance, may be established when appropriate.

**Offer:** A bid or proposal presented by an offeror for acceptance or rejection by SD1 in response to a solicitation.

**Offeror:** Any entity or individual person, contractor, firm, or vendor responding to a solicitation, and is commonly referred to as a bidder.

**Procurement:** The purchasing, buying, renting, leasing, or otherwise obtaining any supplies, services, or construction. It also includes all functions that pertain to public procurement, including description of requirements, selection, and solicitation of sources, preparation and award of contract, and all phases of contract administration.

**Solicitation:** The written instrument issued by SD1 including all appendices, response forms and addenda to formally request offers based on certain terms, conditions, and specifications for a particular purchase.

## 5.0 Policy

Unless otherwise provided for in the MPC, all procurement transactions shall utilize the procedures of competitive sealed bidding, competitive negotiations, non-competitive negotiations, cooperative purchasing or small purchase. Procurement transactions conducted in joint-effort with another entity must also meet these requirements. All procurement transactions shall be authorized through a written contract or purchase order between SD1 and the offeror.

### 5.1 Authority

The Executive Director through his designees is responsible for administration of the procurement function of SD1. The authority of the Executive Director is limited to the following:

### **5.1.1 Delegation of Authority**

The Executive Director may delegate such authority as may be appropriate and necessary for the proper performance of the procurement function in accordance with this Policy. It is understood that any reference to the Executive Director within this Policy shall mean either the Executive Director or his designees, except under the conditions of an emergency purchase.

### **5.1.2 Determinations**

The Executive Director shall make all final procurement determinations.

### **5.1.3 Establishment of Standard Operating Procedures**

The Executive Director shall establish written internal standard operating procedures pursuant to this Policy as may be appropriate and necessary to ensure the proper performance of the procurement function. Such procedures shall set forth any delegation of purchasing authority and with particularity the kinds or type of procurement activity or function delegated, together with any limitations or restrictions on the exercise of such authority.

### **5.1.4 Monetary Approval Limits**

- a) Contract Awards. No procurement contract or joint agreement shall be authorized by the Executive Director in an amount in excess of \$50,000 without the Board's approval, except for emergencies and cooperative purchasing as provided in Sections 5.4 and 5.5.
- b) Contract Amendments. The Executive Director shall have the authority to approve and execute contract amendments and construction contract change orders up to an amount that cumulatively does not exceed the budgeted amount for that expense category or 10% of the total original contract value, whichever value is greater.

Contract amendments which exceed the above limit must be approved by the Board. However, construction contract change orders that are deemed by the Executive Director to be high priority due to critical or time sensitive matters may be immediately authorized by the Executive Director upon his written documentation of the justification.

Contract amendments and construction contract change orders must be approved by SD1 prior to work commencing and costs incurred

- c) Monthly Reporting. The Board shall receive a monthly report of any emergency or cooperative purchases authorized by the Executive Director from the previous month.

The Executive Director shall also post on a monthly basis a Check Register Report of all expenditures from the previous month ending to the Financial Records section of the SD1 website for the Board to review.

- d) Quarterly Reporting. The Board shall receive a quarterly report of all contracts, contract amendments and construction contract change orders authorized by the Executive Director.

The Board shall also receive a quarterly report of project costs on all active capital construction projects, including the related construction change orders approved by the Executive Director and the reasons for such increases.

All quarterly reports shall be provided to the Board at its next regular meeting following the end of a quarter.

## **5.2 Competitive Sealed Bidding**

All contracts or purchases in which the aggregate amount of the contract exceeds \$30,000 shall be awarded by competitive sealed bidding, which may include the use of a reverse auction, except as otherwise provided by the MPC and this Policy. Only personnel from the Procurement Department may issue a competitive solicitation. Competitive sealed bidding shall be conducted in accordance with the MPC and this Policy.

### **5.2.1 Bid Conditions**

The Executive Director shall prepare and revise as necessary, general conditions for bidding. The general conditions for bidding shall be applicable to, included in, or incorporated by reference in all solicitations issued by SD1. The general conditions may be revised or supplemented as necessary for a particular procurement.

### **5.2.2 Submission of Bids**

An offeror shall submit one response to a solicitation and shall not submit more than one price for each item bid and offer only one product for each item of the solicitation, unless the solicitation specifically states that more than one product may be bid for a single item of the contract. Offering more than one product for any item of the solicitation shall constitute multiple bids and shall automatically disqualify the entire offer, unless multiple bids are requested by the solicitation. Offerors must extend prices for items, if applicable, and provide an extended total and a grand total, if appropriate. If an error is made in an extension of prices, the unit price shall prevail. Multiple bids from one offeror or association under different names will not be accepted. Prices shall be based on the terms set forth in the solicitation.

Bids must be submitted in a sealed envelope or other sealed container, marked with the title of the solicitation in the bottom left hand corner and clearly labeled with the name and address of the offeror, the date and time of opening, so as to guard against premature

opening of any bid. Bids shall be submitted and delivered in accordance with the instructions set forth in the solicitation.

Bids received after the deadline will be returned unopened. SD1 cannot assume the responsibility for any delay as a result of failure of the mails to deliver bids on time. The opening and reading of a bid does not constitute SD1's acceptance of the offeror as a responsible and responsive bidder. SD1 will not accept bids by facsimile machines. All bids shall be original and offeror shall provide the number of copies set forth in the solicitation.

### **5.2.3 Withdrawal of Bids**

A bidder may withdraw or change a bid if made before the time set for opening bids, except bids may not be withdrawn after the scheduled submission deadline for a period of time if specifically allowed in the solicitation. SD1 may allow the withdrawal of a bid if it is in SD1's best interest, where there is a patent error on the face of the bid document, or where the bidder presents sufficient evidence that the proposal was based upon an error or other circumstances solely in the best interest of SD1. Withdrawal of a bid by the bidder after bid opening shall be permitted only if clear and convincing evidence indicates that an offeror has made a bona fide clerical or mathematical error in the preparation of a bid and the error will result in substantial loss to the bidder. Proof shall be submitted to substantiate error and loss to the reasonable satisfaction of SD1 as determined by the Executive Director.

### **5.2.4 Evaluation and Awards**

Immediately after bids are opened, the Procurement Department shall review and document all bids for any clerical or technical errors and for compliance with specifications, terms and conditions contained in the bid documents.

All responsive bids received from bidders determined to be responsible will be evaluated for an award of a contract based on the evaluation criteria set forth in the solicitation and the Reciprocal Preference for Kentucky Resident bidders as set forth in KRS 45A.494. The evaluation criteria may include, but is not limited to, evaluation criteria such as the bid amount, qualifications of the offeror and quality of the product.

The Procurement Department shall then prepare a recommendation of a contract award for approval. Contracts shall be awarded to the responsive and responsible offeror(s) whose bid is either the lowest bid price or lowest evaluated bid price, as designated in the solicitation.

Multiple contracts may be awarded on the basis of a single solicitation when it is in the best interest of SD1. If SD1 is considering awarding multiple contracts a notice to potential offerors shall be included in the solicitation but such notice shall not preclude the award of a single contract for such procurement.

### **5.2.5 Rejection of Bids**

SD1 reserves the right to accept any bid, to reject any or all bids, to waive any irregularities or informalities in bids received, including deviation from any bond requirements where such acceptance, rejection or waiver is considered to be in its best interest. SD1 also reserves the right to reject any bid as not responsive where evidence or information submitted by the offeror or SD1 investigation does not provide satisfactory proof that the offeror is qualified to carry out the details of the contract, or that contains any omission, condition or limitation, or that shows any other irregularity of any kind. The basis for any rejection or waiver shall be recorded in writing and filed in the bid file relating to the particular procurement. Grounds for the rejection of a bid shall include, but shall not be limited to:

- Failure of a bid to conform to the essential requirements of the bid.
- Failure of a bid to conform to specifications contained or referred to in the solicitation.
- Failure of a bid to conform to a delivery schedule established in the solicitation.
- Imposition of conditions which would modify the terms and conditions of the solicitation, or which would limit, the offeror's liability to SD1 under terms of the contract awarded on the basis of the bid.
- Failure of a bid, as determine in writing by the Executive Director, to be reasonable in price.
- Determination that a bid was submitted by an offeror determined to be not responsible.
- Failure of an offeror to furnish a bid payment or performance bond when such a bond is required by the solicitation.
- Bids from an offeror who is behind schedule on any work in progress or who has shown a repeated inability to complete work on schedule and in an acceptable manner.
- A legitimate business purpose of SD1 which objectively viewed would be in the best interests of its ratepayers.

### **5.3 Competitive Negotiations**

SD1 may contract or purchase through competitive negotiation, which may include a reverse auction, upon a written finding that:

- (a) Specifications cannot be made sufficiently specific to permit award on the basis of either the lowest bid price or the lowest evaluated bid price, including, but not limited to, contracts for experimental or developmental research work, or highly complex equipment which requires technical discussions, and other nonstandard supplies, services, or construction; or
- (b) Sealed bidding is inappropriate because the available sources of supply are limited, the time and place of performance cannot be determined in advance, the price is regulated by law, or a fixed price contract is not applicable; or

- (c) The bid prices received through sealed bidding are unresponsive or unreasonable as to all or part of the requirements, or are identical or appear to have been the result of collusion; provided each responsible bidder is notified of the intention to negotiate and is given a reasonable opportunity to negotiate, and the negotiated price is lower than the lowest rejected bid by any responsible bidder.

Competitive Negotiations shall be conducted in accordance with the MPC and this Policy. Only personnel from the Procurement Department may issue a solicitation for a competitive negotiation.

### **5.3.1 Submission of Proposals**

Proposals must be submitted in a sealed envelope or other sealed container, marked with the title of the solicitation in the bottom left hand corner and clearly labeled with the name and address of the offeror, the date and time of opening, so as to guard against premature opening. Proposals shall be submitted and delivered in accordance with the instructions set forth in the solicitation.

Proposals received after the deadline will be returned unopened. SD1 cannot assume the responsibility for any delay as a result of failure of the mails to deliver proposals on time. SD1 will not accept proposals by facsimile machines. All proposals shall be original and the offeror shall provide the number of copies set forth in the solicitation.

Proposals for competitive negotiations shall not be subject to public inspection until negotiations between SD1 and all offerors have been concluded and a contract awarded.

### **5.3.2 Evaluation of Proposals**

Prior to issuance of a solicitation, a selection committee shall be established to review and evaluate submitted proposals. This may include, but is not limited to, staff and consultants.

Upon the submission deadline, the Procurement Department shall examine each written proposal received for compliance and conformity with the terms and conditions of the solicitation. The selection committee will then review those proposals deemed responsive to the solicitation. The selection shall determine in writing, based upon individual review, those proposals received from responsible offerors that constitute a reasonable basis for negotiation. Each such offeror shall be contacted informally and a meeting scheduled for discussion of the offerors' proposals in accordance with the MPC.

The selection committee shall then prepare a recommendation of a contract award for approval. Contracts shall be awarded to the responsible offeror whose proposal is determined in writing to be the most advantageous to SD1 based upon the evaluation factors set forth in the request for proposals and the Reciprocal Preference for Kentucky Resident bidders as set forth in KRS 45A.494. The evaluation criteria may include, but is not limited to, fee amount, professional, technical, financial and physical capability of the

firms.

Multiple contracts may be awarded on the basis of a single solicitation when it is in the best interest of SD1. If SD1 is considering awarding multiple contracts, a notice to potential offerors shall be included in the solicitation but such notice shall not preclude the award of a single contract for such procurement.

### **5.3.3 Rejection of Proposals**

SD1 reserves the right to accept any proposal, to reject any or all proposals, to waive any irregularities or informalities in proposals received, including deviation from any bond requirements where such acceptance, rejection or waiver is considered to be in its best interest. SD1 also reserves the right to reject any proposal as not responsive where evidence or information submitted by the offeror or SD1 investigation does not provide satisfactory proof that the offeror is qualified to carry out the details of the contract, or that contain any omission, condition or limitation, or that show any other irregularity of any kind.

### **5.3.4 Professional Service Contracts**

SD1 shall utilize competitive negotiation for the procurement of professional service contracts with fees greater than \$30,000 in the aggregate amount in which competition is determined to be feasible.

#### **5.3.4.1 Professional Services Under \$500,000**

Every four years or less, SD1 will competitively negotiate master service agreements (MSA) for as-needed professional services of individual projects and tasks with total fees less than \$500,000 each. The Executive Director shall establish categories of as-needed professional services required for SD1's day-to-day operations and establish MSAs for each category. No firm shall be cumulatively awarded more than \$5 million of work during the four-year term of the MSA without approval by the Board.

For service categories in which multiple firms are awarded MSAs, work shall be distributed in the following manner:

- Projects less than \$10,000 – The assigned project manager may select and negotiate a task order with any MSA holder of a particular service category.

The Procurement Department will prepare a quarterly report of the issued task orders under each MSA to monitor the distribution of projects among the MSA firms. This report will be reviewed with the Executive Director and other management personnel to ensure that work assignments are being distributed in an equitable manner.

- Projects between \$10,000 and \$50,000 – The assigned project manager must request informal proposals from the MSA holders of a particular

service category. The project manager will then prepare a recommendation to the Executive Director for approval of a task order with the firm determined to have the best offer.

- Projects between \$50,000 and \$100,000 – The assigned project manager must request formal written proposals from the MSA holders of a particular service category. A selection committee shall review and evaluate the proposals received. The selection committee will then prepare a recommendation to the Executive Director for approval of a task order with the firm determined to have the best offer.
- Projects greater than \$100,000 – The assigned project manager must request formal written proposals from the MSA holders of a particular service category. A selection committee shall review and evaluate the proposals received. The selection committee will then prepare a recommendation to the Board of Directors for their approval of a task order with the firm determined to have the best offer.

If it is not feasible or practical to obtain at least three proposals under particular circumstances, a written supporting document must be completed and authorized by the Executive Director to document the circumstances and justification for not obtaining multiple proposals.

#### **5.3.4.2 Professional Services Greater Than \$500,000**

Professional services for individual projects and tasks with fees greater than \$500,000 are not authorized to be performed under a MSA and must be procured through competitive negotiation or non-competitive negotiation (whichever method is deemed appropriate in accordance with the MPC and this Policy) and authorized by a separate professional service agreement.

### **5.4 Non-Competitive Negotiations**

Pursuant to KRS 45A.380, SD1 may contract or purchase through non-competitive negotiation only when a written determination is made that competition is not feasible and it is further determined in writing by a designee of the local public agency that:

- (a) An emergency exists which will cause public harm as a result of the delay in competitive procedures;
- (b) There is a single source within a reasonable geographical area of the product or service to be procured, such as:
  - Services provided by a public utility holding a monopoly on the particular service within the region or pursuant to a franchise awarded according to law.

- Goods, services, equipment, replacement parts, publications, subscriptions, memberships, and instructional materials.
  - Real property or an interest in real property.
- (c) The contract is for the services of a licensed professional, such as attorney, physician, psychiatrist, psychologist, certified public accountant, registered nurse, or educational specialist; a technician such as a plumber, electrician, carpenter, or mechanic; or an artist such as a sculptor, aesthetic painter, or musician, provided, however, that this provision shall not apply to architects or engineers providing construction management services rather than professional architect or engineer services;
- (d) The contract is for the purchase of perishable items purchased on a weekly or more frequent basis, such as fresh fruits, vegetables, fish or meat; or
- (e) The contract is for replacement parts where the need cannot be reasonably anticipated and stockpiling is not feasible;
- (f) The contract is for proprietary items for resale;
- (g) The contract or purchase is for expenditures made on authorized trips outside of the boundaries of SD1;
- (h) The contract is for the purchase of supplies which are sold at public auction or by electronic reverse auction;
- (i) The contract is for group life insurance, group health and accident insurance, group professional liability insurance, worker's compensation insurance, and unemployment insurance; or
- (j) The contract is for a sale of supplies at reduced prices that will afford a purchase at savings to the local public agency.

Non-competitive negotiations shall be conducted in accordance with the MPC and the additional provisions of this Section.

#### **5.4.1 Emergency Purchases Exceeding \$30,000**

SD1 may contract through non-competitive negotiation when a written determination is made that competition is not feasible and an emergency exists which will cause public harm as a result of the delay in competitive procedures. Upon issuance of an emergency certificate to document the circumstances and justification for the immediate procurement, the Executive Director may authorize such an emergency contract in excess of \$50,000 without Board approval. Each emergency certificate for an amount exceeding \$30,000 issued will be reported to the Board at its next regular meeting following issuance.

#### **5.4.2 Standing Determinations of Not Practicable or Feasible**

##### **5.4.2.1 Licensed Professional Services**

SD1 has determined that the following specific professional services are not practicable or feasible for competitive bidding or competitive negotiation. Competition is not feasible because the selection of a particular firm cannot be

made based solely on matters of price, qualifications or outside the context of any given situation. The selection of a particular firm requires judgment respecting the appropriate level of expertise to handle the specifics of a particular matter in order to effectively protect SD1's interest and may require the complex evaluation of various other relevant factors that may exist such as past work, current pending issues, or conflicts of interest. Therefore, SD1 shall request the submission of formal proposals every five years or less and non-competitively negotiate for the following as needed professional services:

- Legal Counsel
- Bond Counsel
- Fiscal Agent
- Investment Agent
- Insurance Broker
- Certified Public Accountant (Auditing Services)
- Consultants in specialized fields of expertise such as risk analysis, employee benefits, and the like.

## **5.5 Cooperative Purchasing**

SD1 may utilize cooperative purchasing, which is a procurement process conducted by or on behalf of one or more public contracting agencies. Cooperative purchasing provides for a cost-effective and efficient acquisition of supplies, services, and construction by combining the buying power of public agencies and reducing administrative overhead through a competitive procurement model to capture the best value for common government requirements.

Agreements in which another public agency acts as the provider of supplies, services, or construction to SD1, is not considered a cooperative purchase and must be procured as otherwise provided for in the MPC and this Policy.

### **5.5.1 Participating Agency**

As a participating agency, SD1 is not responsible for soliciting or establishing the original contract for procurement but is provided contract purchasing benefits. The Executive Director may authorize the use of a cooperative contract, including those in excess of \$50,000 without Board approval, when SD1 is acting as a participating agency and the purchase is within its approved budget. The Board must authorize the use of a cooperative contract for purchases that exceed the approved budgeted costs.

Prior to authorizing a cooperative contract, the Executive Director must first make a written finding as to why the use of the cooperative contract is in SD1's best interest and how it provides the best value to SD1. Thereafter, the Executive Director shall provide a report to the Board of those purchases that were obtained via a cooperative purchasing agreement, including, the nature and terms of the agreement.

The following are contracting agencies that provide sources of cooperative contracts in which SD1 commonly participates:

- Commonwealth of Kentucky Master Agreements
- GSA Contracts (authorized schedules only)
- U.S. Communities
- The Cooperative Purchasing Network
- National Association of State Procurement Officers (NASPO)

### **5.5.2 Lead agency**

The Board of Directors shall approve any cooperative contract in excess of \$50,000 when SD1 serves as the lead agency conducting the cooperative solicitation on behalf of other public agencies and centrally administering any price agreement and award.

### **5.5.3 Interlocal Agreements**

Agreements made explicitly between SD1 and another Kentucky public entity for the purpose of cooperative purchasing must be in the form of an interlocal agreement. Interlocal agreements exceeding \$50,000 must be authorized by the Board. Master interlocal agreements may be authorized by the Board to provide for the coordination of routine transactions such as those related to street repaving or reconstruction projects in which the Executive Director is granted authority to execute individual project agreements. Each project agreement issued will be reported to the Board at its next regular meeting following issuance.

## **5.6 Small Purchases**

SD1 may use small purchase procedures for any procurement for which a determination is made that the aggregate amount of the contract does not exceed \$30,000. Procurement transactions shall not be parceled, split, divided or purchased over a period of time for the sole purpose of meeting the dollar limitations for small purchases.

Personnel must follow the standard written procedures issued by the Executive Director for small purchase transactions in accordance with the following requirements:

- Obtain at least three (3) written price quotes for purchases of \$2,500 or more.
- If it is not feasible or practical to obtain three quotes under particular circumstances or to evaluate the quotes received based solely on cost, a written supporting document must be completed and authorized by the appropriate department leader to document the circumstances and justification for not obtaining multiple quotes or going with the lowest quote provided.
- Consideration may be given to vendors within a reasonable geographical location and proximity as determined by SD1 for convenience, provided all other factors of quality, service and price are considered equal.
- For small purchases under \$25 in which SD1 does not have an established credit account with the vendor, an employee may use his or her personal funds or personal credit cards and request reimbursement. The employee must receive prior approval by his or her supervisor and must return a receipt along with a reimbursement form that documents the reason for the on-demand purchase within five (5) business days.

### **5.6.1 On-Demand Small Purchases**

There are times when it is necessary and acceptable to make small purchases immediately without going through the standard procedures required for documenting and approving a purchase. The goal of this section is to provide employees that are properly authorized by the Executive Director to make small purchases (less than \$30,000) in situations in which the delay of the standard procedures is impractical or unreasonable, or is likely to cause one of the following:

- Improper operation of a facility
- Damage to equipment
- An unscheduled shut down or delay of a process or construction work
- An unsafe or hazardous condition

On-demand purchases should be made through vendors in which SD1 has an established credit account. When making an on-demand purchase through a credit account, the authorized employee must provide the vendor their employee badge identification number, and first and last name. The employee must then return a receipt and complete a requisition within two (2) days of making the on-demand purchase.

## **5.7 Other Procurement Subjects**

### **5.7.1 Prevailing Wage**

All Contracts shall comply with applicable State and Federal wage laws including but not limited to Federal Davis-Bacon prevailing wage laws, if applicable.

### **5.7.2 Grant Funding Requirements**

Nothing in these regulations shall be construed in such a manner as to relieve SD1 of the responsibility to comply with any procurement requirements imposed by any agency from which SD1 may receive grant funds, including but not limited to state and federal agencies.

### **5.7.3 Equal Employment Opportunity**

SD1's solicitations and contracts shall be construed pursuant to the laws of the Commonwealth of Kentucky. If applicable to the Solicitation of Contract, the offeror will comply with the requirements of the Equal Employment Opportunity Clause in Section 202 of Executive Order 11246, as amended; utilization of Small and Disadvantaged Business Concerns (Public Law 95-507) and all other federal, state or local laws and regulations or orders issued under such laws.

## **5.8 Documentation**

### **5.8.1 Requisitions**

Prior to making a purchase or work commencing, staff is required to submit a requisition to the authorized department personnel for approval. Any purchase requisition exceeding \$30,000 is also submitted to the Procurement Manager for review.

This process is the preferred method for staff to obtain authorization to make a purchase; however, there will be a limited number of certain procurement transactions in which this is not the most effective way of processing the transaction. The Executive Director shall establish a list of those transactions, the appropriate documentation needed and approval process. Some of those transactions include, but are not limited to: utility services (gas and electric), telephone service, legal services, and fuel purchases.

### **5.8.2 Miscellaneous Payment Procedures**

Transactions that require a requisition to be approved must be issued a purchase order, unless the transaction requires pre-payment by check or credit card or was an on-demand purchase. Vendors shall reference the appropriate purchase order number on all invoicing.

If the transaction requires pre-payment by credit card, the order must be placed by the Procurement Department using an assigned SD1 credit card. If the transaction requires pre-payment by check, the approved requisition must be submitted to the Accounting Department for check disbursement. If the transaction was an on-demand purchase the requisition shall be used to reconcile the vendor billing.

The Procurement Department may also authorize vendor billing directly to an assigned SD1 credit card with an approved requisition and may also require a purchase order.

Categories of transactions that may be made by pre-payment or on-demand purchase shall be set forth in SD1's operating procedures.

## **5.9 Appeal Procedure**

Any bidder challenging the award of a bid shall do so in writing directed to SD1's Board of Directors who shall make the final determination. All facts and allegations forming the basis of the challenge by the bidder shall be specific and shall be made within three (3) days of the contract award by SD1's Board. The Executive Director shall wait three (3) days after the Board's award of a contract before executing the contract to allow for this appeal process. If an appeal is received, the Board President shall appoint a three person committee of the Board, in his/her discretion, to consider and decide the appeal, based upon the Board approved Procurement Policy and whose decision shall be final.

## **5.10 Debarment**

### **5.10.1 Debarment Criteria**

SD1, at its sole discretion, may debar an offeror and/or its affiliates from bidding on and/or entering into contracts let by SD1, from participating as a subcontractor on any such contract, and/or from supplying materials or equipment to be used in the construction of an SD1 project or maintenance of SD1's system. Factors that SD1 may consider in making a debarment decision include, but are not limited to, the following:

- (a) Conviction of a bidding crime, any plea of guilty or nolo contendere by the offeror to a charge of a bidding crime, or any public admission to a bidding crime by an offeror, whether made individually or through one or more of its officers or partners.
- (b) Conviction of any offense related to dishonesty, fraud, lack of moral or ethical integrity, which reasonably relates to or reflects upon the business practices of the offeror.
- (c) Breach of any contract or evidence of inability to satisfactorily meet contractual requirements.
- (d) Furnishing an offer guarantee that is found to be non-negotiable as a result of a stop payment order or other actions taken by the offeror that results in the instrument being dishonored by the issuing institution.
- (e) Supplying false information in the process of submitting a bid or prequalification application.
- (f) Interference by an offeror with the participation of competing offerors.
- (g) Misconduct relating to the submission of bids, including corruption, price fixing, breach of confidentiality, misconduct relating to execution of procurement contracts, or any other misconduct relating to the responsibilities of the offeror.
- (h) Conflict of interest that results in an unfair competitive advantage to offeror.
- (i) Unwillingness or inability to show financial responsibility.
- (j) Documented history of poor performance or unsatisfactory service.

#### **5.10.2 Period of Debarment**

SD1, at its sole discretion, may set an appropriate period of debarment based on the severity of the offense but in no case shall the period of debarment exceed three (3) years.

#### **5.10.3 Reinstatement**

At the discretion of SD1, a debarment may be lifted, modified, or suspended at any time, upon a determination that the cause upon which the debarment is based no longer exists. Any debarred offeror may request reinstatement by submitting a petition to the Executive Director supported by documentary evidence showing that the cause for debarment no longer exists or has been substantially mitigated. The Executive Director may conduct a hearing on the request for reinstatement. The Executive Director's decision on reinstatement shall be in writing and specify the factors on which it is based.

### **6.0 Policy Resources/Available Assistance**

Questions concerning this Policy should be directed to the Procurement Manager.

### **7.0 References**

- KRS 45A.345-45A.460, 45A.490
- KRS 337.510

## 8.0 Policy Effectiveness

On an annual basis, the legal department shall direct an assessment on the effectiveness of this Policy and its associated procedures.

## 9.0 Failure to Comply

Failure to comply with this Policy can result in disciplinary action and/or penalties.

## 10.0 Revision History

Date	Rev. No.	Revised By:	Description	Reference Sections
09/18/2018	1	Board	Prevailing Wage	5.7.1
06/18/2019	2	Board	\$20,000 limit increased to \$30,000	5.3,5.4, & 5.8