



Lake of the Pines Association Policies & Procedures

This policy is not an Operating Rule as defined in the Davis-Stirling Common Interest Development Act.

Capital Asset Contracts and Equipment Procurement

The purpose of this Policy is to establish uniform procedures for contract repair, maintenance and replacement of capital assets. By separate policy, transactions for an item valued at \$1,000 or more may require board approval. The Association General Manager (GM) is the designated Procurement Agent and must approve all proposals prior to submittal to the board for their approval.

In addition, the GM shall supervise and oversee all routine daily contracts and purchases according to the association's internal procedure for operations procurement. Board approval is not required for these contracts and procurement that occur in the day-to-day operation.

A. CONSTRUCTION AND REPAIR PROJECTS:

1. Professional Consultants:

Where expertise above the level possessed by staff is required, or the project is valued at \$100,000 or more, design planning of all construction and repair projects must be done by Architectural/Engineering consultants or design professionals. Contract and price agreement for such consultation between the Association and the Professional consultant is required and must be approved by the Board.

When a Professional consultant is not used, sufficient description of work, design plans, specifications and drawings (if required) to define the complete Scope of Work must be presented to the GM for approval.

Contractors who are bidding on the project work may be used as informal consultants to determine the most cost-effective technical methods, materials and tooling available for individual components of the Project. This information will be included in the scope of work package.

2. Competitive Bidding:

Competitive bidding is required on all contracts valued at \$5,000 or more. Sole source bidding, at the discretion of the GM, is allowed on contracts below \$5,000.

3. Invitations to Bid:

Invitations to Bid must include all items listed in the invitation to bid checklist which is an integral part of the process. The Invitation to Bid is to be sent to a minimum of three contractors recommended by the consultant if involved or presented to a minimum of three different companies of known quality work and performance who offer the needed services.



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The instructions for bidding should state that if the contractor has any exceptions to anything in the Invitation to Bid, they must be defined in the bid. If subcontractors are to be used on the Project their names and license numbers must be listed in the Bid. Reference checks of contractors are required for prime contractors who will use subcontractors on LOP projects prior to issuing the contract. LOP standard contract forms shall be prepared and included in the Invitation to Bid package.

4. **Bid Analysis:**
All bids will be presented to the board with management recommendations for contract award. A bidder should never be selected on price alone, however if the lowest bidder is not recommended, sufficient justification must be documented and presented to the board for approval. Single source contracting may be desirable or necessary under special circumstances in which case sufficient justification must be documented and presented to the board for contract approval.
5. **Contract:**
The contract must include all items in the Invitation to Bid. Also, the basis for pricing Extras or other changes to the scope of work must be a part of the contract agreement, including this statement “no money above the contract price shall be paid to the contractor without a completed LOP Change order Form signed by both parties”, before execution of the change. Standard LOP contract forms with contractual language that is valid for both simple and complex contracts shall be prepared by the Association with validation by LOP legal counsel and periodically updated. Legal counsel is to provide instructions to identify extreme situations where indemnification clauses and bonds should be included in the contract to reduce exposure to risks. Standard contracts may be accepted. Additions or deletions of some requirements in the LOP contract may be negotiable, as determined by senior staff and approved by the General Manager.
The contract should provide that progress payments and the final payment will only be issued on receipt of proper lien releases.
6. **Contract Administration:**
Management or a professional consultant is responsible for the monitoring and inspection of project work to ensure conformance to plans, specifications, and schedule of a contract, from award to completion, with the objective of receiving full value for all goods and services ordered. Each contract will have a designated staff monitor and alternate to control the contract on a timely basis, including projects where a design consultant is monitoring the project, in which case the staff member will monitor the work in consonance with the consultant.

B. PROCUREMENT OF CAPITAL EQUIPMENT:



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The overall spirit and intent of this procurement policy is to maximize competition to obtain goods and/or services of the best quality at the lowest acceptable price. A minimum of three bids will be obtained by management for procurement of Capital Equipment with identical attributes if possible, however it is recognized that in some few and unusual procurement, it may not be practical.

On this basis procurement from a sole source may be obtained only if a written sole source justification is recommended prior to purchase approval by the Board. The Association is under no obligation to accept the lowest bid price unless the lowest priced equipment is identical in attributes and quality to the other competitive equipment, however documented explanation of such variances is required when the procurement is presented to the board for approval.