

FINANCIAL POLICY NO. 308

1. SUBJECT: CONTRACTS FOR CONSTRUCTION OR CONSULTANTS
2. OBJECTIVE:
 - 2.1. To assure that Beartooth Electric Cooperative, Inc. (BEC) uses sound business practices when entering into an agreement with a contractor or consultant.
3. GENERAL: The use of contractors and consultants is an effective strategy to deal with peak work loads, the need for specialized equipment or skills and special projects. The number of full time employees of BEC will be kept at a level to handle the base work load. Contractors and consultants may be used after full time employees are fully utilized for other projects. It will be the responsibility of the General Manager to determine whether construction is to be done by contract or by in-house labor. As a guide to entering into contracts or other agreements, the following general provisions apply:
 - 3.1. Qualification of Bidders: It is the responsibility of the General Manager to determine whether a contractor or consultant is qualified to perform the project before they are allowed to bid. Contractors and consultants will be evaluated on past performance, reputation, financial stability and ability to meet the specific requirements of the project. Those who are considered not capable or unreliable shall not be permitted to bid.
 - 3.2. Insurance: All contractors or consultants shall provide proof of insurance, worker's compensation, bonding or letters of credit that may be required for a specific project. An accepted contractor shall provide certification of insurance naming BEC as an additional insured. The amount of liability insurance will be determined by the size of the project and the amount of risk involved. All projects exceeding \$20,000 will necessitate a performance bond to protect the interests of BEC.
 - 3.3. Invitations to Bid: Invitations to Bid: The General Manager or his delegate shall post bid invitations in the newspapers and/or business journals. Invitations to bid shall state the date, time and place of bid opening. The outside of all bid envelopes shall be so marked. The right to reject any or all bids shall also be stated in the invitation. The bid opening date shall be set so as to give bidders sufficient time to prepare their bids.
 - 3.4. The right to accept or reject any or all bids shall also be stated in the notice. The bid opening date shall be set to give bidders sufficient time to prepare their bids. If fewer than three bids are received, the contract shall not be awarded without approval of the General Manager.
 - 3.5. Consultants and Professional Services: Consultants and other professional services will be selected by reputation, reliability, capability and cost.

3.6. Contracts: The RUS standard contract form will be used for the construction of electrical facilities. Other shorter contracts will be used for specific smaller projects. Penalties for late completion of the project may be included, depending on the urgency of the project.

3.7. Evaluation: All bids will be evaluated to see if provisions of the contract have been met. Bids may be rejected if not prepared according to the instructions given to each bidder. When bids are substantially different in content, the difference may be discussed with the contractors to resolve, but if they cannot be reconciled, the project should be re-bid.

4. RESPONSIBILITY:

The General Manager shall ensure that the provisions of this policy are followed.

Adopted: 11/25/2014
Revised: 2/28/2017
Reference: LV BP306, BEC Bylaws Articles
VII-Section 1 and X, BEC AP628
Review Date: February 2019

Attest: /s/ David Peterson
Board President

Attest: /s/ Julie Lindgren
Secretary/Treasurer