

# **SURFSIDE HOMEOWNERS ASSOCIATION**

## **PURCHASING, CONTRACTING, AND SURPLUS PROPERTY DISPENSATION POLICY**

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*By Resolution 2013-04-01*

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## **SECTION 1.0 BUSINESS**

### **1.1 Purpose**

This document establishes the policies and procedures for purchasing supplies and materials, contracting for services, and the dispensing of surplus items by Surfside Homeowners Association (SURFSIDE). The procedures set forth in subsequent sections of this manual are designed to assure SURFSIDE members, Board of Trustees, and staff that SURFSIDE is receiving maximum value for each dollar expended, and to enhance and assure fiscal responsibility in the procurement of goods and services and dispensing of surplus items.

### **1.2 Mission**

SURFSIDE's mission for contracting, purchasing, and property disposal includes:

- a) Applying administrative policies and procedures, thus assuring the legitimacy of the purchasing, contracting and dispensing of surplus, process.
- b) Organizing a uniform procurement system to supply SURFSIDE operations with an unambiguous procedure for acquiring materials and services and dispensing surplus items.
- c) Buying competitively and wisely to obtain maximum value for the member's dollars spent.
- d) Promoting advantageous vendor relations as well as reliable alternate sources of supply.
- e) Keeping inventory losses at a minimum.

In procurements, SURFSIDE promotes competition, impartiality, conservation of funds, and fair and open operations done in a manner that ensures accountability, while seeking to realize the maximum value of every dollar.

### **1.3 Purchasing Code of Ethics**

- Give first consideration to the objectives and policies of SURFSIDE.
- Strive to obtain the maximum value for each dollar of expenditure.

- Decline personal gifts or gratuities.
- Grant all competitive suppliers equal consideration insofar as state statute and SURFSIDE policy permit.
- Conduct business with potential and current suppliers in an atmosphere of good faith, devoid of intentional misrepresentation.
- Demand honesty in sales representation whether offered through the medium of a verbal or written statement, an advertisement, or a sample of the product.
- Receive consent of originator of proprietary ideas and designs before using them for competitive purchasing purposes.
- Make every reasonable effort to negotiate an equitable and mutually agreeable settlement of any controversy with a supplier or contractor; and/or be willing to submit any major controversies to arbitration or other third party review, insofar as the established policies of SURFSIDE permit.
- Accord a prompt and courteous reception insofar as conditions permit to all who call on legitimate business missions.
- Foster fair, ethical, and legal trade practices.

Questions regarding ethics issues should be referred to SURFSIDE's Business Manager. In the event the ethics of the Business Manager is in question the issue should be directed to the President of the Board of Trustees.

#### **1.4 Proper Authorization**

Only authorized employees or contract managers may obligate SURFSIDE in the acquisition of goods and services. Any employees or contract managers purchasing goods on behalf of SURFSIDE without proper authorization may be personally liable to the vendor and SURFSIDE, and subject to disciplinary action.

Purchase orders commit SURFSIDE funds for the acquisition of goods or services. The Business Manager is authorized to issue purchase orders on behalf of SURFSIDE in accordance with this policy. The Business Manager may, at their discretion, delegate

the issuing of purchase orders to staff.

### **1.5 Monitoring And Compliance**

The Business Manager will enforce this policy. The Business Manager may delegate any of the duties outlined in the policy to SURFSIDE employees or contract managers with the exception of signing purchase orders.

The Business Manager will assure that all SURFSIDE employees and contract managers are aware of penalties for intentional and willful violation of these policies and procedures. Ignorance of penalties for intentional and willful violation of these policies and procedures does not excuse employees and contract managers for non-compliance

## **SECTION 2.0 PURCHASING GUIDELINE**

### **2.1 Determining the Cost of the Purchase**

#### **2.1.1 Annual Cost**

The anticipated annual need for a particular good or service should be used to determine the appropriate purchasing process. Projects and purchases shall not be split in order to avoid the required competitive bidding process. Closely related goods will be considered as one purchase on an annual basis when determining which purchasing process applies.

#### **2.1.2 Total Cost**

The total cost of goods or services, including any applicable taxes and/or freight charges, shall be considered when determining which purchasing process applies.

#### **2.1.3 Total Quantity**

Requirements for the total quantity of an item shall be considered together when determining which purchasing process applies.

#### **2.1.4 Items Used in Conjunction**

If two or more items are designed or intended to be used in

conjunction with each other, the total annual accumulated cost of all such items shall be considered together to determine which purchasing process applies, unless these components are not available from a single supplier.

## **2.2 Purchase Requisition**

The purchase requisition is the first step in the purchasing procedure. The requisition should be submitted to the Business Manager in a timely fashion to allow adequate time for review, price quotations if necessary, and the preparation of a purchase order. The length of time needed to obtain an item will depend upon the characteristics of the product or service sought, the number of alternative vendors or contractors, availability of the product, etc.

A purchase requisition is an internal instrument that communicates a department's needs to the Business Manager. It is not to be conveyed to the vendor.

## **SECTION 3.0 MATERIALS, SUPPLIES & EQUIPMENT**

### **3.1 Purchases - Less Than \$3,000**

#### **3.1.1 Petty Cash**

The purchase of small incidental items may be made using petty cash. SURFSIDE Business Manager will manage the petty cash account.

#### **3.1.2 Field Orders - \$0 to \$250**

SURFSIDE's Department Managers may verbally authorize Field Orders so that SURFSIDE employees may make small purchases. Once purchase has been made SURFSIDE employees will turn in receipts, pick tickets, shipping documents, or bills of lading to the Financial Administrator. Include written description of project or purpose of purchase.

### **3.2 Purchases - \$251 to \$3,000**

For purchases over \$251 and less than \$3,000 the Business Manager will determine that the lowest practical price for the purchase has been obtained before a purchase order is issued. The Business Manager will issue all purchase orders over \$251 and

less than \$3,000 A copy of the purchase order will be returned to the requesting employee. Once the goods or services are received, the employee will verify the order is complete, attach the packing slip to the copy of the purchase order, and return the paperwork to the Financial Administrator for payment processing. If a partial order is received, note on the packing slip that there are backorders, write the purchase order number on it, and forward it to Financial Administrator. Attach the copy of the purchase order only when the order is complete, prices are as quoted, and final payment is approved.

In response to receipt of a purchase requisition the Business Manager will use his/her discretion to determine the appropriateness of the request and their knowledge of supplies, vendors, costs, and the market to determine if the issuance of a purchase order is appropriate. The Business Manager will see that goods and services are obtained as economically as possible, even if the procurement is small.

### **3.3 Vendor List Purchases - \$3,001 to \$10,000**

At least once a year, SURFSIDE Homeowners Association will publish, in the local newspaper, notice of the existence of a roster of vendors for materials, supplies, and equipment, and shall solicit names of vendors for the roster. Vendors from out of the area may also be solicited individually for addition to vendor list

SURFSIDE Homeowners Association will use the following process to obtain telephone and/or written quotations from vendors for the purchase of materials, supplies, or equipment:

- a) The Business Manager, requesting employee or consultant shall prepare a written description of the specific materials, supplies, or equipment to be purchased, including the number, quantity, quality, and type desired, the proposed delivery date, and any other significant terms of purchase on a purchase requisition.
- b) The Business Manager, requesting employee or consultant will make a good faith effort to contact at least three (3) of the vendors on the roster to obtain telephone or written

quotations for the required materials, supplies, or equipment. If there are not three vendors on the roster that can provide responsive quotes the Business Manager or requesting employee will seek quotes from vendors not on the roster.

- c) The quotations from one vendor shall not be shared with other vendors solicited for the quote on the materials, supplies, or equipment.
- d) A written record shall be made of each vendor's quote on the material, supplies, or equipment, and of any conditions imposed on the quote by such vendor.
- e) Requesting employees shall present all quotations and a recommendation for award of the purchase to the Business Manager or their designee.
- f) The Board of Trustees will approve and award all requisitions between \$3,001 and \$10,000 by motion at any regular or special meeting.
- g) Once an award has been made the Business Manager will issue a purchase order. A copy of the purchase order will be returned to the requesting employee or contract manager. Once the goods or services are received, the receiving employee or contract manager will verify that the order is complete, attach the packing slip to the copy of the purchase order and return it to the Financial Administrator for payment processing. If a partial order is received, write the purchase order number on it, and forward it to the Business Manager. Attach the copy of the purchase order only when the order is complete and final payment is approved.

#### **3.4 Invitation to Bid - \$10,001 or more**

- a) For purchases expected to exceed \$10,001 the Business Manager, requesting employee or consultant shall prepare a clear and concise written specification and invitation to bid for advertisement. Such specifications should not contain features that unduly restrict competition. When it is impractical or uneconomical to make a clear and accurate description of the technical requirements, a "brand name or equal" specification may be used. SURFSIDE has no obligation

to accept proposed substitutions or engage outside consultants or experts to evaluate proposed substitutions. Acceptance of a substitute product proposed as an "equal" to that specified will be made in writing and other bidders will be notified.

- b) At least one Notice of The Call For Bids shall be published in a newspaper of business circulation a minimum of thirteen (13) days prior to bid opening. Other methods may be used to attract potential bidders in addition to, but not in place of, publication in the newspaper. For example, notices may be placed on the SURFSIDE's website, advertised in trade papers or magazines, or presented to targeted vendors.
- c) Sealed bids will be submitted to the Business Manager at the location specified in the invitation or call for bids. At the appointed time all bids will be opened and read aloud in the presence of the bidders or their representatives.
- d) The Board of Trustees will make all sealed bid awards at a regular or special meeting by resolution. Once an award is made the Business Manager will execute a contract and issue a purchase order to the successful bidder. All contracts shall be reviewed and approved by SURFSIDE's Attorney. Such purchase orders will be signed by the Business Manager and reference awarding resolution of the Board of Trustees by number.
- e) Once the goods or services are received, the requesting employee or contract manager will verify the order is complete, attach the packing slip to the copy of the purchase order, and return the paperwork to the Financial Administrator for payment processing.

### **3.5 Rejection of Bids**

SURFSIDE reserves the right to reject any bid not in substantial compliance with the bid documents (non-responsive) or all prescribed public bidding procedures and requirements, and may reject for good cause any or all bids upon a finding of SURFSIDE that it is in the members' interest to do so.

### **3.6 Open Purchase Order**

Open purchase orders may be established when there will be a

sufficient number of small purchases from a single supplier to complete a single project. Open purchase orders will be based on prices obtained through the bid process described in Section 3 of this policy.

### **3.7 Local Business Open Accounts**

SURFSIDE has established open accounts at certain local businesses. Purchases on these accounts may be made by authorized employees and contract managers. All purchases on these accounts will be conducted in accordance with the policies and procedures in Section 3 - Materials, Supplies & Equipment.

## **SECTION 4.0 PUBLIC WORKS**

### **4.1 Limited Public Works Projects Under \$3,001**

If a work, construction, alteration, repair or improvement project is estimated to cost less than three thousand one dollars (\$3,001), the Business Manager may solicit a quote from three qualified contractors, preferably on the small works roster.

#### **4.1.1 Award**

The contract shall be awarded by the Business Manager to the lowest responsive and responsible bidder.

### **4.2 Small Public Works Process \$3,001 - \$35,000**

If a work, construction, alteration, repair, or improvement project is estimated to cost more than three thousand one dollars (\$3,001) and less than thirty-five thousand dollars (\$35,000), the Business Manager or their designee will prepare a Scope of Work and an estimated cost of the project. The Scope of Work and a request for proposal (RFP) will be sent to all contractors listed in the appropriate small works roster and any invited contractors who may provide a competitive bid though not listed in the small works rooster. The RFP will provide the time and place of bid opening and a contact person for questions about the proposal. When practical an onsite pre-bid meeting will be held with all contractors. The Business Manager shall present all bids, and recommendation for award of the contract to the lowest responsive and responsible bidder, to the Board of Trustees.

#### **4.2.1 Award**

Contracts \$3,001 to \$35,000 shall be awarded by the Board of Trustees at any regular or special meeting by resolution. Awards will be made to the lowest responsive and responsible bidder whose bid meets the requirements and criteria set forth in the invitation for bids.

#### **4.3 Public Works Process Greater than \$35,001**

If a work, construction, alteration, repair, or improvement project is estimated to cost more than thirty-five thousand one dollars (\$35,001) the Board of Trustees shall direct the Business Manager to contract with an engineer or architect to prepare a scope of work and a request for proposal (RFP) for advertisement. The Scope of Work and the RFP will be sent to all contractors listed in the appropriate small works roster and any invited contractors who may provide a competitive bid though not listed in the small works roster. The RFP will provide the time and place of bid opening and a contact person for questions about the proposal. When practical an onsite pre-bid meeting will be held with all contractors. The Business Manager shall present all bids, and the engineer or architect recommendations for award of the contract to the lowest responsive and responsible bidder, to the Board of Trustees.

#### **4.3.1 Award**

Contracts thirty five thousand and one dollar (\$35,001) shall be awarded by the board of Trustees at any regular or special meeting by resolution. Awards will be made based on the engineer or architect recommendations to the lowest responsive and responsible bidder.

#### **4.4 Rejection of Bids**

SURFSIDE reserves the right to reject any bid not in substantial compliance with the bid documents or all prescribed public bidding procedures and requirements, and may reject any or all bids upon a finding of SURFSIDE that it is in the members interest to do so.

## **SECTION 5.0 EXEMPTIONS**

### **5.1 Sole Source or Proprietary Procurements**

Occasions may arise when competition among potential vendors is not possible for a particular procurement. These situations may occur:

- a) When there is clearly and legitimately only one source capable of supplying the subject matter in a timely fashion;
- b) when there are special facilities or market conditions that result in only one source;
- c) in the event of emergencies; and
- d) when there is only one source capable of supplying the products in a timely fashion and seeking competitive prices would be impractical.

Purchases may be made directly from a sole source vendor without soliciting other bids or quotes.

In the event the material, equipment, supplies, or services are available from only one supplier the Business Manager will provide written documentation demonstrating the appropriateness of requesting a sole source procurement be approved by the Board of Trustees. The Board of Trustees may declare a vendors product or service a sole source at any regular or special meeting.

### **5.2 Emergencies**

Competitive bidding is not required when the President of the Board of Trustees declares an emergency exists; however, in making emergency purchases, an effort will be made to include the level of competition that is practical under the circumstances.

The Business Manager is authorized to make emergency purchases upon a notification by the President of the Board of Trustees of the existence of an emergency. Such emergencies may include but are not limited to:

- a) any condition where an emanate loss of property, or circumstances where water service is interrupted or is about to be interrupted; or
- b) situations where SURFSIDE may suffer a substantial loss by

reason of the time required for following the regular purchasing procedures.

If an emergency exists and the President of the Board of Trustees is available, the Business Manager is authorized to act and will, as soon as is reasonable after the emergency is resolved, seek authorization from the President of the Board of Trustees that will:

- c) declare an emergency situation exists/existed;
- d) waive competitive bidding requirements; and
- e) award, on behalf of SURFSIDE, contracts necessary to address the emergency situation (including, but not limited to, engineering services).

## **SECTION 6.0 PROTESTS**

Vendors may appeal or protest a proposal solicitation or award of contract issued by SURFSIDE, provided that the vendor strictly follows the procedures described below.

Prior to the deadline for submitting bids or proposals, vendors may appeal or protest specifications, terms, or requirements. After the deadline for submission of bids or proposals, vendors may appeal or protest the award or pending award to the apparent low bidder or the selection of the apparently most advantageous proposal.

### **6.1 Procedures for Initial Appeal or Protest**

The appeal or protest shall:

- a) Be in writing; and
- b) Explicitly identify itself as an appeal or protest; and
- c) Explicitly identify the bid/project/request being appealed or protested; and
- d) Explicitly state all reasons and basis in law and fact supporting the appeal or protest, including, but not limited to, identification of any and all specifications, terms, requirements, or conditions to which the vendor objects; and
- e) Include any and all supporting documents; and
- f) Be filed with the Business Manager.

## **6.2 Deadline for Filing Initial Appeal or Protest**

If a vendor appeals or protests a purchase specification, term, condition, or requirement, any and all appeals and protests shall be filed with the Business Manager no later than seven (7) calendar days prior to the deadline for submission of bids or proposals. If the vendor appeals or protests an award or pending award, the appeal or protest shall be filed with the Business Manager no later than five (5) business days after the bidder is awarded the contract or a vendor's proposal is selected as most advantageous to SURFSIDE. In no event will appeals or protests be heard or considered if these deadlines are not met. SURFSIDE reserves the right to proceed with the purchase or contract without notice to the appellant or protestor, including execution of contracts, notwithstanding the pendency of any appeal or protest.

## **6.3 Consideration of Initial Appeal or Protest**

A vendor's initial appeal or protest will be reviewed by the Board of Trustees, SURFSIDE's Attorney, or their designees. The initial appeal or protest will be decided based upon the written appeal or protest, supporting documents, and other information obtained by those reviewing the appeal or protest. A meeting or conference with the appellant or protestor will occur only if the Board of Trustees determines that a meeting or conference with the appellant or protestor would materially assist SURFSIDE in making its decision. Only those issues raised by the appellant or protestor in its initial written appeal or protest filed with the Business Manager will be considered. The Board of Trustees, SURFSIDE's Attorney, or a designee will issue a written decision no later than fifteen (15) business days after the filing of the initial appeal or protest with the Business Manager. The Board of Trustees may exercise discretion to extend the time for decision if more time is needed. The decision made by the Board of Trustees will be final.

## **SECTION 7.0 PROFESSIONAL AND PERSONAL SERVICES**

Professional or personal services are those services involving specialized skill, education, and special knowledge. These services include, but are not limited to, architectural,

engineering, design services, accounting, art, bond brokerage, insurance brokerage, legal, real estate appraisal, relocation assistance, title abstracts, surveying, soils analysis, and core testing.

A competitive process is not required for professional or personal services, other than professional engineering or architectural services for the design of SURFSIDE improvements.

Procurement and administration of such contracts is the responsibility of the Business Manager. SURFSIDE's President of the Board of Trustees will sign all professional or personal service contracts upon approval of the Board of Trustees. The Board of Trustees will approve all professional or personal service contracts by resolution at any regular or special meeting. SURFSIDE's Attorney shall review all professional or personal service contracts.

### **7.1 Architectural, Engineering and Design Services**

Professional engineering or architectural services should be selected either from a pre-qualified list or by advertising a request for qualifications for the specific project. The pre-qualified list is maintained by the Business Manager.

### **7.2 Advertisement**

Professional engineering or architectural services requirements should be published in advance in the local newspaper and in any other media reasonably likely to attract sufficient numbers of potential service providers. The announcement should state concisely the Business scope and nature of the project or work requiring the services, and the address of a SURFSIDE representative who can provide further details.

Announcements should occur either by: (a) advertising an announcement for a specific project on each occasion when professional engineering or architectural services are required; or (b) advertising a Business announcement for SURFSIDE's projected requirements for any category or type of engineering or architectural services.

SURFSIDE encourages architectural and engineering firms to submit

a statement of qualifications and performance data annually. When services are needed, SURFSIDE will evaluate current statements of qualifications and performance data on file with SURFSIDE, together with those that may be submitted by other firms regarding the proposed project.

### **7.3 Contract Negotiations**

Discussions will be conducted with one or more firms regarding anticipated concepts and the relative utility of alternative methods of furnishing the required services. Using criteria established by SURFSIDE for the project, category, or type of services needed, a professional/personal services contractor will be selected that is deemed to be the most highly qualified to provide the services required for the proposed project.

SURFSIDE will negotiate a contract with the most qualified firm at a price that SURFSIDE determines is fair and reasonable. In making its determination, SURFSIDE will take into account the estimated value of the services to be rendered as well as the scope, complexity, and professional nature of the services to be provided. If SURFSIDE is unable to negotiate a satisfactory contract with the firm selected at a price that is determined to be fair and reasonable, negotiations with that firm will be terminated in writing.

Another firm will then be selected and the process continued until an agreement is reached or the process is terminated.

## **SECTION 8.0 SURPLUS**

The Board of Trustees may authorize the sale of property belonging to SURFSIDE if it determines that the property is not and will not be needed and gives notice of intention to sell as provided in this section. Property with a value of less than five hundred dollars (\$500.00) may be sold by public or private sale without notice and at the discretion of the Business Manager. All sales of property with a value of five hundred and one dollars (\$501.00) or more in value shall be sold by public sale

### **8.1 Scrap Sales**

Scrap may be sold by private sale at prices established by

current market conditions. Scrap is any equipment or material that cannot serve its original purpose.

### **8.2 Trade-ins**

Trade-ins of old equipment to upgrade equipment of the same or reasonably related kind are permitted when it is in the best interest of SURFSIDE. The Business Manger shall be responsible for the sale, trade, or other disposition of surplus property and scrap belonging to SURFSIDE.

### **8.3 Public Notice**

The notice of intent to sell surplus property at a public sale shall be published once a week for two (2) consecutive weeks in the Chinook Observer, Daily Astorian, or industry related publications prior to the sale. The notice shall state the time and place of the sale.