

Bell Canyon Procurement Policy For the Maintenance Committee

The policy set forth in this document establishes standards and guidelines for the procurement of supplies, equipment, construction, and services to ensure that they are obtained as economically as possible through an open and competitive process and that contracts are managed with good administrative practices and sound business judgment.

Solicitation and Competition

All procurement transactions will be conducted to provide – to the maximum extent possible – free and open competition among suppliers. The BCA must begin with an analysis of the need for the procurement, to avoid the purchase of unnecessary items (this may include an examination of lease versus purchase alternatives). The purchaser must then identify and clearly specify standards for the goods or services desired, and seek competitive offers where possible to obtain the best possible quality at the best possible price.

In general:

- Some form of cost or price analysis shall be made and documented in the procurement files in connection with every procurement action. Price analysis may be accomplished in various ways, including the comparison of price quotations submitted and market prices, together with discounts.

Specific Required Approval Levels

<u>Amount of Procurement</u>	<u>Minimum # of Bids Required</u>	<u>Authorizing Official(s)</u>
\$0 - \$999	Formal bids not generally required	Maintenance Committee
\$1000 - \$4999	One. Bid to be submitted in generally accepted construction proposal form.	Maintenance Committee and an Officer of the Corporation
\$5000 - \$14,999	Two. Bids to be submitted in generally accepted construction proposal form.	Executive Committee or Board of Directors for budgeted items.
\$15,000 or more	Three. Bids to be submitted in generally accepted construction proposal form.	Board of Directors

EXCEPTIONS

An exception may be granted based on three premises:

- Only a single company or organization can supply the needed product or service. As in the case of proprietary software maintenance, only the licensor of the product can provide support.

- Only a single “brand/model” will meet the Association’s technical/functional requirements.
- One company has special skills, or products, that are far superior than available from the competition.

Insurance

The Association requires that contractors have, and maintain, certain types of insurance coverage when they enter Association property to repair, install, construct, or otherwise perform services.

Insurance requirements vary depending on the type/scope of services provided. In certain cases, the contractor will need to provide insurance coverage, whether or not the contract requires the vendor to enter upon Association property. Proof of insurance must be provided prior to the start of any work. The following are the most commonly required types of coverage:

- **Commercial General Liability:** The contractor must maintain CGL insurance with limits of at least \$1,000,000 and insured with a company rated at least A by Bests’. The Association should be added, by endorsement, as an “additional insured”.
- **Automobile Liability:** Is required if driving or traveling is required in providing the contracted services. Policy limit of at least \$100,000/\$300,000/\$50,000 is required. If the vendor/contractor has employees but no vehicles registered to the business, non-owned and hired automobile liability coverage should be provided.
- **Workers’ Compensation:** Contractors working on Association property must first provide proof of Workers’ Compensation for all employees working on the job site. Requirement may be waived if the vendor is a sole proprietor/partner/corporate officer with no employees.

Surety and Performance Bonds

Bid Bonds

The bid bond guarantees the Association that the bidder will enter into the contract if it is awarded. Bid security shall be required for all construction work bids when the cost is estimated to exceed \$150,000. Bids must be accompanied by a bid security in the amount of not less than 10% of the amount bid in one of the following forms:

- A cashier’s check made payable to Bell Canyon Association
- A certified check made payable to Bell Canyon Association
- A bidder’s bond executed by an admitted surety insurer, made payable to Bell Canyon Association.
- Upon an award to the chosen responsive and responsible bidder, the security of an unsuccessful bidder shall be returned in a reasonable period, but in no event shall that security be held by the Bell Canyon Association beyond 30 days from the time the award is made.

- Bid securities are returned to the successful bidder in a reasonable period, not to exceed 30 days, after all contractually required documents and bonds are executed.
- A bid received and not accompanied by one of the above will result in return of the bid without consideration.
- Bid security is optional for other bids or proposals.

Performance and Payment Bonds

The performance bond guarantees that the contractor will perform the duties assumed by entering the contract. The payment bond guarantees that the contractor will pay all suppliers and subcontractors who assist in the performance of work. One hundred percent (100%) performance and payment bonds are required on all construction contracts awarded in excess of \$150,000.

Credit Card Purchases

This procurement method is typically to be used for low-dollar purchases under \$1000. The approving official is the General Manager and approval is to be obtained prior to the purchase being made. Any employee utilizing the Association's credit card is to have executed the Association's Credit Card Use Policy (copy attached).

Emergency Purchases

Emergency purchases may be warranted to prevent a hazard to life, health, safety, welfare, property, or to avoid undue additional cost to the Association and/or disruption of services. Bids are not required. Emergency purchases must be approved by the General Manager and/or the Association President and/or Board Treasurer.

Procurement files must include the following:

- Bases for contractor selection.
- Justification for lack of competition when, contrary to this policy, competitive bids or offers were not obtained.

Selection

Price should be one of the factors in the evaluation of responses, but the BCA is not required to take the lowest price if other factors are important to the decision.

- There should be an objective method for selection, and any factors for evaluation and selection should be listed in the procurement documents.
- Awards shall be made to the bidder whose bid is responsive to the solicitation and is most advantageous to the BCA (price, quality and other factors considered).

Documentation

At a minimum, procurement records must clearly show how the BCA:

- Executed price sampling for small purchases in excess of \$1000
- Selected the method of procurement and the type of contract to be used;
- Determined which bids or proposals to accept and which to reject; and
- Determined the basis for the contract cost or price.

Contract Administration

The BCA has an overall system of contract administration to ensure proper oversight and management of procurement actions. The BCA is responsible for evaluating contractor performance and documenting, as appropriate, whether contractors have met the terms, conditions and specifications of the contract. This may include progress inspections, interim products, inspection of goods delivered, and other such methods that provide assurance that the goods or services purchased are being delivered within the scope of the contract.

The BCA's contract administration system must ensure that:

- The method of procurement is documented and records maintained for five years or the length of the warranty if more than 5 years, after final payment is made;
- All activities are carried out and costs are incurred in compliance with applicable requirements;
- Before payment is made, services performed are adequate and consistent with the contract scope of services.

Attachment: Association's Credit Card Use Policy