

TITLE 300. GRAND RIVER DAM AUTHORITY
CHAPTER 20. PURCHASING POLICY RULES

300:20-1-1. Introduction to purchasing ~~policy~~ rules

(a) The material contained herein is designed to explain and facilitate understanding of the Central Purchasing Unit and the Authority's functions, policies and procedures related to purchasing other than those contracts in excess of \$50,000.00 which concern the repair, construction or improvements to GRDA facilities or land. ~~This~~ These policy rules does do not apply to acquisitions of professional services as defined in Section 803 of Title 18, as well as power capacity, energy, transmission and ancillary services, insurance, banking, governmental relations or business expense acquisitions described in Section 300:20-1-15(c) or employee training or conference registration acquisitions. Such acquisitions shall be exempt from competitive bidding procedures. The acquisition of coal and natural gas, and the delivery and management of same, may be confidential or may require special acquisition processes and therefore the ~~bidding process~~ selection of vendors for these products or services may deviate from the guidelines set forth herein.

~~(b) The included policy statements represent the basic intentions and goals of the GRDA Board of Directors.~~

~~(e)~~(b) The procedures set forth are expressly designed to implement the Board's policy and state law. Procedures will conform to changes in policy or law and when necessary, procedures will be modified on an "as needed basis" to refine the purchasing process.

~~(d)~~(c) **Definitions**

(1) **Acquisition.** The process of obtaining items, products, materials, supplies, services (including construction), and equipment by purchase, lease-purchase, lease with option to purchase or rental pursuant to the GRDA Purchasing Policy and Procedures and applicable State laws and directives.

(2) **Bid.** A complete and properly authorized proposal or quote from a vendor or supplier to provide goods, commodities, services, or designated portions for the sums stated and submitted in accordance with solicitation documents.

(3) **Central Purchasing Unit.** The specialist unit within the GRDA Finance Department that is responsible for supervising and managing the acquisitions of materials, supplies, and services that are used by the Authority and for administering procurement policies and procedures.

(4) **Emergency Acquisition.** An acquisition made without following normal acquisition procedures in order to obtain goods or services to meet an urgent and unexpected requirement. An "Emergency" shall be identified as: an event that consists of one or more of the following:

(A) Correction of an immediate hazardous condition which affects the safety of personnel or the public health;

(B) Prevention of immediate damage to property or the reduction in reliability of electric generating equipment;

(C) Avoidance of purchase of alternative power to replace otherwise generated power;

(D) Maintenance of the efficient and orderly completion of work-in-progress;

(E) Correction of an immediate regulatory compliance deficiency;

(F) To obtain needed items when market conditions (e.g. natural disaster, terrorist act, etc.) limit the product or service availability, or when vendors may not be able to quote firm prices as would be possible under normal market conditions;

(G) To prevent or minimize the serious disruption of services to customers;

(H) To keep facilities operating, to ensure continuous transmission service, or when a Board meeting has been cancelled and thus it is necessary to avoid disruption of the purchasing process when a bid may expire prior to the next regularly scheduled Board meeting (Title 61 purchases are not applicable to this provision).

(5) **Policies.** Policies, as referred to herein, are pre-decisions made by Management and the Board of Directors for the purpose of giving information and direction. Policies establish basic philosophies and climates, and determine the major values upon which the Purchasing function must operate.

(6) **Procedures.** Procedures are the prescribed means of accomplishing policy. Their intent is to provide GRDA personnel with the guidelines and, where appropriate, specific action sequences to ensure uniformity, compliance and control of all policy-related activities.

(7) **Solicitation.** An invitation for bids, a request for proposal, telephone calls, or any document or method used to obtain bids or proposals for the purpose of entering into a contract.

300:20-1-4. Responsibilities

(a) The Board of Directors is ~~primarily~~ responsible for promulgating a comprehensive Purchasing Policy and for approving acquisitions above \$50,000.00.

(b) The General Manager shall have authority to approve acquisitions in excess of \$5,000 but not more than not exceeding \$50,000 or may delegate an acquisition approval threshold for such acquisitions not to exceed \$50,000 to the Chief Operating Officer and/or Chief Technical Officer not to exceed \$50,000.

(c) The General Manager may delegate acquisition approval not to exceed \$5,000.00 to ~~any other employee~~ employees.

(d) The Central Purchasing Unit has the responsibility for obligating the Authority and for making the final determination of source of supply, ultimate quantities purchased, delivery schedule, price, and commercial terms. These decisions ~~will~~ shall be made in conjunction with other departments as appropriate.

(e) The Central Purchasing Unit is to serve as the exclusive channel through which all requests regarding prices and products are handled. This Unit and no other will conduct all communications with suppliers involving prices or quotations. Close communication and coordination between the Central Purchasing Unit and the department requesting supplies must occur. Subsections (d) and (e) do not apply to emergency acquisitions and small-dollar purchases that do not exceed \$5,000.00.

(f) The Central Purchasing Unit with the approval of the General Manager may develop, test, and implement new acquisition procedures and practices that hold potential for making the Authority's acquisition process more effective and efficient. Examples of such acquisition procedures and practices may include, but not be limited to, electronic commerce for online solicitations, notifications, and award. If such practices substantially vary with any procedures herein, the General Manager will notify the Board of such variances on the monthly Purchase Order report provided to the Board for such acquisitions that exceed \$50,000.

300:20-1-8. State of Oklahoma statewide and state use contracts

Non-mandatory statewide contracts awarded by the Department of Central Services (DCS), for use by certain local governments and state agencies may be utilized by GRDA. Statewide Contracts may be used when such may bring efficiency to the acquisition process or when the end result is timely delivery of an acceptable quality of goods and services. Those preparing requisitions should also consider other contracts (e.g., multistate, multi-governmental, multi-utility, etc.) when such contracts may be beneficial to GRDA. GRDA must also comply with the applicable provisions statutes and administrative rules related to the State Use Committee.

300:20-1-10. Requisition review

This section applies to all ordinary acquisitions in excess of \$5,000, or any acquisition, regardless of amount, that is purchased in accordance with the provisions of 300:20-1-8. The Central Purchasing Unit shall have the responsibility and authority to review specifications and sources within the following guidelines:

- (1) The user and the Central Purchasing Unit ~~shall be jointly~~ are responsible for developing a list of acceptable vendors of a specific product or service whenever necessary. Once a list of acceptable vendors has been established, the Central Purchasing Unit shall be responsible for the selection of vendors from that list who can best respond to the requirements of each particular order.
- (2) The Central Purchasing Unit shall review the specifications of each acquisition requisition. The review shall include: requests for "sole source or sole brand" acquisitions; requests for goods of a quality or quantity that seem to be greater or less than required; requests that do not conform to Authority standards; and requests without proper authorization. Buyers shall not materially alter specifications without discussion with the requestor.
- (3) Requisitions which do not contain enough specific information ~~will~~ may be returned to the requestor for further attention.

300:20-1-11. Responsibilities, delegation, source selection, evaluations, and disputes

(a) The acquisition process is primarily the responsibility of the Central Purchasing Unit and requires consideration of several factors. In managing the acquisition process, the Central Purchasing Unit will coordinate closely with departments to comply with applicable acquisition requirements and standards. The user departments play a key role in the acquisition process by developing adequate and reasonable specifications for each acquisition. Those specifications shall be submitted to and reviewed by the Central Purchasing Unit.

(b) The Chief Financial Officer or designee has the responsibility of maintaining a uniform set of procedures and forms to service the bid process, the process for non-competitive acquisitions (sole source, sole brand, State Use, etc.), and other acquisition matters. Considerations should include the need for forms for vendor notifications, bid analysis and summary, competitive invitations, instructions to bidders, policy statement of bid award, and sealed bid envelopes. Central Purchasing Unit personnel are responsible for obtaining bids on all material or services covered under ~~this~~ these policy rules as described herein or the internal uniform procedures. Source selection methods shall be of the following types, depending upon the size and nature of the potential purchase:

- (1) In accordance with the uniform procedures established by the Chief Financial Officer or designee, \$5,000.00 or less.
 - (2) Written Over \$5,000.00.
 - (3) Sealed Bids Over \$50,000.00-, except those acquisitions identified in 300:20-1-8. and sole source acquisitions.
 - (4) Verbal/written follow-up on auxiliary boiler fuel, vehicle fuel and emergency confirmatory acquisitions in accordance with procedures established by the Chief Financial Officer or designee.
- (c) The aforementioned thresholds are based on the estimated cost at the time of requisition made by the requisitioner. It is recognized that certain estimated costs may vary significantly with the bid amounts. If time is of the essence, or other appropriate justification is provided to obtain the goods or services, the estimated cost may govern the selection method. The Central Purchasing Unit may refer such instances to the General Manager. The General Manager or designee may require the requisitioner to justify that a good faith effort was made in developing the original cost estimate.
- (d) If a dispute arises on purchased goods and services concerning vendor selection, quotation, or evaluation, the affected vendor may contact the Contracting and Acquisitions Agent assigned to the particular purchase for possible resolution of the dispute. If a dispute arises on purchased goods and services concerning the amount due or non-payment to a vendor, the affected vendor may contact the Accounts Payable Supervisor for possible resolution of the dispute. In both cases, should the dispute not be resolved to the vendor's satisfaction, the vendor may contact the GRDA employee designated by the Chief Financial Officer for further discussion.
- (e) The Chief Financial Officer or designee will cause to be included in each bid request file a bid analysis summary, required certificates, and insurance requirement forms. The following factors to be considered in reviewing bids and awarding contracts may include, but are not necessarily limited to:
- (1) Price
 - (2) Quality and conformance to specifications, affidavits and insurance requirements
 - (3) Bidder's previous record of performance and service
 - (4) Ability of bidder to render satisfactory service, delivery, etc.
 - (5) Free on Board points and shipping charges
 - (6) Last purchase cost
 - (7) Timeliness of delivery
- (f) The right is reserved to reject any and all bids and to contract as the best interests of the Authority may require.

300:20-1-12. Change orders

- (a) A change order or cumulative change orders which are in excess of \$50,000.00 shall require formal approval by the GRDA Board of Directors.
- (b) A change order or cumulative change orders to a purchase order with an original value of \$50,000.00 or less, which result in an amended purchase order in excess of \$50,000.00, shall require formal approval by the GRDA Board of Directors.
- (c) The GRDA Board of Directors must accept the additional adjusted amount of any change order subject to the above provisions prior to GRDA being responsible for payment thereof.

(d) Any change order not subject to the above provisions shall require written approval by the General Manager of GRDA or his designee prior to GRDA being responsible for payment thereof.

(e) All change orders shall be processed and approved in accordance with applicable statutory law.

300:20-1-13. Emergency ~~confirmatory~~ purchase orders

(a) ~~In the event it becomes necessary to~~ that the General Manager or his designee determines that an emergency exists requiring purchase of an item or service or a series of related items or services, in which to ensure continued operation of transmission and generation capabilities the total amount cost of which exceeds \$50,000.00, and prior to receiving formal Board approval authorizing such purchase, ~~plus such purchase is mandatory to keep the facilities operating and, or to ensure continuous transmission service,~~ the ~~general~~General managerManager is authorized ~~to~~may declare an emergency situation and immediately authorize the purchase of necessary materials or services. ~~Such Emergency~~emergency purchases in this category will ~~shall~~ be presented to the GRDA Board for formal approval ~~as confirmatory purchase orders at the next regularly scheduled Board meeting.~~

(b) In the event that an emergency is found to exist by the General Manager or his designee, the General Manager may authorize the purchase of an item or service or a series of items or services, in a total amount not more than \$50,000 per emergency, necessary to ensure continued operation and transmission capabilities.

300:20-1-15. Business expenses

(a) The Legislature has recognized that GRDA is a unique agency, whose mission requires the district to function in competition with private industry within the competitive power market.

(b) The Legislature has further recognized and stated that GRDA shall document its business expenses which are necessary to carry out the business of the district and that such expenses shall meet current State of Oklahoma and Internal Revenue Service guidelines for business expense deductibility.

(c) The General Manager of GRDA shall designate the individuals and the extent of their authority to expend monies for business expenses. Such business expenses may include, but are not limited to, the following:

(1) Meals for GRDA personnel, Directors, and State Officials, vendors, when dining with customers, or prospective customers, and others when conducting and in furtherance of GRDA business;

(2) Memorials to ~~business associates~~individuals and entities whose activities have contributed to the mission of the GRDA not to exceed \$100.00 in any one fiscal year;

(3) Marketing tools, items, clothes, hats, etc. which bear the GRDA logo or State of Oklahoma emblem;

(4) Assessments from regulatory agencies, ~~Trade~~trade Associationassociation Membershipsmemberships or and training for GRDA, GRDA personnel, GRDA Directors and GRDA customers;

(5) Lodging expenses for GRDA personnel, Directors, state officials, customers and prospective customers when conducting and in furtherance of GRDA business;

(6) Miscellaneous business expenses which meet current State of Oklahoma and Internal Revenue Service guidelines for business expense deductibility.

(d) Reimbursement for such business expenses ~~may be reimbursed in~~ shall not exceed the amount of the expense incurred.

(e) To the extent practicable, the General Manager or his designee shall authorize the expense prior to it being incurred. All such expenses ~~will~~ shall be approved by the General Manager, or his designee, prior to reimbursement- and a summary shall be provided monthly to the Board of Directors.

(f) Each ~~individual expense~~ and every request for reimbursement shall include a justification for the expense for which reimbursement is requested and be supported by a specific receipt ~~receipts and/or invoice~~ invoices, or other appropriate documentation to support the expense incurred, which shall be maintained in accordance with Internal Revenue Service guidelines.