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SMUD Board-Staff Linkage Policies



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SACRAMENTO MUNICIPAL UTILITY DISTRICT

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SMUD BOARD POLICY	
Category: Board-Staff Linkage Date of adoption: December 19, 2002 Revision 1: October 16, 2003 Revision 2: May 6, 2004	Title: BOARD-GENERAL MANAGER RELATIONSHIP Policy Number: BL-1 Resolution No. 02-12-14 Resolution No. 03-10-14 Resolution No. 04-05-05

The Board of Directors governs the Sacramento Municipal Utility District and is the policy-making body of the District. The Board operates under the provisions of the Municipal Utility District Act of the State of California (the MUD Act) and all other applicable statutes and laws.

The Board of Directors is responsible for the following:

- a) Identify and define the purpose, values and vision of the District, along with the results that the District is to achieve, and communicate them in the form of policy.
- b) Identify and define those results or conditions of the District that are acceptable and not acceptable to the Board and communicate them in the form of policy.
- c) Make certain operational decisions as are designated by law.
- d) Hire, evaluate, and terminate the General Manager.

The General Manager is responsible for the following:

- a) All operations of the District as well as the business affairs of the District.

- b) Achieve the results established by the Board within the appropriate and ethical standards of business conduct set by the Board.
- c) Enforce District ordinances, administer the civil service system (including hiring and terminating of all officers and employees except the General Counsel and the Board Coordinator), attend meetings of the Board and report on the general affairs of the District, and keep the Board advised as to the needs of the District.
- d) Ensure the smooth continuous operation of the District in the event of the planned or unplanned absence of the General Manager.
- e) Interact with the public and other utilities and government agencies, pursuant to policies adopted by the Board. The General Manager shall assure, in cooperation and consultation with the Board, that the District is appropriately represented in the community it serves.
- f) Perform other responsibilities as may be delegated by the Board either by resolution or through the General Manager's contract of employment.

Monitoring Method: Board report
Frequency: Annual



SMUD

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SMUD BOARD POLICY

Category: **Board-Staff Linkage**

Title: **BOARD-GENERAL COUNSEL
RELATIONSHIP**

Policy Number: **BL-2**

Date of Adoption: **December 19, 2002**

Resolution No. **02-12-14**

Revision Date: **October 16, 2003**

Resolution No. **03-10-14**

The General Counsel provides legal counsel to the District and to the Board. The General Counsel reports both to the Board and to the General Manager.

The Board of Directors is ultimately responsible for hiring and terminating the General Counsel. As a general practice, the Board and the General Manager shall participate jointly in hiring and terminating the General Counsel.

The General Manager is responsible for evaluating the General Counsel's performance. The General Manager shall solicit the Board's input in evaluating the performance of the General Counsel, and the Board may, at its discretion, participate in that evaluation.

With respect to the Board, the General Counsel shall:

- a) Serve as the Board Secretary.
- b) Give his or her advice or opinion whenever he or she deems necessary or when required by the Board.
- c) Inform the Board of material legal issues impacting the District or the Board.
- d) When necessary, act independently of the General Manager.
- e) Provide counsel to the Board and individual Board members with regard to conflict-of-interest issues.
- f) Provide counsel to the Board and individual Board members with regard to other ethical matters.

- g) Assist the Board and Board members in complying with applicable statutes and laws.
- h) The General Counsel shall not provide legal counsel to Board members except in their role as Board members.

Monitoring Method: Board Report
Frequency: Annual



SMUD

SACRAMENTO MUNICIPAL UTILITY DISTRICT

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SMUD BOARD POLICY	
Category: Board-Staff Linkage	Title: BOARD-INTERNAL AUDITOR RELATIONSHIP
	Policy Number: BL-3
Date of Adoption: December 19, 2002	Resolution No. 02-12-14
Revision Date: October 16, 2003	Resolution No. 03-10-14

The Internal Auditor provides independent, objective assurance and consulting services to the Board and management designed to improve the organization's operations.

The Internal Auditor reports to the General Manager for all administrative matters. The Board may provide input into the audit planning process and may require that special projects and reviews be conducted.

The General Manager is responsible for hiring, evaluating, and terminating the Internal Auditor. The General Manager will notify the Board of his or her intention to terminate the Internal Auditor.

The Board, at its discretion, may participate in the Internal Auditor's performance evaluation.

The Internal Auditor shall conduct audit reviews as identified in the annual audit plan and special projects requested by management, General Counsel or the Board. The work of the auditor shall provide reasonable assurance regarding the achievement of objectives in the following areas:

- a) Adherence to plans, policies and procedures.
- b) Compliance with applicable laws and regulations.
- c) Effectiveness and application of administrative and financial controls.
- d) Effectiveness and efficiency of operations.
- e) Reliability of data.
- f) Safeguarding assets.

The Internal Auditor in the performance of his or her duties shall have unlimited access to all activities, records, property and personnel of the District.

The Board shall receive the results of all audits it requests and all results from the annual audit plan. In all cases, reports will be sent to individuals, be it the Board or management, who are in positions to see that action is taken on audit findings and recommendations.

Monitoring Method: Board Report
Frequency: Annual



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SMUD BOARD POLICY	
Category: Board-Staff Linkage	Title: BOARD-SPECIAL ASSISTANT RELATIONSHIP
	Policy Number: BL-4
Date of Adoption: December 19, 2002	Resolution No. 02-12-14
Revision Date: October 16, 2003:	Resolution No. 03-10-14

The Special Assistant helps the Board fulfill its various responsibilities. The Special Assistant serves under the direction and control of the Board.

The Board is responsible for hiring, evaluating, and terminating the Special Assistant.

The General Manager shall have input into the Special Assistant's performance evaluation.

The General Manager determines the compensation of the Special Assistant, but the Board may, at its discretion, provide to the General Manager its recommendation regarding the Special Assistant's compensation.

The Special Assistant shall:

- a) Communicate board members' requests to District management and staff related to constituent affairs.
- b) Coordinate with District management and staff in responding to Board member requests related to constituent affairs.
- c) Handle all other matters that are properly delegated to him or her by the Board.
- d) Notwithstanding these activities, the Special Assistant is not empowered to instruct or direct District management or staff.

Monitoring Method: Board Report

Frequency: Annual



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SMUD BOARD POLICY

Category: **Board-Staff Linkage**

Title: **UNITY OF CONTROL**

Date of Adoption: **December 19, 2002**

Policy Number: **BL-5**

Resolution No. **02-12-14**

Revision Date: **October 16, 2003**

Resolution No. **03-10-14**

Only decisions of the Board acting as a body are binding on the General Manager, the General Counsel, and the Internal Auditor.

Specifically, in or out of the Board meeting:

- a) Decisions or instructions of individual Board members, officers, or committees are not binding on the General Manager, General Counsel or Internal Auditor except in instances when the Board has specifically authorized such exercise of authority.
- b) In the case of Board members or committees requesting information or assistance without Board authorization, the General Manager, General Counsel or Internal Auditor must refuse such requests that require, in their opinion, a material amount of staff time, or funds, or are disruptive.
- c) Board members may communicate directly with District employees or contractors. However, the Board as a body and the Board members will never give direction to persons who report directly or indirectly to the General Manager, with the exception of the General Counsel, Internal Auditor and Special Assistant. If individual Board members are dissatisfied with the response they receive, they may seek a resolution by the Board.
- d) The Board as a body and the Board Members will refrain from evaluating, either formally or informally, the job performance of any staff other than the General Manager, the General Counsel, the Internal Auditor, and the Special Assistant.

Monitoring Method: Board Report

Frequency: Annual


[SEARCH](#)
[CALENDAR](#)
[CAREERS](#)
[REBATES](#)
[POWER
SYSTEM
STATUS](#)
[START, STOP,
TRANSFER
SERVICE](#)
[ANALYZE
YOUR ENERGY
USAGE](#)
[MANAGE
YOUR
ACCOUNT](#)
[SERVING YOUR
HOME](#)
[SERVING YOUR
BUSINESS](#)
[SAFETY](#)
[GREEN POWER](#)
[ENERGY
EDUCATION](#)
[ABOUT SMUD](#)
[BOARD OF
DIRECTORS](#)
[Wards](#)
[Agendas](#)
[Strategic
Direction](#)
[NEWSROOM](#)
[SMUD
SUPPLIERS](#)
[EN ESPAÑOL](#)
[SMUD Home](#) > [Board of Directors](#) > Strategic Direction

SMUD Board Policy

Category: Board-Staff Linkage	Title: DELEGATION TO THE GENERAL MANAGER
Date of Adoption: December 19, 2002	Policy Number: BL-6
Revision: October 16, 2003	Resolution No. 02-12-14
Revision: November 3, 2005	Resolution No. 03-10-14
	Resolution No. 05-11-02

The Board will instruct the General Manager through written policies that define the results that the organization is to achieve, and which describe the delegation of authority to the General Manager.

Specifically:

- a) The Board shall identify and define those results or conditions of the District that are acceptable and not acceptable to the Board and communicate them in the form of policy.
- b) The Board shall develop policies that define the delegation to the General Manager with regard to the General Manager's authority to enter into or terminate contracts.
- c) The General Manager is authorized to establish all further policies, make all decisions, take all actions, establish all practices, and develop all activities.
- d) The General Manager must bring to the Board's attention circumstances that affect the policies and goals established by the Board or materially impact the District and may request the Board to take appropriate actions.
- e) The Board may change its delegation to the General Manager at any time, subject to the conditions of the Board's contract with the General Manager, thereby expanding or limiting the authority of the General Manager. But as long as any particular delegation is in place, the Board will abide by the General Manager's decisions in those areas that are delegated to him or her.

Monitoring Method: Board Report
Frequency: Annual

(Posted: Nov. 16, 2005)

[back to top](#)

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[Site Map](#) [Contact Us](#)



SEARCH

CALENDAR

CAREERS

REBATES

POWER
SYSTEM
STATUSSTART, STOP,
TRANSFER
SERVICEANALYZE
YOUR ENERGY
USAGEMANAGE
YOUR
ACCOUNTSERVING YOUR
HOMESERVING YOUR
BUSINESS

SAFETY

GREEN POWER

ENERGY
EDUCATION

ABOUT SMUD

**BOARD OF
DIRECTORS**

Wards

Agendas

Strategic
Direction

NEWSROOM

SMUD
SUPPLIERS

EN ESPAÑOL

[SMUD Home](#) > [Board of Directors](#) > Strategic Direction

SMUD Board Policy

Category: Board-Staff Linkage	Title: DELEGATION TO THE GM WITH RESPECT TO PROCUREMENT
Date of Adoption: August 21, 2003	Policy Number: BL-7
Revision: October 16, 2003	Resolution No. 03-08-07
Revision: June 3, 2004	Resolution No. 03-10-14
	Resolution No. 04-06-04

The procurement of goods and services is an integral part of District operations. It is the District's policy that such procurement shall take place in accordance with applicable legal requirements in a fair, competitive and inclusive manner to maximize the benefit to the District's ratepayers and the economic development of the community.

Competition:

It is the District's policy that its procurement activities be competitive whenever practical.

Direct Procurement:

Direct procurement may be utilized when it is in the District's best interest and is in conformance with the Procurement Policy. Direct procurement is the purchase of goods or services without competition when multiple sources of supply are available.

Sole Source Procurement:

Sole source procurement shall be performed only in the case of emergency or when a competitive process would be an idle act.

Inclusiveness:

The District procurement practices shall promote inclusiveness of the entire supplier community in its contracting opportunities.

Economic Development:

The District's procurement practices shall promote the economic development of the rate-paying community.

Environmental Procurement:

It is the District's policy to minimize the impact on the environment through its procurement practices. In making procurement decisions, staff shall consider the environmental impacts in assessing total cost and benefits.

Responsible Bidder:

It is the District's policy to do business only with reputable and responsible suppliers.

Best Value Procurement:

The District may procure supplies and materials by the best value at the lowest cost methodology where cost and other factors are used to obtain the maximum value while ensuring a fair and equitable process.

Strategic Alliances:

The District may enter into strategic alliance contracts for the procurement of goods or services. A Strategic Alliance is a competitively bid multi-year contract for goods and/or services in which the Supplier and the District work collaboratively over the life of the contract to improve quality, and to explore design and process improvements to reduce the cost of production, service delivery, and the total cost of ownership. These benefits are shared both by the District and the Supplier.

Protest Policy:

The District shall ensure that suppliers are afforded the opportunity to have their grievances heard through a fair protest process.

Delegations of Authority:

The General Manager is delegated authority to perform the procurement activities within the approved policy of the Board at the levels established in the attached table.

Prudent Judgment:

It is the District's policy that due diligence and prudent judgment be exercised in the making of procurement decisions, including conducting a risk assessment. If the General Manager reasonably determines that a procurement activity presents, regardless of the size of the financial commitment, either: (i) a unique and significant operational risk to the District; or (ii) a significant impact to customers, the General Manager shall inform the Board.

Reporting:

The General Manager shall report quarterly to the Board a summary of the actions taken with respect to the procurement policy elements.

Delegation of Authority to the General Manager

Category	Amount
Competitive Awards:	
Operational Inventory	\$5 million
Non-inventory Materials	\$3 million
Construction and Maintenance Services	\$5 million
Professional and Consulting Services	\$1 million
Rents and Leases	\$1 million
Sole Source:	
All types except Maintenance/Licensing Fees	\$1 million
Maintenance/Licensing Fees	\$3 million or original approved amount
Direct Procurement:	
Materials/Supplies/Services	\$50k
Government Entities	\$1 million
Nonprofit Entities	\$1 million
Pilot/trial/R&D/Proof of Concept	\$500k
Emergency Procurement:	
All types	\$1 million
Contract Amendments:	
Time Extension Only	N/A
Other Non-cost changes	N/A

Contingencies:

Board Awarded Contracts

Up to 10% of
contract
award

Monitoring Method: Board Report
Frequency: Quarterly

(Posted: Nov. 16, 2005)

[back to top](#)

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SMUD BOARD POLICY

Category: **Board-Staff Linkage**

Title: **EVALUATING THE GM'S PERFORMANCE**

Policy Number: **BL-8**

Date of Adoption: **December 19, 2002**

Resolution No. **02-12-14**

Revision Date: **October 16, 2003**

Resolution No. **03-10-14**

The General Manager's job performance shall be evaluated by comparing the organization's results, operations and the General Manager's personal performance to the policies established by the Board.

Specifically:

- a) The Board shall evaluate the General Manager's performance on an annual basis.
- b) The evaluation will be based on an evaluation of the organization's performance and the General Manager's personal performance against the results established by the Board.
- c) The Board will use data to determine the degree to which Board policies are being met.
- d) The General Manager shall propose performance criteria in December for the following year that represents his or her reasonable interpretation of achieving the results defined by the Board.
- e) All policies that instruct the General Manager shall be monitored at a frequency and by a method chosen by the Board. The Board can monitor a policy at any time by any method, but ordinarily will depend on a schedule developed by the board.

Monitoring Method: Board Report

Frequency: Annual