

ORCAS POWER AND LIGHT COOPERATIVE

POLICY 8 PURCHASING

8.1 GOALS AND OBJECTIVES

- 8.1.1 Provide guidance and resolution to the cooperative's departments and ensure compliance with the cooperative's purchasing policies and procedures.
- 8.1.2 Simplify, clarify, and streamline the procurement process of the cooperative. Make the purchasing policy and procedures as consistent as possible.
- 8.1.3 Establish guidelines for the purchase of materials, supplies, equipment, and services for the cooperative.
- 8.1.4 Ensure fair and equitable treatment of all persons/vendors who deal with the cooperative.
- 8.1.5 Provide a basis from which all future purchasing policies and procedures will be updated as needed.

8.2 PURCHASING POLICY

The cooperative's goal, in every purchasing transaction, is the best value possible, including a combination of price, quality, reliability, service, and delivery terms.

Orcas Power and Light Cooperative personnel play a valuable role in the requisitioning process, when purchasing goods or services for their department. Employees should not authorize the purchase of goods or services themselves, as they could be personally liable for payment of said goods or services.

8.2.1 Procedures

- 8.2.1.1 All purchases of goods or services from outside vendors are to be processed through the cooperative's electronic purchasing system and are to be preceded by a requisition generated by the requesting party. The requisition may be electronically produced in the computer system or it may be in the form of a cut sheet, fax, email, memo, or some other form, but it **MUST** be accompanied by the supporting documentation and must contain the correct accounting and budget codes.

The only exception to this procedure is for the purchase of general office supplies. All requests for the purchase of general office supplies are to be submitted to the cooperative's accounting department in Eastsound or the lead member services representative in Friday Harbor.

- 8.2.1.2 The cooperative purchase order is a legal document, containing terms and conditions. The purchase order becomes a legal contract between the cooperative and the vendor after it is properly completed, accepted, and approved by the appropriate OPALCO employee and/or board of directors.

- 8.2.1.3 The departments within the cooperative must allow adequate lead-time for the issuance of purchase orders and the delivery of required materials, supplies, equipment, or services. It has been determined that each department, as the end user of these products and/or services, shall be able to provide purchasing with the needed specifications, technical information, and other pertinent data necessary to expedite procurement.
 - 8.2.1.4 All purchases should be part of the approved budget. The general manager and/or the board of directors must approve any purchases that are not included in the approved budget.
 - 8.2.1.5 Vendors such as legal counsel, auditors, and insurance services, as well as power purchases, are not subject to the purchasing or bidding requirements set forth in this document. The board of directors shall approve and determine the process for awarding business for these types of services.
 - 8.2.1.6 Purchasing has the right to review and question any purchasing transaction. All purchasing contracts or long-term agreements are subject to review and approval by the general manager and/or the board of directors.
 - 8.2.1.7 Any employee that has a conflict of interest of any kind, the appearance of a conflict of interest, or, for whatever reason, believes they are not objective with respect to an award for the cooperative's business, shall not participate in the cooperative's purchasing decisions.
 - 8.2.1.8 All materials purchased for construction of OPALCO's plant must be on the *RUS List of Approved Materials* or have been approved by RUS before the purchase.
 - 8.2.1.9 "Splitting" of purchases to meet the dollar limitation is strictly forbidden.
 - 8.2.1.10 Rotation of suppliers is allowed for equipment rental, electricians, trenching, carpentry, etc., where more than one supplier is available and prices are competitive provided the total amount of the work is estimated to be less than \$4,999.00. Those using the rotation system are expected to maintain suitable records (log) to show that the work is being evenly split.
- 8.2.2 Limitations on Purchases
- 8.2.2.1 Purchases of **\$150.00 or Less**
 - 8.2.2.1.1 The purchasing department shall provide all local vendors with a blanket approval for OPALCO's employees, or authorized representatives of OPALCO, to purchase up to \$150.00. If it is anticipated that any single purchase will exceed \$150.00, the requisition and purchase order process must be followed.
 - 8.2.2.1.2 Credit cards are intended for travel, meals, transportation, and lodging. Minor incidentals may be charged to credit cards; however, any charges in excess of \$150.00 must be processed according to OPALCO's purchasing policy.

8.2.2.2 Purchases of **\$151.00 to \$4,999.00**

8.2.2.2.1 The requisitioner must provide documentation of no less than two verbal or written quotes from approved vendors. The purchasing department shall maintain a log of all such quotes, along with the supporting documentation.

8.2.2.2.2 Once 8.2.2.2.1 is satisfied, the purchasing department may authorize these purchases for which funding is contained within OPALCO's approved budget. If the items are not contained within the approved budget, the general manager or manager of administration and finance must authorize the purchase(s).

8.2.2.3 Purchases of **\$5,000.00 to \$24,999.00**

8.2.2.3.1 The requisitioner or the purchasing department must provide documentation of three written quotes from approved vendors goods or services within these dollar limitations. Purchasing will prepare a written summary of the three quotes and submit the summary to the general manager (or, in the general manager's absence, to the manager of administration and finance) for approval. All documentation must be attached to the purchase order at the time it is issued to the successful vendor.

8.2.2.3.2 The general manager must approve all purchases under these dollar limitations if the purchase **is not** within the approved budget.

8.2.2.4 Purchases of **\$25,000.00 to \$49,999.00**

8.2.2.4.1 Purchases of goods and services in the aggregate amount of \$25,000.00 to \$49,999.00 shall be awarded through the Invitation for Bid (IFB) process. Purchases that cannot be awarded by a process of competitive sealed bids shall be procured through the use of a Request for Proposal (RFP) process. The purchasing department shall be responsible for creating all IFBs and RFPs and coordinating bid or proposal activities.

8.2.2.4.2 Bids must be sealed and mailed to the attention of the purchasing department at the cooperative's headquarters. The purchasing department will open the bids in the presence of two designated employees.

8.2.2.4.3 The purchasing department shall prepare a written summary of the bid or proposal documents, along with a recommendation for award, to be presented to the general manager (or in the general manager's absence, to the manager of administration and finance) for approval. The board of directors must approve any award that shall obligate the cooperative for more than a one-year period or if the purchase **is not** within the approved budget.

8.2.2.5 Professional Services **Not to Exceed \$49,999.00**

- 8.2.2.5.1 Professional services in the aggregate amount of \$49,999.00 shall be awarded through the Invitation for Bid (IFB) process or, if the services cannot be awarded by a process of competitive sealed bids, they shall be procured through the use of a Request for Proposal (RFP) process. The manager of engineering, technical services or operations shall be responsible for creating all IFBs and RFPs and coordinating bid or proposal activities.
- 8.2.2.5.2 Bids must be sealed and mailed to the attention of the purchasing department at the cooperative's headquarters. The manager of engineering, technical services or operations will open the bids in the presence of two designated employees.
- 8.2.2.5.3 The manager of engineering, technical services or operations shall prepare a written summary of the bid or proposal documents and a professional service contract, along with a recommendation for award, to be presented to the general manager (or in the general manager's absence, to the manager of administration and finance) for approval. The board of directors must approve any award that shall obligate the cooperative for more than a one-year period or if the purchase is **not** within the approved budget.

8.2.2.6 Purchases **Greater than \$49,999.00**

- 8.2.2.6.1 Procurements greater than \$49,999.00 shall be awarded through the Invitation for Bid (IFB) process or, if approved by the general manager, the award may be by a Request for Proposal (RFP) process. The manager of engineering, technical services, operations or purchasing shall be responsible for creating all IFBs and RFPs and coordinating bid or proposal activities.
- 8.2.2.6.2 Bids must be sealed and mailed to the attention of the purchasing department at the cooperative's headquarters. The manager of engineering, technical services, operations, or purchasing will open the bids in the presence of two designated employees.
- 8.2.2.6.3 The manager of engineering, technical services, operations or purchasing shall prepare a written summary of the bid or proposal documents, a contract, bid evaluation criteria, and a recommendation for award to be presented to the board of directors for approval.

8.2.2.7 Sole Source Purchasing

- 8.2.2.7.1 Sole source means that only one vendor can provide the product or service. The requisitioning party and/or the purchasing department needs to research alternative products and sources of supply for all purchases.

8.2.2.7.2 If one cannot be found, the requisitioning party must write a justification for a sole source purchase and submit it to the purchasing department. Purchasing will review the statement of justification and submit it, along with any recommendation(s), to the general manager for approval.

8.2.2.8 Emergency Procurements

8.2.2.8.1 Nothing in this policy is intended to limit the ability of the general manager and his staff to respond to an emergency. Emergency procurements that do not meet this policy shall be reported to the general manager and the board within 48 hours.

8.2.2.8.2 All emergency procurements shall also be reported, with the appropriate coding for the budget and general ledger, to the purchasing department within 48 hours.

8.3 PURCHASING REQUIRING BOARD APPROVAL

8.3.1 Contracts which obligate the cooperative for a period of more than one year.

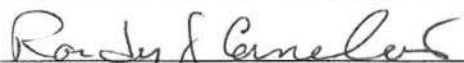
8.3.2 Contracts with attorneys, auditors, power purchases, and for insurance services.

8.3.3 Construction materials, professional services, and service procurements exceeding \$49,999.00.

8.3.4 Procurements exceeding \$25,000.00 which are not within the approved budget.

8.4 RESPONSIBILITY

It shall be the responsibility of the general manager and his staff to implement this policy and deviations therefrom shall be reported to the board of directors.



Randy Cornelius, General Manager

Effective Date: May 15, 2003