

PROCUREMENT POLICY

I. PURPOSE

It is the intent of Pioneer Community Energy ("Pioneer") to establish administrative procurement practices that facilitate efficient business operations and provide fair compensation and local workforce opportunities whenever possible within a framework of high quality, competitive service offerings.

II. TYPES OF CONTRACTS

1. Contracts for Goods and Non-Professional Services. As used in this policy, "General Contractual Services" means:
 - a. Any and all supplies, articles, equipment, or personal property furnished to or used by an organization unit of Pioneer; and
 - b. Most types of services excluding professional services as defined below, under which the contractor provides services which are required by Pioneer, but not furnished by Pioneer's own employees.
2. Contracts for Professional Services. As used in this policy, "Professional Services" means:
 - a. The services of attorneys, architects, engineers, consultants, auditors, or other individuals or organizations possessing a high degree of professional, unique specialized technical skill or expertise, not always adaptable to competitive bidding. Professional Services are not considered General Contractual Services for the purpose of these procurement procedures.
3. Power Procurement Contracts
 - a. Contracts for energy or energy related products.
4. Public Works Contracts
 - a. Contracts for projects governed by the California Public Contract Code must be solicited in accordance with the applicable State code and requirements. These projects

Category: Finance

include, but are not limited to, construction, improvement, or repairs to Pioneer facilities.

5. All Contracts

- a. When procuring goods and services utilizing grant funds, Pioneer shall comply with all grant requirements.
- b. No Pioneer employee shall split purchases into more than one purchase in order to avoid the procurement requirements in this policy. Splitting purchases does not allow for a competitive marketplace, increases administrative workflow, and may create ethical issues.
- c. No Pioneer employee shall accept, directly or indirectly, any gift, rebate, money or anything else of value from any person or entity if such gift, rebate, money or anything of value is intended to reward or be an inducement for conducting business, placing orders with, or otherwise using the employee's position to secure an agreement with Pioneer.
- d. Prior to signing any agreement for General Contractual Services or Professional Services, the individual signing shall ensure all of the following:
 - i. The contract compensation has been budgeted for in the current Pioneer budget;
 - ii. That adequate funds have been appropriated by the Board;
 - iii. That such funds are unexpended and unencumbered sufficient to pay the expense of the contract; and
 - iv. That any agreement for General Contractual Services or Professional Services for an amount of \$5,000 or more in one calendar year has been approved as to form and content by the General Counsel or his/her designee.
- e. Pioneer shall report on all new contracts, regardless of scope or contract value, at each Board meeting. Unless subject to the attorney client privilege or some other legal protection, as a public agency, Pioneer shall release all

- public records, including contracts, as required by the Public Records Act.
- f. Agreements with existing vendors may be amended and/or extended to allow for the continuation of services for no more than a total term of five (5) years. Such amendments/extensions are subject to the applicable signing authority identified in Tables 2 based on the total dollar amount of the agreement.
 - g. The Executive Director may suspend the requirements of Section III for any agreement. However, all agreements for which the required procurement procedures have been suspended must be approved by the Chair of the Governing Board.
6. Promotional Items and Bulk Purchases
- a. The purpose of office supplies, promotional items, and similarly low risk goods bought in bulk online or otherwise are subject to the relevant procurement methods identified in Section III, but do not require a Consulting Services Agreement or other agreement.

III. PROCUREMENT METHOD

1. Table 1 indicates the appropriate procurement method for the purchase of General Contractual Services and Professional Services of certain dollar amounts.
2. Nothing in this section prohibits the use of a more stringent procurement method than the one indicated by Table 1. At his or her discretion, the Executive Director may direct that an agreement for General Contractual Services is awarded through the Formal Bidding Procedures described herein.

Table 1

| Procurement Method | Dollar Amount per Fiscal Year | Additional Requirements |
|---|--------------------------------------|---|
| Formal Bidding Procedure | >\$100,000 | Request for Price (RFP)/Request for Offer (RFO) |
| Solicit 3 written quotes; may be in electronic format | \$10,000 - 100,000 | Quotes must include provider's name, address, phone number, professional license number, if applicable. |
| No solicitation necessary | <\$10,000 | Seek the lower price for the highest quality |
| Purchase Order can be used | <\$5,000 | Contracts for goods or low-risk off-site services only |

IV. SIGNING AUTHORITY

1. Table 2 indicates the appropriate signing authority for an agreement for General Contractual Services or Professional Services of certain dollar amounts.

Table 2

| Signing Authority | Dollar Amount |
|---|----------------------|
| Governing Board | >\$50,000 |
| Executive Director, or his/her designee | \$0 - \$50,000 |

2. Change orders, alterations, or addenda to contracts approved by the Governing Board that change or amend the contract in an amount greater than ten percent (10%) of the Board-approved amount or \$100,000, whichever is less, require approval from the Governing Board.
3. Change orders, alterations, or addenda to a Board-approved contract for a public works project which exceeds the limits prescribed in Public Contract Code Section 21042 require approval from the Governing Board.

V. FORMAL BIDDING PROCEDURES

Except as otherwise specifically directed in writing by the Executive Director, agreements for the purchase of General Contractual Services or Professional Services for a total amount that exceeds \$100,000 per fiscal year shall be procured as follows. Contracts for public works shall be procured through a formal solicitation in compliance with the Public Contract Code.

1. **Formal Bid Invitations.** Invitations to participate in the Request for Proposal/Request for Qualifications process shall include a general description of the supplies or services sought by Pioneer, and shall specify the time, place and date for opening bids.
2. **Evaluation.** Bids and proposals received through a competitive solicitation shall be subject to a set of criteria and a scoring system, reviewed and evaluated by relevant Pioneer staff and an evaluation committee selected by the relevant staff, Executive Director, COO or General Counsel, or at the discretion of the Board, members of a designated Board subcommittee.
3. **Lowest Responsible Bidder.** "Lowest responsible bidder" as used in this policy shall mean that bidder who best responds in price, quality, service, fitness, or capacity to the particular requirements of Pioneer. Price alone shall not be the determining factor but shall be considered along with other factors, including but not limited to the following:
 - a. **Local Preference:** Pioneer desires to support business that are considered "local." Businesses with an office(s) located within or near Pioneer's service territory shall receive a bonus equal to 5% or 5 points out of a 100-point scoring system in competitive solicitations.
 - b. Pioneer is committed to the highest standard of responsible behavior and integrity in all of its business relationships. Pioneer will consider a company's business practices, environmental track record, and commitment to fair employment practices and compensation in its procurement decisions.

- c. Award of Contract. Pioneer shall award the contract to purchase goods or services to the lowest responsible bidder, unless such as award would be prohibited by California law.
4. Supplier Diversity Program Compliance
 - a. As may be appropriate and consistent with applicable laws, regulations, and CPUC Orders and Decisions, Pioneer will engage with the diverse business community in its service area and statewide, to inform businesses of the benefits of certification as a diverse business, as well as upcoming Requests for Proposals and other solicitations. While Pioneer cannot give any preference in the selection process to any business on the basis of race, sex, color, ethnicity, or national origin, Pioneer will strive to ensure that diverse businesses are aware of upcoming contract opportunities.

VI. SOLE SOURCE PROCUREMENT

1. Under some circumstances, Pioneer competitive solicitation requirements may be dispensed with when the goods or services are only available from one source either because the brand or trade name article, goods, or product or proprietary service is the only one which will properly meet the needs of Pioneer or the item or service is unique and available only from a sole source.
2. Sole source purchasing, whereby the procurement methods identified in Table 1 are not required, is authorized when the goods or services contemplated are only able to be performed by a sole provider, such as the holder of an exclusive patent or franchise, for the purchase of unique or innovative goods or services including but not limited to computer software and technology, or for purchases of goods or services when there is a demonstrated need for compatibility with an existing item or service used by Pioneer.
3. A sole source may be designated when it is apparent that a needed product or service is uniquely available from the source, or for all practical purposes, it is justifiably in the best interest of Pioneer.

4. The following factors are not sufficient to justify a sole source procurement”
 - a. Personal preference for product or vendor
 - b. Cost
 - c. Vendor performance
 - d. Local service (this may be considered an award factor in competitive bidding)
 - e. Features that exceed the minimum requirements for the goods or service

VII. EMERGENCY PROCUREMENT

1. In the event of an emergency, the Executive Director may suspend the normal purchasing and procurement requirements for goods and services related to abatement of the impacts or effects of the emergency.
2. An emergency is deemed to exist in the following circumstances:
 - a. There is an unexpected occurrence requiring immediate action to prevent or mitigate the loss of impairment of life, health, property, or essential public services, including the provision of energy or power to Pioneer customers; or
 - b. There is immediate need to prepare for national or local defense; or
 - c. There is a breakdown in infrastructure or an essential service which requires the immediate purchase of supplies or contractual services to protect the public health, or safety or property; or
 - d. A local, State, or Federal emergency or disaster has been declared.
3. Emergency purchases of \$5,000 or more are subject to ratification by the Pioneer Governing Board at the next regularly scheduled Board meeting.

VIII. COOPERATIVE PURCHASING

1. The procurement methods identified in Table 1 shall not be required when the contract for goods or services will be provided by another government agency.

2. The procurement methods identified in Table 1 shall not be required for purchases made from other public agencies competitive solicitations, or by use of Joint Powers Agreements, Cooperative Purchasing programs, Pooling Agreements, and other recognized types of agreements used by public agencies to combine agency requirements for purchase. provided that procurement is not in conflict with California law.

IX. PROCUREMENT OF POWER

Pioneer must secure sufficient power resources and energy attributes to serve its customers, comply with State law and meet Pioneer's and its member agencies' goals. The Executive Director is authorized to enter into agreements in accordance with the approved Energy Risk Management Policy and Board Resolutions.

X. MISCELLANEOUS

1. The following signing authorities shall apply, after review and approval as to form of the named agreements by the General Counsel, or his/her designee, except where in conflict with the Joint Powers Agreement, State or federal law:
 - a. Non-Disclosure Agreements – Director level and above,
 - b. Banking and Treasury Administration – Executive Director
 - c. Release of Liability and Indemnification – COO and above.