

G U A M P O W E R A U T H O R I T Y <i>Standard Operating Procedure</i>	*SOP-023	Issued: 08/25/93
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Title: PROCEDURE FOR CONTRACTING	Approved By: <u>RAYMOND CAMACHO</u> General Manager, Acting	
Effective Date: 10/04/93	Supersedes No. _____	Page 1 of 7

1. **PURPOSE**

- 1.1 The purpose of this procedure is to define the method by which services, materials, equipment and supplies are obtained for the Authority by contract.

2. **SCOPE**

- 2.1 This procedure applies specifically to all orders, contracts, commitments or specifications for materials, equipment, supplies and services procured by the Authority.

3. **DEFINITIONS**

- 3.1 Contracting is the procedure through which the Authority makes a binding agreement in writing with another legal entity (individual company, corporation, Government agency, etc.) to obtain services, supplies, materials, or equipment which is provided/performed on a continuing basis, intermittent basis or a one time basis.
- 3.2 Commercial negotiations refers to the financial, legal and administrative aspects of a contract, commencing with the request for quotation or bid invitations, bids and/or quotation evaluation, preparation and issuance of contract or purchase order, administration of contract, processing of documents relative to payment, discussions and documents pertinent to change orders, modifications and/or amendments to increasing or decreasing the amount of money involved in the contract.
- 3.3 Technical Negotiations: Refers to the engineering data, specifications, performance standards, engineering preference conditions, scope of work, general and special conditions, and all other factors of a technical nature pertaining to the contract, product or service

CODES: * REVISED # ADDED

4. GENERAL

4.1 No employee shall commit the Authority without expressed written authorization by the General Manager. The General Manager's procurement authority conferred by the Chief Procurement Officer, General Service Agency and the Director of Public Works, is not redelegatable.

4.1.1 Commitment with suppliers by any employee is a violation of the General Manager's delegations of Procurement Authority and is an unauthorized procurement.

4.1.2 Employees who commit the Authority with suppliers may be personally liable for such commitment or may be required to make reimbursements for losses or damages. Additionally, each act is a violation of Rule 25 of the Code of Conduct for GPA employees.

RULE 25: Violation of statutory authority, rules, regulations or policies. (Provides for progressive discipline from warning up to dismissal).

4.1.3 Violation of these standards will not be tolerated. Violations with suspected criminal intent shall be referred to the Attorney General for investigation, criminal prosecution or civil action.

4.2 Purchase orders, shall be used normally for the procurement of services, materials, equipment and supplies. Excepting that the contract form shall be used normally for the procurement of services, materials, equipments and supplies to be used in the corporations construction programs.

4.3 The Purchasing Section shall make suggestions or recommendations to using sections, however, final responsibility for selection rests with the Bid Evaluation Committee and the Purchasing Section will recommend accordingly to the General Manager.

4.4 Selection recommendation of contractor or vendor will be made by representatives of the using division and the Supply/Transportation Division.

4.4.1 Determination as to technical qualifications of contractor or vendor to perform according to Engineering and other standards desired by GPA is the responsibility of the Bid Evaluation Committee.

- 4.5 When a product or service fails to meet the requirements of the contract specification, the using division will assist with negotiating technical adjustments and the administrative processing of price change negotiations with the Manager, Supply/Transportation chairing such review Committee.
- 4.6 Determination and selection recommendation of materials, supplies, equipment and services desired is a coordinated responsibility between the using Division and Purchasing Section of Supply and Transportation Division. Such determination, however, must in all cases consider the responsiveness of the offered material or services to the Technical Specification and the lowest priced offer.
- 4.7 All specifications, drawings, and any other related technical data furnished by the bidders shall be technically approved by the using division and or engineering prior to the bid award.
- 4.8 Contract modifications including specification modifications, contract design changes, contract technical revisions, contract technical amendments, or changes shall be justified in writing well in advance and forwarded to the Manager of Supply/Transportation.
- 4.9 The bids will be opened in the presence of Procurement Personnel. The Supply/Transportation Purchasing Section will prepare a bid abstract, recommend the bidder to whom contract is to be awarded, and submit to the evaluation committee and approving Authority for approval and/or concurrence. The abstract and bids will be submitted to the Bid Evaluation committee members for Committee evaluation of bids.
- 4.9.1 The members of the Bid Evaluation Committee will consist of a minimum of three (3) members for bid evaluation and pre-award negotiations for contracts; namely, the using division manager(or one (1) senior representative from the concerned using division) the Manager for Engineering Division, Manager of Generation or T&D Division and the Manager of Supply/Transportation.
- 4.9.2 The Manager of Supply/Transportation or his designee shall serve as the Chairman of the ad hoc bid evaluation committee ex officio for each project. In each instance that a senior representative is appointed to the Evaluation committee, the concerned Division Manager shall notify the Manager of Supply/Transportation in writing.
- 4.10 The Controller, at his option, may appoint one (1) senior representative to witness the bid opening.

- 4.11 When the lowest priced bid is considerably lower than GPA cost estimate, the Authority may, at the Supply/Transportation Manager and the concerned using Division Manager discretion, reject the bid found non-responsive after thoroughly investigating the proposal.
- 4.12 All changes and/or corrections on contract written formats and/or estimates shall be entered in pen and ink and initialed by the consenting parties. No technical modifications, contract changes, agreements, etc. that effect costs and time for contract performance and/or delivery shall be made without the concurrence of the Manager of Supply/Transportation.
- 4.13 Invoices for payment shall be verified by the accounting section and/or the using division and/or project manager prior to being processed and approved for payment.
- 4.14 Upon completion of the contract and after the final inspection and acceptance by the using division the Contractor's Release shall be duly obtained by the Supply/Transportation, with the concurrence of the concerned using Division Head.
- 4.15 Full and complete records of each contract including records of all commercial negotiations shall be maintained in the Purchasing Section.

5. RESPONSIBILITIES

5.1 ORDERING DIVISION

- 5.1.1 It is the responsibility of the using section to prepare and submit to the Purchasing Section a purchase requisition together with detailed specifications, drawings, materials list, cost estimates and all other data of a technical nature pertaining to the project, prior to sending out bid invitations or purchase orders. Full specifications and all other data on which to base bids will be furnished to the Purchasing Section by the using section with its requisition.
- 5.1.2 The GPA cost estimate shall be sealed, appropriately marked and furnished to the Manager of Supply/Transportation well in advance of bid opening. The clauses contained in, but not limited to, "General Conditions" shall be inserted in all fixed-price construction contracts for subsequent commercial negotiations.

5.1.2.1 Additional GPA cost estimate shall be furnished by the appropriate using division at the request of the Supply/Transportation Division for justification of contract price increases or decreases. The GPA cost estimate shall be in detail and properly prepared, approved by the appropriate using division manager, and used as a base in evaluating and determining the successful bidder.

5.1.3 Upon completion of the final field technical inspection and staff concurrence and acceptance of the contract work by the using department and prior to obtaining the Contractor's Release, the using division shall prepare and furnish the Supply/Transportation Division with a verified contract Completion-Inspection Report. All completed Completion-Inspection Reports must be verified by the field inspector in charge, with concurrence of the using Division Manager. The report shall include time extension allowed for excusable delays whenever the contract completion is passed the initial agreed upon contract completion date.

5.2 SUPPLY MANAGER TRANSPORTATION DIVISION

5.2.1 The Purchasing Section is responsible for all commercial negotiations of all contracts, except those specifically delegated in writing by the General Manager to other sections involving a specific procurement of services, material, supplies and equipment.

5.2.1.1 Review of requisition processing practices to insure compliance to purchasing regulations and take steps necessary to improve processing standards.

5.2.2 Insure an effective quality control program which as a minimum should include the following in each bid package and/or purchase order likely to result from the purchase requisitions.

- a. Specification thoroughness/completeness
- b. The end user urgency of need
- c. Vendor selection
- d. Timeliness of purchase order generated

- 5.2.3 Report to the General Manager requisitions in which a determination of "After-the-Fact" buying has occurred.
- 5.2.4 The Supply/Transportation Division, Purchasing Section will maintain a list of contractors who meet the requirements of GPA to bid on various types of contracts/projects. Bidder's list, including additions or deletions, must be approved by the S/T Division, with concurrence of other divisions concerned. Bids will be obtained by local advertising of a bid invitation and/or solicitation from U.S.A. firms directly.

Selection of eligible bidders may be based on GovGuam listings as applicable to GPA. The following recommended bidder lists are used as a guide:

- (a) GovGuam's List/Construction Contractor's performance ranking list
- (b) Navy's bidder list
- (c) U.S.A.F. bidder's list

However, final selection of an eligible and qualified bidder must comply with the requirements of GPA.

- 5.2.5 The Purchasing Section will forward to selected bidder (as approved by using department) an invitation to bid for their purposes.
- 5.2.6 Upon determination of the successful bidder, and after obtaining required approvals and concurrences, the Supply/Transportation Division will prepare the contract for award, notify the bidder and will issue "notice to proceed" with work as requested by the using division upon receipt of a performance bond, if required.
- 5.2.7 The Supply/Transportation Division may obtain an independent cost estimate from an independent qualified third party if justified.
- 5.2.8 Contract price increases or decreases due to amendments, change orders, revisions, etc. shall be negotiated by the Supply/Transportation after technical approval by the using division. Technical approval signature, and date must be placed directly on the proposal and/or specifications. Any change in contract price due to modification must be appropriately approved by the Comptroller and the General Manager.

5.2.9 Supply/Transportation Division is responsible for all commercial and administrative procedures pertaining to contracts and purchase orders. Communications and contacts with Contractors, Manufacturers and Suppliers shall be channeled through the Purchasing Section which is charged with expediting the execution of contracts, and purchase orders, and maintaining good business relationship with GPA customer clients.

5.2.10 Protecting public and private property is an Authority coordinated team effort within Authority delegated to:

- (1) Manager of Engineering
- (2) Manager of Concerned Divisions
- (3) Project Manager (when applicable)

5.2.11 In order to keep all important matters regarding bid invitations in confidence, the Manager, Supply/Transportation Division is responsible for securing the Authority's cost estimates and other important documents until the bid is opened. Purchasing Section's responsibilities in contract administration involving right-of-way and other job site problems are defined and clarified as follows:

- a) The contract administration, not field work and supervision or public relations in the field or at the job site.
- b) The issue of "notice to Proceed" with the contract work after obtaining the concurrence of the Manager of Engineering and/or other concerned manager or the Project Manager.
- c) Right-of-way and questions, disputes, liabilities and matters thereof pertaining to contract administration, before and after the fact shall be resolved by the Purchasing Section in coordination with Legal Counsel and other concerned sections.
- d) GPA's responsibility for obtaining the right-of-ways and necessary supervision of the contractor's work, mobilization of equipment and employees in the field, to ensure the protection of the Authority's good name and maintain good public relations.