

**CHAPTER III. ADMINISTRATION**

**SECTION I. BUDGET COMMITTEE**

- 3-1-1 BUDGET COMMITTEE. The Board regards the budget-making process as one of the most important and fundamental aspects of its responsibility. In order to gain broader public review and participation in the budget-making process, it is the Board's policy to adopt and follow the Oregon Budget Law in its primary administrative particulars.

The Budget Committee will review the staff budget proposals, and make a recommendation to the Board on the appropriations recommended in the proposed budget. All Budget Committee meetings will be open to the public.

Five at-large SUB customers, along with five Board members, will make up the Budget Committee. It is the policy of the Board to accept applications from interested ratepayers for appointment to the Budget Committee for three-year terms. All appointments to the Budget Committee will be made during regular or special sessions.

**SECTION II. ACCOUNTING / FINANCE**

- 3-2-1 ACCOUNTING STANDARDS. SUB will establish and maintain a high standard of accounting practices. Accounting systems will conform to accepted principles and standards for utilities.

Regular monthly, quarterly, and annual financial reports will be prepared to present a summary of financial position.

Full disclosure will be provided in the annual financial statement and bond representations.

- 3-2-2 INDEPENDENT AUDITOR. It is the policy of the Board to retain an independent certified auditing firm to annually conduct an audit of SUB's financial records, and to report their findings to the Board.

Selection of an auditing firm will be based upon written proposals disclosing the firm's professional qualifications, experience, and reputation serving utility clients, and specified fees for service.

In order to promote both continuity and variation of perspective in the audit process, SUB shall conduct a competitive request for auditing proposal process no less than every three years.

3-2-3 INVESTMENTS. SUB shall strive to invest all idle funds of the utility, taking into account its daily and projected cash flow needs. Idle cash management and investment transactions are the responsibility of the general manager and his/her designee.

The following are the media in which investments may be made:

1. Securities of the United States government, or its agencies
2. Certificates of deposit (time deposits) placed with commercial banks and savings and loans
3. Repurchase agreements
4. Passbook savings account demand deposits
5. Oregon local government investment pool

Criteria for selecting investments and the order of priority are:

1. Safety
2. Liquidity, projecting the cash flow needs of SUB
3. Yield

SUB will limit its investment in any bank or savings and loan institution to twenty (20) percent of the total net worth of that institution as shown on their current financial statements. Any financial institution which is showing a current loss from operations may have additional investment limitations set by the Board.

3-2-4 ACCOUNTS PAYABLE. Payments for purchases and other expenses of SUB shall be made by check prepared by the Accounting Division of SUB. Payment will be made only upon satisfaction of the Accounting Division that:

1. The proposed expenditure is legal; and
2. The expenditure is within established budget and purchasing authority.

Payments will be made upon receiving properly completed accounting documents as prescribed by the Accounting Division. Such documents include, but are not limited to, purchase orders, vouchers, receiving reports, and vendor invoices.

All payments in excess of \$5,000 shall be available for the Board's review at each regularly scheduled Board meeting.

3-2-5 FINANCIAL RESERVES. It is the Board's policy to adopt prudent levels of financial reserves as part of the annual budget process. With each annual budget, the Board will establish, review, and maintain sufficient financial reserves to:

1. Meet specified reserve fund requirements under bond covenants;
2. Provide working capital sufficient to cover current operating needs, meeting seasonal fluctuations in revenue and expense, as well as provide interim financing for necessary programs and projects; and
3. Provide contingency funds for unanticipated expenses of an emergency or non-recurring nature.

### SECTION III. PERSONNEL

3-3-1 PERSONNEL ORDERS. All SUB personnel orders shall be signed by the General Manager.

3-3-2 NON-UNION SALARY SETTING. SUB will strive to be competitive in the employment marketplace to attract and retain well-qualified and capable persons to the positions in its organization.

A cost-of-living salary adjustment for non-union employees shall be reviewed once each year, generally with a projected effective date for any changes to be - May 1 each year. The fringe benefit package will also be reviewed annually.

As a general policy, SUB will target its salary ranges to meet the average of the marketplace.

The following factors will be reviewed and considered in the final salary setting process:

1. A salary survey to determine market conditions for positions of similar responsibility and qualifications. Not all positions will be surveyed each year; however, an effort will be made to survey each position at least once every three years.
2. The West Coast Urban Wage Earners and Clerical Workers Class Size C CPI Index for the preceding year.

3. Internal relationships of similar levels of positions within the organization.
4. Supervisor to employee relationships.
5. Union settlement.
6. Unique or distinguishing local factors which impact on the cost of living and/or SUB's ability to remain competitive.

The general manager's proposals for salary levels and salary survey results shall be reviewed with division heads, who will in turn communicate this information to their respective employees. Employee comments and feedback will be encouraged through division heads.

Salaries shall be adopted upon final approval by the Board, acting upon the recommendations from the general manager.

3-3-3 OTHER OFFICIAL COMPENSATION. The following are considered official compensation. SUB will include gift items or other taxable compensation in the employee's standard gross income and withhold taxes accordingly. De minimis gifts are gifts under \$25 for IRS tax purposes. Board members are responsible for their tax reporting obligations.

1. Charitable Donations. SUB may make a one time per year donation to the charity or organization of any SUB employee's or Board member's choice. The limit is to be set at SUB's discretion. SUB pays the donation on the employee's or Board Member's behalf.
2. Holiday Gifts. SUB may from time to time make de minimis gifts to its employees and/or Board Members.
3. SUB Employee or Volunteer Appreciation Gifts. SUB may make, from time to time, gifts or grants to employees or volunteers. These may include retirement gifts.
4. Light of Liberty Celebration or Other SUB Sanctioned Events. SUB may make, from time to time, gifts or grants to employees, Board Members or other interested parties and volunteers in regards to Light of Liberty Celebration related events. This may include tickets and/or food and beverages at the Light of Liberty Celebration made by SUB to the interested persons in appreciation of their services to SUB.
5. Volunteer Compensation. In recognition of volunteer service by employees and community members, SUB may, at its discretion, provide those

volunteers who officially represent SUB at events or other activities with items of normal value, to the degree that those items assist them in fulfilling their public service assignment. Such items may include a T-shirt or other clothing item identifying the volunteer with the event or assignment, a meal provided during the volunteer assignment, or an entry ticket to the event at which they are volunteering. SUB may also provide a thank you gift of nominal value to the volunteers. If any portion is deemed taxable by the IRS or Oregon Department of Revenue, the tax obligation is the responsibility of the volunteer.

#### SECTION IV. MEETINGS ON SUB BUSINESS

3-4-1 LODGING AND MEAL RECEIPTS. This policy shall apply to both Board members and employees of SUB.

SUB reserves the right to require a receipt for any expenditure, regardless of amount. The maximum amounts that can be expended before a lodging or meal receipt is accepted are mandatory and are described as follows:

1. All lodging expenses will require a receipt before SUB will accept the liability to pay.
2. Any meal which totals more than \$25, including gratuity, regardless of the number of people involved will require a receipt before SUB will accept the liability to pay.

These are the present guidelines of the IRS and are to be followed for the protection of SUB, the Board members, and employees.

Reimbursement without a receipt can be made only upon written authorization by the general manager and then only with written notification to the person incurring the expense. This notice will state that the burden of providing proof, if necessary, to the IRS, rests with the person incurring the expense. This notification shall state:

"The Springfield Utility Board has not received proper receipt documentation for the following expense: (list)

This is to advise you that SUB has either paid the expense or will be reimbursing you for the expense. In any case, the burden of proof to justify this expense as a business expense rests with you. Failure to justify this expense, if requested to do so by the IRS, could result in you having to

report this expense as additional income on your income tax return. This letter is to so notify you of that possibility and responsibility."

3-4-2 MILEAGE REIMBURSEMENT FOR PERSONAL VEHICLE USE. Authorized use of a Board member's or an employee's personal vehicle will be reimbursed at the IRS reimbursement rate. The Accounting Division shall notify all divisions of any changes in the reimbursement rate.

3-4-3 BUSINESS TRIP PHONE CALLS. Board members or employees attending out-of-town meetings shall be allowed to make one long-distance phone call per day, of reasonable length, which will be paid for by SUB.

Board members or employees on business for SUB may call home or office to provide their spouse, family members or significant other with information about the room number and other particulars about where the person is staying, travel arrangements or trip changes.

Questionable charges may be examined by the department heads with further explanation required of the person making the call. Telephone charges that do not conform to this policy may require reimbursement from the person making the call.

3-4-4 SPOUSE EXPENSES AT UTILITY MEETINGS. This policy shall apply to both Board members and employees of SUB.

1. All spouse events, including banquets, programs, etc., that are part of the registration package will be provided by SUB.
2. Travel fare to and from the site of the meeting will not be provided by SUB for the spouse.
3. Meals, events, and trips outside the scope of the registration package will not be provided for the spouse by SUB.
4. The difference between a double room and a single room to allow accommodation of the spouse will be provided only at utility meetings where spouse's events are a part of the official registration and program.

## SECTION V. RECRUITMENT

3-5-1 RECRUITMENT EXPENSES. This policy provides reasonable funds for recruiting, interviewing, and relocating employees. The general manager may authorize one or more of the following:

1. Recruitment: After reasonable efforts normally used in recruiting personnel have been made, with unfavorable results, the use of a recruiting firm may be authorized.
2. Interviewing: Transportation, lodging, and related costs incurred to bring a potential candidate to Springfield for an interview may be provided by SUB. At the option of the general manager, a representative of SUB may be sent to interview potential candidates.
3. Relocating: Costs to relocate a candidate who has been offered a position with SUB will be negotiable. Any relocating costs exceeding \$5,000 must be approved by the General Manager.

## SECTION VI. CIVIC ACTIVITIES

- 3-6-1 CIVIC ACTIVITIES. It shall be the policy of SUB to encourage and support employee involvement in local civic activities. The Board will give consideration and support (through the budget process) of employee membership and involvement in civic activities where it is deemed appropriate and beneficial to SUB.
- 3-6-2 CONTRIBUTIONS TO CIVIC AND PRIVATE GROUPS. As a responsible and active organization in the city of Springfield, SUB will strive to support local events and activities within budget guidelines and limitations.

SUB's contributions will only be made to non-profit, Springfield community-based organizations or projects, to which all ratepayers have access, and which are generally perceived by SUB as being beneficial to SUB's ratepayers.

The general manager is delegated the authority to review and approve, within budget limits, requests for support or assistance up to \$400. Requests over that amount shall require approval of the Board. This policy will not apply to inter-utility sharing, cooperation, or support.

## SECTION VII. PUBLIC CONTRACTING RULES

### 3-7-1 AUTHORITY.

1. Local Contract Review Board. These Policies are adopted by the City of Springfield acting by and through the Springfield Utility Board. The Springfield Utility Board is established by Chapter XI, Sections 34-46 of the

2001 Springfield Charter. The Springfield Utility Board is governed by five (5) Members. The Springfield Utility Board, by vote of its members, has designated itself as the Local Contract Review Board. The term “Board” when used in these Policies means the Springfield Utility Board acting in its capacity as the Local Contract Review Board.

2. Public Contracting Code/Model Rules. ORS 279A, 279B and 279C constitute the Oregon Public Contracting Code which applies to the Board’s contracting policies. Pursuant to ORS 279A.065, the Attorney General has adopted Model Rules to specify procedures for public contracting under the Public Contracting Code. These are Oregon Administrative Regulations: Division 46 137-046-0100 et seq; Division 47 137-047-0000 et seq; Division 48 137-048-0100 et seq; and Division 49 137-049-0100 et seq. Except as provided herein the Model Rules do not apply.
3. SUB Policies/Rules. Section VII, Subsections 3-7-1 through 3-7-13 of the Springfield Utility Board Policies are hereby adopted as the Springfield Utility Board’s Public Contracting Rules. To the extent that specific language in these Rules conflict with language in any previous ordinances or resolutions regarding public contracting adopted by the Board (including Resolutions 75-9 and 79-14), the language and text of these Rules shall take precedence.
4. Model Rules. The Model Rules, Division 46, 47, 48 and 49, adopted by the Attorney General under ORS 279A.065 as they now exist, and as they may be amended in the future, and in the Board Policies, are hereby adopted as the Board’s Public Contracting Rules. Words and phrases used by these rules that are defined in ORS subchapters 279A, 279B and 279C and in the Model Rules have the same meaning as defined in ORS subchapters 279A, 279B and 279C and the Model Rules. In the event that the Policies Subsections 3-7-1 through 3-7-13 adopted by the Board do not address a particular situation, the Model Rules apply.

3-7-2 CONTRACT REVIEW BOARD/CONTRACTING AGENCY. The Board was established by Resolution 75-9 as the Local Contract Review Board for the municipal water and electric systems of the City of Springfield. Effective January 1, 1976, there was established a Contract Review Board for SUB. The Board was designated as the Contract Review Board of the Municipal Utilities Systems, as to all contracts entered into by SUB, subsequent to the effective date specified.

The Board is designated and shall continue as the Local Contract Review Board under the State of Oregon Public Contracting Code. The Board may, from time to time, delegate its powers and responsibilities consistent with the Oregon Public Contracting Code, the Model Rules, or the Board Policies. The General Manager, or his/her designee, is designated as the Board’s “Contracting Agency” for purposes of contracting powers and duties assigned to the Board as a “Contracting Agency” under the State of Oregon Public Contracting Code or the



Model Rules. Except as otherwise provided in these rules, the powers and duties of the Contract Review Board, under the Public Contracting Code, shall be exercised and performed by the Members of the Board and all powers and duties given or assigned to Contracting Agencies by the Public Contracting Code shall be exercised or performed by the General Manager or his/her designee. This delegation to the Contracting Agency is not exclusive and such authority may be exercised by the Board when the Board so determines. Prescriptive requirements within these policies do not limit the Contracting Agency's authority to impose requirements as a matter of practice as long as such additional requirements are consistent with the Oregon Public Contracting Code, the Model Rules, and any applicable federal law.

3-7-3 DEFINITIONS. As used in this Section, the following words or phrases shall have the following meanings. All words and phrases not defined in this section shall have the meanings ascribed to them in the Public Contracting Code or the Model Rules adopted by the Oregon Attorney General thereunder ("Model Rules"):

1. Competitive Sealed Bidding (Goods and Services): See ORS 279B.055.
2. Competitive Sealed Proposals (Goods and Services): See ORS 279B.060.
3. Emergency: See Policies Subsection 3-7-4 4.
4. Formal Quote: Procedure pursuant to which written offers are solicited by advertising or other writing stating the quantity and quality of goods or services to be acquired, and which offers are received by the Contracting Agency on or before a stated date. In soliciting formal quotes, the Contracting Agency shall seek quotes from a sufficiently large number of potential offerors to insure sufficient competition to meet the best interest of the Board. An award based on less than three formal quotes may be made provided the Contracting Agency makes a written record of the effort to obtain quotes.
5. General Personal Services Contract: Except for services defined as Qualifications Based Selection (QBS) exceeding \$100,000 as set forth in Policies Subsection 3-7-8, a contract to retain the services of an independent contractor as set forth in Subsection 3-7-7. The contract shall be predominantly for services requiring unique or special training or certification, independent judgment, skill and experience; and, involves a special trust and confidence between SUB and the independent contractor.
6. Informal Quote: Procedure pursuant to which written or verbal offers are gathered by correspondence, telephone, email, facsimile, or personal contact stating the quantity and quality of goods or services to be acquired. In soliciting informal quotes, the Contracting Agency shall seek quotes from a sufficiently large number of potential offerors to insure sufficient competition

to meet the best needs of the Board. An award based on less than three informal quotes may be made, provided the Contracting Agency makes a written record of the effort to obtain quotes.

7. **Qualifications Based Selection (QBS):** Certain architectural, engineering, land surveying, photogrammetric mapping, or transportation planning services that require compliance with the National Environmental Policy Act for projects exceeding \$100,000, procured under ORS 279C.100, 279C.105 or 279C.110 and related services procured under ORS 279C.120 as set forth in Policies Subsection 3-7-8.
8. **Qualified Rehabilitation Facility (QRF):** Purchase of goods or services from a Qualified Rehabilitation Facility which provides employment opportunities for disabled individuals pursuant to ORS 279.835 et seq. This Program is administered by the Oregon Department of Administrative Services.
9. **Sole Source Procurement:** A contract for goods or services, or a class of goods or services, available from only one source. See Policies Subsection 3-7-4 16.
10. **Special Procurements.** Procurements of goods and services as set forth in ORS 279B.085 or public improvements as set forth in ORS 279C.335. See Policies Subsection 3-7-4 17.
11. **Works of Art:** All forms of original creations of visual art, including, but not limited to:
  - A. **Painting.** All media, including both portable and permanently affixed or integrated works such as murals;
  - B. **Sculpture.** In the round; bas-relief; high relief; mobile; fountain; kinetic; electronic; etc., in any material or combination of materials;
  - C. **Miscellaneous Art.** Prints; clay; drawings; stained glass; mosaics; photography; fiber and textiles; wood; metal; plastics and other materials or combination of materials; calligraphy, and mixed media; any combination or forms of media, including collage.

3-7-4 **EXEMPT CONTRACTS.** Except as may be modified by Policies Section VII, Subsections 3-7-1 through 3-7-13, the following classes of public contracts are hereby exempted from competitive procurement:

1. **Code or Model Rules Exemptions.** Any contract exempted by the state of Oregon Public Contracting Code or Model Rules, including, but not limited to, the following classes of contracts:

- A. ORS 279A.025, Those contracts specifically exempted by ORS 279A.025, “Application of Public Contracting Code”;
  - B. ORS 279A.180, “Purchases through Federal Programs”;
  - C. ORS 279A.200 et seq., “Cooperative Procurement” purchases under Cooperative Procurement with other public agencies; and,
  - D. ORS 279A.220, “Interstate Cooperative Procurements”; Qualified Non-Profit Agency requirements;
  - E. ORS 279B.065, “Goods and Services Contracts under \$10,000”. See Policies Subsection 3-7-6 2 A & B;
  - F. ORS 279C.335(1)(c), “All Public Improvement Contracts under \$5,000”. See Policies Subsection 3-7-9 2 B;
  - G. ORS 279C.335(1)(f) & 279A.010(g), “Energy Savings Performance Contracts” (an energy savings performance contract is defined as a public contract between a public agency and a qualified energy service company for the identification, evaluation, recommendation, design and construction of energy conservation measures, including a design-build contract that guarantees energy savings or performance);
  - H. Contracts where state and federal funding requirements require other than competitive procurement.
2. Advertising. Contracts for the purchase of advertising, including that intended for the purpose of giving public or legal notice.
  3. Copyrighted Materials. Contracts for the purchase of copyrighted materials where there is only one supplier available within a reasonable purchase area for such goods.
  4. Emergency. In the event of an emergency involving an immediate hazard to the public health, safety, or welfare, the contracting agency may secure necessary goods and/or services without a formal competitive selection process provided that the local Contract Review Board at a regularly scheduled meeting within 30 days of the procurement is furnished with a full report of the circumstances and costs of the materials and/or services secured, and the method used for the selection of the particular contractor. An emergency means circumstances that:
    - A. Could not have been reasonably foreseen.
    - B. Create a substantial risk of loss, damage or interruption of services or a substantial threat to property, public health, welfare or safety; and

- C. Require prompt execution of a contract to remedy the condition.
5. Employee Benefit Plans. Contracts for Employee benefit plans, insurance, and insurance services.
  6. Existing Equipment. Contracts for the purchase of services, equipment or supplies for maintenance, repair or conversion of existing equipment if required for efficient utilization of such equipment.
  7. Food Services. Contracts for the provision of food services for special and isolated events for employees or officers of SUB.
  8. Investment/Borrowing Public Funds. Contracts for the purpose of investment of public funds or the borrowing of funds.
  9. Oil or Hazardous Waste Removal. After being ordered to do so by the Oregon Department of Environmental Quality.
  10. Personal Service Contracts. Personal service contracts as may be exempted pursuant to Policies Subsection 3-7-7 General Personal Services Contracts or Subsection 3-7-8 Qualifications Based Selection.
  11. Qualifications Based Selection (QBS). QBS made in conformance with Policies Subsection 3-7-8.
  12. Qualified Rehabilitation Facilities (QRF). See ORS Chapter 279.835.
  13. Rate or Price Established. Contracts for the purchase of goods or services where the rate or price for the goods or services being purchased is established by federal, state or local regulating authority.
  14. Real Property. Acquisition or disposal of real property or interest in real property.
  15. Requirements Contract. Purchases of goods or services pursuant to a Requirements Contract which was established by a formal competitive selection process. Purchases may also be made at prices established by a Requirements Contract or other agreement between another public body and a contractor if the Requirements Contract was established by a formal competitive selection process.
  16. Sole Source. Contracts for goods or services, or a class of goods or services, which are available from only one source. To the extent reasonably practical, the Contracting Agent shall negotiate with the sole source to obtain contract terms advantageous to the Board. The determination of a sole source must be based on written findings that may include:

- A. That the efficient utilization of existing goods requires the acquisition of compatible goods or services;
- B. That the goods or services required for the exchange of software or data with other public or private agencies are available from only one source;
- C. That the goods or services are for use in a pilot or experimental project;
- D. Other findings that support the conclusion that the goods or services are available from only one source; or,
- E. Sole source contracts for goods or services, or classes of goods or services, which are available from only one source but are less than \$50,000 must be approved by the Contracting Agency. Sole source contracts for goods or services, or classes of goods or services, which are available from only one source which are equal to or exceed \$50,000 must be approved by the Board.
- F. Solicitation and Award of sole source contracts for goods or services, or classes of goods or services, which are available from only one source shall be as follows:
  - 1) The interval between the first date of notice for Solicitation Documents for Goods and Services valued equal to or in excess of \$50,000 and Closing shall not be less than five (5) regular business Days.
  - 2) Notice of Intent to Award shall be provided to all Bidders and Proposers at least three (3) regular business Days before Award of Contract for all other Goods and Services for Contracts valued equal to or in excess of \$50,000.
  - 3) The Award of a Contract for Goods and Services valued less than \$50,000 may be made immediately following Closing.

17. Special Procurement.

- A. Special Procurement. A special procurement provided that the Contracting Agency adheres to the requirements of ORS 279B.085, for goods and services; or the requirements of 279C.335, for public improvements.
- B. Special Procurement Class Exemptions. Those Special Procurement Class exemptions adopted by Resolution of the Board pursuant to ORS 279B.085 (goods and services) or 279C.335 (public improvements).

18. SUB Provided Services. Contracts for purchase or sale of services, materials or products traditionally provided by the Springfield Utility Board.

3-7-5 CONTRACTING AUTHORITY AND RESPONSIBILITIES. Administrative staff and divisions have contracting authority and responsibilities as follows:

1. Authorization. The General Manager and his/her designees are authorized to:
  - A. Enter into contracts less than \$50,000 without additional authorization of the Board.
  - B. Recommend that the Board approve or disapprove contract awards in excess of the amount specified in Policies Section VII, Subsections 3-7-1 through 3-7-13 which may limit the authority of the Contracting Agency to the limit specified in Subsection 3-7-5(1)(A).
  - C. Consistent with Policies Section VII, Subsections 3-7-1 through 3-7-13, adopt forms, computer software, procedures, and administrative policies for all Board purchases.
2. Budgetary Strictures. Each Division shall operate within its budget, or inform the Board when budgetary amounts will be exceeded by a material amount. All of SUB funds are "General Fund" revenues. In accordance with Oregon Budgetary law, if total expenditures exceed ten percent of the total budget a budget exception will be considered by the Board.

There may be instances where SUB would seek outside funds that may need to be accounted for as a special fund outside of the General Fund. In that instance management would seek SUB Board authorization consistent with the requirements of that special fund.
3. Cancellation. The Board or the Contracting Agency may cancel a procurement solicitation in accordance with OAR 137-047-0660.
4. Contracting Policy. All contracting shall be according to approved Board purchasing procedures adopted by the Contracting Agency or the Board.
5. Economical Purchases. Each Division shall plan purchase requirements sufficiently in advance so that orders can be placed in economical quantities.
6. Most Favorable Terms. Purchases and contracts shall be negotiated on the most favorable terms in accordance with Policies Section VII, Subsections 3-7-1 through 3-7-13, other adopted resolutions, state laws, policies and procedures.

7. Purchases from Employees. Purchases of goods from Board employees shall require authorization of the General Manager. Provision of services by SUB personnel shall be in accordance with the SUB Personnel Policies, and other applicable law.
8. Cancellation/Rejection. The Board or the Contracting Agency may cancel or reject all offers, proposals and all bids in accordance with OAR 137-047-0640 through 137-047-0670.

3-7-6 PUBLIC CONTRACTS FOR GOODS AND SERVICES. This section applies to public contracts that are not contracts for General Personal Services (as set forth in Policies Subsection 3-7-7), contracts for Qualifications Based Selection exceeding \$100,000 (as set forth in Subsection 3-7-8) or contracts for public improvements (as set forth in Subsection 3-7-10). A public contract shall not be artificially divided or fragmented to qualify for a different award procedure than that provided by this section.

1. Competition Public Contracts. Except as may be permitted or exempted by Policies Section VII, Subsections 3-7-1 through 3-7-13, all public contracts for goods and services shall be awarded based on competitive bids or competitive proposals pursuant to the Public Contracting Code.
2. Classes/Public Contracts. The following classes of public contracts and respective award procedures are created:
  - A. A Public Contract for an amount which is valued less than \$5,000 may be awarded by the Contracting Agency without formal or informal quotes.
  - B. Public Contracts valued equal to or in excess of \$5,000 and less than \$10,000 may be awarded by the Contracting Agency on the basis of solicitation of informal quotes which shall be documented in SUB records.
  - C. Public Contracts valued equal to or in excess of \$10,000 but which do not exceed \$150,000 may be awarded by the Contracting Agency on the basis of formal quotes including a written solicitation and response documented in SUB records.
  - D. Public Contracts valued in excess of \$150,000 shall be awarded by the Contracting Agency on the basis of competitive sealed bids or competitive sealed proposals.
  - E. All Public Contracts equal to or in excess of \$50,000 will be reviewed and awarded by the Board regardless of the type of solicitation process, including, but not limited to, informal quotes, requests for proposals, competitive bidding and those which qualify for exemptions from the

competitive bidding process. A public contract shall be reviewed and awarded by the Board based on Competitive Bidding (ORS 279B.055) or Competitive Proposals (ORS 279B.060) pursuant to the Oregon Public Contracting Code or pursuant to an exemption as may be specified in accordance with the Oregon Public Contracting Code or the Model Rules or the Board's Public Contracting Rules as set forth in these Policies Subsections 3-7-1 through 3-7-13. The Board may make exceptions to this requirement Subsection 3-7-6 2.E. Contracts shall not be artificially divided or fragmented to avoid this requirement.

3. Amendments.

- A. Amendments to the contracts must fall within the scope of the original contract or solicitation or proposal. Contract amendments must be in writing. Amendments valued less than \$10,000 may not cause the contract price to increase in excess of 50%. Amendments valued equal to or in excess of \$10,000 but less than \$50,000 may not cause the contract price to exceed an amount that is greater than 30% of the original contract price. Amendments valued equal to or in excess of \$50,000 may not cause the contract price to exceed an amount that is greater than 30% of the original contract price. Amendments shall not be used to circumvent rules establishing approvals at certain monetary levels.
- B. Amendments exceeding the limits specified above may occur if the Board determines that it is not reasonably feasible to require additional competitive procurement to complete the purpose of the contract; otherwise the Board shall direct additional competitive procurement and the competitive procurement procedure required for the amendment.

4. Notice/Awards. The business of the Board includes the construction, reconstruction, and maintenance of utility plant by SUB personnel. The Board has adopted and maintains a set of Standard Material Specifications which are available to suppliers of the types of goods used for construction, reconstruction, and maintenance of utility plant.

- A. A contract which does not exceed \$10,000 may be awarded upon closing.
- B. The interval between the first date of notice for solicitation documents for goods and services valued in excess of \$10,000 but which is less than \$50,000 and closing shall not be less than five (5) regular business days.
- C. A notice of intent to award shall be provided to all bidders and proposers at least seven (7) regular business days before award of a contract for goods and services valued equal to or in excess of \$50,000.



- D. The award of a contract for goods and services valued equal to or in excess of \$50,000 may be made immediately following the seven (7) day notice of intent to award period.
- E. The award of a contract for goods and services valued equal to or in excess of \$50,000 may occur earlier than the seven (7) day notice of intent specified upon a determination by the General Manager or his/her designee that such adjustment is: unlikely to encourage favoritism or substantially diminish competition, and is reasonably expected to result in substantial cost savings to SUB or the public or substantially promotes the public interest.

**3-7-7 GENERAL PERSONAL SERVICES CONTRACTS.**

1. Exclusions. The following contracts or classes of contracts for General Personal Services shall not be subject to the provisions of Policies Subsection 3-7-7 or the Model Rules unless provided in these Board Policies: Accountants, Appraisers, Architects, Artists for the Creation of a Work of Art, Computer Programmers, Communications Consultants, Consultants, Data Processing Consultants, Engineers, Investment Consultants, Insurance Consultants, Lawyers, Management Systems Consultants, Marketing Consultants, Psychologists, Public Relations Consultants, Surveyors, Labor Negotiators or Consultants, Training Consultants and any other personal services contracts entered into for positions which may be considered as Board/Public Officer type positions including but not limited to Board Attorney, Board Bond Counsel, Benefits Consultant, Financial Advisor, Temporary Management Consultants or similar Board or Public Official type positions; and, Provided nothing herein shall be construed as prohibiting the Board or Contracting Agency from determining to require that a particular contract for personal services though listed in this Policies Subsection 3-7-7 1 shall be subject to other provisions of Policies Subsection 3-7-7 and Provided Further, the requirements of Policies Subsections 3-7-7, 4, 5, 6, 7, 8, 9, 10, 11 and 12 shall apply, and all such contracts having an anticipated fee equal to or in excess of \$50,000 shall be awarded by the Board.
2. Competition. Except for those contracts based on Qualifications Based Selection (QBS) exceeding \$100,000 (see Policies Subsection 3-7-8) or as may be exempted by Policies Subsections 3-7-1 through 3-7-13, including, specifically, Subsection 3-7-7 1, all General Personal Services contracts shall be awarded by the Board based on competitive sealed bids or competitive sealed proposals pursuant to the Public Contracting Code.
3. Examples. A personal services contract is one:
  - A. Primarily based on a special trust and confidence between Board and contractor; or

- B. Where the services the Board seeks are primarily based on the special or unique expertise or knowledge; particular experience; or the exercise of discretionary judgment skills, and for which the quality of the service depends on attributes that are unique to the service provider. Examples of personal service contractors include, but are not limited to, those professions listed in Policies Subsection 3-7-7 1.
4. Procedures. Unless excluded by Policies Subsection 3-7-7 1, the following procedures shall apply to the award of General Personal Services contracts; provided, however, notwithstanding the exclusion of the requirement that the Board award all contracts equal to or in excess of \$50,000 remains in effect.
- A. General Personal Services Contracts will be used to retain the services of Independent Contractors. A personal services contract shall not be artificially divided or fragmented to qualify for a different award procedure than that provided by this section. Nothing in this section shall apply to the employment of regular or part time Board employees, including but not limited to collective bargaining contracts.
  - B. The classes of Public Contracts and respective award procedures set forth in Policies Subsections 3-7-6 2A, B, C, D and E shall apply to General Personal Services Contracts.
5. Criteria for Selection. The following criteria shall be considered in the evaluation and selection of a General Personal Services Contractor. This section does not preclude the use of other additional criteria.
- A. Total cost to the agency for delivery of services.
  - B. Expertise of the contractor in the required area of specialty.
  - C. References from completed projects managed by the contractor.
  - D. Capacity and capability to perform the work, including any specialized services within the time limitations for the work.
  - E. Educational and professional record, including past record of performance on contracts, including past record of performance on contracts with governmental agencies and private parties with respect to cost control, quality of work, ability in these schedules and contract administration, where applicable.
  - F. Availability to perform the assignment and familiarity with the area in which the specific work is located, including knowledge of designer techniques peculiar to it, where applicable.
  - G. Utilization of locally procured goods, services, or personnel.

- H. Other services provided by the contractor not specifically listed in the Request for Proposal.
  - I. Timeliness of delivery of services.
  - J. Other criteria specially listed in the solicitation document on a case by case basis.
6. Continuation of Earlier Contract. Direct contracts for services of personal services contractors. The Board or the Contracting Agency may enter into a personal services contract directly with a consultant if the project described in the contract consists of work that has been substantially described, planned or otherwise previously studied or rendered in an earlier contract with a consultant that was awarded under a personal services contract as set forth in Policies Subsection 3-7-7 and a new contract is a continuation of that project. When entering into a contract under this section, the Contracting Agency shall consider the criteria set forth in Policies Section VII, Subsections 3-7-7 4 A, B, C, D, F, G, H, I and J.
7. Specific Required Provisions. Unless otherwise approved by the General Manager or his/her designee, all personal services contracts shall require the following provisions:
- A. The Independent Contractor shall defend, indemnify and hold harmless SUB, its officers, agents and employees from and against all liability or loss and against all claims or actions based upon or arising out of damage or injury to persons or property caused by or sustained in connection with performance if this contract by the Independent Contractor except, pursuant to ORS 30.140, for losses, claims or actions resulting from the sole negligence of SUB.
  - B. The Independent Contractor shall waive contractor's right to ORS 30.285 and ORS 30.287, Indemnification and Defense.
  - C. Independent Contractor shall obtain and maintain liability insurance coverage in at least the amount of SUB's Tort Liability Limits under the Oregon Governmental Tort Claims Act, ORS 30.260 et seq., naming SUB, its officers, agents and employees as an additional named insured during the term of the contract and where appropriate additional insurance provisions; including, but not limited to errors and omissions coverage.
  - D. Independent Contractor to certify its status as an "Independent Contractor" as that term is used under the laws of the State of Oregon, and that all performance of any labor or services required to be performed by Independent Contractor under the terms of the contract shall be performed in accordance with the standards set forth in ORS 670.600.

- E. Provisions requiring the Independent Contractor to maintain all contract provisions mandated by State Law; including, but not limited to, Workers' Compensation coverage, compliance with Bureau of Labor of Industries requirements regarding prevailing wage rates, and all other state contracting requirements which may be incorporated in the personal services contract by reference to State Law.
  - F. Independent Contractor represents and certifies that the contractor has complied with the tax laws of this state or a political subdivision thereof including, but not limited to, ORS 305.620 and ORS Chapters 316, 317 and 318. The Independent Contractor shall also covenant to continue to comply with the tax laws of this state or a political subdivision thereof during the term of the contract and that contractor's failure to comply with such laws prior to execution of the contract or during the term thereof is a default for which SUB may terminate the public contract and seek damages and other relief available under the terms of the public contract or under applicable law.
8. Waiver. The selection procedures described in this section may be waived by the General Manager at his/her discretion where an emergency exists that could not have been reasonably foreseen and requires such prompt execution of a contract to remedy the situation that there is not sufficient time to permit utilization of the selection procedures.
  9. Delegation. The Contracting Agency and the Division heads are delegated the authority to sign all personal services contracts.
  10. Federal/State Contracting. Nothing contained in this section shall preclude the Board from complying with provisions of Federal or State law that require the Board to utilize a different selection or contracting procedure.
  11. Amendments. Amendments to Personal Services Contracts shall comply with the Policies Subsection 3-7-6 3 (A) or (B).
  12. Withdrawal. Personal services contract proposals may be modified or withdrawn at any time prior to the execution of a contract with the offeror.
- 3-7-8 QUALIFICATION BASED SELECTION (QBS). Certain architectural, engineering, land surveying, photogrammetric mapping, or transportation planning services that require compliance with the National Environmental Policy Act for projects exceeding \$100,000, procured under ORS 279C.100, 279.105 or 279C.110 and related services procured under ORS279C.120 (see also OAR 137-048-0100 et seq.). This provision does not apply to contracts that do not exceed \$100,000 (ORS 279B.065).

1. QBS Consultants; Contracts Not Exceeding \$100,000. QBS consultant contracts not exceeding \$100,000 may be processed as set forth in Policies Subsection 3-7-7 “General Personal Services Contracts”.
2. Definitions.
  - A. QBS Consultant. An architect, engineer, photogrammetrist, transportation planner, land surveyor or provider of related services. A consultant includes a business entity that employs architects, engineers, photogrammetrists, transportation planners, land surveyors or providers of related services, or any combination of the foregoing. Provided, however, when a contracting agency is entering into a direct contract under OAR 137-048-0200(1)(c) or (d), the “consultant” must be an architect, engineer, photogrammetrist, transportation planner or land surveyor, as required by ORS 279C.115(1).
  - B. Estimated Fee. The contracting agency’s reasonably projected fee to be paid for a consultant’s services under the anticipated contract, excluding all anticipated reimbursable or other non-professional fee expenses. The estimated fee is used solely to determine the applicable contract solicitation method and is distinct from the total amount payable under the contract. The estimated fee shall not be used as a basis to resolve other public contracting issues, including without limitation, direct purchasing authority or public contract review and approval under ORS 291.047.
  - C. Price Agreement. For purposes of this section, price agreement is limited to mean an agreement related to the procurement of architectural, engineering, photogrammetric mapping, transportation planning or land surveying services, or related services, under agreed-upon terms and conditions, including, but not limited to, terms and conditions of later work orders or task orders for project-specific services, and which may include consultant compensation information, with:
    - 1) No guarantee of a minimum or maximum purchase; or
    - 2) An initial work order, task order or minimum purchase, combined with a continuing consultant obligation to provide architectural, engineering, photogrammetric mapping, transportation planning or land surveying services or related services in which the contracting agency does not guarantee a minimum or maximum additional purchase.
  - D. Engineer. A person who is registered and holds a valid certificate in the practice of engineering in the state of Oregon, as provided under ORS 672.002 through 672.325, and includes all terms listed in ORS 672.002(2).

- E. Land Surveyor. A person who is registered and holds a valid certificate in the practice of land surveying in the state of Oregon, as provided under ORS 672.002 through 672.325 and includes all terms listed in ORS 672.002(5).
  - F. Photogrammetric Mapping. The meaning given that term in ORS 672.002(7).
  - G. Photogrammetrist. A person who is registered and holds a valid certificate in the practice of photogrammetric mapping in the state of Oregon as provided under ORS 672.002 through 672.325 and includes the meaning given that term in ORS 672.002(8).
  - H. Transportation Planning Services. Transportation planning services for projects that require compliance with the National Environmental Policy Act, 42 U.S.C. 4321 et seq.
  - I. Project. All components of a contracting agency's planned undertaking that gives rise to the need for a consultant's architectural, engineering, photogrammetric mapping, transportation planning or land surveying services, or related services, under a contract.
3. QBS Consultant Selection.
- A. Qualification Based Selection (QBS). Consultants shall be selected to provide architectural, engineering, photogrammetric mapping, transportation planning services or land surveying on the basis of the consultant's qualifications for the type of professional services required. Upon selection of the most qualified consultant, SUB may solicit or use price proposals, pricing policies, or pricing information as set forth in subsection (2) C and D. This provision does not apply to contracts that do not exceed \$100,000 (ORS 279B.065).
  - B. Selection Procedure. When selecting the most qualified consultant, the applicable selection procedure under OAR 137-048-0200 (Direct Appointment), OAR 137-048-0210 (Informal Selection) or OAR 137-048-0220 (Formal) shall be followed.
  - C. Selection Criteria. In selecting consultants pursuant to subsections (2) A and (2) B, the respective criteria set forth in OAR 137-048-200, 210 and 220 shall be considered.
  - D. Equal Qualification. If the screening and selection procedures for review of the qualifications set forth in subsection (2) B result in a determination that two or more candidates are equally qualified, a candidate shall be selected through a process, which is not based on the candidate's pricing policies, proposals or other pricing information.

- E. Compensation Discussion. After consideration of the qualifications as set forth in subsections (2) C and/or (2) D hereinabove, a candidate shall be selected to mutually discuss and refine the scope of the services for the project and shall negotiate conditions including, but not limited to, compensation level and performance schedule based on the scope of services. The Board or Contracting Agency shall be the sole determiner as to whether the compensation is reasonable and fair.
  - F. Use of Pricing Information. Pricing policies and proposals and other pricing information including the number of hours proposed for the service required, expenses, hourly rates, and overhead to determine consultant compensation shall be solicited or used only after the Board or Contracting Agency has selected a candidate.
  - G. Adjustment. The Board or Contracting Agency may adjust the procedures to accommodate the Board or Contracting Agency's scope, schedule, or objective for a particular project if the Board or Contracting Agency's estimated cost of the architectural, engineering, photogrammetric mapping, transportation planning or land surveying services for the project does not exceed \$250,000.
  - H. Termination of Negotiations. If the Board or Contracting Agency are unable, for any reason, to negotiate a contract at a compensation level that is reasonable and fair to SUB, SUB shall formally terminate negotiations with the selected candidate. The Board or Contracting Agency may then negotiate with the next most qualified candidate. The negotiation process may continue in this manner through successive candidates until an agreement is reached or the Board terminates the consultant contracting process.
- 4. Other Requirements. Except for the requirements of Policies Subsection 3-7-7 5, the requirements set forth in Subsections 3-7-7 6, 7, 8, 9, 10, 11 and 12 regarding General Personal Services contracts shall also apply to the personal services contracts in this section.
  - 5. Classes/Awards. The classes of Public Contracts and respective award procedures set forth in Policies Subsection 3-7-6 2.E shall apply.
- 3-7-9 **PUBLIC IMPROVEMENT CONTRACTS**. A public improvement contract is defined pursuant to the Public Contracting Code and does not include contracts for minor alterations, ordinary repair and maintenance of public improvements, contracts for projects for which no funds of the Board are directly or indirectly used except for participation that is incidental or related primarily to project design or inspection, and does not include any other construction contract that is not defined as a public improvement under the Public Contracting Code. A public improvement contract shall not be artificially divided or fragmented to qualify for a different award procedure than that provided by this section.

1. Board Award. Except as may be permitted by Policies Section VII, Subsections 3-7-2 through 3-7-13, all public improvement contracts shall be awarded by the Board or Contracting Agency based on competitive sealed bids or competitive proposals pursuant to the Public Contracting Code.
  
2. Exemptions. The requirements of Policies Subsection 3-7-9(1) do not apply to the following classes of public improvement contracts:
  - A. Public Improvement Contracts Valued less than \$5,000. Public improvement contracts valued less than \$5,000 may be awarded by the Contracting Agency without formal or informal quotes.
  
  - B. Public Improvement Contracts Valued equal to or in excess of \$5,000 and less than \$10,000. A contract for an amount which is valued equal to or in excess of \$5,000 and less than \$10,000 may be awarded by the Contracting Agency on the basis of informal quotes which shall be documented in the SUB files.
  
  - C. Public Improvement Contracts Valued equal to or in excess of \$10,000 but less than \$50,000. Public improvement contracts valued equal to or in excess of \$10,000 but less than \$50,000 shall be awarded by the Contracting Agency based on formal quotes.
  
  - D. Public Improvement Contracts valued equal to or in excess of \$50,000 shall be awarded by the Contracting Agency on the basis of competitive sealed bids or competitive sealed proposals.
  
  - E. All Public Contracts equal to or in excess of \$50,000 will be reviewed and awarded by the Board regardless of the type of solicitation process, including, but not limited to, informal quotes, requests for proposals, competitive bidding and those which qualify for exemptions from the competitive bidding process. A public contract shall be reviewed and awarded by the Board based on Competitive Bidding (ORS 279B.055) or Competitive Proposals (ORS 279B.060) pursuant to the Oregon Public Contracting Code or pursuant to an exemption as may be specified in accordance with the Oregon Public Contracting Code or the Model Rules or the Board's Public Contracting Rules as set forth in these Policies Subsections 3-7-1 through 3-7-13. The Board may make exceptions to this requirement Policies Subsection 3-7-6 2.E. Contracts shall not be artificially divided or fragmented to avoid this requirement.
  
  - F. Emergency public improvement contracts may be exempted from competitive bidding if the Board or Contracting Agency determines that an emergency exists and that conditions require the prompt execution of a contract. Emergency public improvement contracts shall be awarded in accordance with the Public Contracting Code. The Contracting Agency shall provide the Board with a written statement indicating the nature of



the emergency and stating with particularity the emergency conditions and why they pose an imminent threat to the public health, safety or welfare. The Board or Contracting Agency shall not declare the same emergency more than two times in any 90 day period.

- G. By Resolution, the Board may exempt from competitive bidding a special procurement public improvement contract or class of public improvement contracts not otherwise exempt under this section pursuant to ORS 279C.335.
3. Request for Proposal. A request for proposal shall comply with the provisions of ORS 279C.400.
  4. Negotiation of Price. If all responsive offers on a public improvement contract exceed the budget for the project, the Board or Contracting Agency may, prior to contract award, negotiate for a price within the budget under the following procedures:
    - A. Negotiations shall start with the lowest responsive, responsible offeror. If negotiations are not successful, then the Contracting Agency may negotiate with the second lowest responsive, responsible offeror, and so on.
    - B. Negotiations may include value engineering and other options to attempt to bring the project cost within the budgeted amount.
    - C. A contract may not be awarded under this section if the scope of the project is significantly changed from the description in the original solicitation documents.
    - D. The records of an offeror used in contract negotiations under this section are not subject to public inspection until after the negotiated contract has been awarded or the negotiation process has been terminated.
  5. Rejection. The Board or the Contracting Agency may reject all offers, proposals and all bids.
  6. Amendments. Amendments to public improvement contracts shall comply with Policies Subsection 3-7-6 3.
  7. Performance and Payment Bonds. The performance and payment bonds requirements and exceptions of the Public Contracting Code shall apply to all public improvement contracts.
  8. Notice/Award. The business of the Springfield Utility Board includes the construction, reconstruction, and maintenance of utility plant by SUB personnel. The Board has adopted and maintains a set of Standard

Construction Specifications which are available to Contractors for construction, reconstruction, and maintenance of utility plant.

- A. The interval between the first date of notice for Solicitation Documents for Public Improvement Contracts valued equal to or in excess of \$150,000 and Closing shall not be less than five (5) regular business Days.
- B. Notice of Intent to Award shall be provided to all Bidders and Proposers at least three (3) regular business Days before Award of Contracts valued equal to or in excess of \$50,000.
- C. The Award of Public Improvement Contracts for construction, reconstruction, and maintenance of utility plant and valued equal to or in excess of \$5,000 and less than \$50,000 may be made immediately following Closing.

3-7-10 ELECTRONIC PUBLICATION. Notice of requests for proposals, requests for bids, and intent to award may be published electronically in lieu or in addition to other publication or notice where the Contracting Agency finds that such publication is likely to be cost effective.

3-7-11 DISPOSITION OF SURPLUS PROPERTY. The Contracting Agency shall have the authority to dispose of surplus property by any means determined to be in the best interest of the Board with due regard for the value the Board will receive from the disposal of the surplus property including but not limited to:

1. Sale. Sold to the highest qualified buyer meeting the sale terms and the sale has been advertised at least once in a newspaper of general circulation in the Springfield area not less than one week prior to the sale or advertised on the SUB public website or other electronic public website in the Springfield area not less than one week prior to the sale.
2. Trade. Traded in on the purchase of replacement equipment or supplies.
3. Public Auction. Sold at public auction and advertised at least once in a newspaper of general circulation in the Springfield area not less than one week prior to the auction. The published notice shall specify the time, place and terms upon which the personal property shall be offered and a general description of the personal property to be sold. This may be a public auction by SUB or another public entity.
4. Fixed Price. Sold at a fixed price retail sale.
5. Contract. Contracted for use, operation or maintenance by one or more private or public entities. Prior to approval of such a contract, the general

manager shall determine that the contract will promote the economic development of the Board.

6. **Recycle.** Recycle, destroy or otherwise dispose of the property when it is determined that the value and the condition of the property does not warrant the cost of sale. Junk material (no residual value) may be made available to the general public after posting a description and photograph of the material on the SUB website as surplus and exposed to the public for not less than fifteen (15) business days. In the event that more than one bid is received, disposal shall be to the highest bidder or if bids are equal shall be by drawing of lots. In the event that there is no interest in the junk material, it may be disposed of at the discretion of the General Manager or his/her designee.
  7. **Process.** Junk material may only be taken from SUB's storage yard accompanied by a signed receipt from and under the direct supervision of an authorized representative of SUB.
  8. **As-is.** All personal property sold pursuant to this section shall be sold as-is without any warranty, either express or implied, of any kind.
  9. **Electronic Sales.** Sales of surplus personal property may be conducted electronically.
  10. **Disposition of Vehicles.**
    - A. Before possession of a Springfield Utility Board vehicle is transferred to a new owner, the Springfield Utility Board logos, numbers, and license plates are to be removed. It is the responsibility of the Fleet Department to remove these items. Final inspection of the vehicle will be made by the Fleet Manager.
    - B. The General Manager will sign the title over to the new owner.
    - C. Insurance will be carried on the vehicle up until the point of transfer of ownership. It is the division's responsibility to remove the vehicle from insurance coverage upon transfer of ownership.
    - D. Notify DMV of the change of ownership.
    - E. All vehicles shall be disposed of "As Is."
  11. **Community Benefit.**
- 3-7-12 **ETHICS.** The purpose of this policy is to provide guidance to Springfield Utility Board employees engaged in any aspect of the purchasing function.

1. SUB employees are public officials. As public officials, they are prohibited from using or attempting to use their official positions to obtain a financial benefit for themselves, relatives or businesses they are associated with through opportunities that would not otherwise be available but for the position or office held.
2. Except as may be specified in SUB's personnel policies and other applicable law, no employee may use SUB property for personal purposes.
3. No employee, officer, elected official or agent of the Springfield Utility Board may make personal purchases through SUB's purchasing or accounts payable system nor employ SUB tools, equipment, personal property or resources of any kind for personal use.
4. Former employees may not, for a period of two years after ceasing employment with SUB, have direct beneficial financial interest in a public contract that was authorized by them for which they played a significant role in the development thereof.
5. Purchases of goods from SUB employees shall require authorization by the General Manager. Provisions of services by SUB personnel shall be in accordance with SUB's personnel policies and other applicable law.

3-7-13 USE OF CREDIT CARD.

1. The intent behind issuing credit cards to certain employees is two-fold:
  - A. To ensure that receipts will be available to substantiate lodging and meal expenses while traveling for the benefit of SUB; and
  - B. To provide the capability to acquire minor items of supplies or materials. This type of purchase must meet the following criteria:
    - 1) The prospective vendor has no blanket purchase order established with SUB;
    - 2) The need is immediate (time is of the essence); and
    - 3) Supervisor approval is obtained prior to purchase.
2. Responsibilities:

The SUB total credit limit for all cards issued is divided up into five divisions. All the cards issued within a division will not exceed the credit limit for that division. The divisions are:

- General Management/Customer Service & Marketing

- Electric
- Management Information Services
- Resource Management
- Water

Each division Director or designee as appointed by the General Manager will be responsible for the authorized use of their division's cards, and for insuring that the charges made to the division's cards do not exceed the credit limit of \$20,000. Credit card charge slips and vendor receipts shall be turned in to the division Director or designee as appointed by the General Manager for reconciling to their credit card account statement. The employee shall indicate the nature of the SUB business being transacted and the names of people and expense covered (if applicable). The proper job cost center and phase code shall also be placed on the receipt.

Each division Director or designee as appointed by the General Manager will be responsible for the review of credit card receipts and the statement, and shall require further documentation or explanation as deemed necessary. The approved reconciled statement, credit card charge slips and vendor's receipts shall then be forwarded to the accounts payable clerk for payment.

A current list of SUB representatives with assigned responsibility and custody of credit cards will be maintained in the Management Information Services Division. This list will be updated annually each October or as required.

### 3-7-14 DUPLICATION OF LICENSED SOFTWARE.

This policy establishes SUB's expectations towards the management of licensed computer software.

No SUB employee shall:

- make unauthorized copies of software that is licensed to SUB;
- use SUB's computers to create unauthorized copies of copyrighted software; or
- use unauthorized software programs on SUB's computers.

Any employee found to be in violation of this policy shall be subject to disciplinary action, up to and including termination.

In no event shall copyrighted software licensed to SUB be removed from the utility's premises without prior permission from a SUB Division Director.

All SUB employees shall be informed of these expectations. New hires shall sign a contract indicating their understanding prior to the processing of their employment documents.

3-7-15 FINANCIAL RISK MANAGEMENT POLICY.

1. This policy governs only financial derivative transactions and other financial hedging activities. This policy does not impact any physical power transactions.
2. Unless otherwise approved by the Board, the financial derivative transactions that SUB engages in to mitigate risk must be associated with physical power contracts that are tied to market indices, to minimize volatility of wholesale power costs, or to manage costs associated with the operation of SUB power generation facilities.
3. With this policy, the Board will follow Statement of Financial Accounting Standard (SFAS) No. 133, *Accounting for Derivative Instruments and Hedging Activities*, effective January 1, 2001, or its successor.
4. Unless otherwise approved by the Board, the Board shall engage only in qualified transactions when reducing forecasted financial risk associated with indexed power purchase contracts, to minimize forecasted volatility of wholesale power costs, or to manage forecasted costs associated with the operation of SUB's power generation facilities.
  - A. Financial derivatives shall be limited to the purchase of call options (e.g., the right to buy a specified quantity of power at an agreed upon price) or purchase of put options (e.g., the right to sell a specified quantity of power at an agreed upon price). Put and call options may be sold if SUB has already entered into a similar, but opposite, financial position thereby canceling out the pre-existing financial position.
5. Financial derivative transactions shall be accounted for according to applicable FASB rules and any other rules that may be determined applicable by SUB's General Manager or SUB's current auditor.
6. The goal of financial risk management activities shall be to minimize power and generation costs.
7. In entering into qualifying transactions, SUB shall not exceed a \$1,000,000 credit limit imposed on it by financial brokers, or as amended by the Board.

8. The financial risk management team shall develop an Implementation Plan that will govern the detailed operations, authority, and reporting procedures that will be used to comply with this policy. The Board will review the Implementation Plan and receive periodic reports regarding Risk Management Activities.

**3-7-16 WHOLESALE POWER AND GAS PHYSICAL TRANSACTIONS POLICY AND GUIDELINES.**

1. The following guidelines are proposed to govern SUB’s activities in the physical power market. They do not apply to financial transactions, which are covered under a separate Board approved policy: Policies Subsection 3-7-6 Financial Risk Management Policy.
2. SUB will engage in physical transactions to meet expected retail loads on an annual planning basis.
3. SUB will maintain forecasts of the forward curve (estimated value of current physical purchase prices for future months) and the spot market forecast (estimated value of what the spot market prices may be in the future). These planning and evaluation tools will guide decision making and will be used to evaluate the financial costs and risks associated with physical power transactions.
4. The portion of SUB’s wholesale power supply used to meet load that is tied to spot market prices shall constitute no more than 20 percent of SUB’s load.
5. SUB may engage in efforts to buy and sell physical power and fuel supply within the following limits in an effort to effectively manage price risk and to optimize the wholesale costs:
  - A. Type 1 transactions—SUB may “lock in” fixed prices to mitigate price risk associated with market indexed contracts, or by purchasing the fixed price contract and selling the indexed contract.
  - B. Type 2 transactions—SUB may engage in “back-to-back, buy-sell” arrangements, where SUB may sell one contract and buy a contract for a similar amount of energy in order to lock in guaranteed savings of at least \$1,000.
  - C. Type 3 transactions—SUB may engage in limited transactions that involve buying or selling contracts in expectation of profiting from future market fluctuations. However, the following limits shall be observed:

- 1) General Manager or Board Approval must be obtained;
- 2) At the initiation of the transaction, the purchase or sale of the contract must be expected to deliver a net financial benefit (based on using the most current forward curve and spot market forecast) of at least 1 mill or \$0.10/mmBtu and the potential downside risk must be estimated at no more than 2 mills or \$0.20/mmBtu;
- 3) At any point during the term of the transaction (as determined through weekly market updates), if the estimated net financial risk exceeds 3 mills or \$0.30/mmBtu, all efforts will be taken to mitigate risk by closing out the transaction or by executing financial instruments that will minimize additional risk exposure.

## SECTION VIII. VEHICLES

- 3-8-1 VEHICLES. Every SUB vehicle shall have a vehicle number affixed to it at the standard location on both front fenders.

Every SUB vehicle used primarily within the SUB service area (as distinguished from a vehicle used primarily for travel outside the SUB service area) shall have a SUB insignia permanently affixed to it.

## SECTION IX. GRANTS AND AID

- 3-9-1 GRANTS AND AID. It is the policy of SUB to pursue financial grants and aid or assistance from other levels of government where the assistance would be of direct benefit to SUB, and the process of application and administration of the grant do not outweigh the benefits to be received therefrom.

## SECTION X. MEMBERSHIP IN REGIONAL UTILITY ORGANIZATIONS

- 3-10-1 MEMBERSHIP IN REGIONAL UTILITY ORGANIZATIONS. It is the policy of SUB to encourage members of its staff and Board to participate as officers and Board members of representative regional utility organizations. SUB deems participation in these organizations to be of long-term benefit to the conduct of its activities and in meeting its local and regional responsibilities.



**SECTION XI. CONTINUING EDUCATION**

- 3-11-1 CONTINUING EDUCATION. It is the policy of SUB to approve and support, to the limit of funds budgeted for this purpose, continuing education and training in professional, technical, and managerial areas for staff improvement. All such education and training activities are to be approved by the general manager or his/her designee.

**SECTION XII. ENGINEERING AND OPERATIONS SPECIFICATIONS**

- 3-12-1 LOCATING UNDERGROUND FACILITIES. SUB shall participate in the State of Oregon's one-call locating service to assist excavators in finding existing water and electric underground facilities. Information, maps, and field stakes indicate approximate locations and do not relieve the excavator from being responsible for cost or other liability for damage to SUB's facilities as a result of the excavator's activities.

- 3-12-2 DAMAGES TO SUB FACILITIES. In the event any of SUB's facilities are damaged or altered because of construction activity by other parties associated with improvements or changes for individual properties, the property owner shall be responsible for all costs to repair or replace SUB's facilities to their original condition.

In the event any of SUB's facilities are required to be altered or moved because of changed configuration or usage of any properties, the property owner will be responsible for the full cost of the alterations.

- 3-12-3 GRADES AND LOCATIONS WITHIN PRIVATE PROPERTY. SUB may, at its discretion, install electric ducts, water lines, and related facilities where the developer has provided satisfactory easements in subdivisions, planned-unit developments, minor land partitions, etc.

It shall be the responsibility of the developer to stake engineered grades and locations, conforming to SUB's facilities designs, prior to SUB's construction. Upon completion, it will be the developer's responsibility to confirm that SUB's installations have been made in the location and to the grade provided by the developer's engineer.

After review and acceptance by the developer, the developer or purchaser of the lot shall be responsible for the cost of all repairs and adjustments subsequently required by grade changes or location changes resulting from construction activities. Failure to pay these costs will result in denial of utility service until payment is made to SUB.

3-12-4 INTERRUPTIONS, CURTAILMENTS, FLUCTUATIONS, SHORTAGES, AND OUTAGES. SUB shall exercise reasonable diligence in supplying satisfactory and continuous electricity and/or water services. It is inherent, however, that there will at times be some degree of failure, interruption, suspension, curtailment, or fluctuation of service. SUB cannot and will not guarantee constant or uninterrupted delivery of electric and water service and shall have no liability to its customers or any other persons for any interruption, suspension, curtailment, or fluctuation in service resulting from the following or from any other causes:

1. Causes beyond SUB's reasonable control, including but not limited to, accident or casualty, fire, flood, drought, wind, action of the elements, vandalism, terrorist actions, court orders, litigation, breakdown or damage to facilities of SUB or of third parties, acts of God, strikes or other labor disputes, civil, military or governmental authority, electrical disturbances originating on or transmitted through electrical systems and disturbances originating on or transmitted through water systems with which SUB's system is interconnected, and acts or omissions of third parties.
2. Repairs, maintenance, improvement, renewal, or replacement of facilities, or any discontinuance of service (which, in SUB's judgment, is necessary) to permit repairs or changes to be made in SUB's generating, source of supply, transmission, storage or distribution facilities, service lines and metering, or to eliminate the possibility of damage to SUB's property or to the persons or property of others.
3. Automatic or manual actions taken by SUB (which in its sole judgment are necessary or prudent) to protect the performance, integrity, reliability, safety or stability of SUB's electrical and water systems and products. Such actions shall include, but shall not be limited to, the operation of automatic or manual protection equipment installed in SUB's electrical and water systems, including such equipment as valves, automatic relays, generator controls, circuit breakers, switches, source controls, and health protection.
4. Action taken by SUB with respect to any plan or course of action to conserve electrical energy or water at times of anticipated deficiency of resources, including but not limited to, nonvoluntary curtailment or suspension of utility services.

3-12-5 CONFLICT. In case of conflict between any provisions of any rate schedule and these Board policies, the rate schedule shall apply.

**SECTION XIII. RIGHTS OF WAY AND RIGHTS OF ACCESS**

- 3-13-1 RIGHTS OF WAY AND RIGHTS OF ACCESS. SUB shall be granted, at no cost, all rights of way, rights of access, and easements necessary to serve the customer for the installation, maintenance, repair, replacement, removal, or use of any or all equipment or materials used to supply and deliver Springfield Utility Board utility services to the customer.

Access at all times to the premises of the customer for the purpose of reading meters, testing, repairing, removing, or exchanging any or all equipment belonging to SUB shall be deemed granted during the time water and/or electricity service is accepted by the customer. Meters shall be installed on the outside of the structure being served, and the customer shall be responsible for providing easily accessible and safe access to the meter for SUB representatives at all times. Meter readers are not to gain access to meters by going through the house, garage, or any other passage where equipment or materials are stored. Failure to provide such access after written notification to the customer may result in disconnection of service(s).

SUB shall be granted all necessary rights of way and rights of access to perform clearing and trimming of trees, shrubs, vines, or other vegetation it deems prudent, to maintain proper clearances and accessibility for the maintenance and operation of utility services as may be required by the standard utility safety practices. No charge shall be made to an individual customer for any clearing or trimming activities; however, the decision to trim or clear shall be the exclusive right of SUB.

- 3-13-2 REMOTE METERING. In cases where access to any utility meter has created a problem(s) for SUB or its customer, and when other options to gain regular access are not viable, SUB shall, at its discretion, have the option of providing remote metering.

Remote meters may be installed on premises where conditions prohibit regular monthly meter readings, e.g., an alarm system, locations where hazardous materials are stored, or any other location where the safety of SUB personnel would be jeopardized.

Costs associated with the installation of this meter, including materials and labor, shall be the responsibility of the property owner.

A "Remote Metering Agreement" shall be properly executed prior to installation of a remote meter (Exhibit 1).



**SECTION XIV. RELEASE OF INFORMATION**

3-14-1 PUBLIC INFORMATION. The purpose of this policy is to establish some general guidelines for the SUB staff to follow in complying with SUB's legal obligations to provide the public access to files, while at the same time meeting the public responsibilities in operating SUB.

Any information that is readily available, such as in agreements, contracts, or other printed documents that are in Utility files should be made available as promptly as possible to the public upon request. Information that will require a substantial amount of research by staff for the development of a detailed explanation or defense will be provided when time can be arranged with the staff person most knowledgeable and informed in that area. Generally, these requests will be complied with within one month after being received by SUB. The person requesting the information will be expected to pay the actual and reasonable cost of producing requested information. In the case of documents readily available from files, SUB will charge a reproduction cost of \$.15 per page. On other requests that require a commitment of staff time to research and develop the information, SUB will charge the reasonable cost for labor and overhead costs.

Exemptions:

SUB shall subscribe to the conditional public information exemptions described in ORS 192.501.

**SECTION XIV. RELEASE OF INFORMATION**

3-14-2 RELEASE OF INFORMATION CONCERNING SUB CUSTOMERS. Specific account information (e.g., billing, payment, etc.) may be released to a customer about the customer's own account only by an authorized SUB employee at the convenience of SUB and upon verification of the requester's identity.

Requests for information concerning specific SUB customers shall be referred to the Customer Service Department for handling. The account representative handling the request shall obtain the approval of either the general manager, division director, or office manager prior to releasing such information.

Persons desiring to trace or locate residents in SUB's service area may secure such information from other available sources, but not from SUB.

Lists of new or existing customers shall not be furnished.

Customer credit information of a personal nature shall not be released without permission from the customer, unless requested by public safety agencies of local, county, state, and federal governments, as well as other utilities and agencies with whom SUB has reciprocal arrangements.

With the owner's or customer's permission, high and low consumption in kilowatt hours may be released at the convenience of SUB to authorized parties by reference to an address only provided a cautionary statement is made by SUB that fluctuation may occur, depending on the number of persons living at that address, varying lifestyles of families, weather patterns, etc.

**SECTION XV. USE OF SUB PROPERTY, EQUIPMENT, MATERIALS, FACILITIES**

3-15-1 USE OF SUB PROPERTY, EQUIPMENT, MATERIALS, FACILITIES. It shall be the policy of the Springfield Utility Board to refrain from, and restrict the usage, by lending or access to, the property, equipment, materials, and goods which are owned by the Springfield Utility Board to any person or persons for any personal usage or gain.

The Springfield Utility Board, being a public agency with a sole purpose of serving the utility needs of the citizens of Springfield, must conduct its affairs in a professional manner which is above reproach from an ethics standpoint, and to the greatest degree of efficiency which can be reasonably attained. Therefore, SUB's policy will be that its property and equipment not be used by either its employees, or the public, for any personal purposes, whether during or after business hours, unless there is a specific approval from a division director or the general manager.

An approved use must be clearly recognized to be reasonable and prudent; provide a general public service to the citizens of Springfield and/or a concurrent benefit to the Springfield Utility Board; and not expose the utility to liability, risk or expense.

**SECTION XVI. INCENTIVE WORKS, COPYRIGHTS, AND PATENTS**

3-16-1 INCENTIVE WORKS, COPYRIGHTS, AND PATENTS. This policy will permit SUB, and thereby its customers, to benefit from SUB employees creative works, inventions, or devices developed with the use of SUB funds, personnel, facilities, equipment, materials, and/or time during the course of the employee's assigned work.

The Springfield Utility Board shall have exclusive rights to any creative works, inventions, or devices created by a SUB employee on the job with the use of company time and money and created as part of the employee's assigned work.

The employee(s) shall have all rights to any ideas, inventions, creative works, copyrights, and patents unrelated to his/her (their) employment at SUB and which are originated, developed, or created solely on his/her (their) own time, without SUB sponsorship or support or the use of any SUB facilities, equipment, material, and/or personnel.

Patents and/or Copyrights:

1. Employees are responsible for notifying their supervisor of any invention, device, or creative work developed within the scope of their assigned employment for which they may be considering obtaining a copyright or patent.
2. The division head shall investigate and evaluate the work of the employee(s) and make one of the following recommendations to the general manager:
  - A. That SUB proceed with the process of obtaining a copyright or a patent.
  - B. That SUB remove itself from the copyright/patent process and grant the employee(s) all rights of copyright or patent, with the exception of SUB's unrestricted right to use the copyrighted or patented invention, device or creative work for any purpose and without cost to SUB.
3. A written notification of the general manager's decision will be provided to the affected employee(s).
4. The affected employee(s) shall formally assign all rights to SUB if SUB elects to proceed with the process of obtaining a copyright or patent.

**SECTION XVII. NONSMOKING**

3-17-1 NONSMOKING. The purpose of this policy is to bring the Springfield Utility Board into compliance with the Oregon Indoor Clean Air Act (ORS 433.835-433.875). The law, which went into effect July 1983, was designed to protect the public health, comfort and environment by prohibiting smoking in public places.

3-17-2 SMOKING PROHIBITED. Smoking is prohibited in all utility offices and facilities.