

SMUD BOARD POLICY

Category: Board-Staff Linkage	Title: DELEGATION TO THE GM WITH RESPECT TO PROCUREMENT
Date of Adoption: August 21, 2003	Policy Number: BL-7
Revision: October 16, 2003	Resolution No. 03-08-07
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The procurement of goods and services is an integral part of District operations. It is the District's policy that such procurement shall take place in accordance with applicable legal requirements in a fair, competitive and inclusive manner to maximize the benefit to the District's ratepayers and the economic development of the community.

Competition:

It is the District's policy that its procurement activities be competitive whenever practical.

Direct Procurement:

Direct procurement may be utilized when it is in the District's best interest and is in conformance with the Procurement Policy. Direct procurement is the purchase of goods or services without competition when multiple sources of supply are available.

Sole Source Procurement:

Sole source procurement shall be performed only in the case of emergency or when a competitive process would be an idle act.

Inclusiveness:

The District procurement practices shall promote inclusiveness of the entire supplier community in its contracting opportunities.

Economic Development:

The District's procurement practices shall promote the economic development of the rate-paying community.

Environmental Procurement:

It is the District's policy to minimize the impact on the environment through its procurement practices. In making procurement decisions, staff shall consider the environmental impacts in assessing total cost and benefits.

Responsible Bidder:

It is the District's policy to do business only with reputable and responsible suppliers.

Best Value Procurement:

The District may procure supplies and materials by the best value at the lowest cost methodology where cost and other factors are used to obtain the maximum value while ensuring a fair and equitable process.

Strategic Alliances:

The District may enter into strategic alliance contracts for the procurement of goods or services. A Strategic Alliance is a competitively bid multi-year contract for goods and/or services in which the Supplier and the District work collaboratively over the life of the contract to improve quality, and to explore design and process improvements to reduce the cost of production, service delivery, and the total cost of ownership. These benefits are shared both by the District and the Supplier.

Protest Policy:

The District shall ensure that suppliers are afforded the opportunity to have their grievances heard through a fair protest process.

Delegations of Authority:

The General Manager is delegated authority to perform the procurement activities within the approved policy of the Board at the levels established in the attached table.

Prudent Judgment:

It is the District's policy that due diligence and prudent judgment be exercised in the making of procurement decisions, including conducting a risk assessment. If the General Manager reasonably determines that a procurement activity presents, regardless of the size of the financial commitment, either: (i) a unique and significant

operational risk to the District; or (ii) a significant impact to customers, the General Manager shall inform the Board.

Reporting:

The General Manager shall report quarterly to the Board a summary of the actions taken with respect to the procurement policy elements.

Delegation of Authority to the General Manager

<u>Category</u>	<u>Amount</u>
Competitive Awards:	
Operational Inventory	\$5 million
Non-inventory Materials	\$3 million
Construction and Maintenance Services	\$5 million
Professional and Consulting Services	\$1 million
Rents and Leases	\$1 million
Sole Source:	
All types except Maintenance/Licensing Fees	\$1 million
Maintenance/Licensing Fees approved amount	\$3 million or original
Direct Procurement:	
Materials/Supplies/Services	\$50k
Government Entities	\$1 million
Nonprofit Entities	\$1 million
Pilot/trial/R&D/Proof of Concept	\$500k
Emergency Procurements:	
All types	\$1 million
Contract Amendments:	
Time Extension Only	N/A
Other Non-cost changes	N/A
Contingencies:	
Board Awarded Contracts	Up to 10% of contract award

Monitoring Method: Board Report
Frequency: Quarterly