



PROCUREMENT POLICY

This Procurement Policy applies to all procurement actions of the Authority, regardless of the source of funds, except as noted under “exclusions,” below. However, nothing in this Policy shall prevent the LCHA 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.

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. 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 these Policies, automatically supersede these Policies.

Procurement Terms & Definitions as defined in HUD 24 *CFR Handbook No. 7460.8 REV 2*

Procurement

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.

Purchase Order

A purchase order is a written authorization requesting a vendor to furnish goods to a purchaser. It is an offer from the purchaser to buy certain articles. The offer is accepted by the seller when she supplies the requested items. An agreement is formed and the seller can expect payment in return for the delivered goods.

Small Purchase Procedures

The small purchase procedures allow recipients to acquire goods and services totaling no more than \$100,000, without publishing a formal request for proposals or invitation for bids.

This method of procurement is typically used to purchase commodities such as equipment or other materials. In the event that a grantee is purchasing materials that will exceed \$100,000, they must use the sealed bid process. The small purchases method can also be used to acquire eligible types of services,

such as professional consulting, environmental review, or planning. This method cannot be used if the services contract will exceed \$100,000 in value. If the services contract will exceed \$100,000, the grantee must issue an RFP under the competitive proposals approach (see below).

In general, the small purchases procedures also should not be used to acquire construction contractors. It is recommended that these acquisitions occur under the sealed bid approach outlined below. Under the small purchases method, grantees send a request for quotes to potential vendors with a detailed description of the goods or services needed. In return, they receive competitive written quotations from an adequate number of qualified sources. Each quote should include pricing information that allows the grantee to compare costs across bidders and ensure cost reasonableness. Documentation of the quotes shall be maintained in the grantee's files. The award should be made to the lowest responsive and responsible source.

Sealed Bids (Formal Advertising)

Sealed bids (Formal Advertising) should be used for all construction contracts or for goods costing more than \$100,000. Competitive sealed bidding requires publicly solicited sealed bids and a firm-fixed-price lump sum or unit price contract is awarded to the responsible bidder whose bid, conforming with all the material terms and conditions of the invitation for bids, is lowest in price. In order for formal advertising to be feasible, the following minimum conditions must be present: A complete, adequate and realistic specification or purchase description is available. Two or more responsible suppliers are willing and able to compete effectively for a grantee's business. The procurement lends itself to a firm fixed-price contract, and the selection of the successful bidder can appropriately be made principally on the basis of price.

Competitive Proposals

Competitive proposals are used to purchase professional services where the total cost will exceed \$100,000. Under this procurement method, the grantee must publish a written request for submissions and then review these submissions based on established selection criteria. The grantee must solicit proposals from an adequate number of qualified sources. Under this approach, there are two possible methods of soliciting proposals. A request for proposals asks that offerers submit both qualifications and cost information. A request for qualifications can be used for purchasing architecture and engineering services. It only asks for information on the offerer's expertise/experience and not on cost, subject to a negotiation of fair and reasonable compensation.

Non-competitive Proposals

Non-competitive procurement may be used only when the award of a contract is infeasible under small purchase procedures, sealed bids, or competitive proposals and one of the following circumstances applies: Where the item is available only from a single source; Where a public emergency or urgent situation is such that the urgency will not permit a delay beyond the time needed to employ one or the other procurement methods; or Where after solicitation of a number of sources, competition is determined inadequate.

I. General Policies

- A. No employees, officer or agent of the Housing Authority shall participate in selection or in the award or administration of a contract if a conflict of interest, real or apparent, would be involved.
- B. The Housing Authority will make awards only to responsible contractors possessing the ability to perform successfully under the terms and conditions of a proposed procurement. Consideration will be given to such matters as contractor integrity, compliance with public policy, financial and technical resources.

- C. The Housing Authority will, in all matters of procurement, seek to comply with the Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments as set forth in 24 CFR 85.36 and 85.37.
- D. The Housing Authority will, in all matters of procurement, seek to comply with provisions of Illinois Law including but not limited to Public Acts 85-1295 and 86-150.
- E. The Housing Authority will seek to comply with Davis-Bacon Act requirements both as to threshold contract amounts and as to threshold unit numbers and regulations supplementing the Act.
- F. The Housing Authority will comply with other Federal requirements including but not limited to:
 - 1. Executive orders regarding Equal Employment Opportunity;
 - 2. The Copeland “Anti-Kickback” Act and regulations supplementing the Act;
 - 3. The Contract Work Hours and Safety Standards Act and regulations supplementing the Act; and
 - 4. The Clean Air Act, Clean Water Act, and Executive Orders and regulations supplementing these Acts.

II. Procedural Policies

- A. Purchases and contracts for equipment, materials, supplies, and non-personal services shall be made in the following manner:
 - 1. The Executive Director/CEO or his/her designee(s) shall make purchases under small purchase procedures, the LCHA shall obtain a reasonable number of quotes (preferably three); however, for purchases in any amount equal to or less than \$1,000, also known as Micro Purchases, only one quote is required. To the greatest extent feasible, and to promote competition, small purchases should be distributed among qualified sources. 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 qualified vendor that provides the best value to the LCHA. If award is to be made for reasons other than lowest price, documentation shall be provided in the contract file.
 - a. Prohibition Against Bid Splitting. The Contracting Officer shall not break down requirements aggregating more than the small purchase threshold (or the Micro Purchase threshold) into multiple purchases that are less than the applicable threshold (commonly called ‘bid splitting’ or “unbundling”) merely to permit use of the small purchase procedures or avoid any requirements that apply to purchases that exceed those thresholds. However, larger requirements may be broken into smaller ones to afford small and minority businesses the opportunity to participate in the PHA’s procurements. The Contracting Officer should document in the contract file the reasons for breaking down larger requirements into smaller ones. *24 CFR 85.36 c Handbook No. 7460.8 REV 2*
 - 2. For purchases and contracts from \$1,001 to \$100,000, the Executive Director/CEO or his/her designee(s) shall use competitive negotiation and invite offers orally, by telephone, or in writing from at least three (3) suppliers if they are available in the locality. A file shall be kept with an abstract of invitation made and offers received.

3. For purchases and contracts in excess of \$100,000, the Executive Director/CEO or his/her designee(s) shall use formal advertising methods (unless otherwise justified) and shall solicit bids by advertisement in at least one newspaper of general circulation, or by mailing solicitations to bid to all available dealers, and by posting notices in public places, or by a combination of such methods.
 - a. When formal advertising methods are used, the minimum time between the day the advertisement is published and the day bids are due shall be twenty-one (21) days. All bidders must furnish a five (5) percent bid bond and a one hundred (100) percent performance bond. No bids will be awarded at the opening. All bid awards shall be made through written notification. When two or more bids are equal, the PHA shall draw lots.
4. With respect to the purchases and contracts specified in sections A above, the Executive Director/CEO or his/her designee(s) shall make the purchase from or award the contract to the lowest responsible bidder as to price who meets the requirements.
 - a. The Local Housing Authority shall not, without the prior written approval of HUD, enter into, execute or approve any agreement or contract for professional, technical or other kinds of services (including ADP software and related services) under the following circumstances.
 - (1) The procurement is expected to exceed \$25,000 and is to be awarded without competition or only one bid or offer is received in response to Solicitation or Request for Proposal; or
 - (2) the amount of the procurement is in excess of the amount included for the purpose in the HUD approved Development Cost Budget or Operating Budget; or
 - (3) where approval is specifically required by Federal Law or Executive order; or
 - (4) where the agreement or contract is for legal or other services in connection with litigation.
5. The PHA shall enter into governmental agreements, to use State and Local contracts, wherever possible, and request that the contracting agency note in the contract that use by the PHA is authorized.
6. All procurement of equipment, materials, supplies and non-personal services shall be documented. Expenditures under \$300 shall be supported by receipts, and purchases over that amount shall be made by standard purchase order. Each purchase, regardless of dollar amount, shall be supported by an Invoice/PO approval form approved by a department supervisor or higher authority. Purchase requests for over this limitation shall be stamped or signed by the Comptroller or Director of Finance to indicate that sufficient funds are available for payment. However, the Executive Director/CEO or his/her designee shall exercise approval authority in excess of \$1,000. Furthermore, purchase orders and contracts for over this limitation shall be sent to the Executive Director/CEO or his/her designee for firm obligation of funds before purchase is made.

- B. The Executive Director/CEO or his/her designee(s) shall establish written procedures to monitor the procurement actions of the staff and which will ensure compliance with the above policy. These procedures and any changes thereto will be submitted to the Board for approval.
- C. For purchases specified in paragraphs a(2) and a(3) of this policy statement, lack of competition is permissible only (1) when an emergency exists which permits no delay because of the possibility of injury, loss of life or destruction of property, (2) when only one source of supply is available, (3) when the amount involved in any one case does not exceed \$100,000, (4) when the contract is for (a) professional, technical, or other kinds of services, or (b) to be performed under Local Authority supervision and paid for on a time basis, or (5) when the purchase is made under a consolidated supply contract entered into between HUD and the contractor pursuant to HUD regulations and the Executive Director/CEO or Contracting Officer shall so certify.
- D. Positive efforts shall be made by the Executive Director/CEO or his/her designee(s) to use small, minority-owned and women-owned businesses as sources for supplies and services. Such efforts shall include developing a bidders mailing list for these sources, and encouraging these businesses to compete for contracts to be awarded.
- E. The Executive Director/CEO shall designate a Contract Officer and staff who shall be responsible for conducting the PHA's purchasing and contracting activities; preparing bid documents as appropriate; opening and evaluating bids, recommending bid acceptance to the Board; and negotiating competitive and non-competitive contracts.
- F. The Executive Director/CEO or his/her designee(s) shall be responsible for signing all contracts or proposals. Purchase orders shall be signed by the Department Supervisor.
- G. Procurement procedures for materials services or construction contracts funded with CGP funds shall conform to rules governing the CGP as amended effective April 5, 1996 (Federal Register: Tuesday, March 5, 1996).
- H. The Executive Director/CEO or his/her designee(s) shall establish protest procedures to handle and resolve disputes relating to procurement.
- I. Procurement records shall be maintained for three years after final payment and all protested matters are closed.

III. Monitoring Procurement Actions

All procurement actions result in the issuance of purchase orders or contracts as a result of invitations to bid or requests for proposals. The level of the procurement action determines the appropriate method of monitoring.

Where procurement relies on the use of purchase orders the Executive Director/CEO or his/her designee(s) will randomly select and review five percent of those issued each month to evaluate the basis for the procurement and justification of cost reasonableness. Support documentation such as billing statements or invoices will also be presented to the Finance Chairman each month in conjunction with the List of Bills review and Board of Commissioner's action.

Procurement actions involving invitations to bid or request for proposals shall be documented on a LCHA or HAB bid tabulation form. This form will be presented by the Executive Director/CEO to the Board at its regular monthly meeting together with a recommendation for the selection of a contractor/vendor. A cost and price analysis will be retained in the project file justifying that the cost is reasonable. Any irregularities in pricing, the bidding process or protests thereof shall be fully disclosed to the Board for their consideration. No contract may be awarded without the consent of the Board except to abate an emergency condition or by the Executive Director/CEO only for vacancy reduction and /or vacant-unit turnaround without prior Board approval on contracts not to exceed \$20,000. The Executive Director/CEO must follow all other Procurement Policy requirements and will report the details of any such awards at the next regular Board meeting. Each contract awarded in response to an ITB or RFP shall be assigned a contract control number and recorded on a log of contracts. At a minimum, the log shall contain the name and address of the contractor/vendor, project number or program for which the contract was entered, date of the contract, the contract amount, federal identification number and demographic data that may be required by the U. S. Department of Housing and Urban Development. The log shall be maintained by the Comptroller or Director of Finance or his/her designee.

Small purchases may be initiated by the Executive Director/CEO or his/her designee(s). Invoices from the supplier shall generally provide sufficient documentation for these purchases. These will be reviewed by Supervisors, the Comptroller or Director of Finance, Executive Director/CEO and the Finance Chairman and are included on the monthly List of Bills submitted to the Board.

Except for items procured for amounts not to exceed \$20,000 for the daily operations of the Authority. No disbursement for procurement shall occur without the approval of the Board of Commissioners unless the disburse payments are for procurement items that has prior Board approval.

All procurement actions are subject to the Authority's annual independent audit and monitoring reviews conducted by the U. S. Department of Housing and Urban Development.

IV. ARRA GRANT PROCUREMENT METHODS AND REQUIREMENTS

- A. Priorities: PHAs shall give priority to Capital Fund Stimulus Grant projects that can award contracts based on bids within 120 days from February 17, 2009.
- B. State and Local: Any requirements relating to the procurement of goods and services arising under state and local laws and regulations shall not apply to Capital Fund Stimulus Grants. PHAs shall instead follow the Part 85 requirements.
- C. Part 85 Compliance: PHAs shall amend their procurement standards and policies as necessary in order to expedite and facilitate the use of the funds.
 - 1. For both Small Purchases (Over \$2,000 but not exceeding \$100,000) and Sealed Bidding (contracts over \$100,000) the following "Buy American Requirement" applies.
 - 2. BUY AMERICAN REQUIREMENT

The "Buy American requirements of Section 1605 of the Recovery Act" of 2009 shall be included as a part of any solicitation and award pertaining to ARRA monies.

Revised: 08/1990 Resolution 1990-61
06/1995 Resolution 1995-45
04/1996 Resolution 1996-47
04/1998 Resolution 1998-49
02/2009 Resolution 2009-25
11/2009 Resolution 2010-11
12/2013 Resolution 2014-47