



# Procurement Policy

Board Commissioners Approval: 11/16/16

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## 1.0 INTRODUCTION

- 1.1 General.** Established for the Rochester Housing Authority (hereinafter, “RHA”) by Action of the RHA Board of Commissioners (Board) on May 18, 2016, this Procurement Policy (Policy) complies with the Annual Contributions Contract (ACC) between the RHA and the United States Department of Housing and Urban Development (HUD), Federal Regulations at 2 CFR §200.317 through §200.326, *Procurement Standards*, the procurement standards of the Procurement Handbook for Public Housing Authorities (PHAs), HUD Handbook 7460.8, REV 2, and applicable State and Local laws.

## 2.0 GENERAL PROVISIONS

- 2.1 General.** The RHA shall:

- 2.1.1** Provide for a procurement system of quality and integrity;
- 2.1.2** Provide for the fair and equitable treatment of all persons or firms involved in purchasing by the RHA;
- 2.1.3** Ensure that supplies, services, and construction are procured efficiently, effectively, and at the most favorable and valuable prices available to the RHA;
- 2.1.4** Promote competition in contracting; and
- 2.1.5** Assure that the RHA purchasing actions are in full compliance with applicable Federal standards, HUD regulations, State, and local laws.

- 2.2 Application.** This Policy applies to all procurement actions of the RHA, regardless of the source of funds, except as noted under “exclusions” below. However, nothing in this Policy shall prevent the RHA from complying with the terms and conditions of any grant, contract, gift or bequest that is otherwise consistent with the law. When both HUD and non-Federal funds are used for a project, the work to be accomplished with the non-Federal funds should be separately identified prior to procurement so that appropriate requirements can be applied, if necessary. If it is not possible to separate the funds, HUD procurement regulations shall be applied to the total project. If funds and work can be separated and work can be completed by a new contract, then regulations applicable to the source of funding may be followed.

- 2.3 Definition.** The term “procurement,” as used in this Policy, includes the procuring, purchasing, leasing, or renting of: (1) goods, supplies, equipment, and materials, (2) construction and maintenance, consultant services, (3) Architectural and Engineering (A/E) services, (4) Social Services, and (5) other services.

- 2.4 Exclusions.** This policy does not govern administrative fees earned under the Section 8 voucher program, the award of vouchers under the Section 8 program, the execution of landlord Housing Assistance Payments contracts under that program, or non-program income, e.g., fee-for-service revenue under 24 CFR §990. These excluded areas are subject to applicable State and local requirements.

- 2.5 Changes in Laws and Regulations.** In the event an applicable law or regulation is modified or eliminated, or a new law or regulation is adopted, the revised law or regulation shall, to the extent inconsistent with these Policies, automatically supersede these Policies.
- 2.6 Public Access to Procurement Information.** Most procurement information that is not proprietary is a matter of public record and shall be available to the public to the extent provided in the State of New York Freedom of Information Act.

### **3.0 ETHICS IN PUBLIC CONTRACTING**

- 3.1 General.** The RHA hereby establishes this code of conduct regarding procurement issues and actions and shall implement a system of sanctions for violations. This code of conduct is consistent with applicable Federal, State, or local law, whichever is stricter.
- 3.2 Conflicts of Interest.** No employee, officer, Board member, or agent of the RHA shall participate directly or indirectly in the selection, award, or administration of any contract if a conflict of interest, either real or perceived, would be involved. This type of conflict would be when one of the persons listed below has a financial or any other type of interest in a firm competing for the award:
- 3.2.1** An employee, officer, Board member, or agent involved in making the award;
  - 3.2.2** His/her relative including father, mother, son, daughter, brother, sister, uncle, aunt, first cousin, nephew, niece, husband, wife, father-in-law, mother-in-law, son-in-law, daughter-in-law, brother-in-law, sister-in-law, stepfather, stepmother, stepson, stepdaughter, stepbrother, stepsister, half-brother, or half-sister;
  - 3.2.3** His/her partner; or
  - 3.2.4** An organization which employs or is negotiating to employ, or has an arrangement concerning prospective employment of any of the above.
- 3.3 Gratuities, Kickbacks, and Use of Confidential Information.** No officer, employee, Board member, or agent of the RHA shall ask for or accept gratuities, favors, or items of more than \$25 from any contractor, potential contractor, or party to any subcontract, and shall not knowingly use confidential information for actual or anticipated personal gain. In the event that a gift is received by RHA or an employee exceeding the \$25 value, the gift must be distributed and shared amongst employees so as to reduce the value on a prorated basis to be less than \$25.
- 3.4 Prohibition against Contingent Fees.** Contractors wanting to do business with the RHA must not hire a person to solicit or secure a contract for a commission, percentage, brokerage, or contingent fee, except for bona fide established commercial selling agencies.

### **4.0 PROCUREMENT PLANNING**

- 4.1 General.** Planning is essential to managing the procurement function properly. Hence, the RHA will periodically review its record of prior purchases, as well as future needs, to:

- 4.1.1 Find patterns of procurement actions that could be performed more efficiently or economically;
- 4.1.2 Maximize competition and competitive pricing among vendors, contractors, service providers and suppliers to decrease the RHA's procurement costs;
- 4.1.3 Reduce RHA administrative costs;
- 4.1.4 Ensure that supplies and services are obtained without any need for re-procurement (i.e., resolving bid protests); and
- 4.1.5 Minimize errors that occur when there is inadequate lead time.

Consideration shall be given to storage, security, and handling requirements when planning the most appropriate purchasing actions.

## 5.0 PROCUREMENT METHODS

- 5.1 **Petty Cash Purchases.** Purchases under \$50 may be handled through the use of a petty cash account. Petty Cash Accounts may be established in an amount sufficient to cover small purchases made during a reasonable period, e.g., one month. For all Petty Cash Accounts, the RHA shall ensure that security is maintained and only authorized individuals have access to the account. These accounts shall be reconciled and replenished periodically.
- 5.2 **Small Purchase Procedures.** For any amounts above the Petty Cash ceiling, but not exceeding \$25,000, the RHA may use small purchase procedures. Under small purchase procedures, the RHA shall obtain a reasonable number of quotes (preferably three); however, for purchases of less than \$3,000 (except for construction procurements which is set at \$2,000), also known as Micro Purchases, only one quote is required provided the quote is considered reasonable. To the greatest extent feasible, and to promote competition, small purchases should be distributed among qualified sources. Quotations for Small Purchases (QSP), or quotes, may be obtained in writing (fax, email, letter, etc.) or through e-procurement. Award shall be made to the responsive and responsible vendor that submits the lowest cost to the RHA. If award is to be made for reasons other than lowest price, documentation shall be provided in the contract file. The RHA shall not break down requirements aggregating more than the small purchase threshold (or the Micro Purchase threshold) into several purchases that are less than the applicable threshold merely to: (1) permit use of the small purchase procedures or (2) avoid any requirements that applies to purchases that exceed the Micro Purchase threshold.
- 5.2.1 **Accumulated Small Purchases.** Any and all Financial Commitments made by Executives and Senior Managers, for the same product or service (including like or similar products or services) that are repeated more than once within a Fiscal Year shall be treated as a "Project" and IF the cumulative value of the said Project is reasonably estimated to be over \$25,000, THEN, the Project shall be presented to the Board of Commissioners as if it were a single purchase according to the guidelines and definitions within the Procurement Policy.

**For example:**

- ❑ Plank Flooring for 200 units in a fiscal year at an average of \$2000 per unit would be treated as a \$400,000 Project. Not bringing this common practice to the Board for approval would be a violation of the Procurement Policy.
- ❑ 50 Trainings by a single vendor at \$550 per training would be considered a \$27,500 purchase and subject to Board approval.
- ❑ A “promise” to replace all appliances that are 10 years of older: The Authority would be required to generate an analysis of how many appliances fit these criteria and determine the approval process prior to ordering the Property Managers and Building Maintenance Supervisors to mover forward with the commitment. A practical assumption would be 150 stoves in a fiscal year at \$450 per stove would be considered a \$67,500 Project.

**5.3 Sealed Bids.** Sealed bidding, also known as Invitation for Bids (IFB), shall be used for all contracts that exceed the small purchase threshold and that are non-competitive proposals, as these terms are defined in this Policy. Under sealed bids, the RHA publicly solicits bids and awards a firm fixed-price contract (lump sum or unit price) to the responsive and responsible bidder whose bid, conforming with all the material terms and conditions of the IFB, is the lowest in price. Sealed bidding is the preferred method for procuring construction, supply, and non-complex service contracts that are expected to exceed \$50,000.

**5.3.1 Conditions for Using Sealed Bids.** The RHA shall use the sealed bid method if the following conditions are present: a complete, adequate, and realistic statement of work, specification, or purchase description is available; three or more responsible bidders are available and qualified to compete effectively for the work; the contract can be awarded based on a firm fixed price; and the selection of the successful bidder can be made principally on the lowest price.

**5.3.2 Solicitation and Receipt of Bids.** An IFB is issued which includes the specifications and all contractual terms and conditions applicable to the procurement, and a statement that award will be made to the lowest responsive and responsive bidder whose bid meets the requirements of the solicitation. The IFB must state the time and place for both receiving the bids and the public bid opening. All bids received will be date and time-stamped and stored unopened in a secure place until the public bid opening. A bidder may withdraw the bid at any time prior to the bid opening.

**5.3.3 Bid Opening and Award.** Bids shall be opened publicly. All bids received shall be recorded on an abstract (tabulation) of bids, which shall then be made available for public inspection. If equal low bids are received from responsible bidders, selection shall be as stated in RHA Procedures. If only one responsive bid is received from a responsible bidder, award shall not be made unless the price can be determined to be reasonable, based on a cost or price analysis.

**5.3.4 Mistakes in Bids.** Correction or withdrawal of bids may be permitted, where appropriate, before bid opening by written or email notice received in the office designated in the IFB prior to the time set for bid opening. After bid opening, corrections in bids may be permitted only if the bidder can show by clear and convincing evidence that a mistake of a nonjudgmental character was made, the nature of the mistake, and the bid price actually intended. A low bidder alleging a nonjudgmental mistake may be permitted to withdraw their bid if the mistake is clearly evident on the face of the bid document but the intended bid is unclear or the bidder submits convincing evidence that a mistake was made. All decisions to allow correction or withdrawal of a bid shall be supported by a written determination signed by the Executive Director. After bid opening, changes in bid prices or other provisions of bids prejudicial to the interest of the RHA or fair competition shall not be permitted.

**5.4 Competitive Proposals.** Unlike sealed bidding, the competitive proposal method, also known as Request for Proposals (RFP), permits: consideration of technical factors other than price; discussion with offerors concerning offers submitted; negotiation of contract price or estimated cost and other contract terms and conditions; revision of proposals before the final contractor selection; and the withdrawal of an offer at any time up until the point of award. Award is normally made on the basis of the proposal that represents the best overall value to the RHA, considering price and other factors, e.g., technical expertise, past experience, quality of proposed staffing, etc., set forth in the solicitation and not solely the lowest price.

**5.4.1 Conditions for Use.** Where conditions are not appropriate for the use of sealed bidding, competitive proposals may be used. Competitive proposals are the preferred method for procuring professional services that will exceed the small purchase threshold. As detailed within Section 7.2.B of HUD Procurement Handbook 7460.8 REV 2, “Only under limited circumstances would construction services be procured by competitive proposals;” accordingly, construction services will most typically be procured utilizing the sealed bid (IFB) or small purchase procedures (QSP).

**5.4.2 Form of Solicitation.** Other than A/E services, developer-related services and energy performance contracting, competitive proposals shall be solicited through the issuance of an RFP. The RFP shall clearly identify the importance and relative value of each of the evaluation factors as well as any subfactors and price. A mechanism for fairly and thoroughly evaluating the technical and price proposals shall be established before the solicitation is issued. Proposals shall be handled so as to prevent disclosure of the number of offerors, identity of the offerors, and the contents of their proposals until after award. The RHA may assign price a specific weight in the evaluation factors or the RHA may consider price in conjunction with technical factors; in either case, the method for evaluating price shall be established in the RFP.

**5.4.3 Evaluation.** The proposals shall be evaluated only on the factors stated in the RFP. Where not apparent from the evaluation factors, the RHA shall establish an Evaluation Plan for each RFP. The rating system may provide for a range of 15 to



25 percent of the total number of available rating points for the provision of preference for Section 3 business concerns. Generally, all RFPs shall be evaluated by an appropriately appointed Evaluation Committee. The Evaluation Committee shall be required to disclose any potential conflicts of interest. Evaluators may be required to sign a non-disclosure statement. An Evaluation Report, summarizing the results of the evaluation, shall be prepared prior to award of a contract.

**5.4.4 Negotiations.** Negotiations shall be conducted with all offerors who submit a proposal determined to have a reasonable chance of being selected for award, unless it is determined that negotiations are not needed with any of the offerors. This determination is based on the relative score of the proposals as they are evaluated and rated in accordance with the technical and price factors specified in the RFP. These offerors shall be treated fairly and equally with respect to any opportunity for negotiation and revision of their proposals. No offeror shall be given any information about any other offeror's proposal, and no offeror shall be assisted in bringing its proposal up to the level of any other proposal. A common deadline shall be established for receipt of proposal revisions based on negotiations. Negotiations are exchanges (in either competitive or sole source environment) between the RHA and offerors that are undertaken with the intent of allowing the offeror to revise its proposal. These negotiations may include bargaining. Bargaining includes persuasion, alteration of assumptions and positions, give-and-take, and may apply to price, schedule, technical requirements, type of contract or other terms of a proposed contract. When negotiations are conducted in a competitive acquisition, they take place after establishment of the competitive range and are called discussions. Discussions are tailored to each offeror's proposal within the competitive range. The primary object of discussions is to maximize the RHA's ability to obtain best value, based on the requirements and the evaluation factors set forth in the solicitation. RHA evaluators shall indicate to, or discuss with, each offeror still being considered for award, significant weaknesses, deficiencies, and other aspects of its proposal (such as technical approach, past performance, and terms and conditions) that could, in their opinion, be altered or explained to enhance materially the proposer's potential for award. The scope and extent of discussions are a matter of the evaluator's judgment. The offeror may inform that their price is considered by the RHA to be too high, or too low, and reveal the results of the analysis supporting that conclusion. It is also permissible to indicate to all offerors the cost or price that the RHA's price analysis, market research, and other reviews have identified as reasonable. "Auctioning" (revealing one offeror's price in an attempt to get another offeror to lower their price) is prohibited.

**5.4.5 Award.** After evaluation of the revised proposals, if any, the contract shall be awarded to the responsible firm whose technical approach to the project, qualifications, price and/or any other factors considered, are most advantageous to the RHA provided that the price is within the maximum total project budgeted amount established for the specific property or activity.

**5.4.6 A/E Services.** The RHA shall contract for A/E services using a Request for Proposal (RFP), Qualifications-Based Selection (QBS), or a Request for Qualifications (RFQ) procedure. Sealed bidding shall not be used for A/E solicitations. Under QBS procedures, competitors' qualifications are evaluated and the most qualified competitor is selected, subject to negotiation of fair and reasonable compensation. Price is not used as a selection factor under this method. QBS procedures shall not be used to purchase other types of services, other than Energy Performance Contracting and Developer services, though architectural/engineering firms are potential sources.

## **5.5 Noncompetitive Proposals.**

**5.5.1 Conditions for Use.** Procurement by noncompetitive proposals (sole- or single-source) may be used only when the award of a contract is not feasible using small purchase procedures, sealed bids, cooperative purchasing, or competitive proposals, and if one of the following applies:

**5.5.1.1** The item is available only from a single source, based on a good faith review of available sources;

**5.5.1.2** An emergency exists that seriously threatens the public health, welfare, or safety, or endangers property, or would otherwise cause serious injury to the RHA, as may arise by reason of a flood, earthquake, epidemic, riot, equipment failure, or similar event. In such cases, there must be an immediate and serious need for supplies, services, or construction such that the need cannot be met through any of the other procurement methods, and the emergency procurement shall be limited to those supplies, services, or construction necessary simply to meet the emergency;

**5.5.1.3** HUD authorizes the use of noncompetitive proposals; or

**5.5.1.4** After solicitation of a number of sources, competition is determined inadequate.

**5.5.2 Justification.** Each procurement based on noncompetitive proposals shall be supported by a written justification for the selection of this method. The justification shall be approved in writing by the Executive Director. Poor planning or lack of planning is not justification for emergency or sole-source procurements. The justification, to be included in the procurement file, should include the following information:

**5.5.2.1** Description of the requirement;

**5.5.2.2** History of prior purchases and their nature (competitive vs. noncompetitive);

**5.5.2.3** The specific exception in 2 CFR §200.320(f)(1)-(4) which applies;

**5.5.2.4** Statement as to the unique circumstances that require award by noncompetitive proposals;

**5.5.2.5** Description of the efforts made to find competitive sources (advertisement in trade journals or local publications, phone calls to local suppliers, issuance of a written solicitation, etc.);

**5.5.2.6** Statement as to efforts that will be taken in the future to promote competition for the requirement; and

**5.5.2.7** Price Reasonableness. The reasonableness of the price for all procurements based on noncompetitive proposals shall be determined by performing an analysis, as described in this Policy.

**5.6 Cooperative Purchasing/Intergovernmental Agreements.** The RHA may enter into State and/or local cooperative or intergovernmental agreements to purchase or use common supplies, equipment, or services. The decision to use an interagency agreement instead of conducting a direct procurement shall be based on economy and efficiency. If used, the interagency agreement shall stipulate who is authorized to purchase on behalf of the participating parties and shall specify inspection, acceptance, termination, payment, and other relevant terms and conditions. The RHA may use Federal or State excess and surplus property instead of purchasing new equipment and property if feasible and if it will result in a reduction of project costs. The goods and services obtained under a cooperative purchasing agreement must have been procured in accordance with 2 CFR §200.317 through §200.326.

## **6.0 INDEPENDENT COST ESTIMATE (ICE)**

**6.1 General.** For all purchases above the Micro Purchase threshold, the RHA shall provide an ICE prior to solicitation. The level of detail shall be commensurate with the cost and complexity of the item to be purchased.

## **7.0 COST AND PRICE ANALYSIS (CPA)**

**7.1 General.** The RHA shall require assurance that, before entering into a contract, the price is reasonable, in accordance with the following instructions.

**7.1.1 Petty Cash and Micro Purchases.** No formal cost or price analysis is required. Rather, the execution of a contract by the Executive Director (through a Purchase Order or other means) shall serve as the Executive Director's determination that the price obtained is reasonable, which may be based on the Executive Director's prior experience or other factors.

**7.1.2 Small Purchases.** A comparison with other offers shall generally be sufficient determination of the reasonableness of price and no further analysis is required. If a reasonable number of quotes are not obtained to establish reasonableness through price competition, the Executive Director shall document price reasonableness through other means, such as prior purchases of this nature, catalog prices, the Executive Director's personal knowledge at the time of purchase, comparison to the ICE, or any other reasonable basis.

**7.1.3 Sealed Bids.** The presence of adequate competition should generally be sufficient to establish price reasonableness. Where sufficient bids are not received, and when

the bid received is substantially more than the ICE, and where the RHA cannot reasonably determine price reasonableness, the RHA must conduct a cost analysis, consistent with federal guidelines, to ensure that the price paid is reasonable.

**7.1.4 Competitive Proposals.** The presence of adequate competition should generally be sufficient to establish price reasonableness. Where sufficient proposals are not received, the RHA must compare the price with the ICE. For competitive proposals where prices cannot be easily compared among offerors, where there is not adequate competition, or where the price is substantially greater than the ICE, the RHA must conduct a cost analysis, consistent with Federal guidelines, to ensure that the price paid is reasonable.

**7.1.5 Contract Modifications.** A cost analysis, consistent with federal guidelines, shall be conducted for all contract modifications for projects that were procured through Sealed Bids, Competitive Proposals, or Non-Competitive Proposals.

## **8.0 SOLICITATION AND ADVERTISING**

### **8.1 Method of Solicitation.**

**8.1.1 Petty Cash and Micro Purchases.** The RHA may contact only one source if the price is considered reasonable.

**8.1.2 Small Purchases.** Quotes may be solicited in writing (email, fax, etc.) E-Procurement, or by any other written reasonable method.

**8.1.3 Sealed Bids and Competitive Proposals.** Solicitation must be done publicly. The RHA must use one or more following solicitation methods, provided that the method employed provides for meaningful competition.

**8.1.3.1** Advertising in newspapers or other print mediums of local or general circulations.

**8.1.3.2** Advertising in various trade journals or publications (for construction).

**8.1.3.3** E-Procurement. The RHA may conduct its public procurements through the Internet using e-procurement systems. However, all e-procurements must otherwise be in compliance with 2 CFR §200.317 through §200.326, State and local requirements, and the RHA's procurement policy.

**8.2 Time Frame.** For purchases of more than \$150,000, the public notice should run not less than once.

**8.3 Form.** Notices/advertisements should state, at a minimum, the place, date, and time that the bids or proposals are due, the solicitation number, a contact that can provide a copy of, and information about, the solicitation, and a brief description of the needed items(s).

**8.4 Time Period for Submission of Bids.** A minimum of 21 days shall be provided for preparation and submission of sealed bids and 10 days for competitive proposals. However, the Executive Director may allow for a shorter period under extraordinary circumstances, in compliance with RHA procedures.

**8.5 Cancellation of Solicitations.**

**8.5.1** An IFB, RFP, or other solicitation may be cancelled before bids/offers are due if:

**8.5.1.1** The supplies, services or construction is no longer required;

**8.5.1.2** The funds are no longer available;

**8.5.1.3** Proposed amendments to the solicitation are of such magnitude that a new solicitation would be best; or

**8.5.1.4** Other similar reasons.

**8.5.2** A solicitation may be cancelled and all bids or proposals that have already been received may be rejected if:

**8.5.2.1** The supplies or services (including construction) are no longer required;

**8.5.2.2** Ambiguous or otherwise inadequate specifications were part of the solicitation;

**8.5.2.3** All factors of significance to the RHA were not considered;

**8.5.2.4** Prices exceed available funds and it would not be appropriate to adjust quantities to align with available funds;

**8.5.2.5** There is reason to believe that bids or proposals may not have been independently determined in open competition, may have been collusive, or may have been submitted in bad faith; or

**8.5.2.6** For good cause when it is in the best interest of the RHA.

**8.5.3** The reasons for cancellation or rejection shall be documented in the procurement file and be provided upon request.

**8.5.4** A notice of cancellation shall be sent to all bidders/offerors solicited and, if appropriate, shall explain that they will be given an opportunity to compete on any re-solicitation or future procurement of similar items.

**8.5.5** If all otherwise acceptable bids received in response to an IFB are at unreasonable prices an analysis should be conducted to see if there is a problem in either the specifications or the RHA's cost estimate. If both are determined adequate and if only one bid is received and the price is unreasonable, the Executive Director, or his/her designee, may cancel the solicitation and either:



## 10.0 CONTRACTOR QUALIFICATIONS AND DUTIES

### 10.1 Contractor Responsibility

**10.1.1** The RHA shall not award any contract until the prospective contractor, i.e., low responsive bidder, or successful offeror, has been determined to be responsible. A responsible bidder/offeror must:

**10.1.1.1** Have adequate financial resources to perform the contract, or the ability to obtain them;

**10.1.1.2** Be able to comply with the required or proposed delivery or performance schedule, taking into consideration all of the bidder's/offeror's existing commercial and governmental business commitments;

**10.1.1.3** Have a satisfactory performance record;

**10.1.1.4** Have a satisfactory record of integrity and business ethics;

**10.1.1.5** Have the necessary organization, experience, accounting and operational controls, and technical skills, or the ability to obtain them;

**10.1.1.6** Have the necessary production, construction, and technical equipment and facilities, or the ability to obtain them; and,

**10.1.1.7** Be otherwise qualified and eligible to receive an award under applicable laws and regulations, including not be suspended, debarred or under a HUD-imposed LDP.

**10.1.2** If a prospective contractor is found to be non-responsible, a written determination of non-responsibility shall be prepared and included in the official contract file, and the prospective contractor shall be advised of the reasons for the determination.

**10.2 Suspension and Debarment.** Contracts shall not be awarded to debarred, suspended, or ineligible contractors. Contractors may be suspended, debarred, or determined to be ineligible by HUD in accordance with HUD regulations (2 CFR §200.317 through §200.326) or by other Federal agencies, e.g., Department of Labor for violation of labor regulations, when necessary to protect housing authorities in their business dealings. Prior to issuance of a contract, RHA staff shall, as detailed within Section 10.2.H.1 and 10.2.H.2 of HUD Procurement Handbook 7460.8 REV 2, conduct the required searches within the HUD Limited Denial of Participation (LDP) system and the U.S. General Services Administration System for Award Management (SAM) and place within the applicable contract file a printed copy of the results of each such search.

#### **10.2.1 Three (3) contractor limit, dollar threshold limit, shared interest in multiple businesses, and shared insurance for multiple businesses**

The RHA, in accordance with HUD regulations and HUD Handbook 7460.8 Rev. 2, awards construction contracts to the lowest Responsible, Responsive bidder whose bid conforms to the solicitation. The RHA will qualify an apparent low bidder to determine if

they are Responsible and Responsive. The RHA may require statements of business, sub-business and/or financial records of contractors as part of the qualifying process. Per HUD 24 CFR 85.36 (b) (9) and HUD 5369 (d), RHA may reject any and all bids for any reason. Some of the reasons RHA may reject a bid by way of example are as follows:

The RHA may reject a contractor's bid and disallow them from contract award for performing more than three (3) separate contracts for RHA at one time. The RHA may reject a contractor's bid and disallow them from contract award if their current contracted dollar amount of work with RHA exceeds \$1,000,000.00.

The RHA may reject a contractor's bid and disallow them from contract award if RHA believes that an individual has an interest in more than one of the bidding companies. This would include a company in which a bidder is part owner, an employee of, has an employee that is bidding as a separate entity, or is a/has a family member in another bidding company. This may also include bidders that have performed work as a subcontractor within the last three months for another bidding firm.

The RHA may reject a contractor's bid if two different contractors have two separate RHA contractor accounts with one insurance certificate listing them both.

The RHA may reject a successful bidder hiring a competing bidder as a subcontractor or employee on any RHA jobs in which both companies submitted a bid.

Any company meeting any of the criteria listed above and could have a contract rejected, may submit a written request to the RHA Procurement Department (prior to the bid submission date) to request that RHA consider their bid. The request should state why RHA should consider the bid, the relationship and/or business history between the two parties, and/or why the company feels that there is not a conflict of interest between the two parties bidding on the same work. A determination will be made by the RHA Executive Director or his/her designee before the bid submission deadline whenever possible. The RHA may not accept any written requests for consideration after the bid submission deadline.

- 10.3 Vendor Lists.** All interested businesses shall be given the opportunity to be included on vendor mailing lists. Any lists of persons, firms, or products which are used in the purchase of supplies, services and construction shall be kept current and include enough sources to ensure competition.

## **11.0 CONTRACT PRICING ARRANGEMENTS**

- 11.1 Contract Types.** Any type of contract which is appropriate to the procurement and which will promote the best interests of the RHA may be used, **provided the cost -plus-a-percentage-of-cost and percentage-of-construction-cost methods are not used.** All solicitations and contracts shall include the clauses and provisions necessary to define the rights and responsibilities of both the contractor and the RHA. For all cost reimbursement contracts, the RHA must include a written determination as to why no other contract type is suitable. Further, the contract must include a ceiling price that the contractor exceeds at its own risk.
- 11.2 Options.** Options for additional quantities or performance periods may be included in contracts, provided that:



- 11.2.1 The option is contained in the solicitation;
- 11.2.2 The option is a unilateral right of the RHA;
- 11.2.3 The contract states a limit on the additional quantities and the overall term of the contract;
- 11.2.4 The options are evaluated as part of the initial competition;
- 11.2.5 The contract states the period within which the options may be exercised;
- 11.2.6 The options may be exercised only at the price specified in or reasonably determinable from the contract; and
- 11.2.7 The options may be exercised only if determined to be more advantageous to the RHA than conducting a new procurement.

## 12.0 CONTRACT CLAUSES

- 12.1 **Contract Pricing Arrangements.** All contracts shall identify the contract pricing arrangement as well as other pertinent terms and conditions, as determined by the RHA.
- 12.2 **Required Forms.** Additionally, the forms HUD-5369; 5369-A; 5369-B; 5369; 5370; 5370-C (Sections I and II); 51915; and 51915-A, which contain all HUD-required clauses and certifications for contracts of more than \$50,000, as well as any forms/clauses as required by HUD for small purchases, shall be used, as applicable, in all corresponding solicitations and contracts issued by the RHA.
- 12.3 **Required Contract Clauses:** The RHA shall ensure that each contract executed by the RHA contains the required contract clauses detailed within 2 CFR §200.326 and Appendix II.

## 13.0 CONTRACT ADMINISTRATION

- 13.1 **General.** The RHA shall maintain a system of contract administration designed to ensure that Contractors perform in accordance with their contracts. These systems shall provide for inspection of supplies, services, or construction, as well as monitoring contractor performance, status reporting on major projects including construction contracts, and similar matters. For cost-reimbursement contracts, costs are allowable only to the extent that they are consistent with the cost principles in HUD Handbook 2210.18.

## 14.0 SPECIFICATIONS

- 14.1 **General.** All specifications shall be drafted so as to promote overall economy for the purpose intended and to encourage competition in satisfying the RHA's needs. Specifications shall be reviewed prior to issuing any solicitation to ensure that they are not unduly restrictive or represent unnecessary or duplicative items. Function or performance specifications are preferred. Detailed product specifications shall be avoided whenever possible. Consideration shall be given to consolidating or breaking out procurements to obtain a more economical

purchase. For equipment purchases, a lease versus purchase analysis should be performed to determine the most economical form of procurement.

**14.2 Limitation.** The following types of specifications shall be avoided:

**14.2.1** Geographic restrictions not mandated or encouraged by applicable Federal law (except for A/E contracts, which may include geographic location as a selection factor if adequate competition is available);

**14.2.2** Brand name specifications (unless the specifications list the minimum essential characteristics and standards to which the item must conform to satisfy its intended use).

Nothing in this procurement policy shall preempt any State licensing laws. Specifications shall be reviewed to ensure that organizational conflicts of interest do not occur.

## **15.0 APPEALS AND REMEDIES**

**15.1 General.** It is RHA policy to resolve all contractual issues informally and without litigation. Disputes will not be referred to HUD unless all administrative remedies have been exhausted. When appropriate, a mediator may be used to help resolve differences.

**15.2 Appeals Procedure.** The RHA shall adopt an formal bid protest/appeal procedure for all contracts. Under these procedures, the bidder/contractor may request to meet with the RHA Representative.

**15.2.1 Bid Protest.** Any actual or prospective contractor may protest the solicitation or award of a contract for serious violations of the principles of this Policy. Any protest against a solicitation must be received before the due date for the receipt of bids or proposals, and any protest against the award of a contract must be received within ten (10) calendar days after the contractor receives notice of the contract award, or the protest will not be considered. All bid protests shall be in writing, submitted to the Executive Director, who shall issue a written decision on the matter. The Executive Director may, at his/her discretion, suspend the procurement pending resolution of the protest if the facts presented so warrant.

**15.2.2 Contractor Claims.** All claims by a contractor relating to performance of a contract shall be submitted in writing to the Executive Director for a written decision. The contractor may request a conference on the claim. The Executive Director's decision shall inform the contractor of their appeal rights governed by the Changes clause in the relevant form HUD-5370.

## **16.0 ASSISTANCE TO SMALL AND OTHER BUSINESSES**

*(WMBE, Section 3 Business)*

For the purpose of understanding assistance given to Small and Other Businesses, RHA shall use the most current Disparity Study published by the State of New York.

**16.1 Required Efforts.** Consistent with Presidential Executive Orders 11625, 12138, and 12432, and Section 3 of the HUD Act of 1968, all feasible efforts shall be made to ensure that small and minority-owned businesses, women’s business enterprises, and other individuals or firms located in or owned in substantial part by persons residing in the area of the HACM project are used when possible. Such efforts shall include, but shall not be limited to:

- 16.1.1** Including such firms, when qualified, on solicitation mailing lists;
- 16.1.2** Encouraging their participation through direct solicitation of bids or proposals whenever they are potential sources;
- 16.1.3** Dividing total requirements, when economically feasible, into smaller tasks or quantities to permit maximum participation by such firms;
- 16.1.4** Establishing delivery schedules, where the requirement permits, which encourage participation by such firms;
- 16.1.5** Using the services and assistance of the Small Business Administration, and the Minority Business Development Agency of the Department of Commerce;
- 16.1.6** Including in contracts, to the greatest extent feasible, a clause requiring contractors, to provide opportunities for training and employment for lower income residents of the project area and to award subcontracts for work in connection with the project to business concerns which provide opportunities to low-income residents, as described in 24 CFR §135 (so-called Section 3 businesses); and
- 16.1.7** Requiring prime contractors, when subcontracting is anticipated, to take the positive steps listed above.
- 16.1.8** The following will be utilized to provide preference for Section 3 Business Concerns as authorized by HUD in 2 CFR 200.320.

**Solicitation.** Section 3 contractors may be solicited for certain projects to ensure inclusion in the bidding process. In certain circumstance, RHA may choose to solicit, at its discretion, only Section 3 contractors.

**Award.** Where the Section 3 covered contract is to be awarded based upon the lowest price, the contract shall be awarded to the qualified Section 3 business concern with the lowest responsive quotation, if it is reasonable.

**16.1.9 Section 3 Preference** in procurement by sealed bids (Invitations for Bid).

**EXCLUDING COMPETITIVE BIDS:** This provision allows for the award of a bid to a Section 3 business concern even if they are not the lowest bid. If the Section 3 business is within a certain percentage of the lowest responsive bid, detailed below.

When the lowest responsive bid is:

at least	but less than	% of bid	or dollar amount
	\$100,000	10%	\$9,000
\$100,000	\$200,000	9%	\$16,000
\$200,000	\$300,000	8%	\$21,000
\$300,000	\$400,000	7%	\$24,000
\$400,000	\$500,000	6%	\$25,000
\$500,000	\$1,000,000	5%	\$40,000
\$1,000,000	\$2,000,000	4%	\$60,000
\$2,000,000	\$4,000,000	3%	\$80,000
\$4,000,000	\$7,000,000	2%	\$105,000
\$7,000,000	or more	1.5 of the lowest responsive% bid with no dollar limit	

**For example,** if the lowest responsive bid is \$150,000 but a qualified Section 3 business has bid \$164,000, the bid may be awarded to the Section 3 business because it is within 9%, or \$16,000 of the lowest responsive bid.

**16.2 Goals.** Shall be established periodically for participation by small businesses, minority-owned businesses, women-owned business enterprises, labor surplus area businesses, and Section 3 business concerns in RHA prime contracts and subcontracting opportunities.

**The Board of Commissioners Established GOALS**

<b>SMALL &amp; OTHER BUSINESS TYPE</b>	<b>PERCENTAGE OR DOLLAR AMOUNT ANNUALLY</b>
Woman & Minority Owned Businesses (MWBE)	25% of Vendors/Contractors or \$1.5 million (which either is the lesser) of the Total Vendor Expense
Section 3 Qualified Business Interests	\$700,000 per fiscal year documented in the Section 3 Summary Report published by the U.S. Department of Housing and Urban Development

**16.3 Contractor & Vendor Verification and Certification.**

**16.3.1** RHA shall require that all business that present themselves as MWBE provide State of New York Certification. A business may “self certify” that it is a MWBE, however, within 60 days of self certification, the said business must present proof of application to the State of New York to receive the NYS Certification. RHA will allow businesses to remain in the application process for a period up to 24 months (hereafter “self certification grace period”) from representation from the business that it is MWBE. In the event that a business does not receive State Certification within the self certification grace period, then the firm may continue to do business with RHA; however, the firm will no longer be considered a MWBE firm and receive any treatment from RHA that would be such as a MWBE firm would receive.

**16.3.2** RHA shall make its best efforts to communicate with any self certified MWBEs of resources available that may assist the MWBE with application and eventual receipt of NYS MWBE Certification. However, RHA will not claim responsibility for any firms that do not successfully achieve said Certification.

#### **16.4 Definitions.**

**16.4.1** A small business is defined as a business that is: independently owned; not dominant in its field of operation; and not an affiliate or subsidiary of a business dominant in its field of operation. The size standards in 13 CFR §121 should be used to determine business size.

**16.4.2** A minority-owned business is defined as a business which is at least 51% owned by one or more minority group members; or, in the case of a publicly-owned business, one in which at least 51% of its voting stock is owned by one or more minority group members, and whose management and daily business operations are controlled by one or more such individuals. Minority group members include, but are not limited to Black Americans, Hispanic Americans, Native Americans, Asian Pacific Americans, Asian Indian Americans, and Hasidic Jewish Americans.

**16.4.3** A women's business enterprise is defined as a business that is at least 51% owned by a woman or women who are U.S. citizens and who control and operate the business.

**16.4.4** A "Section 3 business concern" is as defined under 24 CFR §135.

**16.4.5** A labor surplus area business is defined as a business which, together with its immediate subcontractors, will incur more than 50% of the cost of performing the contract in an area of concentrated unemployment or underemployment, as defined by the DOL in 20 CFR §654, Subpart A, and in the list of labor surplus areas published by the Employment and Training Administration.

### **17.0 BOARD APPROVAL OF PROCUREMENT ACTIONS**

**17.1 Authority.** The Board appoints and delegates procurement authority to the Executive Director in the amount not to exceed \$25,000 and is responsible for ensuring that any procurement policies adopted are appropriate for the RHA. All procurements that exceed \$25,000 must have approval from the Board prior to award and/or contract execution.

### **18.0 DELEGATION OF CONTRACTING AUTHORITY**

**18.1 Delegation.** While the Executive Director is responsible for ensuring that the RHA's procurements comply with this Policy, the Executive Director may delegate in writing all procurement authority as is necessary and appropriate to conduct the business of the RHA.

**18.2 Procedures.** Further, and in accordance with this delegation of authority, the Executive Director shall, where necessary, establish operational procedures (such as a procurement manual or standard operating procedures) to implement this Policy. The Executive Director shall also establish a system of sanctions for violations of the ethical standards described in Section 3.0 herein, consistent with Federal, State, or local law.

**18.3 Authorizing Approval of Procurement Actions**

The following table describes the authorization levels required to approve any contract agreement above the petty cash limit. Staff approval will be confirmed by the appropriate number of signatures from individuals within the designated positions listed in the table on a purchase order. Approval by the Board of Commissioners will be confirmed by a majority vote.

ANTICIPATED ANNUAL CONTRACT AMOUNT	SIGNATURES REQUIRED	PURCHASING AGENT	DIRECTORS	EXECUTIVE DIRECTOR	BOARD APPROVAL
\$0 to \$2,499	1	X			
\$2,500 to \$9,999	2	X	X		
\$10,000to \$24,999	3	X	X	X	
\$25,000 and over	4 plus Board Approval	X	X	X	X

Signatures may come from any number of employees within a designated position listed above:

- the Purchasing Agent
- the Purchasing Agent and 1 Director
- the Executive Director approves all purchases over \$10,000, and
- the Board of Commissioners approves all contracts over \$25,000.

**19.0 DOCUMENTATION**

**19.1 Required Records.** The RHA must maintain records sufficient to detail the significant history of each procurement action. These records shall include, but shall not necessarily be limited to, the following:

- 19.1.1** Rationale for the method of procurement (if not self-evident);
- 19.1.2** Rationale of contract pricing arrangement (also if not self-evident);
- 19.1.3** Reason for accepting or rejecting the bids or offers;
- 19.1.4** Basis for the contract price (as prescribed in this policy);
- 19.1.5** A copy of the contract documents awarded or issued and signed by the Executive Director;

**19.1.6** Basis for contract modifications; and

**19.1.7** Related contract administration actions.

**19.2 Level of Documentation.** The level of documentation should be commensurate with the value of the procurement.

**19.3 Record Retention.** Records are to be retained for a period of three years after final payment and all matters pertaining to the contract are closed.

## **20.0 DISPOSITION OF SURPLUS PROPERTY**

**20.1 General.** Property no longer necessary for the RHA's purposes (non-real property) shall be transferred, sold, or disposed of in accordance with applicable Federal, state, and local laws and regulations. (ex. Scrap)

## **21.0 FUNDING AVAILABILITY**

**21.1 General.** Before initiating any contract, the RHA shall ensure that there are sufficient funds available to cover the anticipated cost of the contract or modification.

## **22.0 SELF-CERTIFICATION**

**22.1 General.** The RHA self-certifies that this Procurement Policy, and the RHA's procurement system, complies with all applicable Federal regulations and, as such the RHA is exempt from prior HUD review and approval of individual procurement action.

RHA has been self certified by HUD since July 23, 2007.