

# Exhibit to Agenda Item #4

Discuss proposed revisions to **Emergency Procurement** provision of **Board-Staff Linkage BL-8, Delegation to the Chief Executive Officer and General Manager with Respect to Procurement.**

Board Policy Committee and Special SMUD Board of Directors Meeting  
March 10, 2021, scheduled to begin at 5:30 p.m.

Virtual Meeting (online)

# Emergency procurement delegation

## Current delegation and procedures

- Procurement without observance of provisions requiring contracts, bids or public notice
- Advise CEO & GM and Chief Legal Officer immediately
- CEO & GM reports action to Board at earliest practical date (memo)
- Emergency procurement contract must involve; power restoration, public safety, or loss of generation conditions
- CEO & GM emergency procurement delegation limit is currently \$1M

# History of emergency procurement use

## In the past 5 years

- 14 emergency procurement actions;
- 7 were in 2017 related to subsidence (UARP and GPO)
- 3 were in 2020 related to COVID response
- 4 remaining 2019 through 2021 for pole replacement services

# Justification to increase delegation

## Construction market conditions

- In the past 2 years we have had two contractors cease work unexpectedly for key construction activities
- Cost of construction services can be up to \$1M per month
- Highly competitive amongst local contractors and sub contractors
- Our volumes of work call for higher levels of production and larger regional or national contractors, we have not been able to establish a key long-term strategic partnership to date

# Recommendation

## BL-8 policy

- Increase emergency procurement delegation from \$1M to \$2M