

RESOLUTION NO. 19-2

AN RESOLUTION APPROVING AND ADOPTING A PURCHASING MANUAL FOR THE MORTON GROVE-NILES WATER COMMISSION

WHEREAS, in 2017, the Morton Grove-Niles Water Commission (“MGNWC” or “Commission”) was established by the Village of Morton Grove, a home rule Illinois municipal corporation (“Morton Grove”), and the Village of Niles, a home rule Illinois municipal corporation (“Niles”) pursuant to Division 135 of Article 11 of the Illinois Municipal Code (65 ILCS 5/11-135-1, *et seq.*) (“Division 135”). The establishing ordinances are Morton Grove Ordinance 17-5, which was adopted on March 13, 2017, and Niles Ordinance No. 2017-19, which was adopted on March 14, 2017. In order to accomplish the objectives set forth in the above-referenced Ordinances, Morton Grove and Niles also approved under those same Ordinances an intergovernmental agreement entitled, “Intergovernmental Agreement For The Establishment And Operation Of The Morton Grove-Niles Water Commission And For The Purchase And Sale Of Water To The Commission For Commission Use And To Commission Wholesale Water Customers” (the “IGA”), to provide for the governance and operation of the MGNWC and to create the Board of Commissioners of the Morton Grove-Niles Water Commission (“MGNWC Board”) to govern the MGNWC; and

WHEREAS, the MGNWC is authorized, pursuant to State law and certain provisions of the IGA, and its by-laws to approve and adopt a Purchasing Manual; and

WHEREAS, The Board of Commissioners of MGNWC finds that passage of this Resolution, for purposes of approving and adopting the Purchasing Manual attached hereto as Exhibit “A” is in the best interests of MGNWC.

BE IT RESOLVED BY THE BOARD OF COMMISSIONERS OF THE MORTON GROVE-NILES WATER COMMISSION, COOK COUNTY, ILLINOIS, AS FOLLOWS:

SECTION 1: Each Whereas paragraph above is incorporated by reference into this Section 1 and made a part hereof as material and operative provisions of this Resolution.

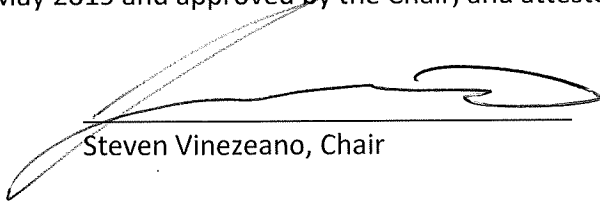
SECTION 2: The MGNWC Board approves and adopts the Purchasing Manual for the Morton Grove-Niles Water Commission, a copy of which is attached hereto as Exhibit “A” and made a part hereof.

SECTION 3: This Resolution shall be in full force and effect from and after its adoption and approval as provided by law.

ADOPTED this 23 day of May 2019 pursuant to a roll call vote as follows:

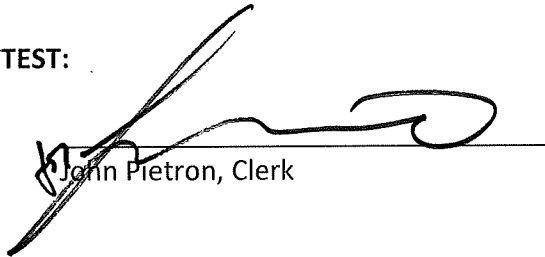
AYES: Steven Vinezeano, John Pietron and Mark Fowler
NAYS: None
ABSENT: None

PASSED by the Board of Commissioners of the Morton Grove-Niles Water Commission, Cook County, Illinois on a roll call vote at a Regular Meeting thereof held on the 23 day of May 2019 and approved by the Chair, and attested by the Clerk on the same day.



Steven Vinezeano, Chair

ATTEST:



John Pietron, Clerk

Exhibit A

**PURCHASING MANUAL
FOR THE MORTON GROVE-NILES WATER COMMISSION
(attached)**



PURCHASING MANUAL

ADOPTED MAY 23, 2019

WATER COMMISSION MEMBERS

Steven Vinezeano, Chairman of the Commission
John Pietron, Commissioner and Clerk of the Commission
Mark Fowler, Commissioner and Secretary of the Commission

William Balling, Superintendent

CHAPTER 1 - INTRODUCTION

A. Introduction/Statement of Policy

The objective of this purchasing manual is to set forth a general policy and procedure which will assist officials and staff of the Morton Grove-Niles Water Commission (MGNWC) with guidelines and directions for the acquisition of goods and services. When used with good judgment and common sense, the policies and procedures conveyed herein will allow the MGNWC to obtain materials and services;

- of sufficient quality at the most economical price available
- in an open, forthright and ethical manner
- in a manner which will comply with all Local, State and Federal laws
- in a timely manner so that material and services are available when needed, without creating excess inventory

The purchasing function of the MGNWC is under the auspices of the Superintendent. The Superintendent is responsible for assuring that all purchasing is done in conformity with existing policies and procedures. The MGNWC procedures allow the Superintendent and other to contract for purchases, within set limits. Any items for purchase over \$2,500 must be pre-approved as set forth on pg.4.

The manual is divided into sections dealing with purchasing policies and procedures. The policy sections contain all the purchasing policies reviewed and recommended by the Superintendent and adopted by the Water Commission. The procedures sections provide a “how to” guide for processing purchase orders and other procedures regarding payment processing.

All Officers are expected to read and understand the Purchasing Policies and Procedures Manual. This manual is designed to be a living document and will be modified from time to time to conform to changes in legislation, technology, and actual practice. Although it may not answer every question related to purchasing practices, it does provide general guidelines for purchasing activities.

The Water Commission Chairman, or his/her designee, shall be the final authority with regards to enforcement of any of the provisions of this manual.

Steve Vinezeano
Chairman
Morton Grove-Niles Water Commission

Dated this 23rd day of May, 2019.

CHAPTER 2 - PURCHASING POLICIES

A. Purchasing Code of Ethics

All Agents of the Water Commission under the control and direction of the Water Commission in purchasing and related activities on behalf of the MGNWC shall conduct themselves in a manner above reproach in every respect and avoid the appearance of impropriety. Transactions relating to the expenditure of public funds require the highest degree of public trust to protect the interests of the Water Commission. The Water Commission shall strive to:

1. Ensure that public money is spent efficiently and effectively and in accordance with statutes, regulations, and Water Commission policies.
2. Procure the item needed by the Water Commission that when placed in use will represent the maximum benefit and most economical cost for each dollar spent over the use or service life of the item.
3. Consider cooperative purchasing with other local governments and/or with the State of Illinois.
4. Not directly or indirectly accept gifts or favors from current or potential suppliers.
5. Specify generic descriptions of goods wherever possible in lieu of brand names when compiling specifications.
6. Not split purchase orders for identical or related goods or services to be received from the same vendor in order to circumvent established policy.
7. Purchase without favor or prejudice and without the appearance of favor or prejudice.
8. Ensure that all potential suppliers are provided with adequate and identical information upon which to base their offer or quotation and that any subsequent information is made available to all bidders.
9. Establish and maintain procedures to ensure that fair and equal consideration is given to each offer or quotation received.
10. Offer a prompt and courteous response to all inquiries from potential or existing suppliers.

It shall be the responsibility of the Superintendent and/or the Water Commission Chairman to determine if a violation of this Code of Ethics has occurred and if disciplinary action is necessary.

B. Conflict of Interest Policy

Other than for the operating contract which was approved by the Water Commission, it shall be a breach of ethical standards for any Officer or the Water Commission to participate directly or indirectly in the purchasing process when the Officer knows or should have known that:

1. The Officer is contemporaneously employed by a bidder, vendor, or contractor involved in the procurement transaction; or
2. The Officer, the partner, or any member of the Officer's immediate family holds a position with a bidder, offeror or contractor such as an officer, director, trustee, partner or the like, or is employed in a capacity involving personal and substantial participation in the procurement transaction, or owns or controls an interest in the company; or
3. The Officer's partner, or any member of the Officer's immediate family has a financial interest arising from the procurement transaction; or
4. The Officer, the Officer's partner, or any member of the Officer's immediate family is negotiating, or has an arrangement or any informal arrangement of any kind concerning, prospective employment with a bidder, vendor, or contractor or receives or anticipates receiving any benefit directly or indirectly there from.

The employee's immediate family shall be defined as a spouse, children, parents, brothers and sisters, or any other person living in the same household as the employee.

It shall be the responsibility of the Water Commission to determine if a violation of the Conflict of Interest policy has occurred and if disciplinary action is necessary.

C. Gifts and Gratuities - Guidelines for Accepting

Water Commission Officers should be aware that offers of gratitude from vendors could be designed to compromise objective judgment in product or service selection. Accordingly, it is Water Commission policy to observe the highest standards of ethics and to shield the Officer, the Water Commission, and the vendor from any suggestion or appearance of conflict of interest. With regard to this section, Officers are expected to follow the provision Chapter 2, Subsection A of this Purchasing Manual. In the event of any conflict between the provisions of the Code of Ethics and this manual, the Purchasing Code of Ethics shall control.

No employee shall permit any influence by vendors which could conflict with the best interest of the Commission or prejudice the Commission's reputation. Officers shall strive to follow the following guidelines:

1. Tangible gifts or gratuities of any kind shall not be accepted. Promotional or advertising items of nominal value such as key chains, pens, coffee mugs, calendars and holiday candy are acceptable. Gifts that are capable of being shared, such as a box of chocolates, shall be shared within the office or section where the recipient works. In no event shall the value of the gift exceed the limit set forth in the Purchasing Code of Ethics as established or State Law.
2. Personal loans of money or equipment are not to be requested from or accepted from a vendor or an individual associated with a vendor doing business with the Commission.

3. Solicitation of vendors for merchandise or certificates to serve as door prizes or favors is normally prohibited. However, exceptions must be approved by the Superintendent in writing.

If in any doubt about the propriety of accepting a gift, the matter should be referred in writing to the Commission Chairman who will then review the matter.

In regards to gifts and gratuities, it is essential that all Officials conduct themselves according to the Illinois Compiled Statutes.

D. Approval of Commission Purchases

No person shall purchase goods or services on behalf of the Water Commission without first seeking approval as required by this policy. All purchases shall require advance approval of the appropriate individuals in accordance with the guidelines set forth below:

<u>Dollar Limits</u>	<u>Required Approvals</u>
Up to \$2,500	Superintendent for all purchases
\$2,501 - \$19,999	Superintendent or Treasurer, Niles Village Manager & Morton Grove Village Administrator (or the Manager's/Administrator's designee)
\$20,000.00 and above	Water Commission
\$40,000.00 and above	Water Commission with affirming vote by Village of Morton Grove and Village of Niles members ¹

¹ MGNWC Bylaws adopted Pursuant to Ordinance 18-2 and the *Intergovernmental Agreement for the Establishment and Operation of the Morton Grove-Niles Water Commission and for the Purchase and Sale of Water to the Commission for Commission Use* approved by Morton Grove Ordinance Number 17-05 dated March 13, 2017 and by Niles Ordinance Number 2017-19 dated March 14, 2017 requires the affirmative vote if the Morton Grove and Niles members of the Commission in the following:

No Board motion, resolution or ordinance concerning the subjects enumerated below shall be authorized and effective, except by the affirmative vote of no less than both Commissioners of the Charter Members: (i) Approval of individual agreements or a series of agreements related to a single Project in an amount in excess of Forty Thousand and No/100 Dollars (\$40,000.00); (ii) Setting of rates for the sale of Lake Water to Contract Customers; (iii) Borrowing funds or authorizing Bonds or Debt Instruments; (iv) Authorizing the exercise of eminent domain powers of the Commission; (v) Employment of a Superintendent or other employees of the Commission; (vi) Amendment of the Master Water Supply Agreement, or such other agreement(s) for the supply of water into the System; (vii) Water Supply Agreements for Members and Water Supply Agreements for Service Customers; (viii) Adoption and amendments to any Bylaws or administrative regulations; (ix) Amendment to allocation formula or percentages within existing formulas for payment of the Start-Up Operating Costs, the Development Costs, the Fixed Costs, and the Operating and Maintenance Costs in Section 6(d) below; (x) Payment and amount of Extraordinary costs; (xi) Membership in the Commission for any proposed Non-Charter Member; and (xi) Approval of the annual Budget and Budget amendments.

Approval for purchases shall occur before the purchase is made, except in cases where the purchase is deemed to be an emergency. In emergency purchases, the required approvals are to be obtained as soon as reasonably possible. Any person responsible for approving purchases may delegate his/her approval authority to a designee in the event he/she is out of the office for a period of time.

Routine items over \$2,500 that are not signed off by the Water Commission include utilities, ongoing programs and multi payments for requisitions previously approved by the Water Commission. These items are signed off by Superintendent.

E. Competitive Bidding and Quotation Policy

Whenever possible, all purchases are to be based upon competitive bids or quotes in order to obtain the highest quality service, commodity or material at the lowest possible price. The following guidelines are to be followed in determining how many bids or quotes are required:

- Purchases under \$2,500 subject to the review of the Superintendent. Requests for three (3) competitive price quotes should be procured, when possible.

***All quotes should include fuel surcharge, shipping and any other handling fees.**

- Purchases \$2,501 to \$19,999 - **Three competitive price quotes must be received.** (non-emergencies). Quotations should be in writing, on the vendor's letterhead, or can be documented on the quotation summary section on the Purchase Explanation Form, sample furnished within this manual (exhibit 1). Documentation should be attached to the requisition. All quotations received are subject to verification by the Superintendent.
- Purchases over \$20,000 - Must be competitively bid and approved by the Water Commission.

The splitting of a purchase into two or more purchase requisitions for the purpose of avoiding competitive quotes or the bidding process is a violation of this policy.

Items less than \$20,000 in total purchased more than once during a fiscal year (e.g. forms, copier supplies, etc.) do not need quotes every time a purchase is made. However, competitive quotes for these items shall be sought at least once each year to ensure that vendors are competitive.

F. Buying Local

- Whenever possible, the Water Commission will contact local vendors to receive quotes for purchases of goods and services under \$20,000.
- For purchases over \$20,000 that the Water Commission is conducting the bid process for, best efforts will be made to send notice to local vendors that they are aware of that my supply the product or provide the service.

- For purchases over \$20,000 that the Water Commission has competitively bid, if there is a tie between 2 bids that have both been determined to be “qualified” and only one is a local vendor, in one of the Villages belonging to the Water Commission will accept the bid from the local vendor.

G. Waiver of Competitive Bidding

The Water Commission, by a two-thirds vote of all the Commissioners then holding office, may waive the bidding procedures and enter into a contract or agreement. Requests for bid waivers shall be made only when goods or services are proprietary (i.e. sole source), where standardization is necessary or desirable, in emergencies as defined in this manual, or when it is in the best interest of the Water Commission to do so. In any instance, a statement justifying the need for a bid waiver shall be included in the department’s recommendation.

H. Emergency Purchases Policy

Emergencies are defined as events that could not have been foreseen where immediate action is necessary to safeguard the public’s health and safety, and prevent excessive delays in work, contracts, and/or transportation. In the event of an emergency, a Superintendent or his/her designee may authorize a vendor to perform work necessary to resolve such emergency without formal bid solicitation. If the emergency and the need for immediate action result in an expenditure of \$20,000 or more, documentation shall be presented to the Superintendent prior to such authorization.

Emergency purchases of \$20,000 or more shall be presented to the Water Commission for approval at the next scheduled Commission Meeting following resolution of the crisis.

Within one business day of procuring the emergency purchase, the Superintendent shall ensure that a purchase order is generated for the item. The purchase order description should clearly indicate that this is a “confirming order”.

I. Sole Source Purchases

Contracts for parts, supplies, or equipment that are available only from a single source are referred to as sole source purchases. Sole source procurements may arise from the following circumstances:

1. Equipment for which there is no comparable competitive product or is available only from one supplier.
2. Public utility services from natural or regulated monopolies.

3. A component or replacement part for which there is no commercially available substitute, and which can be obtained only from the manufacturer.
4. An item where compatibility is the overriding consideration, such as computer software.
5. A used item that becomes immediately available and is subject to prior sale.

These items shall not be subject to the requirement of seeking competitive quotes or bids. However, sole source purchases of \$20,000 or more shall be presented to the Water Commission prior to acquisition with a request to waive bids, approve the purchase, and enter into a formal contract.

J. Competitive Bidding Exemption

When, in the ordinary course of Water Commission business, no single purchase of, or individual contract for specific types of supplies, materials, or services exceeds \$20,000, but the total dollar value of all purchases and/or contracts for said specific types of supplies, materials, or services during the Water Commission's fiscal year does exceed said amount, the Superintendent shall determine whether these purchases require Water Commission approval of a waiver of bids. Where a bid waiver is determined to not be necessary, said purchases shall still be subject to the requirements of Chapter 2, Section E of this manual concerning quote solicitation for purchases under \$20,000. It is not the intent of this subsection to encourage the circumvention of the bidding requirements and the Superintendent is encouraged to rely upon the competitive bidding process. Rather, the competitive bidding exemption provided by this section is intended to recognize and address those situations in which a competitive bidding requirement is not necessarily practical, and can be eliminated without jeopardizing the Commission's ability to obtain a low and competitive price from a qualified responsible contractor/vendor.

K. Joint Purchasing

State of Illinois

The State of Illinois Joint Purchasing Program was established by State Statute (30 ILCS 525/2). The program is administered by the Procurement Services Division of the Illinois Department of Central Management Services.

The superintendent is authorized to obtain goods and services using the State of Illinois Joint Purchasing Program. When available through the State Program, it is not necessary for the Superintendent to obtain quotes or to competitively bid the goods or services that are sought. The Superintendent shall be responsible, however, for ensuring that the goods or services are of a quality sufficient to meet the Commission's needs and that pricing is competitive.

When making purchases using the State's assigned vendor, purchase orders are submitted to the vendor directly and shall include the State of Illinois contract number on the purchase order.

Purchases through a Joint Purchasing Program in an amount of \$20,000 or more still require Water Commission approval as set forth in Section D.

Other Units of Government

The Superintendent is permitted to purchase items jointly with other units of government or with the Suburban Purchasing Cooperative when the price of the goods or services sought is competitive and the quality meets the Commissions standards. Prior to initiating the transaction, the Superintendent shall seek the appropriate approvals as set forth in Section D of this purchasing policy.

L. Adherence to Budget

The Superintendent shall not purchase goods or services unless there are adequate funds budgeted within the currently approved budget. The Superintendent should avoid expending funds in excess of the amounts budgeted

M. Tip Policy

Based on the General Services Administration guidelines regarding tips for dining, the amount the Commission will allow is 15%-20%.

For all other incidental services, the Commission will allow 15%-20% for tips.

Tips for food delivery is 10%.

A. Disposal or Sale of Commission Property

Property owned by the Water Commission may be disposed of, traded in or sold when such personal property is no longer necessary or useful to the Water Commission. Property of value over \$250.00 per item may not be disposed of, traded in or sold without prior approval by a Resolution passed by the Water Commission. The Superintendent is required to provide documentation justifying the value of any surplus equipment. The Superintendent may authorize the disposal, trade in or sale of Water Commission property if the value of such property does not exceed \$250.00 per item. All proceeds from the sale or trade-in of Commission owned property is to be deposited into Water Commission accounts.

B. Purchases Near the End of the Fiscal Year

When purchases are made near the end of the fiscal year (December 31), the Superintendent shall be responsible for ensuring that they are expensed (charged) against the fiscal year in which the goods or services were received. The date goods are received or services are performed determines which fiscal year they are expensed against. This is true regardless of when the purchase requisition is processed, purchase order was issued or date payment was made.

C. Use of Sales Tax Exemption Number

Water Commission purchases are not subject to Sales Tax therefore, The Superintendent shall make efforts to inform vendors of the Commission's tax-exempt status and to ensure that sales tax is not paid for purchases made with cash. The Superintendent shall provide vendors who request them with a sales tax exemption letter.

Use of the Commission's sales tax exemption number is restricted to purchases made on behalf of the Water Commission. Contractors purchasing supplies under contract with the Water Commission must have approval from the Superintendent to use the tax-exempt number. State law prohibits use of the Commission's sales tax exemption number to secure exemptions for personal reasons.

D. Change Order Policy

After a purchase order is issued to the vendor it may become necessary to make changes to the quantity, price, shipping cost, account number, etc. When this occurs, the Superintendent generates a Change Order Form. Sometimes because of minor price variation and/or shipping costs, the amount of the purchase order will not be identical to the invoice amount. Approval of the invoice amount will override the purchase order amount as long as appropriate workflow approvals are obtained.

The Superintendent and Board of Commissioners approval is required for all change orders of \$20,000 or more and for all change orders which, when combined with those previously approved, increase the contract price to more than \$20,000.

It shall be the responsibility of the Superintendent to ensure that all applicable change orders are submitted to the Water Commissioners for approval. In addition, the Superintendent shall be responsible for monitoring all contract payouts and retainages and ensuring that the amount of the change order is correct.

In special circumstances a change order requiring Water Commission approval may be authorized by the Superintendent prior to being placed on the Commission agenda. After receiving authorization, however, the Superintendent, following the requirements outlined above, shall place the change order on the Commission's agenda.

E. Fixed Asset Policy

A fixed asset policy is herein established to ensure compliance with governmental financial reporting standards and to safeguard Water Commission assets.

Fixed assets shall include tangible assets such as land, buildings, machinery, equipment, and vehicles and intangible assets such as easements, software and website costs with a life expectancy of one year or more. To be included in this definition, the capitalization threshold of the asset or minimum value of the asset at the time of acquisition is established at \$10,000.

General infrastructure shall be capitalized utilizing a threshold of \$10,000.

Responsibility for control of fixed assets rests with the Superintendent wherein the asset is located. The Chairman of the Commission or his designee shall ensure that such control is being maintained by establishing a fixed asset inventory that is updated on a regular basis and which documents all additions and deletions to the fixed asset inventory. The Superintendent shall document the disposal or relocation of a fixed asset. Assets acquired during the year shall be recorded as an expenditure against the appropriate capital expenditure account, which shall be used for financial reporting purposes.

Assets shall be recorded in the fixed asset inventory by using an appropriate description and by recording serial numbers where applicable.

Assets not capitalized under this policy but which, in the opinion of the Superintendent may, in the aggregate, account for a substantial asset group, shall be inventoried by the appropriate operating department by means or system suitable for maintaining control of the assets.

The Superintendent shall maintain separate detailed fixed asset inventory records for those capital assets falling below the capitalization threshold when the nature of those assets warrants close oversight and control. Examples include, computers, and transmission delivery components.

Fixed assets are depreciated using the straight-line method over the following estimated lives:

Buildings:	40 years
Improvements Other Than Buildings:	20-40 years

Water System:	50 years
Vehicles:	6 years
Software and Website Improvements:	5 years
Infrastructure:	20-65 years
Machinery and Equipment:	5-32 years

SUGGESTIONS:

If the Superintendent is procuring items that are over \$2,500 the following procedures apply:

Did you receive (3) quotes

Did you provide the backup quotes if not verbal quotes?

Did you fill out the Quotation Summary?

Does the Quotation Summary section match the quotes?

Did you note on the Quotation Summary section that the quotes are verbal?

Did you fill out the Purchase Explanation correctly?

If you are purchasing off the State Contract, you **do not** need (3) quotes. Please indicate on the Purchase Explanation form that you are purchasing off the State Contract and provide the State Contract as your backup.

Please bear in mind that there may be “gray areas”. When in doubt, call the Chairman. to discuss the best option.

When entering a requisition for a registration or reservation, use the following format as the description:

5/1-5/07 Registration

2019 Annual Water Conference

Holiday Inn, Springfield, IL

Name of participant

To reduce frequent calls for quotes to a vendor for items we continually stock or utilize, ask the vendor if they can keep that price for 6 months to a year. Include the copies of the original quotes for backup.

CHAPTER 4- COMPETITIVE BIDDING AND REQUESTS FOR PROFESSIONAL SERVICE

A. When a Formal Bid Is Required

Sealed bids shall be sought when goods or services are anticipated to cost more than \$20,000.

Any non-emergency purchase for goods or services exceeding \$20,000 that are not part of an approved or proposed budget, must receive prior approval by the Water Commissioner. After receiving bid approval, the competitive bidding process shall be let, by free and open competitive bidding after advertisement, to the lowest responsible bidder or any other bidder whom the Commission deems to be in the best interest of the Water Commission.

B. Preparing the Bid Document

1. It is the responsibility of the superintendent or his designee to prepare the specifications for the item(s) to be bid along with any other documents needed to complete the bid invitation package.
2. All bid documents must contain the following information:
 - Cover Sheet
 - Legal Notice
 - General Terms, Conditions and Bidding Instructions
 - Specifications of the Item/Service
3. The Superintendent shall determine a bid opening date.
4. The Superintendent is responsible for placing a legal notice concerning the bid in a local newspaper of general circulation between 15-30 days prior to the bid opening.
5. The Superintendent or his designee shall send a copy of the legal notice to all known responsible vendors on the bidders list for the particular item, as well as to any other prospective bidders the respective department deems qualified and competitive. Bid documents are not to be mailed to bidders before the notice of bid ad is placed in the newspaper and on the Commission website. This will help ensure that all prospective bidders have the same amount of time to complete the bid document.
6. The instructions to Bidders shall specify that all submitted bids are to be sealed and delivered/mailed to the official address of the Water Commission.
7. The Instruction to Bidders shall specify that each submitted bid is to include a certification by the prime contractor that the prime contractor is not barred from contracting with any unit of State or local government as a result of a violation of either the State's bid-rigging law (720 ILCS 5/33E-3) or the bid rotating law (720 ILCS 5/33E-4).
8. The Superintendent shall determine if a pre-bidder's conference meeting is to be held to explain to all potential bidders the purchase or project, the bidding requirements, and any other information the potential bidders might need to submit a qualified bid. The

notification of the pre-bidder's conference will be included on the legal notice as well as on the cover sheet on the bid invitation package. This notification should indicate the date, time and location of the conference. The conference should be held early in the bidding process, leaving vendors ample time to submit their bid. A sign-in sheet should be available at the pre-bidder's conference for all attending vendors to sign.

9. The Superintendent shall not provide any one or more potential bidders with material information relative to the purchase or project without providing the same information to all vendors that requested bid documents.
10. The Superintendent or official shall not knowingly inform, either directly or indirectly, a bidder or offeror that the bid or offer will be accepted or executed only if specified individuals are included as subcontractors.
11. The superintendent or official shall not knowingly award a contract based on criteria which was not publicly disseminated via the invitation to bid, the pre-bid conference, or any solicitation for contract procedure.

C. Additional Requirements for the Bid Document

1. A bid bond, cashier's check, certified check, or other approved security in an amount equal to 5% of the bid should be required to be submitted at the time bids are due to guarantee the successful bidder will sign a contract when the Superintendent deems it necessary.
2. When preparing the bid document, departments should consider whether to require contractors to provide a performance bond if awarded the contract. In instances where the bid is for construction services or building improvements, it is customary to require the contractor to provide a performance bond. The performance bond must be procured with a surety company with an A.M. Best Company A rating. A performance bond, issued by a surety company, stipulates a legal, written obligation to guarantee 100% payment for any financial loss caused by default of the contractor. When assigned to the Water Commission, it grants an assurance as to the performance and successful completion of the terms of the contract and assures payment of the taxes, licenses, or assessments associated with the contract. The contractor shall provide the performance bond within ten (10) calendar days of award of the bid.
3. During the term of the contract, the contractor shall provide the Commission with a certificate of insurance. The limits of liability shall be specified in the bid document's General Terms and Conditions and shall include comprehensive general liability, auto liability, professional liability (required only where contracts are for professional services), workers compensation (the policy shall include a 'waiver of subrogation'), and umbrella coverage. The Water Commission has minimum requirements of \$1,000,000 for General, Automobile and Professional Liability. Workers' Compensation is in accordance with the laws of the State, but not less than \$1,000,000 for each accident, each employee and policy limit. The Superintendent has the authority to deviate from the standard minimum

requirements if he or she feels the thresholds are too high or too low based on the contract amount.

4. The certificate of insurance requirements shall be fulfilled by the contractor by maintaining insurance policies which name the Water Commission, its officers, agents, employees, and representatives as additional insureds. The contractor shall furnish to the Water Commission satisfactory proof of coverage by a reliable company or companies, before commencing any work. Such proof shall consist of certificates executed by the respective insurance companies and filed with the Superintendent together with executed copies of an "Additional Insured Endorsement" form (CG 20 10). Said certificates shall contain a clause to the effect that, for the duration of the contract, the insurance policy shall be canceled, expired or changed so as to the amount of coverage only after written notification 30 days in advance has been given to the Water Commission.

D. Bid Opening Requirements

1. The Superintendent shall receive all sealed bids. Any bids submitted that are not sealed shall not be accepted and shall be returned to the vendor. All bids are to be date and time stamped upon receipt. All eligible bids must be received before the deadline on the day of the bid opening. Sealed bids are not to be opened by any party prior to the published bid opening date and time.
2. All formal bid openings are to be conducted by the Superintendent or her/his designee and at least one other Member representative on the scheduled bid opening date and time.
3. Upon opening the bids, the Superintendent or a designated employee shall provide the vendors in attendance at the bid opening, a Public Bid Opening Vendor List, so they can record the submitted price from each vendor.
4. The Superintendent or her/his designee shall review the post bid process with those vendors in attendance at the bid opening.
5. After the bid opening, a representative shall prepare a bid tabulation and review all bids for compliance with the bid specifications. The recommendation should be based on the following:
 - a) The lowest responsible bid.
 - b) The ability, capacity, and skill of the bidder to perform the contract to provide the service required.
 - c) Whether the bidder can perform the contract or provide the service promptly, or within the time specified, without delay or interference.
 - d) The character, integrity, reputation, judgment, experience, and efficiency of the bidder.

- e) The quality of performance of previous contracts of services.
 - f) The previous and existing compliance by the bidder with laws and ordinance relating to the contract or service.
 - g) The sufficiency of the financial resources and ability of the bidder to perform the contract or provide the service.
 - h) The quality, availability, and adaptability of the supplies or contractual service to the particular use required.
 - i) The ability of the bidder to provide future maintenance and service for the use of the subject of the contract.
 - j) The number and scope of conditions attached to the bid.
 - k) Whether the bidder has a place of business in the Water Commission service area.
 - l) Responsiveness to the exact requirements of the invitation to bid.
 - m) Ability to work cooperatively with the Water Commission.
 - n) Past records of the bidder's transactions with the Commission or its Members with other entities as evidence of the bidder's responsibility, character, integrity, reputation, judgment, experience, efficiency and cooperativeness.
6. Upon concurrence of the bid recommendation by the Superintendent, the bid award recommendation will be placed on the agenda of the next Water Commission meeting.
 7. Following the acceptance of the bid and awarding of a contract by the Commission, the Superintendent or his designee shall notify the successful bidder of the Commission's approval. The Superintendent may notify the unsuccessful bidders of the results by letter.
 8. The Superintendent shall then create a requisition for the goods or service.
 9. The Superintendent shall retain the originally submitted bids for a period of not less than ten years.
 10. Within fourteen (14) days following Commission approval of the contract, the Superintendent will contact the successful bidder to have the Commission's contract signed and to obtain performance bonds and certificates of insurance when required. The signed contract will be forwarded to the Official Commission file for safekeeping after it is received.
 11. Signed contracts, certificates of insurance and performance bonds must be obtained from the contractor before work begins. It is the responsibility of the Superintendent to ensure

that the Commission's contract has been signed, and certificate of insurance and performance bond obtained before work begins.

12. The Superintendent or his designee shall be responsible for handling bid deposits. The bid deposit of the accepted bidder is to be returned when the Commission receives the performance bond for the project. The remaining bid deposits of each contractor should be returned after the Water Commission has awarded the contract.

E. Re-bid /Rejection Procedure

In cases where the Commission has not received **any** bids, that service, commodity or piece of equipment will be re-bid the following month or postponed indefinitely. The Superintendent will call the vendors that picked up bids but did not submit, and ask why they didn't participate.

In instances when only one bid has been received, the bid will be opened. Upon discretion of the Superintendent, it will be determined if the bid is advantageous to the Water Commission.

When multiple bids have been received and, upon opening, it is discovered that out of three bids the first two opened are declines, the procedures for receiving only one bid will apply.

When filling out the award recommendation it shall be noted that only one bid was received. Any bid proposals received that are **not** the original documents sent or downloaded off of the website, will be rejected.

F. Bid Lists

The Superintendent shall be responsible for maintaining a current list of bidders and for determining prospective bidder's qualifications for goods and services we might require. Requests to be placed on the bid list received by the respective department shall be forwarded to the Superintendent to be added to the bidder's list. When developing the list of bidders, all relevant vendors within the Water Commission will be given every opportunity to compete for the Commission's business. All Bid Lists must be reviewed prior to solicitation of bids by the Village of Niles Manager and the Village of Morton Grove Administrator to ensure that the process involved in selecting the current list of bidders was a fair and open process reasonably related to the goods and services for which the bidders would compete. Any determination that a requested person or entity is precluded from the list, shall be reviewed by the Superintendent and Corporation Counsel.

G. Requests for Professional Services

Some contracts, by their nature, are not adapted to award by competitive bidding. These contracts generally result from a request for proposal (RFP). A request for proposal is utilized when professional services are being sought such as engineering, legal, audit, or consulting services. Based on the Illinois Municipal Handbook regarding Professional Architectural, Engineering and Land Surveying Contracts, the Local Government Professional Services Selection Act allows such professionals to be hired "on the basis of evaluations, discussions and presentations," unless the municipality already has a satisfactory relationship with one or more firms. In accordance with 50 ILCS 510/8 the Water Commission may also waive the requirements of public notice,

evaluation and selection if the Commission determines, by resolution, that an emergency situation exists and a consultant must be selected in an emergency manner, or if the total cost of services from a consultant is estimated to be less than \$20,000.

The specifications, however, are written around performance standards rather than a description of a good. Whereas the bidding process begins with the issuance of a bid invitation package for the sealed bid process, the request for proposal is issued for professional services.

All requests for professional services exceeding \$20,000 shall be let by free and open competition after advertisement, and evaluation to the firm who submitted the proposal deemed to be in the best interest of the Commission.

A guideline may be submitted to the Board or Commissioners indicating the criteria used to determine the qualifications of professional services when seeking contract approval. The criteria used can be past projects of comparable size, number of years in the profession, number of qualified and/or licensed staff on the project team, references of past clients, and Superintendent site visits.

H. Qualifications Based Selection

The Water Commission must meet the requirements of 23 CFR172 and the Brooks Act and Chapter 5 of the Bureau of Local Roads Manual (BLRSM) follow the Qualifications Based Selection (QBS) when using federal funds to fund the engineering and design related consultant services. The QBS procedure will be defined by the latest version of the Village of Niles Qualifications Based Selection Purchasing Policy. Engineering services shall be procured in accordance with Section G when local funds such as MFT are used.

I. Preparing the Request for Proposal - RFP

It is the responsibility of the Superintendent to prepare the scope of services along with any other documents needed to complete the Request for Proposal package.

- All the proposal documents must contain the following information:
- Cover Sheet
- Legal Notice
- Scope of service
- General Terms, Conditions and Proposal Instructions
- Evaluation criteria
- Timeline

1. The Superintendent shall determine the RFP due date.
2. The Superintendent is responsible for placing a legal notice concerning the request for proposal in a local newspaper of general circulation at least ten days prior to the RFP due date.

3. The superintendent shall send a copy of the legal notice to all known responsible vendors/firms (approved by the Corporation Counsel) for that particular service, as well as to any other prospective vendor/firm the respective department deems qualified and competitive. RFP documents are not to be mailed to vendors/firms before the legal notice is placed in the newspaper or posted on the Water Commission website. This will help ensure that all prospective vendors/firms have the same amount of time to complete the proposal documents.
4. The instructions to the vendor/firm shall specify that all submitted proposals are to be sealed and delivered/mailed to the Superintendent.
5. The Superintendent shall determine if a pre-proposal conference meeting is to be held to explain or clarify the project, scope of services or any other information the potential vendor/firm might need to submit a qualified proposal. The notification of the pre-proposal conference will be included on the legal notice as well as on the cover sheet on the RFP package. This notification should indicate the date, time and location of the conference. The conference should be held early in the proposal process, leaving vendors/firms ample time to submit their proposals. A sign-in sheet should be available at the pre-proposal conference for all attending firms/vendors to sign.
6. The Superintendent shall not provide any one or more vendor/firm with material information relative to the project without providing the same information to all vendors/firms that requested the proposal documents.
7. The Superintendent or official shall not knowingly inform, either directly or indirectly, a vendor/firm or offeror that the proposal will be accepted or executed only if specified individuals are included as subcontractors.
8. The Superintendent or official shall not knowingly award a contract based on criteria which was not publicly disseminated via the request for proposal, the pre-proposal conference, or any solicitation for contract procedure.

J. Additional Requirements for the Request for Proposal

1. A bid bond, cashier's check, certified check, or other approved security in an amount equal to 5% of the bid should be required to be submitted (if applicable) at the time proposals are due to guarantee the successful bidder will sign a contract when the Commission deems it necessary.
2. When preparing the proposal document, Superintendent should consider whether to require vendor/firms to provide a performance bond (if applicable) if awarded the contract. In instances where the proposal is for construction services or building improvements, it is customary to require the contractor to provide a performance bond. The performance bond must be procured with a surety company with an A.M. Best Company A rating. A performance bond, issued by a surety company, stipulates a legal, written obligation to guarantee 100% payment for any financial loss caused by default

of the contractor. When assigned to the Water Commission, it grants an assurance as to the performance and successful completion of the terms of the contract and assures payment of the taxes, licenses, or assessments associated with the contract. The contractor shall provide the performance bond within ten (10) calendar days of award of the proposal.

3. During the term of the contract, the vendor/firm/contractor shall provide the Commission with a certificate of insurance (if applicable). The limits of liability shall be specified in the proposal document's General Terms and Conditions and shall include comprehensive general liability, auto liability, professional liability (required only where contracts are for professional services), workers compensation (the policy shall include a 'waiver of subrogation'), and umbrella coverage. The Commission has minimum requirements of \$1,000,000 for General, Automobile and Professional Liability. Workers' Compensation is in accordance with the laws of the State, but not less than \$1,000,000 for each accident, each employee and policy limit. The Superintendent has the authority to deviate from the standard minimum requirements if he or she feels the thresholds are too high or too low based on the contract amount.
4. The certificate of insurance requirements shall be fulfilled by the vendor/firm/contractor by maintaining insurance policies which name the Commission, its officers, agents, employees, and representatives as additional insureds. The vendor/firm/contractor shall furnish to the Commission satisfactory proof of coverage by a reliable company or companies, before commencing any work. Such proof shall consist of certificates executed by the respective insurance companies and filed with the Water Commission together with executed copies of an "Additional Insured Endorsement" form (CG 20 10). Said certificates shall contain a clause to the effect that, for the duration of the contract, the insurance policy shall be canceled, expired or changed so as to the amount of coverage only after written notification 30 days in advance has been given to the Superintendent.

K. RFP Opening Requirements

1. The Superintendent or his designee shall receive all sealed proposals. Any proposals submitted that are not sealed shall not be accepted and shall be returned to the vendor/firm. All proposals are to be date and time stamped upon receipt. All eligible proposals must be received before the deadline on the due date. Sealed proposals are not to be opened by the Commission prior to the published due date and time.
2. Upon forwarding the RFP's to the respective department, the Superintendent or a designated person shall create a Request for Proposals Received Vendor List from the proposals received for the file and for any firms that requested the names of the firms who submitted proposals.
3. The respective department and evaluation committee shall evaluate each proposal and score them according to the criteria established in the RFP.

4. The award recommendation will be placed on the agenda of the next scheduled Commission meeting.
5. Following the acceptance of the proposal and awarding of a contract the Water Commission, the Superintendent or his designee shall notify the successful proposer of the Commission's approval. The Superintendent may notify the unsuccessful proposers of the results by letter.
6. The respective department shall then create a requisition for the goods or service.
7. The Superintendent shall retain the originally submitted proposals for a period of not less than ten years.

L. Terms of Agreement

In submitting proposals, bidders must have a prepared agreement/contract attached containing all the information submitted in their proposals. The written agreement/contract may be subject to the approval of the Water Commission. Non-monetary terms may be subject to modification by the Corporation Counsel. Final acceptance of a proposal shall only be complete upon the Commission acceptance of an agreement/contract executed by the successful bidder and the Commission Chairman or his/her designee.

1. Within fourteen (14) days following Commission approval of the contract, the superintendent will contact the successful proposer to have the Commission's contract signed and to obtain performance bonds and certificates of insurance when required. The signed contract will be forwarded to the Clerk for filing after it is received.
2. Signed contracts, certificates of insurance and performance bonds must be obtained from the vendor/firm/contractor before work begins. It is the responsibility of the Superintendent to ensure that the Commission's contract has been signed, and certificate of insurance and performance bond obtained before work begins.
3. The Superintendent or his designee shall be responsible for handling proposal deposits. The deposit of the accepted proposer is to be returned when the Commission receives the performance bond for the project. The remaining deposits of each contractor should be returned after the Commission has awarded the contract.

M. Re-Submittals /Rejection Procedure

In cases where the Commission has not received **any** proposals, that service will be re-advertised the following month or postponed indefinitely. The Superintendent will call the vendors/firms/contractors that picked up or downloaded the proposals but did not submit, and ask why they didn't participate.

In instances when only one proposal has been received, the proposal will be opened. Upon discretion of the Superintendent, it will be determined if the bid is advantageous to the Commission

When multiple proposals have been received and, upon opening, it is discovered that out of three proposals the first two opened are declines, the procedures for receiving only one proposal will apply. When filling out the award recommendation it shall be noted that only one proposal was received. Any proposals received that are **not** the original documents sent or downloaded off of the website, will be rejected.

N. Bid Lists

The Superintendent or his designee shall be responsible for maintaining a current list of vendors/firms/contractors for determining prospective proposers' qualifications for goods and services we might require. Requests to be placed on the list received by the Superintendent to be added to the vendor/firms/contractor list. When developing the list, all relevant vendors within the Commission service area will be given every opportunity to compete for the Commission's business. All vendor/firm/contractor Lists must be reviewed prior to solicitation of bids by the Superintendent and Corporation Counsel to ensure that the process involved in selecting the current list of vendor/firms/contractors was a fair and open process reasonably related to the goods and services for which the proposers would compete. Any determination that a requested person or entity is precluded from the list, shall be reviewed by the Superintendent.

O. Request for Qualifications (RFQ)

- When a Request for Qualifications is required, the Superintendent will assist in the process.
- Superintendent to provide timeline and scope of services.
- It may be necessary to award a contract based on the scope of services required for a particular RFQ.
- The superintendent or his designee will advertise the RFQ in the local newspaper and on the Water Commission Website. The legal notice will state that only qualified firms will receive the RFP for the project.
- The RFQ should be out on the street for 10 business days.
- The Superintendent will notify via U.S. Postal Services or email the qualified firms and distribute the RFP.
- The procedures that apply to the RFP process begin.

P. Contracts

The Corporation Counsel is required to review all contracts entered into. The Superintendent or assigned designee has the authority to sign into a contract under \$20,000.00 providing the required approvals have been met. Recurring contracts without amendments are exempt from legal review.

After the bidding process is completed and the Water Commission approves the purchase of the goods or services, which were bid, the originating department issues a requisition and/or a contract to be executed by the successful bidder. A contract is a legal obligation of the Commission and must be on terms acceptable to the Water Commission. In order to make certain the contract provisions as set by the Superintendent and the vendor are in the best interests of the Commission and are legally accurate, the Superintendent shall provide a copy of all proposed contracts to the Corporation Counsel for review. After review by the Corporation Counsel, the contract is forwarded to the Superintendent for his signature or the signature of the Chairman.

The originally signed contract is routed to the Water Commission Clerk for filing. If the vendor requires an originally signed contract as well, two documents should be executed. The originating department should retain a copy of the contract for future reference.

CHAPTER 5 - METHODS OF PAYMENT PROCESSING

The final step in the purchasing process involves the payment of invoices for goods or services received and accepted.

Create a **REQUISITION** for supplies, equipment or services.

- A Requisition can be created for a Regular Purchase Order or a Blanket Purchase Order. A Blanket Purchase Order is used for monthly recurring charges for the same amount and frequent purchases that are made to the same vendor.

A. Requisitions

Generally, all **services and goods purchased** shall require the issuance of a requisition.

- All requisitions should be documented.
- Once a requisition is entered, it should include the applicable attachments and quotes.
- Once completed the requisition can be released to the official file or the Commission.
- The requisition will go through the proper approvals by the Superintendent.
- The Superintendent/ designee can then print a purchase order for services and goods.

B. Purchase Orders/Blanket Purchase Orders

Generally, all purchases shall require the issuance of a regular purchase order to the vendor before an order for goods or services is filled.

- Purchase orders are generated after the approval to the Superintendent.
- Superintendent will forward the purchase order to the vendor.
- A Blanket Purchase Order is used for monthly recurring charges for the same amount and frequent purchases that are made to the same vendor.
- Individual items over \$250 must go through the normal requisitioning process and cannot be applied to the blanket P.O. process.

C. Invoice entry

- An invoice is sent to the Water Commission.
- The Superintendent will confirm that the goods or services have been received.

D. Request for Check

- Only the Superintendent/designee is set up for Request for Check.
- This process is used for issuing Refunds, Reimbursements and Petty Cash.

E. Prepayments

The Water Commission will not pay for goods and services until the goods are received or the service is rendered.

Exceptions:

1. Deposits on contracts approved by the Water Commission.
2. Memberships and books or periodicals.
3. Payments to Local, State, and Federal government entities.
4. Service and maintenance contracts where necessary.
5. Prepayments approved by the Water Commission.

J. Expense Report Reimbursement. The Water Commission will follow these procedures for expense reimbursement as follows:

1. The Water Commission requires that employees complete an expense report (exhibit 5) for reimbursement of authorized expenses incurred for travel and/or other related authorized activities. Authorized expense must be substantiated by showing the following:
 - Amount & description
 - Date and location
 - Reason for expense report
2. Original receipts must be attached for all expenses. Travel itinerary, rental agreements, or lodging receipts must include a detailed breakdown of all costs. Meal receipts must include name of the restaurant, the date, description of the meal order and breakdown of the cost. If the restaurant does not have a detailed receipt available, attach a credit card receipt to the ticket stub to substantiate the expense. Generic tear off receipts are not acceptable.
3. Lodging expenses should not exceed \$150 per night. Exceptions will be granted in order to stay at the host hotel. Otherwise, exceptions to this limit must be approved by the Water Commission in advance.
4. Employee meals and refreshments should be shown in column 3 (see attached). Expenses can include food, non-alcohol drinks, tax and tip. For one day travel within the Chicago land area where an overnight stay is not required, only lunch is an authorized expense. Reimbursement limits for meals are as follows:
 - Breakfast (overnight stay only) \$17.00
 - Lunch \$18.00
 - Dinner (overnight stay only) \$34.00 (www.gsa.gov)

One exception to these limits is a business event which includes a meal and advanced registration is required. Such events should be paid by check request in advance and not included on an employee expense report.

5. All business meals and entertainment for the benefit of people other than the employee should appear in column 4 and include a completed Supplemental Expense Detail Report (exhibit 6).
6. Personal car expenses should be recorded on the Supplemental Expense Detail Report and include a MapQuest or Google map showing mileage on any trip over 10 miles. Extensive travel may include more than one map. The maps are used only as a guideline and should be within reason of actual recorded mileage. Mileage should start from and finish at the employee's home address for travel that is a full day or longer in length. Travel during work hours should start and finish at the departmental address.
7. Exceptions to this procedure must be approved by the Water Commission.
8. The Superintendent and/or Village Manager/Administrators will investigate expense report violations/errors.
9. Reports for reimbursement must be submitted within 6 months of the date the expense was incurred.
10. Exceptions to the Chapter 5, Section H reimbursement requirements may be granted with the Village Manager/Administrators written authorization and justification. This authorization must be presented with the necessary reimbursement documentation when submitted for payment.

K. Credit Card Policy.

The Water Commission does not have a corporate credit card. If necessary the Superintendent following procurement procedures will use his business credit card for necessary purchases and submit a reimbursement request for the charges and on the monthly warrant.

L. Prompt Payment Act

The Illinois Prompt Payment Act (50 ILCS 505) provides that the appropriate local government official receiving goods or services must approve or disapprove a bill from a vendor or contractor for goods or services furnished the Water Commission within thirty (30) days after the receipt of such bill or within thirty (30) days after the date on which the goods or services were received, whichever is later. Written notice is to be mailed to the vendor or contractor immediately if a bill is disapproved.

CHAPTER 6 – GLOSSARY OF TERMS

A. Glossary of Terms as follows

1. Addenda are written or graphic instruments issued prior to the time of bid opening, which modify or interpret the Bid Documents by additions, deletions, clarifications, or corrections.
2. Alternate Bid is a bid that deviates from set specification and offers or proposes another way of accomplishing the same.
3. Approval means the process of Water Commission authorization of an action prior to its execution.
4. An Award is the acceptance of a bid proposal, which results in the presentation of a purchase agreement or contract to a bidder.
5. A Bid is a complete and properly signed proposal to provide the commodities or services or designated portion thereof for the sums stated therein, submitted in accordance with the Bid Documents.
6. A Bid Bond is an insurance agreement in which a third party agrees to be liable to pay the Water Commission a certain amount of money in the event the Bidder awarded the Contract does not execute the Contract Documents, or furnish any required Performance Bond. The Bond is given to the Water Commission at the time of Bid submittal.
7. A Bid Deposit is a sum of money or guaranteed check deposited with and at the request of the Water Commission guarantee that a Bidder (depositor) awarded the Contract will execute the Contract, furnish any required Performance Bond, and proceed with performance. The Bid Deposit is given to the Water Commission at the time of Bid submittal and released when the project/program is completed.
8. A Bidder is an individual, firm, or corporate entity submitting a bid (proposal).
9. Bid Documents include the advertisement or invitation to bid, instructions to bidders, the bid form, other sample bidding and contract forms, and the proposed Contract Documents including all Addenda issued prior to receipt of bids.
10. A Capital Project is a facility construction or modification project approved by the Water Commission as part of the Capital Improvement Program.
11. A Change Order is a written change to the Contract signed by the contractor, the Water Commission and, where applicable, the consultant; issued after execution of the Contract, authorizing a change in the work or an adjustment in the contract sum or the contract time.

12. Commodity is an article of trade, a movable article of value, something that is bought or sold, or any movable or tangible thing that is produced or used as the subject of barter or sale. Goods, materials, supplies, and equipment are commodities.
13. A Contract to be valid and enforceable must contain four basic elements: 1) agreement (meeting of the minds) resulting from an offer and acceptance. (2) consideration, or obligation; (3) competent parties; and (4) a lawful purpose.
14. The Contract Documents consist of the owner-contractor agreement, the conditions of the Contract (general, supplementary, and other conditions), any drawings, the specifications, and all addenda issued.
15. An Emergency Purchase is a purchase of commodities or services necessitated by breakage, damage, or decay, or when the public interest would suffer by delay, which is made without following the normal purchasing procedure.
16. The Evaluation of a Bid is the process of examining a bid after opening to determine the bidder's price(s), responsibility, responsiveness to requirements, and other characteristics of the bid.
17. A Formal Bid is a bid, which must be forwarded in a sealed envelope and in conformance with a prescribed format, to be opened at a specified time.
18. Free on Board this is a shipping term that defines three things.
 1. The point at which the buyer takes legal title to the goods.
 2. Who is responsible for payment of freight charges.
 3. Who is responsible for prosecuting claims against carriers for loss or damage.

The term F.O.B. must be qualified by a name of location, such as shipping point, destination, name of city, warehouse, etc. The slated F.O.B. point is usually the location where title to the goods passes from seller to buyer. The seller is liable for transportation charges and the risks of loss or damage to the goods up to the point where title passes to the buyer. The buyer is liable for such charges and risks after passing of title.

19. An Informal Bid is an unsealed competitive offer conveyed by letter, telephone, fax, or other means.
20. An Invitation for Bids is a request, verbal or written, which is made to prospective suppliers requesting the submission of a bid on commodities or services.

21. The Lowest Responsible Bidder is the bidder whose bid is in compliance with the specifications in all material respects and whose bid in unit price, total cost of operation or value per dollar is lower than any of the other bidders, and whose reputation, past performance, and business and financial capabilities are such that they are judged by the appropriate authority to be capable of satisfying the Water Commission's needs for the specific contract.
22. A Performance Bond is a form of security executed subsequent to award by a successful Bidder that guarantees the proper execution of the Contract and the payment of debts to persons furnishing services or materials on account of the Contract work. The bond is provided by the Contractor prior to Contract execution.
23. Personal Services are services provided by an individual, firm or corporate entity where no Water Commission job classification exists for the work which is to be performed or where the Human Resources Department has determined that another type of appointment is not practical.
24. Prequalification of Bidders is the screening of potential vendors in which the Water Commission considers such factors as financial capability, reputation, and management in order to develop a list of Responsible Bidders qualified to bid on contracts.
25. A Price Agreement is a contractual agreement in which the Water Commission contracts with a vendor to provide the purchaser's requirements at a predetermined price. Usually it involves a minimum number of units, orders placed directly with the vendor by the Water Commission, and a limited duration of the contract (usually one year).
26. Professional Services are those services which require specialized training and knowledge and intellectual skills such as architectural, engineering, medical, accounting, auditing, legal, real estate, consulting, and counseling services.
27. Proposal vs. Bid the State Statute requires that competitive "bids" be taken for all matters except professional services. The "bid" may be a proposal, but the process is "bidding". If we choose to waive the statutory "bidding" requirement, then we consider non-competitive or selective quotes or proposals.
28. Proprietary Items are items belonging to or controlled as property manufactured and sold only by the owner of the patent, formula, brand name, or trademark associated with the product.
29. A Responsible Bidder is a bidder whose reputation, past performance and business and financial capabilities are such that the bidder is judged by the appropriate Responsible Official to be capable of satisfying the government's needs for a specific contract and who is not debarred by the Water Commission.
30. A Responsive Bidder is a bidder whose bid does not materially vary from the specifications and terms set out in the Invitation for Bids.

31. Sole (Single) Source - When only one supplier is able to provide the product, material, or service required by the Water Commission. This is usually because of technology or uniqueness of product and there is not a comparable product available.
32. Specifications mean any description of the physical, technical, or functional characteristics of a commodity, service, or construction item. It may include a description of any requirement such as inspecting, testing or preparing a commodity, service or construction item for delivery. It may also include provisions which govern various aspects of the relation of parties under the Contract.
33. A Sub-bidder is a person or entity that submits a Bid to a Bidder for materials or labor for a portion of the work.
34. A Unit Price is an amount stated in the Bid as a price per unit of measurement for materials or services as described in the Bid Documents or in the proposed Contract Documents.