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| SCOTTS VALLEY FIRE PROTECTION DISTRICT | | |
| STANDARD OPERATING PROCEDURES | ARTICLE: I | SOP: 1200 |
| | SECTION: 1200 FINANCE | |
| | SUBJECT: CAPITAL EXPENDITURES | |

Purpose: Establish policies and procedures, including bidding regulations, governing the capital expenditures of district funds.

Scope: To be used by district personnel for capital expenditure purchases of supplies, materials, equipment, and contractual services.

Definitions:

Supplies and Equipment:

Any and all articles or things which shall be furnished to or used by the district.

Contractual Services:

Any and all services which a contractor provides which are required by the district, but are not furnished by its own employees.

Responsible Bid:

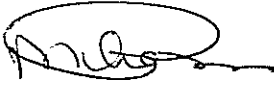
An offer, submitted by a responsible bidder in ink or typewritten form, to furnish supplies, equipment or contractual services in conformity with the specifications, delivery terms and conditions, and other requirements included in the invitation for bids.

Bidders' List:

A list of bidders for purposes of supplying equipment, supplies, materials, or contractual services.

Procedure:

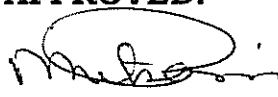
1. Competitive Bidding
 - A. *Purchases to be on Competitive Bids* - All purchases of and contracts for supplies, equipment and contractual services in excess of ten thousand dollars (\$10,000) shall be based on competitive bids.

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- B. *Competitive Bids to be Solicited by Public Notice* - If the amount of the purchase is estimated to exceed ten thousand dollars (\$10,000), contract bids shall be solicited by public notice and written contracts.
- C. *Method and Extent of Notice* - The method and extent of public notice soliciting contract bids shall be as prescribed by the Board of Directors. Said notice shall set forth the deadline for submission of bids to the secretary of the board and the terms, conditions, and specifications of the proposed purchase.
- D. *Posting on Bulletin Board* - Competitive bid purchase shall, in all cases, be advertised by posting a copy of the invitation for bids on a public bulletin board in or adjacent to the district administrative office.
- E. *Solicitation of Bidders on Bidders' List* - The fire chief or his designee shall, in addition, solicit bids from prospective bidders on any pertinent district bidders' list by sending them copies of the invitation for bids.
- F. *Submission of Bids* - All bids shall be sealed and submitted to the secretary to the board on or before the set deadline.
- G. *Surety* - If required by the Board of Directors, each bid shall be accompanied by surety in the form of a certified cashier's check or bid bond in such amount as shall be prescribed in the public notice inviting bids.
- H. *Bid Opening* - The fire chief or his/her designee shall open all bids in the presence of the secretary to the board and other interested parties immediately after the deadline set for submission. A tabulation of all bids received, whether accepted or rejected, shall be made by the district's secretary to the board, and shall be open for public inspection during regular business hours for a period of not less than thirty (30) calendar days after the bid opening.
- I. *Rejection of Bid* - The Board of Directors may reject any and all bids and may re-advertise for bids when it determines the public interest will be served.

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- J. *Award of Contract for Purchases* - The contract shall be awarded by the Board of Directors to the lowest responsible bidder whose bid conforms to the invitation for bids.

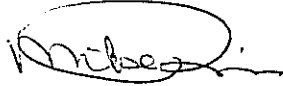
- K. *Where Bids Tie* - In the case of a tie for lowest responsible bid, and if the public interest will not permit the delay of re-advertising for bids, the Board of Directors will award the contract to one of the bidders by drawing lots in public, or may make the purchase in the open market, provided the price paid in the open market shall not exceed the lowest contract bid price submitted.

- L. *Determining Lowest Responsible Bidder* - In determining the lowest responsible bidder, the Board of Directors shall take into consideration the quality offered and its conformity with the specifications, the delivery and discount terms and conditions of the bid, the service reputation of the bidder, and other information and data required to prove his/her responsibility.

- M. *Effects of Failure of Successful Bidder to Enter Contract* - If the successful bidder does not enter into a contract within ten (10) days after mailing or personal delivery of notice of award of contract, he/she shall forfeit in cash an amount equal to the amount of any surety which accompanied his/her bid bond, unless the district is responsible for the delay. He/She shall also be liable for any cost in excess of his/her bid price which the district incurs in purchasing the commodities of services elsewhere.

- N. *Faithful Performance Bond* - If the Board of Directors so requires, the successful bidder shall furnish surety in the form of a certified or cashier's check or bond for the faithful performance of the contract in the amount specified.

- O. *Approval, Execution, and Filing of Contracts* - All contract bid forms and all contracts shall be approved by the district counsel as to form and legality. Following such approval, all contracts shall be signed, on behalf of the district, by the chairman of the board. A copy of each signed contract shall be filed with the county auditor-controller.

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2. Open Market Purchases

- A. *Open Market Purchases are Authorized* - If the amount of the purchase is estimated to be ten thousand dollars (\$10,000) or less, it shall be an open market purchase and shall not be subject to competitive bidding requirements. An open market purchase shall, wherever possible, be based on at least three price quotations, except for an open market purchase of less than five thousand dollars (\$5,000).
- B. *Soliciting Bids for Open Market Purchases* - The fire chief may solicit quotations by contacting parties on the pertinent bidders' list; by posting a copy of an invitation for quotations on a public bulletin board in or adjacent to the district administrative office and/or by contacting others who, in the judgment of the fire chief would be responsible suppliers.
- C. *Submission, Opening, Tabulation* - Quotations shall be submitted to the fire chief. The secretary to the board shall make a record of all written and telephoned quotations and such record shall be open to public inspection during regular business hours at least thirty (30) days after the date of the award of the contract.
- D. *Award to Open Market Bidder* - All open market purchases shall be awarded to the party making the lowest responsible quotation. However, price and quality being equal, preference may be given to responsible local bidders.

3. Suspension of Regulations

These regulations may be suspended by vote of four/fifths of the Board of Directors upon finding recorded in its minutes that competitive bidding or quotations would not be in the public interest.

In the case of an emergency, the district board may adopt a resolution by a four/fifths vote of all the members of the board declaring that the public interest and necessity demand immediate expenditure of public money to safeguard life, health, or property. The board may expend any sum required in the emergency without submitting such expenditure to bid.

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4. Purchasing Policy - Miscellaneous

- A. *Unlawful Purchases* - If any employee contracts for any supplies, materials, equipment or contractual services contrary to the purchasing policy, such purchases or contract shall be void and of no effect, and the cost shall not constitute a legal charge against the district.
- B. *Return of Merchandise* - No supplies, materials or equipment shall be returned to a vendor for trade, credit, or repair, or for any other reason without approval of the fire chief or his/her designee.
- C. *Budgeted Items* - All line items that have been approved in the current year budgets shall be deemed to have prior board approval for purchase. Items needed to be returned to the board for action shall appear under old business.
- D. *Non-Budgeted Items* - Non-budget services and repairs where bids and analysis have been completed shall come to the Board of Directors under old business.

5. Exemptions

These procedures shall not apply to purchases of:

- Legal advertising
- Medical equipment or supplies
- Professional services
- Insurance
- Public utility services
- Ordinary travel expenses

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