

# Housing Authority of the City of Milwaukee



## *Procurement Policy*

**Resolution No.: 12740**

**Adopted: December 9, 2015**

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## PROCUREMENT POLICY HOUSING AUTHORITY OF THE CITY OF MILWAUKEE

Established for the Housing Authority of the City of Milwaukee (hereinafter, HACM) by action of the HACM Board of Commissioners (Board) on December 9, 2015, this Procurement Policy (Policy) complies with the Annual Contributions Contract (ACC) between the HACM and the United States Department of Housing and Urban Development (HUD); Federal Regulations at 2 CFR 200.317 through 200.326, the procurement standards of Procurement Handbook for Public Housing Authorities (PHAs); HUD Handbook 7640 , REV 2; and applicable State and Local laws.

### I. GENERAL PROVISIONS

The HACM shall:

- (1) Provide for a procurement system of quality and integrity;;
- (2) Provide for the fair and equitable treatment of all persons or firms involved in purchasing by the HACM;
- (3) Ensure that supplies and services (including construction) are procured efficiently, , effectively, and at the most favorable prices available to the HACM;
- (4) Promote competition in contracting; and
- (5) Assure that the HACM purchasing actions are in full compliance with applicable Federal standards, HUD regulations, State laws, and local laws.

**Application.** This Policy applies to all procurement actions of the HACM , regardless of the source of funds, except as noted under “exclusions,” below. However, nothing in this Policy shall prevent the HACM 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 grant funds are used for a project, the work to be accomplished with the 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.

**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.

**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 Part 990 and non-HUD funded units. These excluded areas are subject to applicable State and local requirements.

**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 this Policy, automatically supersede this Policy.

**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 Wisconsin Public Records Law, Wis. Stat. s.19.31, *et.seq.*

## II. ETHICS IN PUBLIC CONTRACTING

The HACM 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, and local law.

**Conflicts of Interest .** No employee, officer, Board member or agent of the HACM shall participate directly or indirectly in the selection, award or administration of a contract if a conflict of interest, either real or apparent would be included. 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:

- (1) An employee, officer, Board member, or agent involved in making the award;
- (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) His or her partner, or
- (4) An organization which employs, or is negotiating to employ, or has an arrangement concerning prospective employment of any of the above.

**Gratuities, Favors, and Kickbacks .** The HACM officers, employees, Board members or agents will neither solicit nor accept gratuities, favors or anything of monetary value from contractors, potential contractors, or parties to subagreements. HACM may set minimum rules where the financial interest is not substantial or the gift is an unsolicited item of nominal intrinsic value. To the extent permitted by State or local law or regulations, such standards of conduct will provide for penalties, sanctions, or other disciplinary actions for violations of such standards by the officers, employees, or agents, or by contractors or their agents.

**Prohibition Against Contingent Fees.** Contractors wanting to do business with the HACM 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.

## III. PROCUREMENT PLANNING

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

- (1) Find patterns of procurement actions that could be performed more efficiently or economically;
- (2) Avoid unnecessary or duplicative items;
- (3) Maximize competition and competitive pricing among contracts and decrease the HACM's procurement costs;
- (4) Reduce HACM administrative costs;
- (5) Ensure that supplies and services are obtained without any need for re-procurement, e.g., resolving bid protests; and
- (6) Minimize errors that occur when there is inadequate lead time.

Consideration should be given to storage, security, and handling requirements when planning the most appropriate purchasing actions. Consideration should be given to consolidating or breaking out procurements to obtain a more economical purchase. Where appropriate, an analysis will be made of lease versus purchase alternatives, and any other appropriate analysis to determine the most economical approach.

#### **IV. PURCHASING METHODS**

**Petty Cash Purchases.** Purchases under \$200 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 HACM shall ensure that security is maintained and only authorized individuals have access to the account. These accounts shall be reconciled and replenished periodically.

**Small Purchase Procedures.** For any amounts above the Petty Cash threshold, but not exceeding \$150,000 the HACM may use small purchase procedures. Under small purchase procedures shall obtain a reasonable number of quotes (preferably three); however, for purchases of less than \$3,000 (except for construction procurements subject to the Davis-Bacon Act, 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 orally (either in person or by phone), by fax or in writing. Award shall be made to the responsive and responsible vendor that submits the lowest cost to HACM. If the award is made for reasons other than lowest price, documentation shall be provided in the contract file. HACM 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 apply to purchases that exceed the Micro Purchase threshold.

**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 not competitive proposals or non-competitive proposals, as these terms are defined in this Policy. Under sealed bids, the HACM

publicly solicits bids and awards a 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 preferred method for procuring construction, supply and non-complex service contracts that are expected to exceed \$150,000.

**Conditions for Using Sealed Bid.** HACM shall use the sealed bid method if the following conditions are present:

- (1) A complete, adequate, and realistic statement of work, specifications or purchase description is available;
- (2) Two or more responsible bidders are willing and able to compete effectively and for the business; and
- (3) The procurement lends itself to a firm fixed price contract and the selection of the successful bidder can be made principally on the lowest price.

**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 responsible 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.

**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 made by drawing lots or other similar random method. 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.

**Mistakes in Bids.** Correction or withdrawal of bids may be permitted, where appropriate, before bid opening by written or telegraphic 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 its 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 Contracting Officer. After bid opening, changes in bid prices or other provisions of bids prejudicial to the interest of the HACM or fair competition shall not be permitted.

**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 HACM, 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.

**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).

**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. The HACM may assign price a specific weight in the evaluation factors or the HACM may consider price in conjunction with technical factors; in either case, the method for evaluating price shall be established in the RFP.

**Evaluation.** The proposals shall be evaluated only on the factors stated in the RFP. Where not apparent from the evaluation factors, the HACM shall establish an Evaluation Plan for each RFP. Generally, all RFPs shall be evaluated by an appropriately appointed Evaluation Committee. An Evaluation Report, summarizing the results of the evaluation, shall be prepared prior to award of a contract.

**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 HACM 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, and shall be conducted by the contracting officer with each offeror within the competitive range. The primary object of discussions is to maximize the HACM’s ability to obtain best value, based on the requirements and the evaluation factors set forth in the solicitation. The contracting officer 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 the opinion of the contracting officer, be altered or explained to enhance materially the proposer's potential for award. The scope and extent of discussions are a matter of the contracting officer's judgment. The contracting officer may inform an offeror that its price is considered by the HACM 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 HACM'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.

**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 HACM provided that the price is within the maximum total project budgeted amount established for the specific property or activity.

**A/E Services.** The HACM shall contract for A/E services using Qualifications-based Selection (QBS) procedures, utilizing a Request for Qualifications (RFQ). 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.

**Noncompetitive Proposals.** Procurement by noncompetitive proposals (sole- or single source) may be used only when the award of a contract is infeasible under small purchase procedures, sealed bids, cooperative purchasing, or competitive proposals and if one of the following applies:

- (1) The item is available only from a single source, based on a good faith review of available sources;
- (2) An emergency exists that seriously threatens the public health, welfare, or, safety, or endangers property, or would otherwise cause serious injury to the HACM, 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 methods, and the emergency procurement shall be limited to those supplies, services or construction necessary simply to meet the emergency;
- (3) The awarding agency authorizes noncompetitive proposals; or
- (4) After solicitation of a number of sources, competition is determined inadequate.

**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 responsible Contracting Officer. 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:

- (1) Description of the requirement;



- (2) History of prior purchases and their nature (competitive vs. noncompetitive);
- (3) The specific exception in 2 CFR 200.320(f)(1)-(4) which applies;
- (4) Statement as to the unique circumstances that require award by noncompetitive proposals;
- (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.);
- (6) Statement as to efforts that will be taken in the future to promote competition for the requirement;
- (7) Signature by the Contracting Officer's supervisor (or someone above the level of the Contracting Officer); and
- (8) 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.

### **Cooperative Purchasing/Intergovernmental Agreements**

The HACM 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 HACM 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.

### **V. INDEPENDENT COST ESTIMATE (ICE)**

For all purchases above the Micro Purchase threshold, the HACM shall prepare an Independent Cost Estimate prior to solicitation. The level of detail shall sufficient to address the cost and complexity of the item to be purchased.

### **VI. COST AND PRICE ANALYSIS**

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

**Petty Cash and Micro Purchases.** No formal cost or price analysis is required.

**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 Contracting Officer

shall document price reasonableness through other means, such as prior purchases of this nature, catalog prices, the Contracting Officer's personal knowledge at the time of purchase, or any other reasonable basis.

**Sealed Bids and Competitive Proposals.** The presence of adequate competition should generally be sufficient to establish price reasonableness. Where sufficient proposals are not received, the HACM must conduct a cost analysis, consistent with Federal guidelines, to ensure that the price paid is reasonable.

**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, or for projects originally procured through Small Purchase procedures where the amount of the contract modification will result in a total contract price in excess of \$150,000.

## **VII. SOLICITATION AND ADVERTISING**

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

**Small Purchases.** Quotes may be solicited orally, through fax, or by any other reasonable method.

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

- (1) Advertising in newspapers or other print media of local or general circulations.
- (2) Advertising in various trade journals or publications (construction)

**Time Frame.** For purchases of more than \$150,000, the public notice should run not less than once each week for two consecutive weeks.

**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 who can provide a copy of, and information about, the solicitation, and a brief description of the needed items(s)

**Time Period for Submission of Bids.** A minimum of 30 days shall generally be provided for preparation and submission of sealed bids and 15 days for competitive proposals. However, the Executive Director may allow for a shorter period under extraordinary circumstances.

### **Cancellation of Solicitations.**

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

- (1) The supplies, services or construction are no longer required;

- (2) The funds are no longer available
- (3) Proposed amendments to the solicitation are of such magnitude that a new solicitation would be best; or
- (4) Other similar reasons

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

- (1) The supplies or services (including construction) are no longer required;
- (2) Ambiguous or otherwise inadequate specifications were part of the solicitation;
- (3) All factors of significance to the HACM were not considered;
- (4) Prices exceed available funds and it would not be appropriate to adjust quantities to come within available funds;
- (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
- (6) For good cause of similar nature when it is in the best interest of the HACM.

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

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 HACM's cost estimate. If both are determined adequate and if only one bid is received and the price is unreasonable, the Contracting Officer may cancel the solicitation and either:

- (1) Re-solicit using an RFP; or
- (2) Complete the procurement by using the competitive proposal method. The Contracting Officer must determine, in writing, that such action is appropriate, must inform all bidders of the HACM's intent to negotiate, and must give each bidder a reasonable opportunity to negotiate.

If problems are found with the specifications, the HACM should cancel the solicitation, revise the specifications and re-solicit using an IFB.

**Credit (or Purchasing) Cards.** Credit card usage should follow the rules for all other small purchases. For example, the Contracting Officer may use a credit card for Micro Purchases without obtaining additional quotes provided the price is considered reasonable. However, for

amounts above the Micro Purchase level, the Contracting Officer would generally need to have obtained a reasonable number of quotes before purchasing via a credit card. When using credit cards, the HACM shall adopt reasonable safeguards to assure that they are used only for intended purposes (for instance, limiting the types of purchases or the amount of purchases that are permitted with credit cards).

## **VIII. BONDING REQUIREMENTS**

The standards under this section apply to construction contracts that exceed \$150,000. There are no bonding requirements for small purchases or for competitive proposals. The HACM may require bonds in these latter circumstances when deemed appropriate; however, non-construction contracts should generally not require bid bonds.

- A. Bid Bonds.** For construction contracts exceeding \$150,000, offerors shall be required to submit a bid guarantee from each bidder equivalent to 5% of the bid price. The bid guarantee shall consist of a firm commitment such as a bid bond, certified check, or other negotiable instrument accompanying a bid as assurance that the bidder will, upon acceptance of his bid, execute such contractual documents as may be required within the time specified.
- B. Performance and Payment Bonds.** For construction contracts exceeding \$150,000, the successful bidder shall furnish an assurance of completion. This assurance may be any one of the following four at the discretion of the Contracting Officer:
1. A performance and payment bond in a penal sum of 100% of the contract price; or
  2. Separate performance and payment bonds, each for 50 % or more of the contract price; or
  3. A 20 % cash escrow; or
  4. A 25 % irrevocable letter of credit.

These bonds must be obtained from guarantee or surety companies acceptable to the U. S. Government and authorized to do business in the State of Wisconsin. Individual sureties shall not be considered. U. S. Treasury Circular Number 570 lists companies approved to act as sureties on bonds securing Government contracts, the maximum underwriting limits on each contract bonded, and the States in which the company is licensed to do business. Use of companies on this circular is mandatory.

## **IX. CONTRACTOR QUALIFICATIONS AND DUTIES**

### **Contractor Responsibility**

The HACM 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:

- A. Have adequate financial resources to perform the contract, or the ability to obtain them;
- B. Be able to comply with the required or proposed delivery or performance schedule, taking into consideration all the bidder's/offeror's existing commercial and governmental business commitments;

- C. Have a satisfactory performance record;
- D. Have a satisfactory record of integrity and business ethics;
- E. Have the necessary organization, experience, accounting and operational controls, and technical skills, or the ability to obtain them;
- F. Have the necessary production, construction, and technical equipment and facilities, or the ability to obtain them; and,
- G. 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.

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.

**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., Dept of Labor for violation of labor regulations, when necessary to protect housing authorities in their business dealings. Prior to issuance of a contract, HACM 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.

## **X. CONTRACT PRICING ARRANGEMENTS**

**Contract Types.** Any type of contract which is appropriate to the procurement and which will promote the best interests of the HACM 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 Agency. For all cost reimbursement contracts, the HACM 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.

Options for additional quantities or performance periods may be included in contracts, provided that:

- (1) The option is contained in the solicitation
- (2) The option is a unilateral right of the HACM
- (3) The contract states a limit on the additional quantities and the overall term of the contract;
- (4) The options are evaluated as part of the initial competition;
- (5) The contract states the period within which the options may be exercised;

- (6) The options may be exercised only at the price specified in or reasonably determinable from the contract. Contracts that exceed five years, including options require HUD approval; and
- (7) The options may be exercised only if determined to be more advantageous to the HACM than conducting a new procurement.

## **XI. CONTRACT CLAUSES**

All contracts shall identify the contract pricing arrangement as well as other pertinent terms and conditions, as determined by the HACM.

Additionally, the HACM shall ensure that each contract executed by HACM contains the required contract clauses detailed within 2 CFR 200.326 and Appendix II.

## **XII CONTRACT ADMINISTRATION**

The HACM 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.

## **XIII. SPECIFICATIONS**

All specifications shall be drafted so as to promote overall economy for the purpose intended and to encourage competition in satisfying HACM 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.

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

- A. 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);
- B. 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.

#### **XIV. APPEALS AND REMEDIES**

It is HACM 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.

**Appeals Procedure.** The HACM shall adopt a bid protest/appeal procedure for all contracts.

- A. **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 Contracting Officer or designee, who shall issue a written decision on the matter. The Contracting Officer may, at his/her discretion, suspend the procurement pending resolution of the protest if the facts presented so warrant.
- B. **Contractor Claims.** All claims by a contractor relating to performance of a contract shall be submitted in writing to the Contracting Officer for a written decision. The contractor may request a conference on the claim. The Contracting Officer's decision shall inform the contractor of its appeal rights to the next higher level of authority in HACM. Contractor claims shall be governed by the Changes clause in the form HUD-5370.

#### **XV. ASSISTANCE TO SMALL AND OTHER BUSINESSES**

**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 may all include, but shall not be limited to:

- A. Including such firms, when qualified, on solicitation mailing lists;
- B. Encouraging their participation through direct solicitation of bids or proposals whenever they are potential sources;
- C. Dividing total requirements, when economically feasible, into smaller tasks or quantities to permit maximum participation by such firms;
- D. Establishing delivery schedules, where the requirement permits, which encourage participation by such firms;
- E. Using the services and assistance of the Small Business Administration, and the Minority Business Development Agency of the Department of Commerce;
- F. 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 Part 135 (so-called Section 3 businesses); and

G. Requiring prime contractors, when subcontracting is anticipated, to take the positive steps listed above.

**Goals.** May 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 HACM prime contracts and subcontracting opportunities.

### **Definitions**

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 Part 121 should be used to determine business size.
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.
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.
4. A "**Section 3 business concern**" is as defined under 24 CFR Part 135.
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 Part 654, Subpart A, and in the list of labor surplus areas published by the Employment and Training Administration.

## **XVI. BOARD APPROVAL OF PROCUREMENT ACTIONS**

Other than approval of this Procurement Policy, approval by the Board of Commissioners is not required for any procurement action, as permitted under State and local law. Rather, it is the responsibility of the Executive Director to make sure that all procurement actions are conducted in accordance with the policies contained herein.

## **XVII. DELEGATION OF CONTRACTING AUTHORITY**

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

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 consistent with Federal, State, or local law.



## **XVIII. DOCUMENTATION**

The HACM 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:

- A. Rationale for the method of procurement (if not self-evident);
- B. Rationale of contract pricing arrangement (also if not self-evident);
- C. Reason for accepting or rejecting the bids or offers;
- D. Basis for the contract price (as prescribed in this handbook);
- E. A copy of the contract documents awarded or issued and signed by the Contracting Officer;
- F. Basis for contract modifications; and
- G. Related contract administration actions.

The level of documentation should be commensurate with the value of the procurement.

Records are to be retained for a period of seven years, pursuant to Wis. Stat. s.19.21 (4)(b), after final payment and all matters pertaining to the contract are closed.

## **XIX. DISPOSITION OF SURPLUS PROPERTY**

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

## **XX. FUNDING AVAILABILITY**

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

## **XXI. SELF CERTIFICATION**

HACM self-certifies that its procurement system meets the standards under 2 CFR ss. 200.317 through 200.326 and the essential requirements of HUD Handbooks 7460, REV 2 and applicable State and Local Laws as such, the HACM is exempt from prior HUD review and approval of individual procurement action.