

Exhibit to Agenda Item #2

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

Board Policy Committee and Special SMUD Board of Directors Meeting
Wednesday, June 7, 2023, scheduled to begin at 5:30 p.m.
Auditorium, SMUD Headquarters Building

Staff Recommendation 1

1. Increase Board Delegation of Authority Limits

- a. Update and raise delegation limits amount; last updated in 2016
- b. Inflation ~30% overall since 2016, some areas of SMUD’s business much higher

Benefits

- Improve processes and create efficiencies and shorter timeframes
- Reduced number of Board actions for contracts annually, likely by 20-30%. Currently, 15-20 Board actions annually. After increase, 10-15 actions estimated

Delegation Type	From	To
Construction and Technology	\$8M	\$11M
Professional Services	\$2M	\$3M
Sole Source	\$1M	\$1.5M
Index delegation limits to annual federal government price inflator (Bureau of Labor of Statistics, BLS) (Adjusted beginning January 1, 2024)		

Delegation Type	From	To
Direct Procurement	\$50,000	\$50,000 as adjusted per the Public Utilities Code
This figure has been tied to SMUD’s direct procurement authority in the Public Utilities Code, which is subject to an ongoing price deflator adjustment. This change would allow the figure to track the statutory adjustment, which will keep the delegation in line with inflation or deflation. (Adjusted beginning January 1, 1997)		

Staff Recommendation 2

2. Adding “Supplier Code of Conduct” (SCOC)

- a. Expand upon “Responsible Bidder” policy language to include a new policy element outlining more comprehensive “Supplier Code of Conduct” expectations

Responsible Bidder (currently in BL-8 Policy)

Supplier Evaluation

- Health and safety record (OSHA)
- Compliance with labor laws
- Validate credentials and certificates
- Confirm insurance and financial capacity
- Evaluate environmental sustainability

Supplier Code of Conduct (add to BL-8 Policy)

Duration of Contract

- Labor and human rights
- Environmental, social and governance (ESG)
- Health and safety accountability
- Ethics and compliance
- Diversity, equity, inclusion and belonging practices

Include principles and practices suppliers must adhere to when doing business with SMUD

Staff Recommendation 2 (cont.)

Benefits

- Aligns with Environmental Social Governance (ESG) best practices, per our participation in the Utility Supply Chain Sustainability Alliance (SSCA)
- Aligns with SMUD Board's Strategic Directions
- Increases communication with vendors:
 - Post on SMUD.org under “Doing Business with SMUD”
 - Reference throughout the procurement solicitation and contract documents

Staff Recommendation 3

3. Leverage Procurement Agreement (LPA)

- a. Allow SMUD to leverage other publicly solicited contracts (from the State or DGS for example)

Benefits

- Reduced time and cost associated to running redundant solicitations
- Leverage lower pricing negotiated or established previously by the State or other public agencies