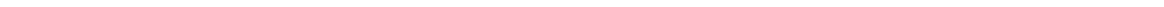


**BONNEVILLE PURCHASING INSTRUCTIONS
APPENDIX 6-A**

**REQUISITIONERS' GUIDE TO
PREAWARD ACTIVITIES**



BONNEVILLE PURCHASING INSTRUCTIONS
APPENDIX 6-A - REQUISITIONERS' GUIDE TO PREAWARD ACTIVITIES

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SECTION 1 INTRODUCTION TO THIS GUIDE.

1.1 Quick Start Guidance for Requisitioners.

While this Guide contains a wealth of information for the requisitioner, here are six hot tips to get you started with your purchase.

1. Meet the Contracting Officer (CO) who supports your organization. See Exhibit 1 for a listing of purchasing organizations and the program offices they support.
2. Maintain an ongoing dialog with the CO about your purchasing needs. Confer with the CO at the soonest possible time to discuss your purchase. It opens more purchasing alternatives for you.
3. Utilize commercial supplies and services whenever practicable.
4. Verify that funds are available for the purchase.
5. Be as specific as possible about what you want.
6. Rely upon the guidance of the CO. While purchasing is a team effort, let the CO do his/her job of assisting you in meeting your needs. The CO can guide you with the details of what is required to complete your purchase.

1.2 Purpose of the Guide.

An important part of BPA's program is carried out through the purchase of goods and services. Project and purchasing personnel, operating as a team, must have a full understanding of their respective responsibilities, and must be committed to open communication if they are to meet BPA's goals in a sound and credible fashion.

The requisitioner is the person in the program office who is responsible for developing the project or objective that will be supported by a specific contract. The program office can be easily identified because it is responsible for the source of funds for the contract. Frequently, the requisitioner will be designated as the Contracting Officer's Technical Representative (COTR) to administer a contract, but this is not always necessary or required. Construction contracts, for example, utilize the skills of specially trained individuals to perform the contract administration role for the program office after award.

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Purchasing personnel are required to maintain specialized knowledge of the marketplace, business practices, laws, policy, and regulations necessary to effectively award and administer contracts. They are responsible to assist the requisitioner in bringing the purchasing effort to a successful completion within the existing framework of applicable laws and regulations.

Whether you are new to the purchasing process or just need a refresher, this Guide has been developed to help requisitioner personnel better understand BPA's pre-award acquisition procedures and requirements. The procedures outlined in the Guide will assist you in the preparation of purchase requisitions and related documents in a manner which will assure a more efficient and timely acquisition of goods or services to meet your program needs.

Additional copies of this Guide may be obtained from the Head of the Contracting Activity (HCA) or a Contracting Officer (CO)

1.3 How to Use This Guide.

This Guide has been designed specifically for requisitioner personnel to lead you through the steps necessary to purchase goods and services needed to fulfill BPA's mission and goals. In it you will find information including charts, tables, and diagrams that describe various aspects of the purchasing process governed by the Bonneville Purchasing Instructions (BPI). The BPI should be considered the source document if you need information more detailed than is contained in this Guide. Since the BPI is updated more frequently than this supplement, any conflict between the two shall be construed in favor of the BPI. The most effective way to obtain expert advice regarding any contracting matter is to contact a CO. (See Exhibit 6-A-1 for COs and their areas of program responsibility.)

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Exhibit 6-A-1

COGNIZANT CONTRACTING OFFICERS

To determine the appropriate Contracting Officer (CO) for your purchase, contact the purchasing manager or designated CO in the purchasing organization assigned to the commodity you are planning to buy or to your organization. The purchasing manager or CO will be able to direct you to a purchasing staff member for your team.

PURCHASING ORGANIZATION

BPA CLIENT ORGANIZATIONS & SUPPLIES/SERVICES PURCHASED

Supply Chain Services

Located in BPA Headquarters Building, Portland, OR

BPA CLIENT ORGANIZATIONS:

Provides purchasing, financial assistance and related internal client consultation service support for the Executive Office and other Corporate offices; Finance; Power Business Line; Energy Efficiency; Environment, Fish and Wildlife; Office of General Counsel; and Shared Services. (All offices except Transmission Business Line.)

SERVICES / SUPPLIES PURCHASED:

Services purchased: Professional, technical, clerical, and construction services for all offices except TBL.
Supplies purchased: Information Technology hardware and software used throughout BPA, and general non-power system supplies, furniture, and equipment.

Supply Chain Services

Located at Ross Complex, and Van Mall offices in Vancouver, WA, with field offices in Pasco and Spokane.

BPA CLIENT ORGANIZATIONS:

Provides purchasing, financial assistance and related internal client consultation; transmission materials and equipment; IT hardware and software for Grid Operations, and inventory management service support for the Transmission Business Line.

SERVICES / SUPPLIES PURCHASED:

Services purchased (including construction): Transmission system related professional, technical, clerical, and construction services.
Supplies purchased: Transmission system maintenance and operating materials and equipment, including substation equipment and materials, communications and control equipment, and construction supplies and materials.

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SECTION 2 GENERAL INFORMATION.

2.1 Definitions.

"CO" means Contracting Officer.

"COR" means Contracting Officer's Representative.

"COTR" means Contracting Officer's Technical Representative, who has been formally trained and certified as such by Supply Chain Services.

"Contract" means a legal instrument reflecting a relationship between BPA and another party where the principal purpose of the instrument is the acquisition, by purchase, lease or barter, of property or services for the direct benefit or use of BPA. In the context of this Guide, the terms "contract" and "contract administration" also apply to Intergovernmental Contracts.

"Field inspector" means one or more individuals who are authorized by the COTR to assist in monitoring the performance of the contractor.

"General Scope of the Contract" means the work which was fairly and reasonably within the contemplation of the parties when they entered into the contract. This can be defined by determining what each party planned to do as a result of the contract. Generally, changes to specific elements or parts of the work would be considered "within the scope" if the end product of the contract was essentially the same as that contracted for initially. A change that is beyond the scope of the contract is considered as a new purchase that requires a new contract, unless the CO determines and the contractor agrees to add such change to the contract, subject to mutual agreement of the parties.

"Program Office" generally means the office that is the source of funds for the contract. This office determines major program goals and policies, and allocates funds, personnel, and other resources among the programs for which it is responsible, and determines other major facets of the contract effort. The requisitioner may not be the source of the funds, such as funds from another business line. The requisitioner may, however, retain project control if the provider of funds agrees. As an example, training classes may be requested by Human Resources, but charged to the business line whose employees are being trained.

"Requisitioner" means the person in the program office who is responsible for developing the project supported by a specific award, and the person who concurs with any proposed program-type modifications to agreements before action by the CO. The requisitioner recommends to the CO an individual to serve as COTR for the contract. The individual must meet minimum formal training requirements and possess BPA COTR certification issued by Supply Chain Services. The important considerations are the technical and contract administration knowledge of the individual to ensure effective technical compliance monitoring of the contractor's work, and receipt and acceptance of the supplies/services. In the case of construction, the CO typically makes final acceptance. The CO will evaluate the recommendation(s), and designate the individual nominated as a COTR. If the qualifications of the individual(s) nominated to be COTR are not met, the CO will ask for additional recommendations. The requisitioner may be designated as the COTR on a contract, but this is neither necessary nor required. (Note: For some contracts, the COTR may not be an employee of the program office, i.e., work performed for another business line.)

2.2 Contracting Officer's Role.

Authority to contract for required supplies, services, or construction is assigned to the BPA CEO (BPA Administrator) by the Bonneville Project Act. The CEO has delegated that authority to the

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HCA, with the authority to redelegate to contracting officers. The HCA redelegates authority in writing with specific limitations on that authority. COs are appointed in accordance with the

procedures outlined in BPI 2.2.1. Purchases on behalf of BPA may be entered into and signed only by the CEO, the HCA or a contracting officer who has been delegated the requisite authority as described above. Contracting officers may bind BPA only to the extent of the authority delegated to them. Contracting officer delegations include the authority to administer and terminate contracts.

COs are responsible for ensuring performance of all actions required for effective purchasing, ensuring compliance with the terms of the contract, and safeguarding the interests of BPA in its contractual relationships. Frequently, COs utilize COTRs to provide technical inspection and contract surveillance services in technical areas associated with specific contracts. During the course of administering the awarded contracts, the CO:

- Monitors the financial and administrative aspects of the award during the performance period through the COTR;

- Maintains the official award files;

- Handles correspondence and reports (other than technical) relating to the terms and conditions of the award instrument;

- Maintains copies of all correspondence between the COTR and the contractor;

- Reviews BPA furnished property management activities per the terms of contract, and, unless otherwise assigned to the COTR, arranges for disposition of returned and excess property after completion or termination of the project;

- Orders changes within the scope of the contract;

- Handles any claims and appeals resulting from an award; and

- Closes the contract.

Except where the contract provides otherwise (i.e., construction field modifications) the CO is responsible for making all modifications to the contract. Such modifications must be in writing, comply with, and cite the contract, regulatory or legal basis to authorize the modification. The provisions of the award will govern some modifications, while others may not have been anticipated by the original terms and conditions. Most modifications are initiated by a requisition prepared by the COTR or program manager.

2.3 Contracting Officer's Representative's Role.

A CO may designate a contract specialist (also called Contracting Officer's Representative or COR) to perform contract preparation and non-technical contract administration work. Requisitioner contacts will be primarily with the COR if one is designated. The duties of a CO described in 2.2 above may be performed to some extent by a COR, if one has been appointed.

2.4 Contracting Officer's Technical Representative's Role.

Contracting Officer's Technical Representatives (COTRs) are individuals who have been formally trained in COTR duties and possess BPA COTR certification, and are designated and authorized by the CO to perform technical contract administration activities on behalf of the CO, within limits specified by the CO. These limits are stated either in a contract clause such as "Contracting Officer's Representatives " or by letter, signed by the CO. COTRs are appointed to perform

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those functions only for a specific contract. At the end of the contract, the COTR designation automatically expires.

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Normally COTRs do not have authority to commit BPA; however, COTRs who administer construction contracts may be granted field modification authority. The COTR, assisted by Field Inspector(s), serves as the CO's eyes and ears on the contract. The COTR's role is vital to ensure that BPA receives, in a timely manner, the goods or services that conform to the technical requirements as set forth in the contract.

The COTR monitors performance and compliance with the contract, and keeps the CO apprised of the contractor's performance. The COTR advises the CO whenever anything occurs that may or does endanger successful completion of the contract. COTRs perform their contract administration duties on behalf of and under the authority of the CO, and with regard to the performance of their contract administration duties, are responsible only to the CO. Whenever the intent of program personnel and the requirements of the contract differ, the COTR is responsible for administering the contract the way it is written, but also for facilitating any official changes to the contract that are necessary. Any deviation from the way the contract is written requires written approval of the CO.

The COTR will normally be responsible to:

Provide the CO with copies of all correspondence to and from the contractor;

Maintain a record and log of all communications with the contractor;

Participate in post-award orientation conferences, when required;

Monitor the contractor's performance;

Assists contractor in interpreting technical requirements of the contract, while ensuring internal BPA coordination of technical requirements with design or other organizations, as necessary or otherwise required by policy;

Monitor the financial and administrative aspects of the award during the performance period;

Review and evaluate technical progress and financial reports and other documents;

Review invoices and certifying them for payment;

Notify the CO of reports or other deliverables that have been rejected;

Advise the contractor to submit in writing to the CO any requests for modifications;

Assure that modifications of work to be performed under the award are not implemented before a written modification is issued by the CO;

Follow up on reports and invoices;

Evaluate and justify desired changes in writing to the CO;

Keep the CO informed of situations that could become a basis for future claims, and coordinate with CO on measures to mitigate and document costs and other data to support defense against spurious claims;

Make site visits to the contractor's facility or place of contract performance as may be required;

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Review and approving or disapproving the contractor's requests for payments under the progress payments clause;

Advise the CO of any anticipated overrun or underrun of the estimated cost under cost-reimbursement contracts;

Advise the CO of knowledge of the contractor's financial condition which may jeopardize performance;

Report to the CO any inadequacies noted in specifications or performance;

Perform technical analyses of contractor cost proposals;

Review engineering change proposals for proper classification and when required, for need and technical adequacy;

Perform environmental, health and safety surveillance to assist compliance with associated laws, regulations, and contractual terms.

Perform Government property administration functions;

Review contractor compliance with contractual quality assurance requirements to include inspection and acceptance of personal or real property or services;

Perform engineering surveillance to assess compliance with contractual terms for schedule, cost, and technical performance in the areas of design, development, and production;

Ensure timely submission of required reports;

Assist in evaluating and making recommendations for acceptance or rejection of contractor-requested waivers and deviations; and,

Perform production surveillance and submitting written status reports, including timely reporting of potential and actual slippages in contract delivery schedules.

The COTR cannot, either in fact or by inference:

Modify the contract (unless specific authority has been delegated, i.e., construction contract field modifications) to change price, technical requirements, or contract performance time;

Take action to terminate the contract;

Grant extension of time (unless specific authority has been delegated, i.e., construction field modifications);

Order the contractor to suspend work under the contract, except for unsafe conditions or safety violations per the Safety clause of the contract; or

Make final decisions on any matter subject to appeal, as provided by the disputes clause of the contract.

The COTR needs to exercise extreme care to avoid the release of information related to the contract to parties other than those directly involved in the project or with a "need to know." While

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much of the information in the contract is a public record and is frequently accessible under the Freedom of Information Act, the decision to release any data to third parties is made by the CO.

COTRs must complete a minimum of formal training and be certified as a BPA COTR. Supply Chain Services approves the COTR training coursework, which can be BPA or vendor provided, and issues the certifications. COTRs must have at least six months of experience in the technical field of activity that is the subject of the contract before they may be assigned to that role.

A more thorough discussion of the COTR's authorities and responsibilities can be found in BPI Appendix 14-A, Contracting Officer's Technical Representatives' Guide for Contract Administration.

2.5 Field Inspector's Role.

Field inspectors are authorized representatives of the COTR. They are appointed in a letter written by the COTR with the CO's review and concurrence. The field inspector is normally responsible for functions such as inspection and review of the work performed under the contract, witnessing of tests, interpretation of technical specifications, and approval of reports, materials, or services. These duties are clearly defined in the Field Inspector designation memorandum, Exhibit 14-A-2 in BPI Appendix 14-A. A person who is a BPA certified COTR and is designated as such on one or more contracts may also perform the duties of Field Inspector for other COTRs.

2.6 Ethical Considerations.

Every BPA employee has a responsibility to adhere to the ethical standards for Federal employees. In addition to these standards, those involved in the purchasing process must adopt even higher standards during the purchasing process.

Requisitioners are considered purchasing officials when they are participating in writing specifications or statements of work, developing a requisition, evaluating proposals, or negotiating with offerors. During the time period that a specific purchase is in any stage of the process, purchasing officials must not knowingly:

- Solicit or accept any promise of or engage in any discussion of future employment or business opportunity from a competing contractor;

- Ask for or receive any money, gratuity or other thing of value from a competing contractor (unsolicited items with a market value under \$20 are excluded); or

- Disclose any proprietary or source selection information to a competing contractor or the public.

If you need advice to determine the appropriateness of any specific activity, contact the BPA Ethics Officer in the Office of General Counsel.

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SECTION 3 INTRODUCTION TO PURCHASING.

3.1 Purchasing - A Team Process.

BPA's organizational Strategic Business Objectives (SBOs) require all employees to demonstrate a personal commitment to effective teamwork and treating each other as customers. This commitment is essential in purchasing quality goods and services to carry out BPA's business purpose in a way that gives best value to our ratepayers.

The first step, therefore, in making any purchase with BPA funds is to determine (a) who should be members of your team and (b) where does accountability lie for each element of the process.

The simplest buys will involve only the requisitioner, staff responsible for funds, approving official, and the CO. The most complex may include, in addition, a purchasing strategy board, safety, a technical evaluation team, and a contracting officer's representative (COR). Early contact with the CO will define the team for your particular purchase.

3.2 Sources of Assistance.

Defining program needs and obtaining funding and approvals are the exclusive responsibility of the program office. Your own chain of command, and administrative staff, and/or technical specialists will provide the necessary procedures for you to follow during the initial planning phase of a purchasing effort.

Conducting market research is a joint responsibility of the requisitioning and the purchasing offices. Refer to Section 5.5 of this Guide for help in performing this process.

Personnel in BPA's purchasing offices have been organized by commodity or service purchased and by program office served. To seek assistance of the appropriate CO, refer back to the chart shown in Exhibit 1.

Certain commodities or services have unique regulations pertaining to their purchase, which are outside the scope of this guide. See Exhibit 6-A-2 for a list of these commodities and the organization in BPA that should be consulted before proceeding.

EXHIBIT 6-A-2

ITEMS REQUIRING SPECIAL APPROVALS OR CONSULTATIONS

<u>Item Needed</u>	<u>Contact</u>	<u>Reference</u>	<u>Document</u>
IT equipment, supplies, & services	IT Asset & Contract Management	IT Processes and IT Standards, found at Agency IT Website,	Technology Resource Request BPA F 1370.11e
Audit services	Chief Auditor		SOW
Audio-visual equipment (See Office equipment)			
Audio-visual productions	Media; and Communications		BPA F 1420.03
Books, periodicals, audio & video tapes	Library Services	Workplace Services Yellow Pages; BPAM 610	BPA F 1430.01
Calculators, cameras (See Office Equipment)			

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<u>Item Needed</u>	<u>Contact</u>	<u>Reference</u>	<u>Document</u>
Copying machines	Staff Mgr. Requisitioner's Organization; and Office Facilities	BPAM 600	BPA F 4420.22
Communications equipment, operational telecommunication equipment (PSC test equipment, mobile & portable radios)	TBL Engineering and Technical Services;	BPAM 608	
Facsimile and admin. voice communications equipment	Telecommunications Service	BPAM 607	
Hazardous wastes disposal	Supply Chain Services; and Pollution Prevention and Abatement		BES Material Requisition
Hazardous materials for use at the Ross Complex	Pollution Prevention and Abatement	Ross Complex Approved Products List	
Herbicides	Transmission Field Services; and Pollution Prevention and Abatement		EPA control No.
Interior planning and design services	Office Facilities	Workplace Services Yellow Pages; BPAM 1037	BPA F 1400.04
Laboratory instruments, field test equipment	Asset Utilization		
Leases, office and special purpose facilities	Real Property Services	BPAM 8	
Memberships, individual & corporate	Individual: First line supervisor; Corporate: Library Services	BPAM 110	BPA F 1130.01
Micro graphic equipment (See Office equipment)			
Microwave ovens @ HQ Campus	Office Facilities	BPAM 1030	BPA F 1400.04
Moving, hauling, and related transportation	Office Facilities	Workplace Services Yellow Pages	BPA F 1400.04
Office & executive furniture, high density filing equipment	Office Facilities	Workplace Services Yellow Pages; BPAM 1037	BPA F 1400.04
Office equipment	Office Facilities	BPAM 600	BPA F 4420.22
Personal use items	Chief Certifying Officer	BPI 6.9	

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<u>Item Needed</u>	<u>Contact</u>	<u>Reference</u>	<u>Document</u>
Printing	Printing Officer	Workplace Services Yellow Pages; BPAM 1013	BPA F 1420.03
Publications, production of	Public Affairs – Communications -		BPA F 1450.02
Questionnaires or surveys outside Govt.	Audit		
Records systems on individuals	Records, Forms, and Directives	Privacy Act	
Refrigerators @ HQ Campus	Office Facilities	BPAM 1030	BPA F 1400.04
Safety glasses	First-line manager, Staff Mgr., Requisitioner's Organization	BPAM 186	BPA F 5480.11
Sponsoring/co- sponsoring public events	Public Affairs – Communications	BPAM 155	Decision document
Tools and work equipment	Supply Chain Services		BPA F 4420.09 or BES Material Requisition
Telewriting equipment (See Office equipment)			
Training & internal consulting	Learning Environment	BPAM 400/410A	
Transmission system material and equipment	Supply Chain Services	BPA Catalog, and BPA Asset Management Instructions,	BES Material Requisition
Typewriters	Staff Mgr.; Office Facilities	BPAM 600	

3.3 Typical Purchasing Cycle.

Requisitioner:

- Defines need
- Secures approvals and funding
- Contacts appropriate CO early in planning process (See Exhibit 1)
- Participates in Purchasing Strategy Panel, if needed
- Prepares documentation:
 - Market survey results
 - Statement of work (SOW) or Technical specifications
 - Purchase Request (requisition)
 - Recommended sources to solicit
- Sends documentation to CO
- Works with CO to award the contract
 - Evaluates technical merit of offers
 - Helps negotiate technical details of contract

Purchasing Office:

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- Facilitates Purchasing Strategy Panel, if needed
- Assists with documentation by requisitioner, as needed
- Receives completed REQUISITION package
- Determines contracting method in consultation with requisitioner
- Selects sources to solicit
- Prepares and issues solicitation
- Receives and evaluates offers
- Negotiates terms of the contract
- Awards contract

3.4 Authority to Purchase on Behalf of BPA

The Bonneville Project Act vests BPA's purchasing authority in the Administrator/CEO. The line of delegation of this authority goes from the CEO to the Head of the Contracting Activity (HCA) to warranted COs. Only employees in this chain of delegation can commit BPA funds to purchase goods and services. Along with this authority to commit BPA funds goes the responsibility to negotiate prices, terms, and conditions of the contracts. Also included with the delegation is the responsibility for issuing solicitations, signing contracts, modifying contracts, and making business decisions on contractor compliance with contract provisions.

BPA is not bound by your actions if you or another employee perform contract negotiations or make contract commitments independently, or appear to the supplier to have done so without having been warranted as a CO, or acting on the direction of a warranted CO. In legal terms, you are acting outside the scope of your employment, and you may be held personally liable for amount of the purchase or commitment. Such unauthorized acquisitions or commitments may also result in disciplinary actions against you, including termination of employment. You may also significantly delay the eventual purchase of the good or service. If the team process described in this Guide is working properly, there is no reason to make such an unauthorized commitment. If the process is not working properly, bring the matter to the attention of the CO so that it can be improved. (See Sections 4.3, 6.2, and 7.2 in this Guide, and BPAM 21.24 for expedited or emergency purchases.)

3.5 Ratification Process.

If you discover that you or another employee has made an unauthorized commitment, immediately contact the Supply Chain Services organization. You should also contact your administrative office, or staff in your organization, who are authorized to execute requisitions to determine whether funds are available for the purchase. See BPA Manual Chapter 21 for delegation of requisitioning authority. See BPI Part 2.4 for agency policy on unauthorized commitments and for CO's procedural guidance.

The CO will review the circumstances of the purchase or commitment and assess the risk to BPA. The CO, in consultation with the affected organization - and HCA, legal counsel, and Risk Management if needed - shall determine whether work should be stopped or the commitment suspended or terminated. The CO shall order the Contractor to immediately stop delivery of goods or services if funds are not available to cover the unauthorized purchase, or if it appears that the goods or services are not appropriate or will not meet BPA needs.

You will be required by the CO to thoroughly summarize the unauthorized commitment and to submit the following information, through your supervisor to the CO, within 5 days of the commitment or discovery of the unauthorized commitment. You may be required to submit this information sooner if the CO and others in BPA need the information to make a determination whether to suspend, stop, or terminate contractor performance. Information to submit is as follows:

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- (a) List of sources considered. Include the basis for selection of the contractor, names, dates, and summary of discussions with the contractors' representatives.
- (b) Estimated or agreed contract price
- (c) Description of work performed or products furnished.
- (d) Mitigating circumstances.
- (e) Other background information. Include all records, documents, and correspondence concerning the commitment.
- (f) Purchase request and Statement of Work (SOW), specifications, and other applicable documents.

The CO may approve the information and ratify the unauthorized commitment up to \$50,000 for commercial goods and services (consistent with BPI Part 2) without further approvals. If the CO does not approve the unauthorized commitment, the individual who made the unauthorized commitment may be responsible to the company, and subject to disciplinary action by their performance managers.

The HCA and Supply Chain Services will monitor ratification actions. If a pattern of unauthorized commitments emerges, the matter will be referred to the appropriate office for corrective action. If the unauthorized commitment exceeds \$50,000 or is for non-commercial goods or services of any dollar value, ratification may only come from the HCA. Copies of ratified awards will also be sent to your supervisor and business line Vice President.

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SECTION 4 TYPES AND METHODS OF PURCHASING TECHNIQUES.

4.1 Types of Purchasing or Contracting.

BPA's mission encompasses a broad range of purchasing options to accomplish its various objectives. Several of these options are outside the scope of this guide. The focus here is the acquisition of goods and services for the direct benefit or use of BPA.

4.2 Purchasing, Assistance, or Power Marketing.

"Purchasing" refers to any of the methods of acquiring goods and services for BPA's use. Examples of typical BPA purchases are tower steel, transformers, engineering services, construction of transmission lines, clerical services, and fish studies.

"Assistance" refers to grants and cooperative agreements which are methods for BPA to support projects which contribute to the Region but are not for BPA's direct benefit. Grants are used whenever the principal purpose of transferring funds to the recipient is to accomplish a public purpose of support without substantial involvement by BPA during performance of the project. Cooperative agreements, in contrast, do anticipate substantial involvement of BPA. Examples of financial assistance agreements are the energy efficiency or fish program grants. Financial assistance agreements are governed by the Bonneville Financial Assistance Instructions. Consult this source if you believe your project would best be accomplished through such arrangements.

Contracts for the purchase, wheeling, or sale of power, and contracts for the acquisition of power or capability through energy efficiency measures under the Pacific Northwest Electric Power Planning and Conservation Act, as well as real property and real property leasing (i.e., right-of-way agreements) are not covered in this guide.

4.3 Supply, Services, or Construction Purchases.

The nature of the goods or services to be purchased determines the process to be followed. For supply contracts see Section 7; for services, see Section 8; and for construction contracts see Section 9. Low dollar value transactions can generally be made quickly using the purchasing methods found in Subsections 4.4.2 through 4.4.6 of this guide. In particular, the Purchase Card is a very effective means for completing low dollar value transactions. (See Subsection 4.4.6 and Exhibit 5. Also, refer to Exhibit 2, for guidance on items that require special approvals or consultations prior to purchase).

4.4 Types of Purchasing Techniques.

BPA uses a variety of purchasing techniques depending on the nature of the goods or services to be purchased and on the complexity of the buy. Sections 4, 6, 7, and 8 in this Guide give specific information about the various buying methods.

Quick-response contracts are used in extraordinary circumstances when a definitive contract cannot be executed in time to meet BPA program needs. This type of contract commits BPA funds immediately but leaves most terms and conditions to be specified by modification later. Basic information about the contract requirements will be needed when you discuss using such an arrangement with the CO. A requisition will be needed before the CO can execute the contract.

Free trial agreements allow BPA to use a product such as new tools or laboratory equipment without payment or obligation. The Office of the Chief Information Officer (OCIO) must review and approve all free trials for computer hardware or software, without exception. No one in BPA is permitted to download any software at his or her desktop PC without OCIO pre-approval. The

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CO executes a written agreement when property or proprietary data rights must be protected, or either party wants bilateral agreement of specific terms of the free trial. If you make your own arrangement, you may be approaching an unauthorized commitment. (See Subsection 3.5 in this Guide.) If you need a formalized free trial agreement, send a written request to the CO with a full description of the product and the time period of the trial.

4.4.1 Purchases Executed by a Contracting Officer.

Although COs have authority to make a purchase using purchase card or imprest funds, they more often use written contracts. COs are responsible for the following transactions, such as, but not limited to:

- Architect-Engineering services
- Master (task order or delivery order) contracts
- Master agreements
- Intergovernmental contracts
- Construction services contracts
- Service contracts
- Supply and equipment contracts
- Turnkey contracts

4.4.2 Purchases Executed by Requisitioning Personnel.

Requisitioning personnel are generally limited to purchase cards, orders against master agreements, field purchasing, and emergency purchases in the field. While cash purchases may be made, BPA has limited the use of imprest funds in favor of other preferred methods of purchase, such as purchase cards (Purchase Card Program).

4.4.3 Master Contracts.

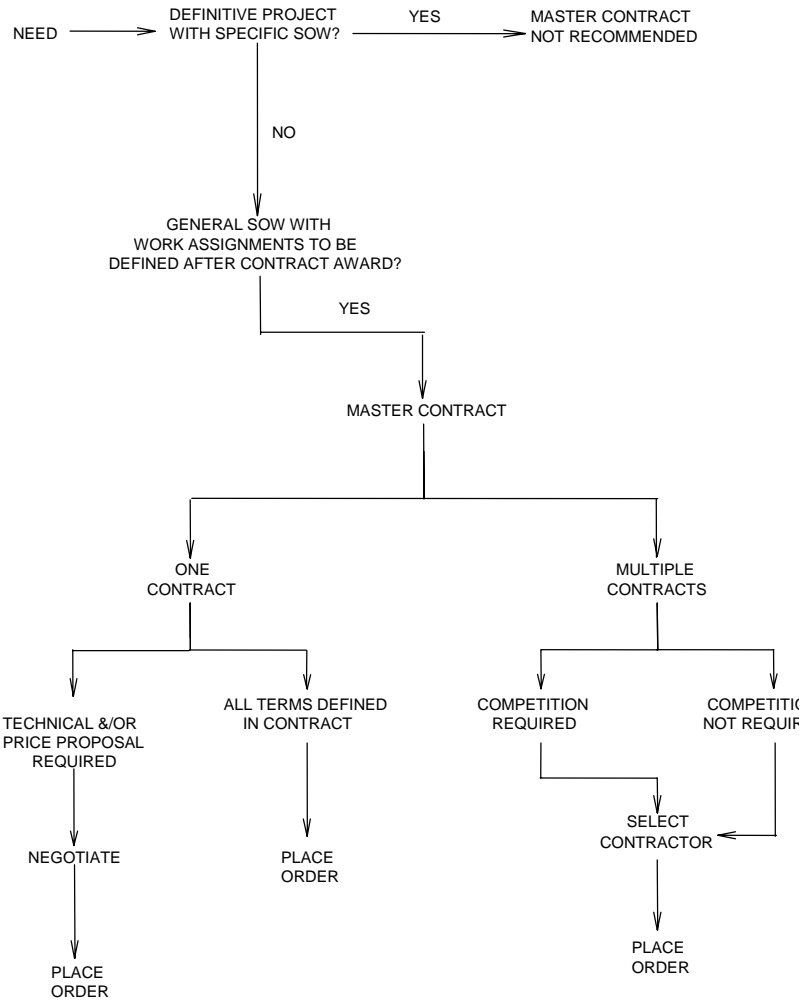
Master contracts are used when the exact times and/or quantities of future deliveries cannot be specified at the time of award. These contracts can be used for supplies, services or construction. When specific quantities of supplies, or services or construction work are needed, orders can be placed against a master contract in accordance with its terms and conditions. Master contracts can either contain very exacting specifications or statements of work, or can be established with very general statements of work that describe the types of assignments the contractor can expect to perform for BPA. Individual orders for supplies are referred to as delivery orders, whereas orders for services or construction are referred to as task orders. Funds are contractually committed once a delivery or task order is issued. Authority to issue task orders may be delegated to requisitioners depending on the terms established by the contract.

Exhibit 6-A-3 shows the steps involved in placing either a delivery or task order. However, each master contract is unique. If you are delegated responsibility to issue orders, the contract you are administering will delineate the procedure to be followed. The CO can help you strategize which type of master contract will be most effective for your needs.

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Exhibit 6-A-3

MASTER CONTRACT ORDERS



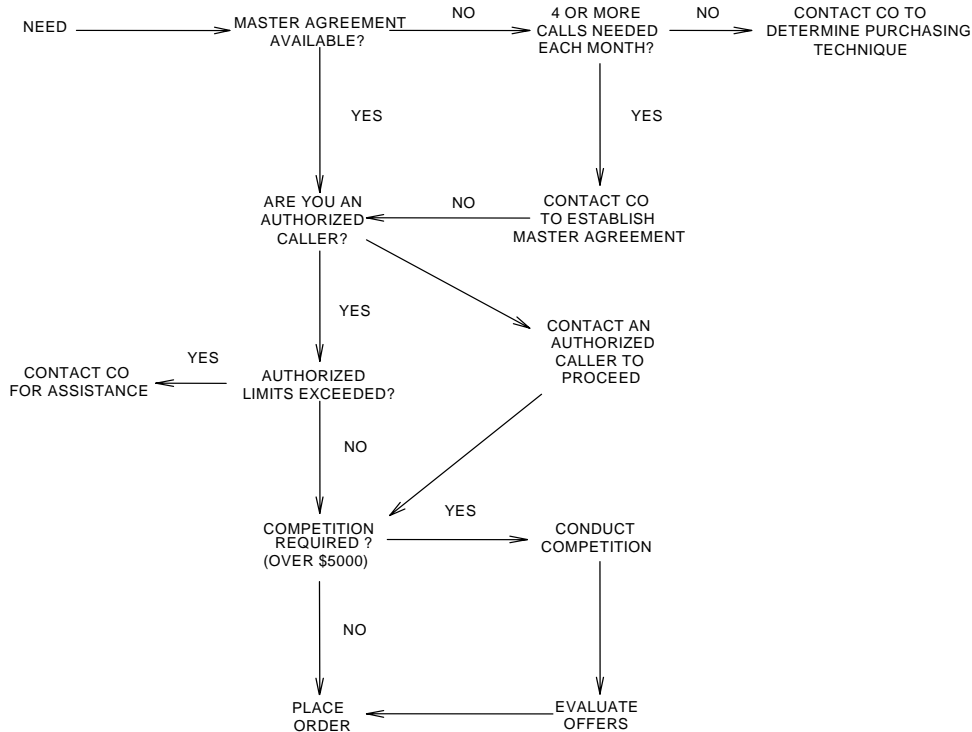
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4.4.4 Master Agreements.

Master agreements are not contracts, but rather agreements in writing as to the terms of use should BPA place an order against the agreement. Since a master agreement is not a contract, BPA is not committed to buy a guaranteed minimum amount, as is the case with master contracts. The primary purpose of these agreements is to reduce the processing time and paperwork in preparing requisitions and purchase orders for items frequently ordered. It is typically used for low dollar value, high volume requirements when BPA has a frequent need for supplies or services, but the exact timing for delivery cannot be anticipated. Master agreements are not limited, however, by the dollar value of purchases to be made. Examples for use of master agreements are court-reporting services, interpreting services for the hearing-impaired, equipment enclosures, licenses, cables, commercially available software, and commonly available hardware items. Exhibit 6-A-4 displays the steps in using a master agreement.

Exhibit 6-A-4

MASTER AGREEMENT ORDERS



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4.4.5 Imprest Fund (Cash) Transactions.

BPA makes limited the use of imprest funds. Other purchasing methods, such as purchase cards, are the preferred method of purchase. Refer to the Disbursement Operations "Cashier Manual" for more details on use of imprest funds.

4.4.6 Purchase cards.

Policy for the agency Purchase Card (P-Card) Program is found in BPI Part 26. Purchase Cards are the preferred method for making small purchases, particularly for off-the-shelf items. BPA's Purchase Card program should be used whenever it is an available option. Examples of items that should be purchased with a p-card are conference room space, small hardware items, auto supplies, switchboard equipment, electronic modules, training registration, etc. Exhibit 6-A-5 is a flowchart describing this method.

The P-Card Program:

- Streamlines the purchasing process by reducing paperwork, improving lead-time, and expedites payment.

- Reduces administrative costs associated with low dollar value purchases and imprest fund activities.

- Offers an alternative to the use of purchase orders, imprest funds, and third party drafts.

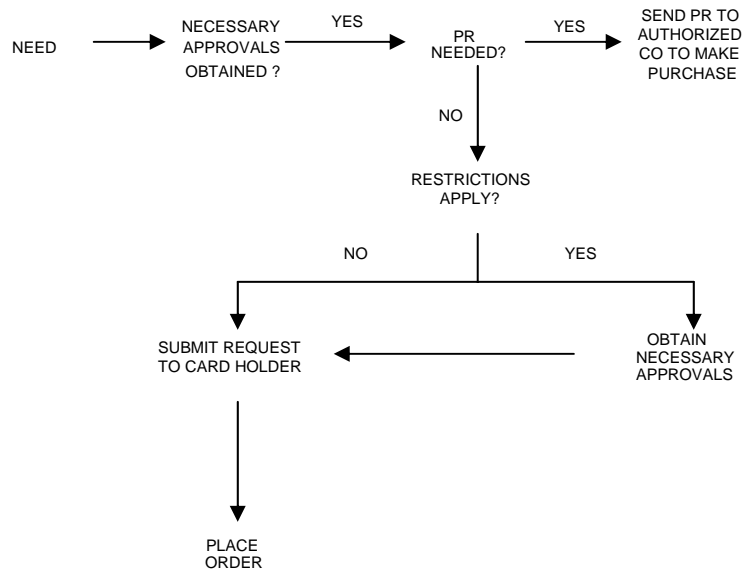
The P-Card is used like any commercial purchase card by the employee to whom it is issued. Any BPA employee who has a continuing need to make p-card purchases may apply for a card. Contact the P-Card Program Manager for instruction on how to meet the criteria, apply for, and receive a card. Also, see the P-Card Manual published by Supply Chain Services.

To make a p-card purchase if you are not a cardholder, determine who in your organization is authorized to do so. Purchase cards may be used either for "over-the-counter" purchases or for telephone orders. Contact your supervisor and/or administrative staff to obtain necessary approvals for the purchase. Refer to the P-Card Manual for list of restrictions and conditions for its use. When all necessary approvals are obtained, the cardholder can place the order. See, also, Exhibit 2 in this Guide for a list of items requiring special approvals or consultations before purchase.

NOTE: P-cards may not be used to purchase certain types of items without express permission of the responsible program office. Refer to Personal Property Instructions (PPI) 1.7 for specific policy.

Exhibit 6-A-5

P-CARD PURCHASES



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SECTION 5 BEFORE YOU BEGIN A PURCHASING ACTION.

5.1 General.

BPA's financial well-being depends on every employee. Before beginning a purchasing action, consider whether the purchase is in BPA's best interest, for both the short and long term. Then defining exactly what you need to purchase is the first step in the process. Your management will want a precise description of the proposed contracting action in order to approve it and allocate funding. You will also want to be clear about what you need in order to write the SOW or specifications.

Once a project has been defined, it must be approved by management, budgeted for by the responsible organization, and have funds allocated to that organization. Project approval is accomplished through a budget authorization process developed by Financial Services. Allocation of funds occurs through the annual and quarterly budget allocation process. Funds are accrued at the time of disbursement. Contact your administrative staff or budget support personnel in Financial Services for further assistance

5.2 Identify What is Needed.

Identifying clearly and specifically what you need will reduce the time required to purchase it. This is also the first step toward developing a SOW or technical specification. As you contemplate the scope of the proposed contract, you should consider the following:

What are the specific identifying designations, such as part numbers, model numbers, etc., needed to purchase the item?

What is BPA's need? What program objective of what specific BPA program will be achieved through this purchase?

What are the specific, measurable results to be achieved? (Services)

What are BPA's requirements in terms of quality, performance characteristics, tolerances, etc.? What are the environmental and safety considerations? (Supplies)

What is the time schedule for project performance or product delivery? What will be the effect if the proposed purchase is not completed on schedule? What will be the effect if the purchase is completed ahead of schedule?

5.3 Assessing the Risks of the Purchase.

Purchasing goods or services creates risks for BPA and for the contractor. In the context of purchases, risk is the probability of loss or damage borne by BPA and the contractor, usually described in terms of its cost impact. Risk can arise from all aspects of a purchase—adequacy of purchase description or specifications, contractor's technical and business competency, contract performance conditions (weather, location, etc.), state-of-the art verses standard commercially available items or services, market price stability, labor and material availability, etc.—all of which have an affect on the risk of loss borne by BPA and the contractor. BPA employees must assess these various kinds of risks involved in a purchase. This assessment should involve both requisitioning personnel and the CO.

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Using a purchasing strategy developed by the CO and the purchasing team, the CO selects proposed contract terms and conditions to distribute the risks of contract performance between BPA and the contractor. If more of the risk is borne by the contractor, the contractor may suffer a loss or include an allowance for its assumption of this risk in its contract price. Conversely, if more of the risk is borne by BPA, our costs may likely increase by assuming more cost sharing risk. Therefore, it is important to balance the risk so that neither party bears a disproportionate share of the risk while attempting to keep BPA's total cost reasonable.

Some of the factors that may be relevant to the assumption of risk on a particular contract are listed below. The CO has the lead responsibility to determine if the level of risk to BPA in a given contract is prudent. You may be asked to discuss these or any other pertinent issues with the CO when planning the purchasing method or strategy.

Degree of confidence in your Statement of Work (SOW)

Is the product or service commercially available?

Are hazardous materials or other environmental issues, such as manufacturing processes and end-of-life disposal or recyclables, involved?

Is a system of records on individuals involved in the SOW?

Which potential contractors are most likely to provide the best buy?

How experienced in such performance are the potential suppliers?

Are patents or copyrightable material likely to be developed?

Are there potential organizational conflicts of interest?

Does performance combine supply, service, and construction work?

Is the proposed delivery schedule reasonable from an industry viewpoint?

5.4 Purchasing Strategy Issues.

Some purchases are so complex or sensitive that it is beneficial to convene a Strategy Panel to discuss how best to accomplish the objectives. A panel may be convened whenever a purchase meets policy criteria.

5.5 Market Research.

Market research is performed to find out:

How requirements can best be stated?

What supplies or services are available to meet a requirement?

What sources are available to furnish the supplies or perform the services?

Market research is carried out both by requisitioners and purchasing personnel. Ideally, it should be conducted as a team effort. Market research methods include as many of the following as are appropriate to the requirement (the party primarily responsible is noted):

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Assessing the suitability of commercially available products, and whether they can be adapted to BPA requirements or incorporated into design requirements. (Requisitioner)

Address environmental issues.

- Research websites for products with recycled content:
<http://www.epa.gov/epaoswer/non-hw/procure/products.htm>.
- Research websites for energy and water using products:
http://www.eere.energy.gov/femp/technologies/eep_eerecommendations.cfm

Determining the status of the applicable technology, the extent and success of commercial application, and the availability of sources. (Requisitioner)

Conducting industry briefings and pre-solicitation briefings or conferences with prospective contractors to discuss requirements and to obtain recommendations. These should be held as early as practicable, so that substantive suggestions can be incorporated into the process. (CO)

Publicizing new specifications and, when appropriate, circulating draft solicitations far enough in advance to permit consideration of industry comments. (CO)

Issuing solicitations for informational or planning purposes. (CO)

Attending industry and scientific conferences, and acquiring literature about commercial products, industry trends, product availability, reliability, and prices. (Requisitioner and CO)

Testing and evaluating commercial products in order to develop reliable performance data, determine any necessary modifications, and develop operational cost information. (Requisitioner)

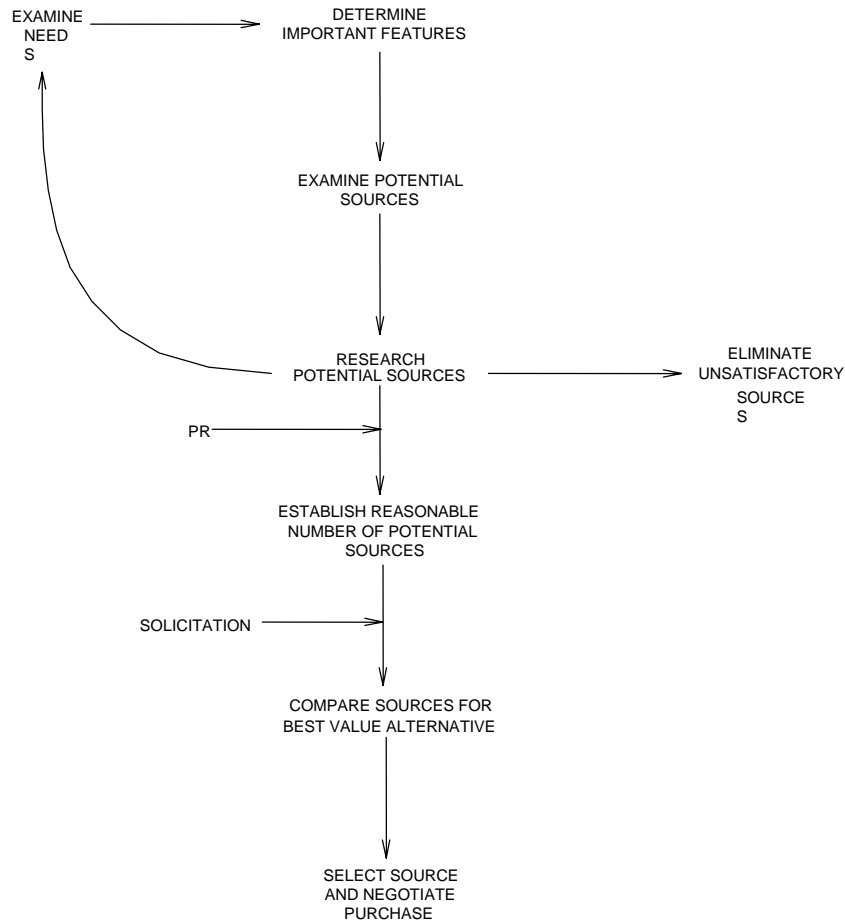
Analyzing the purchase history of specific requirements in terms of extent and quality of competition, prices, and performance results. (CO)

Requisitioners must comply with their own organizational policies and procedures regarding release of agency Critical and Sensitive Information (CSI) during the market research phase. The requisitioner should also contact the CO and proceed according to the policy and procedure guidance found in BPI Part 11.4.

Exhibit 6-A-6 shows the steps normally followed in conducting market research.

Exhibit 6-A-6

MARKET RESEARCH



5.6 Purchasing Alternatives.

During the market research process, information should be assessed in terms of what kind of contracting method will be most appropriate for the particular transaction. Appropriate BPA contracting methods are those described in Section 4 of this Guide and BPI 7.1, Exhibit 7A.

5.7 Competition Considerations.

Competition is one of the principal ways to obtain the best value for BPA. Best value is a business judgment that maximizes quality while minimizing BPA's total cost incurred by BPA over the expected life of the purchase (total cost of ownership), not just the initial purchase price. BPA's purchasing process promotes and provides for sufficient competition during source selection to achieve these goals.

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Competition helps BPA meet its responsibility to purchase quality goods and services at the most reasonable price and in the most efficient manner possible, given the expenses involved in the competitive process. Competition is not limited to price alone. Other factors, such as quality or time of delivery or safety performance records, may be more important than price in a given instance.

The CO has the discretion to determine the extent of competition useful in a specific transaction. Competition will normally be limited to the number of offerors that will assure BPA the best buy.

The information obtained by purchasing personnel and requisitioners in the course of their work is vital to BPA's ability to use competition effectively in the contracting process. You are encouraged to submit suggested sources for your purchase to the CO early in the process. If you know of potential sources, you are encouraged to submit all relevant information concerning each firm considered. The CO may request additional information from you regarding potential sources.

5.8 Noncompetitive Transactions.

Some purchases may be made without competition. Different documentation requirements apply to the various types of noncompetitive transactions. (Refer to BPI 11.7 for complete regulations.)

No written explanation or citation is needed for purchases under \$10,000, subscriptions under \$10,000, utility services, purchases from other Federal agencies and Government printing contracts.

Unique source purchasing means contracting for supplies or services from the only feasible source which can meet BPA requirements. This form of contracting is acceptable when no other option is available. The CO is responsible for including an explanation of the nature of the unique source and why no other sources were considered. You will be asked to provide information to the CO for this purpose.

Certain other situations allow limiting competition to specific sources. Formal explanations are not required, but a citation to the appropriate BPI section, and enough information to indicate that the section applies must be noted on the requisition by either the CO or the requisitioner. Examples of these circumstances include:

Repair parts, accessories, or supplemental equipment or services required for supplies or services previously furnished or contracted for which are available from only one source. (BPI 11.7.1.2 (a))

Services from an entity that has the responsibility to manage the property or resource to be affected by the contract performance. (BPI 11.7.1.2 (c))

Supplies or services furnished by firms certified as eligible under the Small Business Administration (SBA) 8(a) program. (BPI 11.7.1.2 (d))

A more detailed explanation will be required for the following noncompetitive purchases:

Services from an educational, other nonprofit institution, or a federally funded research and development center, when BPA is establishing or maintaining an essential engineering, research, or development capability. (BPI 11.7.1.3 (a))

Specific projects offered to BPA on a cost-sharing basis where BPA's participation is a minor part of the funding for the entire project. (BPI 11.7.1.3 (b))

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If noncompetitive purchasing appears to be the best approach to meet your needs, contact the appropriate CO. Requisitioners will be asked to provide information to help the CO document such a purchase.

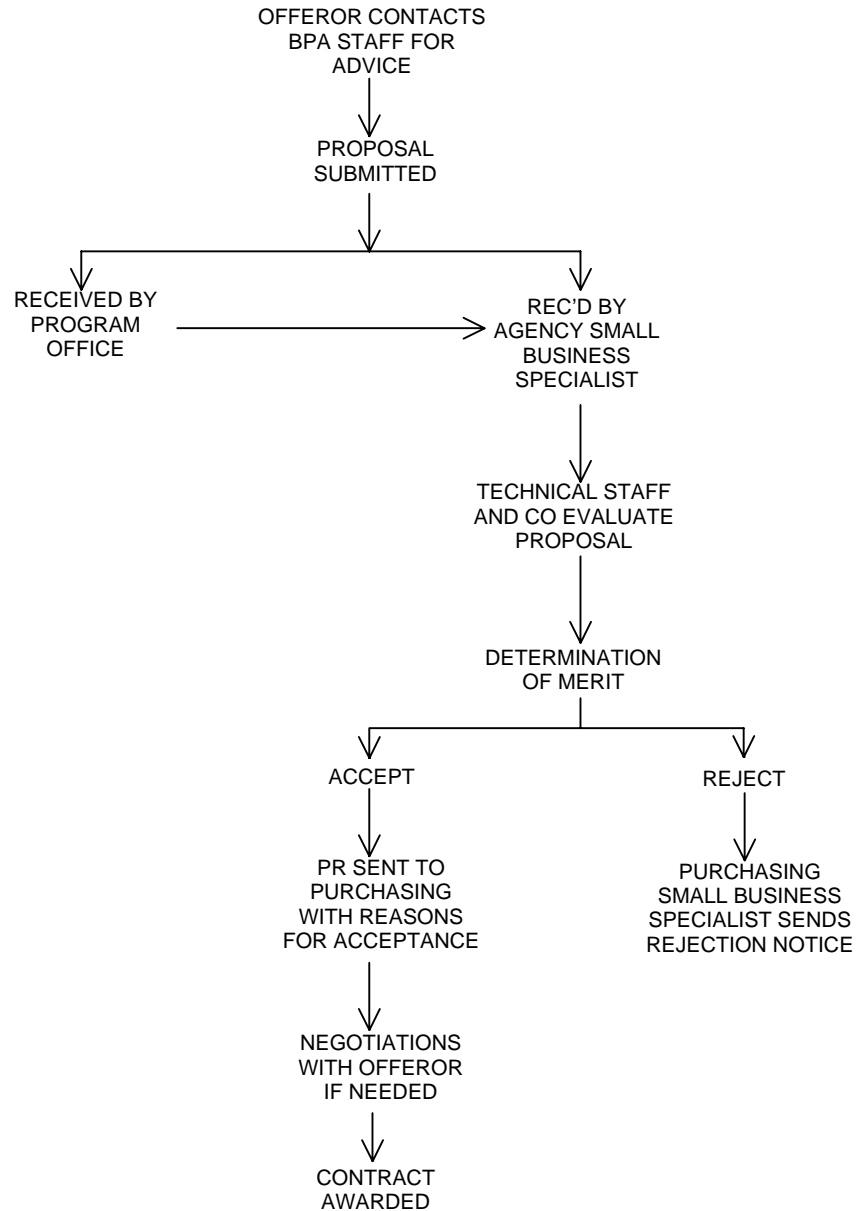
5.9 Processing Unsolicited Proposals.

Occasionally, individuals or firms submit unsolicited proposals to BPA offering to meet needs that have not yet been identified by requisitioners. BPA provides a public information booklet (BPI Appendix 12-A) to potential offerors explaining how to submit such proposals.

BPA encourages offerors to submit ideas that will benefit the agency and its customers. It is, therefore, important to make a good-faith evaluation of all unsolicited proposals to determine their merits. The CO and one or more technical experts function as a team to evaluate the merits of an unsolicited proposal.

The flowchart in Exhibit 6-A-7 shows the process to be followed when an unsolicited proposal is received. As in other purchasing activities, your responsibility is to work with the CO to respond to the offeror.

Exhibit 6-A-7
UNSOLICITED PROPOSALS



5.10 Contact with the Contracting Officer.

Meet with the CO at the soonest possible time to discuss your purchase. BPA has many rules, administrative procedures and regulations governing the purchase of goods and services. Requisitioners should contact a CO at the beginning of the planning process to assure the most efficient and timely purchase. It may turn out that a contract already exists for the item or service you require, or that BPA already has it in stock at the warehouse.

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For significant or unusual transactions, the CO may be able to facilitate a creative approach to the purchase, or recommend a deviation from existing practices if there are sound business reasons for doing so.

5.11 Planning for Purchase Action.

Prior to preparing and submitting a requisition to the CO, you should consider the following factors:

Are single or multiple sources desired?

Is insurance to be required of the contractor?

What is the urgency of the need?

What is the extent of detail needed in the specifications or SOW?

How will we evaluate the contractor's eligibility to perform the work?

Can small or disadvantaged businesses perform the work adequately?

Are there known suppliers?

Are special qualifications required?

What reports are needed during the project?

What types of termination rights are to be retained? (patent, copyright, etc.)

Should royalties be collected if the project is commercially successful?

Is there similar equipment to be traded in?

What are the future needs for the same or similar items?

Some of these factors will be incorporated when you write the SOW or the specifications. Others will be discussed in your team meetings with the CO.

5.12 Socioeconomic Considerations.

BPA policy is to take all reasonable action to place a fair portion of its purchases with small, disadvantaged and women-owned businesses. BPA-wide progress in meeting those goals is measured and periodically reported by the Small Business Specialist to the HCA and senior management in BPA and DOE.

COs are responsible for ensuring that full consideration is given to such businesses when evaluating potential contractors. You can help in this process by being alert to opportunities for preference purchasing.

5.13 Preparation of BPA Cost Estimates.

With the exception of construction, formal BPA cost estimates generally are not necessary when sending a PR to the CO. In the course of your market research and discussions with the CO, you should be able to get some idea of how much the supplies or services you need will cost. This information is used to get the appropriate funding and other approvals for the purchase. You may

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be requested to help develop a detailed cost estimate at some stage of the purchasing action to prepare for negotiations. The CO will provide guidance on content and format if such a cost estimate will be needed, and it will be prepared as a team effort.

Suppliers of services are usually required to provide a detailed cost proposal. You will be expected to review the proposal for reasonableness and to determine if adequate funds are available to cover the estimated costs. The CO, with your assistance, should resolve any cost proposal issues with the contractor and, if necessary, revise the estimated cost on the PR.

The cost proposal should generally include the following:

Labor (specify the various types and rates)

Materials (major items should be separately identified and estimated)

Equipment (major items should be separately identified and estimated)

Travel (foreign travel must be specifically identified and estimated)

Other direct expenses (be specific)

Overhead (general and administrative costs, indirect expenses)

Profit

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SECTION 6 SUPPLY CONTRACTS.

6.1 General.

Purchasing supplies for BPA involves both personal property management and purchasing considerations. Please review the following checklist before submitting a supply contract PR to the CO:

- Is the item available in the BPA warehouse? (Use stores requisition.)
- Is it a BPA specification item?
- Is it included in a BPA catalog? If so, which catalog and what is the item number?
- Is the item one that needs coordination or special approvals? (See Exhibit 2-A- in this Guide)
- Is it something that should be made in-house rather than purchased?
- Is a trade-in appropriate? (See BPI 6.12 and BPI 7.2.10)

6.2 Supplies Requiring Special Attention.

Exhibit 6-A-2 of this Guide lists supplies that require special attention before purchase. A requisition cannot be submitted for such supplies until the preliminary steps noted have been completed. Some items may be restricted for environmental reasons; they are manufactured with environmentally unfriendly processes or create environmental hazard upon disposal. Examples of such items are most types of electronic devices (computers, cell phones, photocopy and fax machines, handheld personal digital devices, handheld digital testing equipment, etc.) and many chemical cleaning products. Some of these items also have property management aspects involved.

6.3 Purchase Requests.

A purchase request (or requisition), and associated documents communicate to the CO information needed in the preparation of the solicitation, the conduct of negotiations (if necessary), and the execution of contract award. There are many items of information which, if not communicated, will result in problems and/or delays in the award process. The CO will require, for example, instructions concerning any special terms or conditions which the requisitioner wants included in the contract. Such instructions might involve reporting requirements, deliverables, anticipated contract period or delivery dates, patent or data rights, access to BPA property or data during performance, the needed award schedule, lists of recommended sources, and the need for pre-proposal conferences with potential offerors.

The BES electronic requisition system shall be used to generate either a contract requisition (CR) or material request (MR), in lieu of paper requisition forms previously used. The information that the CO requires to adequately serve program objectives must be communicated to the CO and attached to the purchase request via the BES system. The automated requisition system provides for keyboard entry of requisition data. The CO will use this information to make significant decisions concerning the transaction, such as method of solicitation, contract type, and payment terms.

The requisition is generally used to initiate, modify, or cancel action on purchases in process, contracts, and intergovernmental contracts. The requisition must be complete, and exactly describe the action or items required. When inadequate data is submitted with the requisition, substantial follow-up between the CO and requisitioner will be needed. The requisition provides documentation and precise instructions to the CO, with the goal of selecting an optimum purchasing strategy and an acceptable lead-time to award.

Authority to authorize purchase requests is delegated to those managers, with power of redelegation, as specified in BPAM 21.25.

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6.4 Specifications.

While the purchase of commercially available supplies and services are preferred, purchase requests for material and equipment may contain specifications or a general description of the items to be purchased. Specifications may also be used for services in conjunction with a Statement of Work. Work statements, described in subsection 7.4, are not normally required for materials and equipment.

Specifications must outline the essential elements (i.e., form, fit and function) of the objects required, such as:

- Dimensions;
- Color;
- Electrical or mechanical characteristics; and
- Other required features.

The specifications should describe the requirements or characteristics that will result in the best value for BPA. The goal is to provide the proper balance of quality and cost needed to meet BPA's requirements. Specifications should not be written for higher standards than are actually needed for a best value purchase or so restrictively that suppliers are unnecessarily prevented from offering their products.

6.5 Award Planning and Lead Time.

There are no standard or average lead times for purchase transactions. The optimum lead-time allows both the requisitioner and CO sufficient time to conduct a "best buy" purchase. The goods or services are received at the right place at the right time, without significant undue stress placed on any participant in the process, including the vendor who may signify its stress through additional cost to the government to meet tight delivery requirements.

Requisitioning offices are required to submit annual purchase forecasts to the purchasing groups (see BPI 6.2). This enables purchasing management to adequately staff their offices to meet the anticipated workload. The purchasing groups are committed to providing best possible client service, and rely on requisitioners' early contact to form the purchase team.

Many factors can influence the amount of time necessary to complete the transactions:

- (a) Simple, commercial buys of readily available items from a variety of suppliers can be accomplished in one to several days' time. If master contracts or blanket agreements are in place, the purchasing process can be accomplished quicker than if each buy must be treated as a separate transaction.
- (b) More complex or unique procurements that include BPA Specifications or detailed Statements of Work and require technical review of offers followed by negotiations will require a few to many months' time. Requisitioners are strongly encouraged to contact the purchase group as early as possible in the needs identification process. Large, complex, or unique procurements may require the CO to convene a strategy panel, or to contact the risk management committee. Such activities add to the lead-time. The CO can then assist the requisitioner to define the scope of the purchase, including any need for market research and determining the timeline from solicitation to evaluation to award.
- (c) Some purchase transactions are legitimate unforeseen emergencies. In those instances, the purchasing groups will take necessary actions to re-prioritize work to accommodate the client's needs.

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SECTION 7 SERVICE CONTRACTS.

7.1 General.

The following checklist should be reviewed before submitting a service contract requisition to the CO:

Does the statement of work accurately describe the services to be purchased?

Which sources should be solicited?

Are there sources that should be excluded from offering? Examples of reasons for exclusion: significant credit risk, poor past performance, suspension or debarment, insufficient capacity.

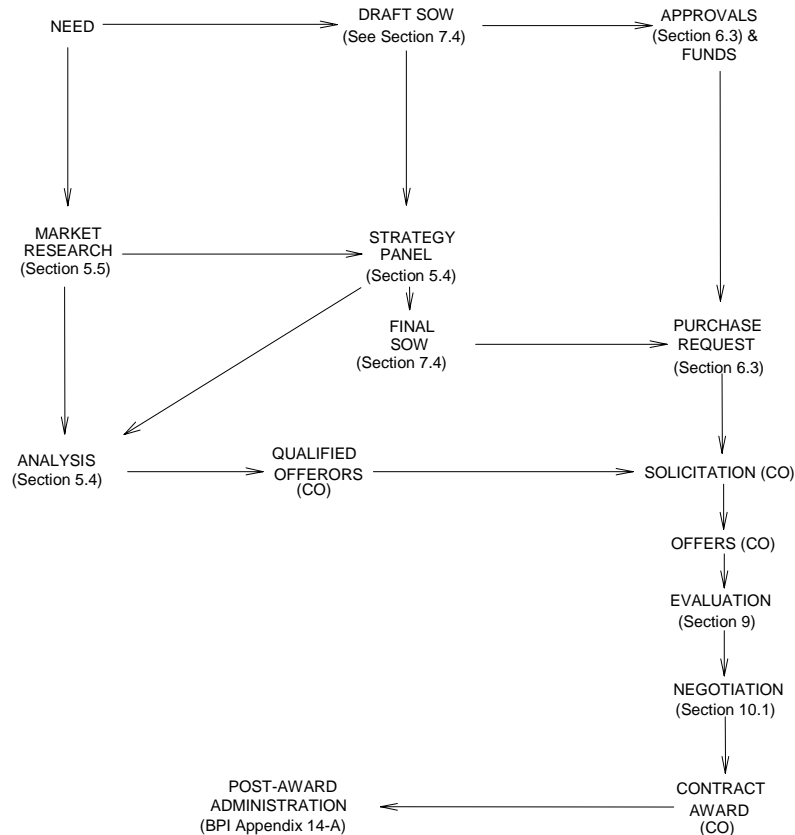
Are there work or safety hazards that need to be described?

Are there unique aspects of the purchase that should be discussed with the CO? (Technical data rights, etc.)

Exhibit 6-A-8 shows the typical process for service contracts.

Exhibit 6-A-8

SERVICE CONTRACTS



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7.2 Services Requiring Special Attention.

Some services require special approvals or consultations before purchasing activities may begin. Refer to Exhibit 2 in this Guide for directions to the appropriate BPA organization.

Use of private sector temporary help service firms requires a statement on the requisition documenting the need for such services. The statement must explain the nature of the short-term situation that exists i.e., an employee is absent for a temporary period due to personal need, or BPA has a temporary, critical workload. There must also be a determination that there are no qualified Federal employees available, either current employees or temporary hires. (See BPI 23.2 for further guidance.)

Services contracts which create employer-employee relationships between BPA and contractor personnel are not permitted. (See BPI 23.1.2)

Inherently governmental functions are those that typically involve the discretionary exercise of Government authority or monetary transactions and entitlements. Such activities may not be performed by contractors. (See BPI 23.1.4 for examples of inherently governmental functions.)

Contracting for the services of former BPA employees on a noncompetitive basis requires the approval (electronic or hand signature) of your Vice President on the requisition. (See BPI 6.17.2)

If the services you need are available from a unique source, you will be expected to discuss the purchase with the CO and provide information that supports making the buy on a noncompetitive basis. (See 5.8 in this Guide.)

7.3 Purchase Request Form.

See Section 6.3 of this Guide for information on completing an electronic requisition.

7.4 Statement of Work.

The statement of work (SOW) is the core of a services contract. The requisitioner uses the SOW to describe the tasks, responsibilities, and results to be produced through the services of the contractor. An accurate and well-written SOW allows potential contractors to present better proposals and BPA to negotiate better prices. A solid SOW also makes it easier to administer the resulting contract.

Exhibit 6-A-9 is a sample SOW format which has been used for several years at BPA. The format is optional and may be revised to meet your needs.

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Exhibit 6-A-9

STATEMENT OF WORK

Part A -- General

A.1 Goal of this Contract.

The objective of this Contract is to

A.2 Background.

A.3 Location of Project.

A.4 BPA-Furnished Property or Services.

<u>Description</u>	<u>Point of Delivery</u>	<u>Date</u>
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A.5 Contractor-Furnished Property or Services.

A.6 Definitions.

A.7 Documentation.

Part B -- Technical Approach/Tasks

B.1 General Requirements.

B.2 Methods to be Used.

B.3 Specific Requirements.

a. Basic Statement of Work.

b. Miscellaneous Items to be Included.

B.4 Deliverables.

B.5 Time Schedule.

A more detailed explanation of how to prepare the various sections of the SOW follows:

The SOW describes the objectives, purpose, nature and, to the extent they are available, the detailed requirements for the work to be accomplished. In service contracts it may also specify the desired approach for performance of the work and include a means of determining that the work has been performed; e.g., final report or other deliverables. In construction contracts the statement of work takes the form of technical requirements.

The SOW serves two separate and important purposes in a negotiated purchase. In the Request for Offers, it communicates BPA's requirements to potential proposers. It establishes resource needs--personnel, materials, equipment, facilities, time, and capital. In the resultant contract it constitutes the definition of the contractor's performance obligation, and identifies what BPA is buying as deliverables. It constitutes BPA's Project Management tool by establishing performance measurement milestones, describing acceptable methods of performance, and establishing BPA-contractor technical interface.

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The degree of specificity in the SOW, and the way in which the project is structured, in large part determine the method of purchase and the contract type.

A SOW which is clearly written will allow proposers to understand BPA's requirements and respond with detailed plans and approaches for accomplishment of the tasks specified. A well-written SOW will allow proposers to make reasonable estimates of the resources which will be required to satisfy BPA's needs. Poorly written SOWs are misleading to proposers and prevent BPA from obtaining the best value available. When BPA's needs are not clearly identified, the award process is delayed by the need for more lengthy negotiations to clarify the positions of the parties.

When program needs are divisible into logical and identifiable stages of accomplishment, BPA may require completion and approval of each successive stage before proceeding to the next. This technique, known as phased contracting, should be carefully considered as it requires additional time and administrative effort, and the potential for increased costs.

The SOW, as it appears in the contract, should clearly define the performance obligation of the contractor. Administration problems are created after award by SOWs which are unclear. Such problems include: wasted expenditures for work not desired by BPA; disputes between the parties concerning what constitutes satisfaction of the performance obligation; delays in meeting performance milestones; and disagreements about the methodology to be employed in performing the work.

In preparing a SOW, the primary consideration should be the creation of:

- A precise statement of the objective sought.
- A clear statement of the tasks to be performed in reaching these objectives.
- A description of the area of investigation or research required in performing tasks identified.
- A clear statement regarding the standards for acceptance.

Disputes concerning contract performance will be arbitrated by third parties. For this reason, the SOW should be written for reading by an independent third party. A few examples of techniques which will aid in third party understanding of the SOW are:

Prepare task descriptions which are specific. They must contain all of the details which will permit the tasks to be performed. They should include a clear identification of the objectives or technical problem toward which the contractor's efforts are to be directed.

Use terms consistently. It is confusing if terms such as "data collection", "field sampling", and "surveys" are used interchangeably. The same word or phrase should be used consistently to convey the same meaning. If necessary, define key terms.

Properly use mandatory and permissive language. Whenever a binding provision is to be expressed, use the word "shall" rather than "may", "will", or "should."

Use abbreviations only after first defining them.

Define who is responsible. The statement "Samples shall be selected for analysis" raises the question, selected by whom--the contractor or the project manager? Normally the contractor is responsible, but occasionally it may be BPA. It should be very clear who has the responsibility.

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Avoid establishing a requirement that is dependent on actions by a third person, not a party to the contract. This is especially important where BPA has not, by separate contract, bound the third party to performance.

Use short sentences with simple and concise language. Start each task or sub-task statement with an action verb: "Develop", "investigate", "analyze", etc. The expected results of each task may be described in subsequent statements as a way to better define the task (or sub-task).

When preparing SOWs for contract modifications or follow-on contracts, remember that each SOW must be able to stand alone as an expression of the contractor's obligation. Modifications must clearly delineate areas of change from the original SOW.

Review the completed SOW to determine if it can "stand alone" as a statement of the contractor's obligation.

As an aid to preparing and evaluating the adequacy of SOWs, Exhibit 6-A-10, Contents of a Statement of Work, may be helpful. In addition, assistance on the preparation of a specific SOW may be obtained from the appropriate CO or COR.

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Exhibit 6-A-10

CONTENTS OF A STATEMENT OF WORK

A statement of work should address each of the following topics in the sequence presented below. In the event that a topic is not relevant to a specific acquisition action, it need not be covered.

Part A General

A.1 Goal of this contract.

The general objective and goal of the contract should be outlined in a few brief sentences. For example, "The objective of this contract is to obtain an analysis of the materials management system currently in use at BPA. A further objective is to obtain specific recommendations for improving the accountability for material by BPA property custodians". This is often considered the scope of the contracted activity.

A.2 Background.

Briefly explain the general program or project being supported, in order to place the purchase in the context of the overall BPA program. How did the need for the project develop? This explanation should not go into excessive detail but should provide a general frame of reference. Length should not exceed two paragraphs.

A.3 Location of Project (required only if work is site-specific).

The location of the project should be described. For example, "This project will be performed in the BPA service area of the Pacific Northwest", "This project will be performed at BPA Headquarters in Portland, Oregon", "This project will be performed at the Celilo Converter Station, two miles east of The Dalles, Oregon", or a similar statement.

A.4 BPA-Furnished Property or Services.

Indicate the nature and extent of property or services to be provided to the contractor by BPA in support of this contract. Also provide the location at which the property will be delivered to the contractor, and the date and time it will be provided, in the format below:

<u>Description</u>	<u>Point of Delivery</u>	<u>Date</u>
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A.5 Contractor-Furnished Property or Service.

Generally this will be phrased "The Contractor is required to provide all property and services in support of this contract, except those mentioned under A.4 above". The main purpose of this section is to point out major property or services which may be unique in nature.

A.6 Definitions.

New terms or acronyms within the work statement, particularly those of a specialized or technical nature, should be defined in this section. It is not necessary to define such common terms as BPA, Regional Act, etc.

A.7 Documentation.

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Specifications and standards (either Federal or industry-wide) which are to be used in the performance of work are listed here, for incorporation by reference into the contract.

Part B Technical Approach/Tasks

B.1 General Requirements

A one paragraph description of the general requirements to be accomplished in this contract should be provided here, expanding on the description in A.1 above.

B.2 Methods to be Used

Generally, BPA should specify the end results to be achieved, and leave the choice of methods to the contractor. However, any methods essential to BPA's mission may be specified. Care should be taken to ensure that these specific methods do not prevent the accomplishment of the requirements described below.

For cost-type contracts, the contract may be identified as either a "level-of-effort" or "completion" contract. A completion contract is one in which the scope of work is a clearly defined task or job with a definite goal and a specific end product. A level of effort contract describes the desired effort in sufficient detail to assure that BPA receives the effort it requires, but gives contractors enough flexibility to adjust to new circumstances without the need for repeated contract modifications. The required effort can be expressed in the amount of time to be devoted to performance through the use of terms such as person-hours, person-days or person-months.

B.3 Specific Requirements

The specific steps or activities to be accomplished by the contractor will be described in sufficient detail for the prospective contractor to prepare thorough proposals. If BPA approval or review is required at specific points, they should be defined in this Subpart. In general, this section should include the following:

a. Basic Statement of Work

1. SOW elements (in Chronological order)

- a. Phases may contain go, no go, decision points at end of each phase).
- b. Tasks (may contain go, no go decision points).
- c. Sub tasks.
- d. Detailed activities.

Note: Include any task interdependencies. Example: Task 3.5 "Use the results of task 1.4 to determine the size of sample to be used in conducting the survey."

b. Miscellaneous Items to be Included.

1. Project management tasks.

- a. Maintain budgets and schedules within limits.
- b. Identify and resolve technical and management problems.
- c. Maintain communications with all parties.

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2. Reporting tasks. For example, "Submit the periodic and final reports specified in the attached Reporting Requirements and Distribution Checklists".

B.4 Deliverables.

Specific material items which are to be delivered to BPA should be listed in this section. Deliverables could be specific products such as computer disks or printouts, copies of a publication or a report, presentation of workshops or briefings, test plans, specifications, drawings, test data, or other types of measurable results. Clearly identify deadlines for approval by BPA (determined by contractor's capabilities and nature of work; usually about 4 weeks) in the schedule.

B.5 Time Schedule

A specific time schedule should be required and detailed in the SOW. Time schedules should be chronological listings of the specific tasks detailed under B.3 above. If BPA has reserved the authority to approve or disapprove the contractor's actions, that activity should also be scheduled. Schedules should be expressed in elapsed days after award, not in specific calendar dates. A typical schedule would be formatted as follows:

Task 1: Analyze cost savings and submit preliminary report --	210 days after award
Task 1a: BPA review and comment on preliminary report --	240 days after award
Task 2: Presentation of final data in workshop for BPA managers --	270 days after award
Task 3: Presentation of final report --	300 days after award

Part C Inspection and Acceptance (Quality Assurance)

This section should clearly state the manner in which BPA will determine whether the contractor has met the requirements of the contract. The contractor should be able to understand how the work will be evaluated and accepted. If BPA reserves the right to reject a report as incomplete or inaccurate, the criteria by which that decision will be made should be outlined. Indicate the minimum quality level, and the range of deviation acceptable. Variances outside this acceptable range of deviation may reduce payments for less than full service, and will put the contractor on notice of deficient performance. For example, "Buses must run within 2 minutes of schedule to provide adequate service."

Part D Technical Exhibits

In some instances, voluminous and detailed data is required to provide the contractor with sufficient information to develop a proposal. Such detail should be appended as exhibits to the work statement.

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SECTION 8 CONSTRUCTION CONTRACTS.

8.1 General.

The following checklist should be reviewed before submitting a construction contract requisition:

Does the specification or SOW accurately describe the work to be performed?

Are the necessary drawings, attachments, and supporting information correctly identified and included?

Have the necessary permits, environmental clearances, and property rights been obtained?

Are the contractor-furnished supplies and services identified in sufficient detail?

Are the BPA-furnished supplies and services clearly identified?

Has the constructability review been coordinated?

8.2 Construction Projects Requiring Special Attention.

Requisitioners should contact the appropriate office, see Section 1 and Exhibit 1, for assistance on projects requiring special attention (i.e. projects requiring expedited time-frames or involving hazardous materials).

8.3 Purchase Request Form.

See Section 7.3 of the Guide for requisition preparation instructions. Construction requisitions must also contain a certification that all necessary permits, environmental clearances, and land rights to be acquired have been obtained.

8.4 Purchase Submittals.

The documents usually required for a construction purchase consists of a signed requisition, BPA estimate (if limited competition is anticipated), liquidated damages information (if required), final specifications and drawings, a statement covering the adequacy of the specifications and drawings, and a coordinated milestone schedule for the purchase. Commercial construction purchases will likely require less detailed submittals.

8.5 Construction Specifications.

The requisitioner is responsible for ensuring that the specifications or other purchase description of work to be performed accurately reflects BPA's requirements, do not unduly restrict competition, and are presented in sufficient detail. A constructability review will be required to ensure its adequacy and completeness. The requisition may contain a statement covering the adequacy of the specifications and drawings, or the statement may be in memorandum form and accompany the requisition.

Construction specifications may be expressed in design, performance, or functional terms at the discretion of the CO.

Design specifications set forth precise measurements, tolerances, materials, in process and finished product tests, quality control, inspection requirements, and other specific information. Under this type of specification, BPA is responsible for design and related omissions, errors, and deficiencies in the specifications and drawings.

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Performance specifications set forth operational characteristics required for the item. In such specifications, design measurements and other specific details are not stated nor considered important, so long as the performance requirements are met. The contractor has general discretion and election as to meet the performance requirements. The shop drawings are subject to BPA's reserved rights of inspection and rejection if performance requirements are not adequately addressed.

Functional specifications set forth a description of a product in terms of its performance characteristics and intended use. They may include a statement of the qualitative nature of the product and, when necessary, will contain those minimum essential characteristics to which the product must conform in order to satisfy its intended use. BPA will review the contractor's definitive plan, once it is developed.

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SECTION 9 EVALUATION OF OFFERS.

9.1 General Conduct of the Evaluation Process.

The goal of the proposal evaluation process, negotiations with offerors and selection for award is to obtain the best buy for BPA. Best buy includes not only the overall cost, but the quality of the contractor and the suitability of the product or service for BPA's intended use.

9.2 Evaluation Team.

The CO determines the optimum number of persons to serve on proposal evaluation teams. Larger teams are needed when the complexity of the supply or service being purchased warrants review and evaluation by persons in addition to the CO. The number of team members should be kept to the minimum to assure efficiency in the process. For simple purchases, the requisitioner and the CO comprise the evaluation team.

The evaluators will consider the solicited proposals in their entirety, in other words, there will be no BPA requirement for offerors to separate technical and cost or price elements in their proposals. Requisitioners are expected to provide expert evaluation of technical merit; however, they also provide input on the reasonableness of cost.

Confidentiality and integrity are essential to BPA's evaluation process. Members of evaluation teams are held to rigorous ethical standards in making purchasing decisions. The CO will review these standards with you before an evaluation begins.

9.3 Specific Items to be Reviewed.

BPA will work with the supplier community to ensure that proposals are evaluated in an objective and timely manner. Evaluation team members must consider all information to reach a sound business decision. Examples of specific items to be reviewed include the following:

The perceived quality of the goods or services described in the proposal.

The quality of the offeror's management

The past performance record of the offeror

The safety record of the offeror

Prior experience with projects similar to the one being considered

Subcontracting plans

Relative administrative costs to BPA

Probability of change orders or claims

Probability the contractor will offer innovative suggestions which result in increased quality or decreased costs to BPA

Probable start-up costs

The environmental performance/qualification of the offeror

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9.4 Evaluation Team Report.

The evaluation team will prepare a record of major decisions made during evaluation meetings and the rationale for these decisions. The CO is responsible for preparing documentation of the award decision (DAD) that will incorporate this record. (See BPI 12.8.2) Members of the evaluation team and/or negotiation team may also be asked to contribute additional information to the DAD.

9.5 Selection of a Supplier.

After evaluation of proposals, the CO will generally select only the top-ranked firm for final negotiations. This process does not preclude the CO from communicating with more than one firm to obtain the information needed to accurately assess proposals, or from negotiating with more than one firm.

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SECTION 10 NEGOTIATION, AWARD AND DEBRIEFING.

10.1 Negotiations.

Negotiation is the process by which BPA and the offeror discuss the proposal, terms, conditions, price, BPA specifications and other requirements to be incorporated into the final contract. The goal of negotiations is to establish a clear understanding of both parties' positions leading to contractual agreement.

Most negotiations take the form of person-to-person meetings. Oral presentations by offerors or written questions and answers may also be used in appropriate circumstances. Emphasis should be given to techniques that will assure high levels of understanding between the parties, and a best buy for BPA.

10.2 Award of the Contract.

At the conclusion of negotiations, the CO is responsible for assuring that the contract accurately reflects the agreement of the parties. The contractor will usually be asked to sign the contract first. The contractor will then return the document to the CO for signature which commits BPA.

The CO distributes copies of the contract to the requisitioner, to the individuals responsible for administration duties, and to those responsible for payment.

10.3 Notice and Debriefing.

Notice of BPA purchasing decisions will vary depending on the type of goods and services and the expectations of the supplier community. The CO is responsible for notifying unsuccessful offerors, and for the timing of such notice.

BPA also has a policy to debrief unsuccessful offerors at their request after award of a contract. Debriefing allows BPA to discuss with offerors the weaknesses of their proposal, and to suggest ways for them to be more competitive for BPA's contracts in the future.

COs usually debrief unsuccessful offerors; however, you may be asked to contribute technical expertise, either to the CO or directly to the offeror.