To: Board of Commissioners

From: Tyler Young Jr., Executive Director

Date: May,22, 2019

RE: Resolution approving changes to Jackson County Housing Authority (JCHA) procurement policy.

ACTION: Recommended that the Board of Commissioners adopt Resolution #19-05-11

TIMING: Immediately

DISCUSSION: The Jackson County Housing Authority (JCHA) is requesting to update its current procurement policy the was previously approved with board Resolution #18-36.

The request for changes to the current procurement policy are due to the increase to HUD allowed Micro Purchase threshold changes from $3,000 to $10,000. The change was issued in June 2018. Since the JCHA is bound to the more stringent regulation our procurement representative researched the state thresholds regarding Micro Purchases restraints.

It is through contacts with the State's procurement office that JCHA has found the HUD regulation to be the most stringent authority. JCHA is now prepared to introduce the increased HUD-allowed Micro Purchase Threshold into its procurement policy with acceptance from the Board of Commissioners.

FISCAL IMPACT: $0

STAFF: Brigitta Mac-Rizzo, Deputy Director

Jackson County Housing Authority

RESOLUTION #19-XX

RESOLUTION AUTHORIZING CHANGES TO THE JACKSON COUNTY HOUSING AUTHORITY (JCHA) PROCUREMENT POLICY.

WHEREAS, The Jackson County Housing Authority (JCHA) is requesting to make changes to previously approved Resolution 18-36; and

WHEREAS HUD-allowed Micro Purchase Threshold's increased from $3,000 to $10,000; and

WHEREAS, JCHA finds the HUD revised regulation to be the most stringent regulation in comparison to the state regulation; and

WHEREAS, HUD enacted the change to the HUD-allowed Micro Purchase threshold in its procurement policy in June 2018; and

WHEREAS, JCHA is now prepared to introduce the increased HUD-allowed Micro Purchase Threshold into its Procurement Policy; and

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COMMISSIONERS OF THE JACKSON COUNTY HOUSING AUTHORITY that the Executive Director is hereby authorized to take such action and execute such documents within the HUD-allowed Micro Purchase Procurement Threshold of $10,000 is now approved.

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

OFFICE OF FEDERAL
FINANCIAL MANAGEMENT

June 20, 2018

M-18-18

MEMORANDUM FOR CHIEF FINANCIAL OFFICERS AND HEADS OF SMALL EXECUTIVE AGENCIES

FROM: Tim Soltis
Deputy Controller, Office of Federal Financial Management

SUBJECT: Implementing Statutory Changes to the Micro-Purchase and the Simplified Acquisition Thresholds for Financial Assistance

In accordance with recent statutory changes set forth in the National Defense Authorization Acts (NDAA) for Fiscal Years 2017 and 2018, this memorandum raises the threshold for micro-purchases under Federal financial assistance awards to $10,000, and raises the threshold for simplified acquisitions to $250,000 for all recipients. Further, it implements an approval process for certain institutions that want to request micro-purchase thresholds higher than $10,000. Agencies are required to implement these changes in the terms and conditions of their awards, and recipients of existing Federal financial assistance awards may implement them in their internal controls.

Background

This memorandum applies to all Federal agencies, as defined at 5 U.S.C. § 551(1), that award grants or cooperative agreements. It implements changes to the micro-purchase and simplified acquisition thresholds for financial assistance under the NDAAs for Fiscal Year (FY) 2017 and FY2018. The micro-purchase threshold refers to purchases of supplies or services using simplified acquisition procedures, not to exceed an established amount pursuant to the Office of Management and Budget (OMB) Governmentwide Guidance for Grants and Agreements ("Uniform Guidance") at 2 C.F.R. § 200.67 (Micro-purchase). The simplified acquisition threshold refers to purchases of property or services using small purchase methods not to exceed an established amount pursuant to 2 C.F.R. § 200.88 (Simplified acquisition threshold). For Federal financial assistance awards, these purchases are acquired for use by a Federal program. The NDAA for FY2017 increased the micro-purchase threshold from $3,500 to $10,000 for institutions of higher education, or related or affiliated nonprofit entities, nonprofit research organizations or independent research institutes (41 U.S.C. § 1908). The NDAA for FY2018 increases the micro-purchase threshold to $10,000 for all recipients and also increases the simplified acquisition threshold from $100,000 to $250,000 for all recipients.

Implementing the NDAA for FY2017

Section 217(b) of the NDAA for FY2017 raises the micro-purchase threshold to $10,000 for procurements under grants and cooperative agreements for institutions of higher education, or related or affiliated nonprofit entities, nonprofit research organizations or independent research institutes. [1]

[1] Pub. L. No. 114-328 (codified at 41 U.S.C. § 1902(a)(2)).

The NDAA for FY2017 also establishes an interim uniform process by which these recipients can request and Federal agencies can approve requests to apply a higher micro-purchase threshold. Specifically, the 2017 NDAA allows a threshold above $10,000 if approved by the head of the relevant executive agency. For purposes of this approval, the institution's cognizant Federal agency for indirect cost rates will be the relevant executive agency as defined in 2 C.F.R. § 200.19 (Cognizant agency for indirect costs). To receive a higher threshold, the institution must either have "clean single audit findings" (*i.e.*, in accordance with 2 C.F.R. § 200.520 - Criteria for a low-risk auditee), have an acceptable internal institutional risk assessment, or the higher threshold must be consistent with State law for public institutions.

Agencies should reflect this change through policy or terms and conditions in awards for those institutions. The effective date for this change was when the NDAA for FY2017 was signed into law on December 23, 2016. OMB intends to revise the Uniform Guidance to conform with the law.[2]

Process for Requesting a Higher Threshold Under the NDAA for FY2017

Requests for approval should be submitted to the institution's cognizant Federal agency for indirect cost rates; however, institutions should contact the agency before sending the request to determine the correct point of contact. The cognizant Federal agency will assign review of the request to the appropriate office within the agency to determine whether to approve, and will maintain records and justification of all approvals. The request should include the threshold level being requested and the justification(s) for it based on the criteria above per Section 217(b) of the NDAA for FY2017.

Implementing the NDAA for FY2018

This memorandum also implements provisions of the NDAA for FY 2018, Pub. L. No. 115-91, which became law on December 12, 2017. Specifically, section 806 raised the micro-purchase threshold from $3,500 to $10,000, and section 805 raised the simplified acquisition threshold from $100,000 to $250,000. Pursuant to 2 C.F.R. § 200.67 (Micro-purchase) and 2 C.F.R. § 200.88 (Simplified acquisition threshold), these higher thresholds are not effective until implemented in the Federal Acquisition Regulation (FAR) at 48 C.F.R. Subpart 2.1 (Definitions).[3]

In order to allow maximum flexibility for grant recipients in light of the changes to the NDAA for FY2018, OMB is granting an exception allowing recipients to use the higher threshold of $10,000 for micro-purchases and $250,000 for simplified acquisitions in advance of revisions to the FAR at 48 C.F.R. Subpart 2.1 and the Uniform Guidance. Pursuant to 2 C.F.R. § 200.102 (Exceptions), OMB may allow exceptions to the Uniform Guidance when exceptions are not prohibited by statute. The exception takes effect upon the date of issuance of this memo. Agencies should apply this exception to all recipients. Recipients should document any change based on this exception in accordance with 2 C.F.R. § 200.318 (General procurement standards).

If you have any questions regarding this memorandum, please contact Mary Tutman at Mary.E.Tutman@omb.eop.gov or Gil Tran at Hai_M._Tran@omb.eop.gov.

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[2] The American Innovation and Competitiveness Act, Pub. L. No. 114-329, § 207(b) (2017) states that the Uniform Guidance shall be revised to conform with the requirements concerning the micro-purchase threshold.

[3] Codified at 41 U.S.C. § 1902(f).

Tyler Young, Jr.

From:	Michelle Weinhold <mweinhold_jcha@yahoo.com>
Sent:	Tuesday, August 28, 2018 7:21 AM
To:	Tyler Young Jr.
Subject:	Fw: FROM MIKE GIFFORD: Revisions to the Federal Procurement Thresholds Changed via M-18-18
Attachments:	M-18-18_Purchase_Limits___6-20-2018.pdf

Looks like HUD has raised procurement limits again....however the small purchase amount is still regulated by the State (wish they would get in line with the Federal government). I am checking to see if our Field Office knows anything about this as well as if the micro-purchase amount for construction related purchases has been raised from $2000.

Michelle Weinhold
Property Rehabilitation Director
Jackson County Housing Authority
618-684-3183 x 210
Cell: 618-528-3751

----- Forwarded Message -----
From: HAPA <mgifford@procurementassistance.org>
To: "mweinhold_jcha@yahoo.com" <mweinhold_jcha@yahoo.com>
Sent: Monday, August 27, 2018, 4:36:56 PM CDT
Subject: FROM MIKE GIFFORD: Revisions to the Federal Procurement Thresholds Changed via M-18-18

Housing Agency Procurement Assistance

Dear Procurement Professionals,

I am very pleased to forward the following that details new Procurement Thresholds, in that I have been informed by 4 separate HUD/Federal sources that the:

(1) The HUD-allowed Micro Purchase Threshold for procurement by public housing agencies is now raised from $3,000 to $10,000; and

(2) The HUD-allowed Small Purchase Threshold for procurement by public housing agencies is now raised from $150,000 to $250,000.

Please remember that State law, if applicable, may set lower limits (it is much more probable that State law will set a lower limit pertaining to the Small Threshold rather than the Micro Threshold).

Please note that I am simply repeating what I was told, that it is each housing agencies responsibility to contact their HUD Field Office to firmly confirm these new Thresholds. I am unsure as to if HUD will actually issue any written notices as to this issue, though I am aware that there was one issued by HUD in Ohio. If anyone finds something different, please let me know by return email.

I am going to recommend to my clients (e.g. those agencies that I am working with under contract) that they take a revision to their Procurement Policy to their Board as their earliest convenience. Remember, to take advantage of this most helpful revision (thank you HUD!), it must be listed in your current Procurement Policy. I

am not going to post a new draft of the Procurement Policy sample on my website until after the new HUD Procurement Handbook is issued, most likely, I hope, prior to the end of this year.

Thank you.

COPY OF THE NOTICE THAT I RECEIVED FROM HUD LAST WEEK:

The OMB Memorandum M-18-18 (attached) is effective immediately per the Office of Capital Improvements. HUD OCI is working with OGC to determine if this will require a PIH Notice yet; however, Headquarters has stated these thresholds are effectively immediately regardless of whether/not a Notice is issued.

i. Increased micro purchase from threshold from $3500 to $10,000

ii. increased simplified acquisition threshold from $150,000 to $250,000

This memo only addresses federal limits, as PHAs are responsible for interpreting state and local law. Please remember that any threshold increases need to be incorporated into your PHA Procurement Policy by board resolution prior to implementation.

Regards,

Michael S. Gifford, C.P.M., CPSD
Housing Agency Procurement Assistance

I have a consulting practice providing procurement- and contracts-related mentoring, training, and technical assistance to housing agencies. I help housing agencies conduct procurement and contracts in a HUD-compliant and "best practice" manner. Click here to see my full resume. Please do not hesitate to contact me if you have any questions or concerns pertaining to procurement and contracts (initial answering of questions is "no charge"). As I am either on-the-road or on the phone a lot, an initial contact by e-mail is best; please be sure to include your return telephone number (office/cellular) so that I can call you back.

This email was sent to mweinhold_icha@yahoo.com by HAPA
of Housing Agency Procurement Assistance
2308 Flower Spring St
Las Vegas, NV 89134

procurementassistance.org | Unsubscribe from Email Notifications | Privacy Policy

PROCUREMENT POLICY

Adopted: 09/26/2018 Resolution No.: 18-09-36

1.0 INTRODUCTION

1.1 **General.** Established for the Housing Authority of the County of Jackson, Illinois (hereinafter, JCHA) by Action of the JCHA Board of Commissioners (Board) on September 26, 2018, this Procurement Policy (Policy) complies with the Annual Contributions Contract (ACC) between JCHA 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.** JCHA 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 JCHA;

2.1.3 Ensure that supplies and services (including construction) are procured efficiently, effectively, and at the most favorable and valuable prices available to JCHA;

2.1.4 Promote competition in contracting; and

2.1.5 Assure that JCHA 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 JCHA, regardless of the source of funds, except as noted under "exclusions" below. However, nothing in this Policy shall prevent JCHA 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.

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 Illinois Freedom of Information Act.

3.0 ETHICS IN PUBLIC CONTRACTING

3.1 General. JCHA hereby establishes this code of conduct regarding procurement issues and actions and shall implement a system of sanctions for violations. This code of conduct, etc., is consistent with applicable Federal, State, or local law.

3.2 Conflicts of Interest. No employee, officer, Board member, or agent of JCHA shall participate directly or indirectly in the selection, award, or administration of any contract if a conflict of interest, either real or apparent, 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 JCHA shall ask for or accept gratuities, favors, or items of more than a cumulative total value of $100.00 during any calendar year from any contractor, potential contractor, or party to any subcontract, and shall not knowingly use confidential information for actual or anticipated personal gain.

3.4 **Prohibition against Contingent Fees.** Contractors wanting to do business with JCHA 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, JCHA 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 contracts and decrease JCHA procurement costs;

4.1.3 Reduce JCHA 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, JCHA 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 $100,000, JCHA may use small purchase procedures. Under small purchase procedures, JCHA shall obtain a reasonable number of quotes (preferably three); however, for purchases of less than $10,000, 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, in writing, or through e-procurement. Award shall be made to the responsive and responsible vendor that submits the lowest cost to JCHA. If award is to be made for reasons other than lowest price, documentation shall be provided in the contract file. JCHA 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.

5.3 **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 not competitive proposals or non-competitive proposals, as these terms are defined in this Policy. Under sealed bids, JCHA 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 $100,000.

5.3.1 **Conditions for Using Sealed Bids.** JCHA 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 willing and able 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 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.

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 made by drawing lots or other similar random method. The method for doing this shall be stated in the IFB. 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 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 JCHA 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 JCHA, 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. JCHA may assign price a specific weight in the evaluation factors or JCHA 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, JCHA shall establish an Evaluation Plan for each RFP. 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 and 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 JCHA 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 JCHA'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 JCHA 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 JCHA'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.

5.4.4 **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 JCHA 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.** JCHA 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.

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 JCHA, 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 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:

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;

5.5.2.7 Signature by the Contracting Officer's supervisor (or someone above the level of the Contracting Officer); and

5.5.2.8 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.

5.6 Cooperative Purchasing/Intergovernmental Agreements. JCHA 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. JCHA 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, JCHA shall prepare 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. JCHA 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 Contracting

Officer (through a Purchase Order or other means) shall serve as the Contracting Officer's determination that the price obtained is reasonable, which may be based on the Contracting Officer'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 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, 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 JCHA cannot reasonably determine price reasonableness, JCHA 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, JCHA 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, JCHA 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, or for projects originally procured through Small Purchase procedures and the amount of the contract modification will result in a total contract price in excess of $100,000.

8.0 SOLICITATION AND ADVERTISING

8.1 Method of Solicitation.

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

8.1.2 Small Purchases. Quotes may be solicited orally, through fax, E-Procurement, or by any other reasonable method.

8.1.3 Sealed Bids and Competitive Proposals. Solicitation must be done publicly. JCHA 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. JCHA 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 JCHA's procurement policy.

8.2 Time Frame. For purchases of more than $100,000, the public notice should run not less than once each week for two consecutive weeks.

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 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.

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 JCHA were not considered;

8.5.2.4 Prices exceed available funds and it would not be appropriate to adjust quantities to come within 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 of a similar nature when it is in the best interest of JCHA.

8.5.3 The reasons for cancellation shall be documented in the procurement file and the reasons for cancellation and/or rejection shall 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 JCHA'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

8.5.5.1 Re-solicit using an RFP; or

8.5.5.2 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 JCHA's intent to negotiate, and must give each bidder a reasonable opportunity to negotiate.

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

8.6 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, JCHA 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).

9.0 BONDING REQUIREMENTS

9.1 General. The standards under this section apply to construction contracts that exceed $100,000. There are no bonding requirements for small purchases or for competitive proposals. JCHA may require bonds in these latter circumstances when deemed appropriate; however, non-construction contracts should generally not require bid bonds.

9.1.1 Bid Bonds. For construction contracts exceeding $100,000, offerors shall be required to submit a bid guarantee from each bidder equivalent to 5% of the bid price.

9.1.2 Payment Bonds. For construction contracts exceeding $100,000, the successful bidder shall furnish an assurance of completion. This assurance may be any one of the following four:

9.1.2.1 A performance and payment bond in a penal sum of 100% of the contract price; or

9.1.2.2 Separate performance and payment bonds, each for 50% or more of the contract price; or

9.1.2.3 A 20 % cash escrow; or

9.1.2.4 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 Illinois. 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.

10.0 CONTRACTOR QUALIFICATIONS AND DUTIES

10.1 Contractor Responsibility

10.1.1 JCHA 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, JCHA 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.

10.3 **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 and services (including 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 JCHA 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 JCHA. For all cost reimbursement contracts, JCHA 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 JCHA;

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 JCHA 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 JCHA.

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 $100,000, 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 JCHA.

12.3 Required Contract Clauses: JCHA shall ensure that each contract executed by JCHA contains the required contract clauses detailed within 2 CFR §200.326 and Appendix II.

13.0 CONTRACT ADMINISTRATION

13.1 General. JCHA 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 JCHA'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 JCHA'S 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 Informal Appeals Procedure. JCHA shall adopt an informal bid protest/appeal procedure for contracts of $100,000 or less. Under these procedures, the bidder/contractor may request to meet with the appropriate Contract Officer.

15.3 Formal Appeals Procedure. A formal appeals procedure shall be established for solicitations/contracts of more than $100,000.

15.3.1 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 contract 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.

15.3.2 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 JCHA. Contractor claims shall be governed by the Changes clause in the relevant form HUD-5370.

16.0 ASSISTANCE TO SMALL AND OTHER BUSINESSES

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 JCHA 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.

16.2 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 JCHA prime contracts and subcontracting opportunities.

16.3 Definitions.

16.3.1 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.

16.3.2 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.

16.3.3 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.

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

16.3.5 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 (ED) in the amount not to exceed $100,000 and is

responsible for ensuring that any procurement policies and procedures adopted are appropriate for JCHA. All procurements that exceed $100,000 must have approval from the Board prior to award and/or contract execution.

18.0 DELEGATION OF CONTRACTING AUTHORITY

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

18.2 Procedures. Further, and in accordance with this delegation of authority, the ED shall, where necessary, establish operational procedures (such as a procurement manual or standard operating procedures) to implement this Policy. The ED 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.

19.0 DOCUMENTATION

19.1 Required Records. JCHA 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 handbook);

19.1.5 A copy of the contract documents awarded or issued and signed by the Contracting Officer;

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 contact are closed.

20.0 DISPOSITION OF SURPLUS PROPERTY

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

21.0 FUNDING AVAILABILITY

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