



# **PROCUREMENT POLICY**

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## **SECTION 1. POLICY STATEMENT AND PURPOSE**

### **1.1. INTRODUCTION**

Established for Portsmouth Redevelopment and Housing Authority (PRHA) by the Board of Commissioners' action on April 12, 1994, August 18, 1997, June 21, 2004, September 17, 2009, and December 15, 2011.

This Statement of Procurement Policy complies with PRHA's Consolidated Annual Contributions Contract with HUD, No. P-5515, dated August 30, 1996, as amended (ACC), Virginia law, HUD Handbook 7460.8, Rev 2 (HUD handbook), and the procurement standards of, each as applicable. Any and all issues not addressed herein shall be resolved pursuant to the ACC, federal law and regulations, and the Virginia Code, as applicable.

The terms of the ACC shall not be violated and shall take over any and all conflicting requirements.

It is not required that the procurement policy be submitted to HUD for approval. Therefore, PRHA hereby self-certifies that our procurement system meets all HUD requirements, and as such, is exempt from certain HUD review requirements.

### **1.2. PURPOSE**

The purpose of this Statement of Procurement Policy (Statement) is to: provide for the fair and equitable treatment of all persons or firms involved in purchasing by PRHA; assure that supplies, services, equipment and construction are procured efficiently, effectively, and at the most favorable prices available to PRHA; promote competition in contracting; provide safeguards for maintaining a procurement system of quality and integrity; and assure that PRHA purchasing actions are in full compliance with applicable federal standards, HUD regulations and Virginia laws.

### **1.3. APPLICATION**

This Statement applies to all contracts for the procurement of supplies, services, equipment and construction initiated by PRHA after the effective date of this Statement. It shall apply to every expenditure of funds by PRHA for public purchasing, irrespective of the source of funds, including contracts which do not involve an obligation of funds (such as concession contracts); however, nothing in this Statement shall prevent PRHA from complying with the terms and conditions of any grant, contract, gift or bequest that is otherwise consistent with law. The

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term “procurement”, as used in this Statement, includes both contracts and contract modifications (including change orders) for construction or services, as well as purchase, lease or rental of supplies and equipment. In the event an applicable law or regulation is modified or eliminated, or a new mandatory law or regulation is adopted, such law or regulation shall, to the extent inconsistent with this Policy, automatically supersede this Policy.

**1.4. TRANSACTIONS COVERED UNDER THIS POLICY**

This policy governs all purchasing and contracting activities of the PRHA. All procurement and purchasing activities shall comply with 2 CFR Part 200 and applicable Commonwealth of Virginia procurement statutes. The following shall be governed by this policy:

- Procuring, Purchasing, Leasing, or Renting:
  - a. Goods, Supplies, Equipment, Materials and Services
  - b. Construction and Maintenance
  - c. Consultant Services
  - d. Architectural and Engineering (A & E) Design Services
  - e. Social Services
  - f. Other Services
- Selling
  - a. Concessions
  - b. Disposal of Surplus Material and Equipment

**1.5. TRANSACTIONS NOT COVERED UNDER THIS POLICY**

The following shall not be governed by this policy:

Real estate purchase and sale transactions. (Surveys, appraisals, environmental site assessments, and financing analysis are considered consultant services and governed by this policy.)

- Loan transactions and documents.
- Sub-recipient or sub-grantee agreements and related change orders.
- Employment contracts.
- Limited partnership agreements.

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■ Award of housing or other vouchers to non-profit agencies.

■ Housing Assistance Payment (HAP) Contracts.

**1.6. PUBLIC ACCESS TO PROCUREMENT INFORMATION (See Va. Code 2.2-4342)**

■ Procurement information shall be a matter of public record to the extent provided in the Virginia Freedom of Information Act (Va. Code 2.2-3700, et seq.) and shall be open to the inspection of any citizen or any interested person, firm or corporation as provided in that statute, except as otherwise limited by exceptions set forth in the Virginia Public Procurement Act and other applicable law such as the Virginia Privacy Protection Act of 1976, as amended, and similar Federal privacy laws.

■ Cost estimates relating to a proposed procurement transaction prepared by or for a public body shall not be open to public inspection.

■ Any competitive sealed bidding bidder, upon request, shall be afforded the opportunity to inspect bid records within a reasonable time after the opening of all bids but prior to award, except in the event that the public body decides not to accept any of the bids and to reopen the contract. Otherwise, bid records shall be open to public inspection only after award of the contract.

■ Any competitive negotiation offeror, upon request, shall be afforded the opportunity to inspect proposal records within a reasonable time after the evaluation and negotiations of proposals are completed but prior to award, except in the event that the public body decides not to accept any of the proposals and to reopen the contract. Otherwise, proposal records shall be open to public inspection only after award of the contract.

■ Any inspection of procurement transaction records shall be subject to reasonable restrictions to ensure the security and integrity of the records.

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Trade secrets or proprietary information submitted by a bidder, offeror or contractor in connection with a procurement transaction; provided however, that the bidder, offeror or contractor must, in writing: (a) invoke the protection of Va. Code Section 2.2-4342 prior to or upon submission of the data or other materials; (b) identify the data or materials to be protected; and (c) state the reasons why protection is necessary.

**1.7. HUD FORMS**

When applicable, certain HUD forms are mandatory inclusions in PRHA contracts utilizing federal funds. Required HUD forms are discussed in some detail in this Statement of Procurement Policy.

## SECTION 2. PROCUREMENT AUTHORITY AND ADMINISTRATION

### 2.1. PROCUREMENT TRANSACTIONS

All procurement transactions shall be administered by the Contracting Officer, who shall be the Executive Director or such other individual he or she has authorized in writing. The Executive Director shall issue operational procedures to implement this Statement, which shall be based on the HUD Handbook and applicable law.

### 2.2. PROCUREMENT ADMINISTRATION

The Executive Director or his/her designee shall ensure that:

- **Annual Planning.** Procurement requirements are subject to an annual planning process to assure efficient and economical purchasing;
- **Contract Modifications.** Contracts and modifications are in writing, clearly specifying the desired supplies, services, equipment or construction, and are supported by sufficient documentation regarding the history of the procurement, including as a minimum the method of procurement chosen, the selection of the contract type, the rationale for selecting or rejecting offers, and the basis for the contract price, and that contracts and modifications are awarded by PRHA employees designated in writing as Contracting Officers, or are expressly awarded by resolution of the PRHA Board of Commissioners;
- **Federal Compliance.** In all cases in which federal procurement requirements apply, solicitation procedures are conducted in full compliance with Federal procurement standards stated in 2 CFR Part 200, or state and local laws that are more stringent, provided they are consistent with 2 CFR Part 200;
- **State Compliance.** In all cases in which federal procurement requirements do not apply, solicitation procedures are conducted in compliance with applicable state law, including the Virginia Public Procurement Act (Va. Code 2-2-4300, et seq.).
- **Cost/Price Analysis.** Cost or price analysis (Independent Cost Estimate) is required in connection with every procurement action in excess of the Micro Purchase Threshold (\$5,000) including contract modifications. The official PRHA Price/Cost Analysis form 21 PUR 8/03, as amended from time to time, shall be used. The Director of Procurement must sign every price or cost analysis and the



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Director of Finance will sign all price and cost analyses exceeding the small purchase threshold. The method and degree of analysis is dependent on the facts surrounding the particular procurement situation. An Independent Cost Estimate is to be prepared before solicitation issuance and appropriately safeguarded for each procurement above the small purchase limitation, and a cost or price analysis is to be conducted of the responses received for all procurements;

■ **Contract Awards.** Contract award is made to the responsive and responsible bidder offering the lowest price (for sealed bid contracts) or contract award is made to the offeror whose proposal offers the best value to PRHA, considering price, technical, and other factors as specified in the solicitation (for contracts awarded based on competitive proposals); unsuccessful firms are notified within ten days after contract award;

■ **Contractor Payments.** There are sufficient unencumbered funds available to cover the anticipated cost of each procurement before contract award or modifications (including change orders), work is inspected before payment, and payment is made promptly for contract work performed and accepted;

■ **HUD Review.** PRHA complies with applicable HUD review requirements, as provided in any operational procedures supplementing this Statement and/or HUD Handbook 7460.8 rev-2;

■ **Discrimination in Contracting.** PRHA does not discriminate against a bidder or offeror because of race, religion, color, sex, national origin, age, disability, or any other basis prohibited by applicable federal or state law; and

■ **Pre-Award Review.** The Contract Compliance and Clearance form 4ADMIN 8/03RV, as amended from time to time, should be fully annotated by the procurement initiator. The Director of Procurement shall review the procurement file prior to the award of any procurement in excess of \$5,000.00 and perform a final file review at the completion of the procurement event. The Director of Finance shall check the quality of all bonds ensuring they are from an acceptable surety to the Federal government by checking it against Treasury Circular 570.

### **2.3. POLICY REVISIONS**

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This Statement and any later changes shall be submitted to the Board of Commissioners for approval. The Board appoints and delegates procurement authority to the Executive Director who designates in writing Contracting Officers to procure all contracts for supplies, services, equipment and construction.

**2.4. CONTRACT APPROVAL THRESHOLDS**

Prior approval by the Board of Commissioners shall be required for: (a) contracts with a contract price in excess of \$50,000; (b) a change order to a fixed price contract which increase the contract price by the greater of 25% or \$50,000; and (c) a change order to a contract with a fixed price below \$50,000 which exceeds 25% of the fixed price and results in the contract price exceeding \$50,000.

### **SECTION 3. PROCUREMENT METHODS**

#### **3.1. SELECTION OF METHOD**

If it has been determined that PRHA will directly purchase the required items, one of the following procurement methods shall be chosen, based on the nature and anticipated dollar value of the aggregate or the sum of all phases:

- Petty Cash
- Micro Purchases
- Small Purchase Procedures
- Competitive Sealed Bid
- Competitive Negotiation
- Non-competitive Procedures

A Memorandum shall be created for all procurements over a \$5,000.00 threshold. The Memorandum shall describe the procurement process and evaluation criteria established for an award.

#### **3.2. PETTY CASH**

Small purchases under \$50.00 which can be satisfied by local sources may be processed through the use of a petty cash account. The Director of Finance shall ensure that: the account is established in an amount sufficient to cover small purchases made during a reasonable period (e.g., one week); security is maintained and only authorized individuals have access to the account; the account is periodically reconciled and replenished by submission of a voucher to PRHA's Finance Department; and the account is periodically audited by the Finance Department to validate proper use and to verify that the account total equals cash on hand plus the total of accumulated vouchers.

#### **3.3. MICRO PURCHASES**

Micro Purchases are non-construction (Davis-Bacon Act) Small Purchases other than Petty Cash Purchases which in the aggregate or the sum of all phases are not expected to exceed \$5,000.00. For small purchases not to exceed \$5,000.00 only one quotation need be solicited if the price received is considered reasonable; however, every reasonable effort shall be made to obtain more than one quotation. Such purchases must be distributed equitably among

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qualified sources. If practicable, a quotation shall be solicited from other than the previous source before placing a repeat order. See HUD Handbook

**3.4. SMALL PURCHASES**

Small Purchases which in the aggregate or the sum of all phases are over \$5,000.00 but not expected to exceed \$100,000.00 may be made by the Contracting Officer after sending a Quotations for Small Purchases (QSP) identifying PRHA's needs and inviting quotations to those firms appearing on the current list of sources of the desired items. No less than four (4) offerors shall be solicited to submit price quotations which may be obtained orally, by telephone, or in writing. In addition, in the case of any purchase under this subsection which in the aggregate or the sum of all phases is expected to exceed \$30,000, the Contracting Officer shall also cause posting of a public notice of the solicitation on the PRHA website, the Virginia Business Opportunity (VBO) website, or one or more other appropriate websites.

Award shall be made to the offeror providing the lowest acceptable quotation. If non-price factors are used, those factors will be disclosed during the solicitation period. The names, addresses and/or telephone numbers of the offerors contacted, and the date and amount of each quotation shall be recorded and maintained as a public record. An estimate of fair market value for the goods or services procured must be made before seeking quotes to establish the reasonableness of the quotes and the estimate must be properly recorded.

Any procurement where the aggregate or the sum of all phases is not expected to exceed \$100,000.00 may be made in accordance with the small purchase procedures authorized in this section. Procurement requirements shall not be artificially divided so as to constitute a small purchase under this section (except as may be reasonably necessary to comply with Section VIII of this Statement, Assistance to Small or Other Businesses). See Chapter 5 of HUD Handbook 7460.8 REV-2 for cost/price analysis requirements on small purchases. **(Now superseded by 2 CFR Part 200.323.)**

Materials, equipment, services other than professional services, supplies, printing and automated data processing hardware and software hereinafter referred to in this Section as Small Purchases, shall be obtained by the Contracting Officer or other employee designated by the Executive Director and only in accordance with this Statement.

### **3.5. BLANKET PURCHASE AGREEMENTS**

Small purchases under \$5,000.00 per transaction but not exceeding \$100,000 per year in the aggregate may be made through Blanket Purchase Agreements with retail or supply firms in accordance with the terms of this subsection. Blanket Purchase Agreements may be established by the Authority with retail or wholesale supply firms. Wherever practicable, competition shall be used to select such firms (including through Cooperative Procurement, as discussed in Section III.H hereof).

All Blanket Purchase Agreements must be approved in advance by the Contracting Officer. Small purchases under an approved Blanket Purchase Agreement which do not exceed \$5,000 and which will not place total annual orders under the Blanket Purchase Agreement in excess of \$100,000 may be made by employees designated by the Contracting Officer, provided that: (a) the applicable department director has approved the purchase; and (b) the purchase has been authorized in writing by the Contracting Officer. Annually, the Contracting Officer will review and make inquiries to assure that each Blanket Purchase Order Vendor remains competitive.

### **3.6. PROFESSIONAL SERVICES**

**Professional Services, which in the aggregate or the sum of all phases are not expected to exceed \$5,000.00.** For professional services not to exceed \$5,000.00 only one quotation need be solicited if the price received is considered reasonable; however, every reasonable effort shall be made to obtain more than one quote. An estimate of fair market value for the goods or services procured must be made before seeking quotes to establish the reasonableness of the quotes and the estimate must be properly recorded.

**Professional Services, which in the aggregate or the sum of all phases are over \$5,000.00 but not expected to exceed \$50,000.00.** No less than four offerors shall be solicited to submit price quotations which may be obtained orally, by telephone, or in writing. Award shall be made to the offeror providing the lowest acceptable quotation, unless justified in writing based on price and other specified factors, such as for architect-engineer contracts. If non-price factors are used, they shall be disclosed to all those solicited. The names, addresses, and/or telephone numbers of the offerors and persons contracted, and the date and amount of each quotation shall be recorded and maintained as a public record. An estimate of fair market value for the goods or services procured must be made before seeking quotes to establish the reasonableness of the quotes and the estimate must be properly recorded.

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It is to be documented and maintained in the contract file that the compensation is reasonable for the services required and that competition was utilized where practicable.

**3.7. COMPETITIVE 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, PRHA publicly solicits bids and awards a firm fixed-price contract (lump sum or unit price) to the responsive and responsible bidder whose bid, conforming to 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.

**Conditions for Use.** Contracts, except as otherwise herein set forth, shall be awarded based on competitive sealed bidding if the following conditions are present: a complete, adequate, and realistic specification or purchase description is available; two or more responsible bidders are willing and able to compete effectively for the work; the procurement lends itself to a firm fixed-price contract; and the selection of the successful bidder can be made principally on the basis of price. For professional service contracts, sealed bidding should not be used. Construction contracts shall be procured using competitive sealed bidding, except that competitive negotiation may be used to procure construction in the following instances, upon a prior written statement by the Executive Director or his designee, which documents the determination that competitive sealed bidding is either not practicable or not fiscally advantageous to PRHA (See Va. Code Section 2.2-4303.D):

- a. A contract for the construction of highways and any draining, dredging, excavation, grading or similar work upon real property; or

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- b. A contract for construction on a fixed price or not-to-exceed price design build or construction management basis provided the requirements of Section 2.2-4308 of the Virginia Public Procurement Act have been or will be met; or
- c. An energy performance-based contract as provided in (and in accordance with the requirements of) Section 11.34.1 of the Virginia Code (and, if federal funds are to be used, in compliance with all applicable HUD requirements).

**Solicitation and Receipt of Bids.** An Invitation for Bids shall be issued including specifications, contractual terms and conditions applicable to the procurement, including any requisite qualifications of the contractor and a statement that award will be made to the lowest responsible and responsive bidder whose bid meets the requirements of the Invitation for Bids. The Invitation for Bids shall state the time and place for both the receipt of bids and the public bid opening. All bids received shall be time-stamped but not opened and shall be stored in a secure place until bid opening. A bidder may withdraw its bid at any time prior to bid opening. Each Invitation for Bids shall advise potential bidders of the notice and evidentiary requirements for withdrawal of bids for mistakes after opening set forth in subsection III.C.7.c.v below.

**Notice.** Notice of the Invitation for Bids shall be provided at least ten calendar days prior to the date set for receipt of bids by posting in a designated public area, publication in a newspaper of general circulation, or posting on the PRHA website or another appropriate website. Public notice will also be published on the Virginia Department of General Services' central electronic procurement Web site and other appropriate Web sites. Bids may also be directly solicited from potential contractors.

**Bid Opening.** Bids shall be opened publicly and in the presence of at least one witness. An abstract of bids shall be recorded and the bids shall be available for public inspection. All bid opening information shall be documented in a Memorandum placed in the procurement file.

**Award.** Award of a firm fixed-price contract shall be made as provided in the Invitation for Bids by written notice to the lowest responsive and responsible bidder. Where specified in the Bid Documents, factors such as discounts,

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transportation costs, and life-cycle costs shall be considered in determining which bid is lowest. If only one responsive bid is received from a responsible bidder, award shall not be made unless a cost or price analysis verifies the reasonableness of the price. When the terms and conditions for multiple bids are so provided in the Invitation for Bid, the Invitation to Bid shall expressly state that “PRHA reserves the right to make multiple awards under this solicitation”. When an invitation to Bid contains said language, PRHA may make awards to more than one bidder.

■ **Tie Bids.** In the case of a tie bid, award shall be made by drawing lots or similar random method.

■ **Mistakes in Bids.** See HUD Handbook Section 6.10, Va. Code 2.2-4330.

■ **Review of Bids for Mistakes.** After bid opening, the Contracting Officer or his or her designee shall carefully review each bid to ensure that the bidders have not made any obvious clerical mistakes in their bids, e.g. the sum of the bid items does not equal the total bid price. If a bidder appears to have made a clerical mistake, the Contracting Officer or designee shall immediately bring the mistake to the attention of the bidder by phone to request confirmation of the bid as submitted. Any such phone call should be confirmed with a follow-up letter confirming the information communicated by phone. The Contracting Officer or designee shall place a copy of the letter in, or otherwise document, the procurement file. This subsection in no way waives or limits a bidder’s obligation to submit an accurate bid, and does not create any right or remedy in favor of a bidder.

■ **Mistakes Before Bid Opening.** Correction or withdrawal of inadvertently erroneous bids may be permitted, where appropriate, before bid opening by written or email notice received in the office designated in the Invitation for Bids prior to the time set for bid opening.

■ **Mistakes After Bid Opening.** After bid opening, a bidder may withdraw its bid from consideration only if he can show by clear and convincing evidence that:

- a. The price is substantially lower than the other bids due solely to a mistake;
- b. The bid was submitted in good faith;



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- c. The mistake was a clerical mistake as opposed to a judgment mistake and was due to an unintentional arithmetic error or an unintentional omission of the quantity of work, labor or materials made directly in the compilation of that bid;
- d. The error or omission can be clearly shown by objective evidence drawn from inspection of original work papers documents and materials used in the preparation of the bid; and
- e. The bidder submits a notice in writing of his claim of right to withdraw the bid, with the original work papers, within two business days after the conclusion of the bid opening procedure.
- f. If a bid contains both clerical and judgment mistakes, a bidder may withdraw his bid from consideration if the price bid would have been substantially lower than the other bids due solely to the clerical mistake, that was an unintentional arithmetic error, or an unintentional omission of a quantity of work, labor or material made directly in the compilation of a bid, which shall be clearly shown by objective evidence drawn from inspection of original work papers, documents and materials used in the preparation of the bid sought to be withdrawn.
- g. Within five business days of receipt of a request to withdraw a bid due to a mistake, PRHA shall notify the bidder in writing of its determination. If PRHA denies the withdrawal, it shall state in such notice the reason[s] for its decision.
- h. All decisions to allow correction or withdrawal of bid mistakes shall be supported by a written determination signed by the Contracting Officer. After bid opening, no changes in bid prices or other provisions of bids prejudicial to the interest of PRHA or fair competition shall be permitted. Without limitation, no bidder will be permitted to withdraw a bid if the result of withdrawal would be the awarding of the contract on another bid of the same bidder or of another bidder in which the ownership of the withdrawing bidder is more than five percent.
- i. No bidder who is permitted to withdraw a bid shall, for compensation, supply any material or labor to, or perform any subcontract or work agreement for,

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the person or firm to whom the contract is awarded or otherwise benefit, directly or indirectly, from the performance of the project for which the withdrawn bid was submitted.

**Bid Guarantee and Bonds.** Although permissible at lower amounts at PRHA's option, the following are required for construction contracts in excess of \$100,000.00. (See Va. Code Sections 2.2-4336-8, HUD Handbook Section 6.11).

- a. Bid Guarantee. The bidder shall submit with the bid a bid bond from a surety company licensed to do business in Virginia and which is listed in the latest issue of U.S. Treasury Circular 570. The amount of the bid bond shall equal 5% of the bid price. In lieu of a bid bond, the bidder may submit a certified or cashier's check. If approved by PRHA's attorney, the bidder may submit a bank or savings and loan association irrevocable letter of credit. Approval shall be granted only upon a determination that the form of alternative security offers protection equivalent to the form of a corporate surety's bond which is customarily used in the locality. No forfeiture under a bid bond shall exceed the lesser of (i) the difference between the bid for which the bond was written and the next low bid, or (ii) the face amount of the bond.
- b. Unless otherwise required by HUD, upon award of any contract of \$500,000 or more, contractors shall be required to submit performance and payment bonds for 100% of the contract price issued by a surety acceptable to PRHA.

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- c. Upon award of any contract between \$100,000 and \$500,000, contractors shall be required to submit the following:
  - i. Performance and payment bonds for 100% of the contract price;
  - ii. Separate performance and payment bonds, each for 50% or more of the contract price, and each in a form acceptable to PRHA;
  - iii. A 20% cash escrow; or
  - iv. A 25% irrevocable letter of credit in a form acceptable to PRHA.

### **3.8. COMPETITIVE PROPOSALS**

**Conditions for Use.** Competitive proposals (including turnkey proposals for development) may be used if there is an adequate method of evaluating technical proposals and where PRHA determines that conditions are not appropriate for the use of competitive sealed bids. An adequate number of qualified sources shall be solicited. Competitive proposals may be used for the procurement of services. Competitive proposals shall be used for procurement of professional services exceeding \$60,000.00, unless one of the exceptions set forth in Section III E. “Non-Competitive Procurement” below applies. PRHA has authorized the use of small purchase procedures for the procurement of professional services, which in aggregate or the sum of all phases are not expected to exceed \$60,000.00. Va. Code Section 2.2-4303 a & b, HUD Handbook Chapter 7.

**Process**

- a. Solicitation. The Request for Proposals (RFP) (or, where permissible, Request for Qualifications (RFQ)) shall clearly identify the relative importance of price and other evaluation factors and sub-factors, including the weight given to each technical factor and sub-factor. A mechanism for staff to fairly and thoroughly evaluate 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. The proposals shall be evaluated only on the criteria stated in the RFP.
- b. Notice. Notice of the RFP or RFQ shall be provided at least ten calendar days prior to the date set for receipt of proposals by posting in a designated public

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area, publication in a newspaper of general circulation, and posting on the PRHA website or another appropriate website. Public notice may also be published on the Virginia Department of General Services' central electronic procurement web site and other appropriate web sites. Bids may also be directly solicited from potential contractors. Any such additional solicitations shall also be made available to the Department of Minority Business Enterprise, 200-202 N. Ninth Street, 11<sup>th</sup> Floor, Richmond, Virginia 23219.

- c. Negotiations. Unless there is no need for negotiations with any of the offerors, negotiations shall be conducted with each offeror who submitted a proposal determined to have a reasonable chance of being selected for the award, based on evaluation against the price and technical factors specified in the RFP. Such offerors shall be accorded fair and equal treatment with respect to any opportunity for negotiation and revision of proposals. The purpose of negotiations shall be to seek clarification with regard to, and advise offerors of the deficiencies in, both the technical and price aspects of their proposals so as to assure full understanding of and conformance to the solicitation requirements. No offeror shall be provided 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. Offerors shall not be directed to reduce their proposed prices to a specific amount in order to be considered for award. A common deadline shall be established for receipt of proposal revisions based on negotiations.
- d. Award. After evaluation of proposal revisions, if any, the contract shall be awarded to the responsible firm whose qualifications, price and other factors considered, are the most advantageous to PRHA. Awards may be made to more than one offeror when the RFP provides for the possibility of multiple awards.

**Professional Services Using Non-Federal Funds Only.** Professional services are defined as work performed by an independent contractor within the scope of practice of accounting, architecture, land surveying, landscape architecture, law, dentistry, medicine, optometry, pharmacy or professional engineering (Section 2.2-4301 of the Virginia Code). In the case of Competitive Proposals for contracts which will be funded with NON-FEDERAL FUNDS ONLY (Section 2.2-

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4301 of the Virginia Code): (a) the Request for Proposal shall not request that offerors furnish estimates of man-hours or costs for services; and (b) the negotiation process shall be in accordance with H.4 (Qualifications-Based Procurement) herein. Notwithstanding the above, nothing shall prohibit PRHA from discussing non-binding estimates of proposed man-hours or costs for services during negotiations or from using price as a selection factor in the award.

**Qualifications-Based Procurement.** Architect/engineer services and mixed finance developer partner services (as provided in 24 CFR Part 941 subpart f) in excess of the small purchase limitation may be procured by either the competitive proposals process set forth in H.2 above or by qualifications-based selection procedures. Under qualifications-based selection procedures, competitors' qualifications are evaluated and the most qualified competitor is selected, subject to the negotiation of fair and reasonable compensation. Price is not used as a selection factor under this method. The Contracting Officer holds negotiations with the top-rated firm to reach agreement on a fair and reasonable price. If agreement cannot be reached, the Contracting Officer negotiates with the next highest rated firm, and so on until a fair and reasonable price is obtained. Qualifications-based procurement shall not be used to purchase other types of services even though architect/engineer firms are potential sources.

**Design-Build or Construction Management.** Design-build and construction management contracts may be procured using competitive proposals, subject to and in accordance with the requirements of Virginia Code Section 2.2-4308.

■ **Energy Performance Contract.** An energy performance-based contract may be procured using competitive proposals, subject to (and in accordance with the requirements of) Section 11.34.1 of the Virginia Code (and, if federal funds are to be used, in compliance with all applicable HUD requirements).

### **3.9. PROCUREMENT OF LEGAL SERVICES**

PRHA shall obtain required outside legal services through procurement contracts in accordance with 2 CRF Part 200.318, with guidance from PIH Notice 2006-9. All costs of legal services incurred must be reasonable and necessary. The method for procuring legal services shall be reasonable based on need and shall be in accordance with procurement methods set forth in this Policy. Sealed bids are disallowed for this type of procurement.

### **3.10. NONCOMPETITIVE PROCUREMENTS**

■ **Conditions for Use.** Procurements shall be conducted competitively to the maximum extent possible. Procurement by noncompetitive proposals may be used only when the award of a contract is not feasible using small purchase procedures, competitive sealed bidding or competitive proposals, and one of the following applies:

- a. Sole Source. The Executive Director or his designee determines in writing that there is only one source practicably available for that which is to be procured. The writing shall document the basis for the determination. The Contracting Officer shall issue a written notice stating that only one source was determined to be practicably available, and identifying that which is being procured, the contractor selected, and the date on which the contract was or will be awarded. On the day PRHA awards or announces its decision to award the contract (whichever comes first), this notice shall be posted on the PRHA website, or the Department of General Services' central electronic procurement website, or any other appropriate website (Va. Code Section 2.2-4303E).
- b. Emergency. An emergency exists that seriously threatens the public health, welfare, or safety, or endangers property, or would otherwise cause serious injury to PRHA 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

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the need cannot be met through any other procurement method, and the emergency procurement shall be limited to those supplies, services, or construction necessary to meet the emergency. The procurement shall be made with such competition as is practicable under the circumstances. A written determination by the Contracting Officer of the basis for the emergency and for the selection of the particular contractor shall be included in the contract file.

PRHA shall issue a written notice stating that the contract is being awarded on an emergency basis, and identifying that which is being procured, the contractor selected, and the date on which the contract was or will be awarded. On the day PRHA awards or announces its decision to award the contract (whichever comes first), or as soon thereafter as practicable, this notice shall be posted on the PRHA website, or the Department of General Services' central electronic procurement website, or any other appropriate website.

All emergency purchases over \$100,000 must have the Executive Director's signature. If there is not adequate time to acquire a signature, a verbal commitment from the Executive Director is acceptable. However, the Executive Director's written signature shall be retrieved as soon as practical once the emergency has been minimized. Only the Executive Director or Contracting Officer shall execute an emergency buy.

- c. HUD authorized use of noncompetitive procedures. This includes those instances when HUD specifically authorizes the use of non-competitive proposals for a particular contract or when an approved grant application specifically identifies a particular contractor for use on the project. Any noncompetitive procurement under this section shall be supported by a written justification signed by the Contracting Officer.
- d. Inadequate Response. After solicitation of a number of sources, competition is determined to be inadequate. Provided that HUD Field Office review may be required if the contract will be paid with Federal funds and is for an amount in excess of the federal small purchase limits. Any noncompetitive

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procurement under this section shall be supported by a written justification signed by the Contracting Officer.

- e. Auctions. Upon a determination made in advance by the Contracting Officer and set forth in writing that the purchase of goods, products or commodities from a public auction sale is in the best interest of the public; such items may be purchased at the auction, including online public auctions. Provided however, that federal funds shall not be used to purchase items at auction unless the Contracting Officer determines that the purchase complies with all applicable HUD procurement requirements.
- f. Price Reasonableness. The reasonableness of the price for all procurements based on noncompetitive proposals shall be determined by performing a cost analysis, as described in Section III.J below.

### **3.11. COST AND PRICE ANALYSIS**

- 1. **General**. An Independent Cost Estimate or price estimate shall be performed for all procurement actions above the Micro Purchase Threshold (\$5,000), including change orders, using the Price/Cost Analysis form 24PUR3/04RV. The method of estimating costs and the detail of the estimate will depend on the facts surrounding each procurement. Cost estimates shall be maintained in the contract file.

**Submission of Cost or Pricing Information**. If the procurement is based on noncompetitive proposals or when only one bid or offer is received, the bidder or offeror shall be required to submit:

- a. A cost breakdown showing projected costs and profits;
- b. Commercial pricing and sales information, sufficient to enable PRHA to verify the reasonableness of the proposed price such as a catalog or market price of a commercial product sold in substantial quantities to the general public; or
- c. Documentation showing that the offered price is set by law or regulation.

**Cost Analysis**. Cost analysis shall be performed if an offeror/contractor is required to submit the elements of his estimated cost, e.g., under professional, consulting, and architectural engineering services contracts. When a cost



breakdown is submitted: a cost analysis shall be performed of the individual cost elements; PRHA shall have a right to audit the contractor's books and records pertinent to such costs; and profit shall be analyzed separately. Costs shall be allowable only to the extent that they are consistent with applicable Federal cost principles (for commercial firms, Subpart 31.2 of the Federal Acquisition Regulation, 48 CFR Chapter 1). In establishing profit, PRHA shall consider factors such as the complexity and risk of the work involved, the contractor's investment and productivity, the amount of subcontracting, the quality of past performance, and industry profit rates in the area for similar work. See HUD Handbook 2210.18.

■ **Price Analysis.** A comparison of prices shall be used in all cases other than those described above.

### **3.12. CANCELLATION OF SOLICITATIONS**

■ **Terms and Conditions.** An Invitation for Bids or Request for Proposals may be canceled before the offers or bids are due if: PRHA no longer requires the supplies, services or construction; ambiguous or otherwise inadequate specifications were part of the solicitation; the solicitation did not provide for consideration of all factors of significance to PRHA; PRHA can no longer reasonably expect to fund the procurement; proposed amendments to the solicitation would be of such magnitude that a new solicitation would be desirable; or similar reasons.

■ **Cancellation.** A solicitation may be cancelled and all bids or proposals that have already been received may be rejected at any time prior to awarding a contract if: the supplies, services, or construction are no longer required; ambiguous or otherwise inadequate specifications were part of the solicitation; the solicitation did not provide for consideration of all factors of significance to PRHA; prices exceed available funds and it would not be appropriate to adjust quantities to come within available funds; there is reason to believe that bids or proposals may not have been independently arrived at in open competition, may have been collusive, or may have been submitted in bad faith; or for good cause of a similar nature when it is in the best interest of PRHA.

■ **Justification.** The reasons for the cancellation shall be documented in the procurement file and the reasons for cancellation and/or rejection shall be provided upon request to any bidder or offeror.

■ **Notice.** A notice of cancellation shall be sent to all 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.

■ **Unreasonable Pricing.** If all otherwise acceptable bids received in response to an Invitation for Bids are at unreasonable prices, or only one bid is received and the price is unreasonable, PRHA shall cancel the solicitation and either:

- a. Resolicit or using a Request for Proposals; or
- b. Complete the procurement by using the competitive proposal method (when more than one otherwise acceptable bid has been received) or by using the noncompetitive proposals method (when only one bid is received at an unreasonable price); provided, that the Contracting Officer determines in writing that such action is appropriate, all bidders are informed of PRHA's intent to negotiate, and each responsible bidder is given a reasonable opportunity to negotiate.

### **3.13. COOPERATIVE PROCUREMENT**

■ **General.** PRHA may enter into Federal, State, local cooperative procurement agreements to purchase or use common goods and services. For items other than professional services or construction, PRHA may purchase from another public body's contract even if it did not participate in the request for proposal or invitation to bid, if the request for proposal or invitation to bid specified that the procurement was being conducted on behalf of other public bodies. Unless PRHA is a participant in the original procurement process, professional services may not be obtained by cooperative procurement.

The decision to use a cooperative agreement or conduct a direct procurement shall be based on economy and efficiency. If used, the cooperative procurement agreement shall state that competitive procurement principles were used in the awarding of the underlying contract and further the 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. PRHA is encouraged to use Federal or State excess and surplus property instead of purchasing new equipment and property whenever such use is feasible and reduces project costs. See Va Code Section 2.2-4304.

**Additional Requirements when using Federal Funds.** When federal funds are to be used, PRHA shall only enter into cooperative procurement agreements only for: (a) common supplies or services of a routine nature; (b) services provided by a local government which are part of that government’s normal duties and responsibilities (e.g. entering into a cost-sharing agreement with the local police department to provide extra policing services); or (c) other items permitted by HUD. When using federal funds to purchase from a contract procured by or in cooperation with another public body, the procurement of the underlying contract must have complied with all applicable federal procurement requirements. See HUD Handbook Chapter 14.

**GSA Contracts.** PRHA may purchase from GSA Schedule 70, Information Technology, and Consolidated (formerly Corporate Contracts) Schedule contracts containing IT SINS, but only if the procurement is competitive. PRHA may not purchase from other GSA Contracts.

**Documentation.** The procurement file shall contain: (a) a copy of the Intergovernmental Agreement or other applicable agreement; (b) documentation showing that cost and availability were evaluated before the agreement was executed, and these factors are reviewed and compared at least annually with those contained in the agreement; and (c) if federal funds are used, documentation that the agreement has been reviewed for, and contains, all applicable contract terms required by HUD.

### **3.14. WAIVER OF INFORMALITIES**

PRHA may waive informalities in bids. An informality is a minor defect or non-material variation in a bid which differs from what was required by the Invitation for Bids, Request for Proposal, or other bid document, but which does not affect price, quality, quantity or delivery schedule of the goods, services or construction being procured.

### **3.15. CONFLICT BETWEEN FEDERAL AND STATE REQUIREMENTS**

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Where a procurement transaction involves the expenditure of Federal assistance or contract funds, the receipt of which is conditioned upon compliance with mandatory requirements in Federal laws or regulations not in conformance with the provisions of the Virginia Public Act, the Authority may comply with such Federal requirements only upon written determination of the Commissioners that acceptance of the grant or contract funds under the applicable conditions is in the public interest. Such determination shall state the specific provision of the Virginia Public Procurement Act in conflict with the conditions of the grant or contract.

## **SECTION 4. CONTRACTOR QUALIFICATIONS AND DUTIES**

### **4.1. CONTRACTOR RESPONSIBILITY**

Procurement shall be conducted only with responsible contractors, i.e. those who have the technical and financial competence to perform and who have a satisfactory record of integrity. PRHA shall fully document when a contractor fails to perform satisfactorily pursuant to a contract with PRHA, and shall take contractor's inadequate performance into account in determining responsibility prior to the award of any future contract.

Before awarding a contract, PRHA shall review the proposed contractor's ability to perform the contract successfully, considering factors such as the contractor's integrity (including a review of the List of Parties Excluded from Federal Procurement and Non-procurement Programs published by the U.S. General Services Administration), compliance with public policy, record of past performance (including contacting previous clients of the contractor, such as other public housing authorities), and financial and technical resources (including in light of the proposed contractor's other existing commercial or governmental commitments).

If a prospective contractor is found to be non-responsible, then prior to the issuance of a written determination of non-responsibility, PRHA shall comply with Va. Code Section 2.2-4359. If, after the process provided therein, PRHA determines that the prospective contractor is not responsible, then a written determination of non-responsibility shall be prepared and included in the contract file, and sent to the prospective contractor.

### **4.2. SUSPENSION AND DEBARMENT**

Contracts shall not be awarded to debarred, suspended, or ineligible contractors. Contractors may be suspended, debarred, or determined ineligible by HUD in accordance with regulations (2 CFR Part 180) or by the Commissioners pursuant to the Virginia Public Procurement Act (Section 2.2-4321) when necessary to protect PRHA in its business dealings. Nothing herein shall be deemed to limit PRHA's right to determine a potential contractor non-responsible in accordance with Section IV.A above.

**4.3. QUALIFIED BIDDERS LIST**

Interested businesses shall be given an opportunity to be included on any qualified bidder's lists. Any prequalified lists of persons, firms, or products which are used in the procurement of supplies and services shall be kept current and shall include enough qualified sources to ensure competition. Firms shall not be precluded from qualifying during the solicitation period. Solicitation mailing lists of potential contractors shall include, but not be limited to, such prequalified suppliers.

**4.4. PREQUALIFIED CONTRACTORS**

PRHA may in its sole discretion elect to prequalify contractors for the performance of construction/rehabilitation projects. The prequalification may be for a single project, or for multiple continuing projects of a similar nature (e.g. establishment of a prequalified list of contractors to perform services under a rehabilitation loan program).

PRHA shall solicit contractors for prequalification by posting a request for qualifications on the PRHA website or another appropriate website. The deadline for submission of qualifications shall be not less than thirty (30) days after the initial posting of the request. In addition to posting notice, PRHA reserves the right to send the request for qualifications directly to potentially qualified contractors, to publish the notice in a newspaper of general circulation, and/or to take similar actions to publicize the notice and/or solicit responses.

At least thirty days prior to the date established for submission of bids or proposals under the procurement of the first contract[s] for which the prequalification applies, the public body shall advise in writing each contractor who submitted an application whether that contractor has been prequalified. In the event that a contractor is denied prequalification, the written notification to the contractor shall state the reason[s] for the denial of prequalification and the factual basis of such reasons. Any denial of prequalification must be based on one or more of the specified categories listed in Section 2.2-4317 of the Code. Any denial of prequalification shall be deemed final unless timely appealed by the denied contractor in accordance with Section 2.2-4357 of the Code.

PRHA reserves the right to terminate any prequalification process and to proceed with soliciting bids/proposals for the underlying project without prequalifying contractors. Where prequalification is for multiple continuing projects of a similar nature, PRHA reserves the right to re-open the qualification process to qualify new contractors from time to time.

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Where prequalification is for multiple continuing projects of a similar nature, PRHA further reserves the right to terminate an existing prequalification list at any time and either proceed with public bidding for subsequent project[s] or conduct a new qualification process.

The criteria contained in any request for qualifications for construction/rehabilitation services shall be substantially as set forth below, except that PRHA reserves the right to add/modify/subtract criteria based on the nature of the project (e.g. size, scope, type of work) for which the request for qualifications is being issued.

## **SECTION 5. TYPES OF CONTRACTS AND CONTRACT ADMINISTRATION**

### **5.1. CONTRACT TYPES**

Any type of contract which is appropriate to the procurement and which will promote the best interests of PRHA may be used provided that the cost-plus-a-percentage-of-cost and percentage of construction cost methods are prohibited. All procurements shall include the clauses and provisions necessary to define the rights and responsibilities of the parties. A cost reimbursement contract shall not be used unless it is likely to be less costly or is impracticable to satisfy PRHA's needs otherwise, and the proposed contractor's accounting system is adequate to allocate costs in accordance with applicable cost principles (for commercial firms, Subpart 31.2 of the Federal Acquisition Regulation (FAR), found in 48 CFR Chapter 1; see also HUD Handbook 2210.18). A time and materials contract may be used only if a written determination is made that no other contract type is suitable, and the contract includes a ceiling price that the contractor exceeds at its own risk.

### **5.2. OPTIONS**

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

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

The determination of whether to exercise a contract option shall be made by the Executive Director in his discretion and his capacity as Contracting Officer.



**5.3. CONTRACT CLAUSES**

In addition to containing a clause identifying the contract type, all contracts shall include any clauses required by Federal statutes, executive orders, and their implementing regulations, as provided in 2 CFR Part 200, Appendix II, Contract Provisions for Non-Federal Entities Contracts Under Federal Award.

All contracts in excess of \$10,000 shall contain a “drug-free workplace” provision as set forth in Va. Code § 2.2-4312 and an “anti-discrimination clause” as set forth in Va. Code § 2.2-4311.

Operational procedures supplementing this statement shall contain the text of all clauses and required certifications (such as required non-collusive affidavits) used by PRHA.

**5.4. CONTRACT ADMINISTRATION**

A contract administration system designed to ensure that contractors perform in accordance with their contract shall be maintained.

Operational procedures supplementing this Statement shall contain guidelines for inspection of supplies, services, or construction, as well as monitoring contractor performance, status reporting on construction contracts, and similar matters. For cost reimbursement contracts with commercial firms, costs are allowable only to the extent that they are consistent with the cost principles in FAR Subpart 31.2.

## **SECTION 6. SPECIFICATIONS**

### **6.1. GENERAL REQUIREMENTS**

All specifications shall be drafted so as to promote overall economy for the purposes intended and to encourage competition in satisfying PRHA's needs. Specifications shall be reviewed prior to solicitation to ensure that they are not unduly restrictive or represent unnecessary or duplicative items. Functional 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 (but see VIII, Assistance to Small and Other Businesses, below). Appropriate contract clauses for the implementation of the Section 3 Program (found in 24 CFR Part 135) shall be inserted in all applicable contracts. For equipment purchases, a lease versus purchase analysis should be performed to determine the most economical form of procurement.

### **6.2. LIMITATIONS**

The following specification limitations shall be avoided: geographic restrictions not mandated by applicable Federal law (except for architect-engineer contracts, which may include geographic location as a selection factor if adequate competition is available); unnecessary bonding or experience requirements; brand name or equal specifications (unless they list the minimum essential characteristics and standards to which the item must conform to satisfy its intended use). Nothing in this Statement shall preempt any State licensing laws. Specifications shall be scrutinized to ensure that organizational conflicts of interest do not occur (for example, having a consultant perform a study of PRHA's computer needs and then allowing that consultant to compete for the subsequent contract for the computers, if PRHA determines that the performance of the study provided the consultant an unfair competitive advantage).

### **6.3. ARRA COMPLIANCE**

With respect to all projects funded under the American Recovery and Reinvestment Act (ARRA), PRHA will comply, as and to the extent required by ARRA (including Section 1605), with the requirement to follow 2 CFR Part 200 in conducting procurements and to "buy American" and use only iron, steel and manufactured goods produced in the United States.

## **SECTION 7. APPEALS AND REMEDIES**

### **7.1. GENERAL POLICY**

It is PRHA's policy to resolve all contractual issues informally, without litigation. Disputes shall not be referred to HUD until all administrative remedies have been exhausted. When appropriate, PRHA may consider the use of informal discussions between the parties by individuals who did not participate substantially in the matter in dispute, to help resolve the differences. HUD will only review protests in cases of violations of Federal law or regulations and failure of PRHA to review a complaint or protest.

### **7.2. BID PROTESTS**

Any actual or prospective contractor may protest the solicitation for serious violations of the principles of this Statement or may protest the award or decision to award a contract. Any protest against a solicitation must be received before the due date for receipt of bids or proposals. Any protest against the award or decision to award the contract must be received within ten calendar days after public notice of contract award, or announcement of the decision to award, whichever occurs first. Public notice or announcement of the award shall be giving in the manner prescribed by the Invitation for Bids or the Request for Proposal or other procurement document. Any protest which is not made within the specified time limit will not be considered. All bid protests shall be in writing, and submitted to the Contracting Officer or designee, who shall issue a written decision on the matter within ten days thereafter.

An award need not be delayed for the period allowed a bidder or offeror to protest, but in the event of a timely protest, no further action to award the contract will be taken unless there is a written determination that proceeding without delay is necessary to protect the public interest or unless the bid or offer would expire.

### **7.3. CONTRACT CLAIMS**

All claims by a contractor relating to performance of a contract shall be submitted in writing to the Contracting Officer or designee for a written decision. The contractor may request a conference on the claim. The Contracting Officer's decision shall inform the contractor of any appeal rights to the Executive Director.

**7.4. ADMINISTRATIVE APPEALS PROCEDURE**

PRHA may establish an administrative procedure for hearing any type of protest or appeal for which an administrative procedure is authorized under VA Code Section 2.2-4365.

## **SECTION 8. ASSISTANCE TO SMALL AND OTHER BUSINESSES**

### **8.1. REQUIRED EFFORTS**

Consistent with Presidential Executive Orders 11625, 12138, and 12432, and Section 3 of the HUD Act of 1968, PRHA shall make efforts to ensure that small and minority-owned businesses, women’s business enterprises, labor surplus area businesses, and individuals or firms located in or owned in substantial part by persons residing in the area of a PRHA community are used when possible. Such efforts shall include, but shall not be limited to:

- Including such firms, when qualified, on solicitation mailing lists;
- Encouraging their participation through direct solicitation of bids or proposals whenever they are potential sources;
- Dividing total requirements, when economically feasible, into smaller tasks or quantities to permit maximum participation by such firms;
- Establishing delivery schedules, where the requirement permits, which encourage participation by such firms;
- Using the services and assistance of the Small Business Administration, the Minority Business Development Agency of the Department of Commerce and the Department of Minority Business Enterprise;
- Including in contracts a clause requiring contractors, to the greatest extent feasible, to provide opportunities for training and employment for lower income residents of the housing community area and to award subcontracts for work in connection with the community to business concerns which are located in, or owned in substantial part by persons residing in the area of the community, as described in 24 CFR 135 and Section 3 of the Housing and Urban Development Act of 1968;
  - a. Requiring prime contractors, when subcontracting is anticipated, to take the positive steps listed in A.1.a. through A.1.f. above;
  - b. Monitor Section 3, minority and women-owned business contracts by performance tracking, reporting and compliance.
- Goals may be established by PRHA periodically for participation by small businesses, minority-owned businesses, women’s business enterprises, labor

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surplus area businesses, and business concerns which are located in, or owned in substantial part by persons residing in the area of the community, in PRHA's prime contracts and subcontracting opportunities.

**8.2. DEFINITIONS**

■ **Small Business.** A small business is defined as a business which 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 shall be used, unless PRHA determines that their use is inappropriate.

■ **Minority Business.** 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 and Asian Indian Americans, and Hasidic Jewish Americans.

■ **Woman Owned Business Enterprise.** 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 also control or operate the business.

■ **Labor Surplus Area Business.** 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 U.S. Department of Labor in 20 CFR 654, Subpart A, and in lists of labor surplus areas published by the Employment and Training Administration.

■ **Local Business Concern.** A local business concern is a business located in the area of the community, is defined as an individual or firm located within the relevant Section 3 covered community area, as determined pursuant to 24 CFR 135.15, listed in HUD's registry of eligible business concerns, and meeting the definition of small business above. A business concern owned in substantial part by persons residing in the area of the community is defined as a business concern which is 51% or more owned by persons residing within the Section 3

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covered community, owned by persons considered by the U.S. Small Business Administration to be socially or economically disadvantaged, listed on HUD's registry of eligible small business concerns, and meeting the definition of small business above.

## **SECTION 9. ETHICS IN PUBLIC CONTRACTING**

### **9.1. PURPOSE**

The provisions of this section supplement, but do not supersede, other provisions of law including, but not limited to, the State and Local Government Conflict of Interests Act (Va. Code Section 2.2-3100 et seq.), the Virginia Governmental Frauds Act (Va. Code Section 18.2-498.1, et seq.), Articles 2 (Va. Code Section 18.2-438 et seq.) and 3 (Va. Code Section 18.2-446 et seq.) of Chapter 10 of Title 18.2 of the Code, and General Procurement Standards [2 CFR Part 200.318(c)(1)]. The provisions of this section apply notwithstanding the fact that the conduct described may not constitute a violation of the State and Local Government Conflict of Interests Act.

### **9.2. DEFINITIONS**

The words defined in this section shall have the meanings, set forth below, throughout this article.

*"Immediate family"* shall mean a 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), or any person who resides in the same household as the PRHA employee and is a dependent as defined in Va. Code Section 2.2-3101.

*"Official responsibility"* shall mean administrative or operating authority, whether intermediate or final, to initiate, approve, and disapprove or otherwise affect a procurement transaction, or any claim resulting there from.

*"Pecuniary interest arising from the procurement"* shall mean a personal interest in a contract as defined in the State and Local Government Conflict of Interests Act (Va. Code § 2.2-3100 et seq.).

*"Procurement transaction"* shall mean all functions that pertain to the obtaining of any goods, services, equipment or construction, including description of requirements, selection and solicitation of sources, preparation and award of contract, and all phases of contract administration.

### **9.3. PROSCRIBED PARTICIPATION BY EMPLOYEES IN PROCUREMENT TRANSACTIONS**



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Except as may be specifically allowed by provisions of the State and Local Government Conflict of Interests Act (Va. Code Section § 2.2-3100 et seq.) and 2 CFR Part 200.318(c)(1), no PRHA employee having official responsibility for a procurement transaction shall participate in that transaction on behalf of PRHA when the employee knows that:

- The employee is contemporaneously employed by a bidder, offeror or contractor involved in the procurement transaction; or
- The employee, the employee's partner, or any member of the employee's immediate family holds a position with a bidder, offeror or contractor such as an officer, director, trustee, partner or the like, or is employed in a capacity involving personal and substantial participation in the procurement transaction, or owns or controls an interest of more than five percent; or
- The employee, the employee's partner, or any member of the employee's immediate family has a pecuniary interest arising from the procurement transaction; or
- The employee, the employee's partner, or any member of the employee's immediate family is negotiating, or has an arrangement concerning, prospective employment with a bidder, offeror or contractor.

**9.4. EMPLOYEE/COMMISSIONER DISCLOSURE**

If an employee, staff, or commissioner has any conflict of interest or the ability in any way to influence the PRHA transactions with an outside firm, including purchases, contracts, or leases, then he or she must disclose the existence of any actual or potential conflict of interest to the Executive Director or his/her designee, as soon as possible. The Executive Director shall determine whether the conflict is an actual conflict of interest. In the case of a conflict of interest, the Executive Director or his/her designee may exclude the outside firm from contracting with the PRHA, terminate the contract for breach of contract terms, or may impose such conditions as he/she deems reasonable to alleviate the conflict of interest.

**9.5. CONTRACTOR DISCLOSURE**

Prior to a contract award and as an ongoing condition of continuing to contract with the PRHA, the PRHA may require that potential and existing contractors submit disclosure information for the PRHA's review. The PRHA shall review the disclosure information to assess possible conflicts of interest. All PRHA contracts shall include terms that incorporate applicable provisions of this policy.

**9.6. SOLICITATION AND ACCEPTANCE OF GIFTS**

No PRHA employee having official responsibility for a procurement transaction shall solicit, demand, accept, or agree to accept from a bidder, offeror, contractor or subcontractor any payment, loan, subscription, advance, deposit of money, services or anything of more than nominal or minimal value, present or promised, unless consideration of substantially equal of greater value is exchanged. PRHA may recover the value of anything conveyed in violation of this section.

**9.7. DISCLOSURE OF SUBSEQUENT EMPLOYMENT**

No PRHA employee or former PRHA employee having official responsibility for procurement transactions shall accept employment with any bidder, offeror or contractor with whom the employee or former employee dealt in an official capacity concerning procurement transactions for a period of one year from the cessation of employment with PRHA unless the employee or former employee provides written notification to PRHA prior to commencement of employment by that bidder, offeror or contractor.

**9.8. GIFTS OR OTHER GRATUITIES FROM BIDDERS, OFFERORS, CONTRACTORS OR SUBCONTRACTORS**

No bidder, offeror, contractor or subcontractor shall confer upon any PRHA employee having official responsibility for a procurement transaction any payment, loan, subscription, advance, deposit of money, services or anything of more than nominal value, present or promised, unless consideration of substantially equal or greater value is exchanged.

**9.9. KICKBACKS**

■ No contractor or subcontractor shall demand or receive from any of his suppliers or his subcontractors, as an inducement for the award of a subcontract or order, any payment, loan, subscription, advance, deposit of money, services or anything, present or promised, unless consideration of substantially equal or greater value is exchanged.

■ No subcontractor or supplier shall make, or offer to make, kickbacks as described in this section.

■ No person shall demand or receive any payment, loan, subscription, advance, deposit of money, services or anything of value in return for an agreement not to compete on a public contract.

■ If a subcontractor or supplier makes a kickback or other prohibited payment as described in this section, the amount thereof shall be conclusively presumed to have been included in the price of the subcontract or order and ultimately borne by PRHA and will be recoverable from both the maker and the recipient. Recovery from one offending party shall not preclude recovery from the other offending parties.

■ PRHA officers, employees or agents shall not solicit or accept gratuities, favors or anything of monetary value from contractors, subcontractors, potential contractors, and/or potential subcontractors.

**9.10. PURCHASE OF BUILDING MATERIALS, ETC., FROM ARCHITECT OR ENGINEER PROHIBITED**

Except in cases of emergency, no building materials, supplies or equipment for any building or structure constructed by or for PRHA shall be sold by or purchased from any person employed as an independent contractor by PRHA to furnish architectural or engineering services, but not construction, for such building or structure, or from any partnership, association or corporation in which such architect or engineer has a pecuniary interest.

**9.11. USE OF CONFIDENTIAL INFORMATION**

PRHA officers, employees, or agents shall not knowingly use confidential information for actual or anticipated personal gain.

**9.12. PROHIBITION AGAINST CONTINGENT FEES**

Contractors shall not retain a person to solicit or secure a PRHA contract for a commission, percentage, brokerage, or contingent fee, except for bona fide employees or bona fide established commercial selling agencies.

**SECTION 10. DISPOSITION OF SURPLUS PROPERTY**

The disposal of non-real estate surplus property will be done in accordance with the PRHA Survey and Disposition (S&D) Policy and in compliance with Federal, state, and local laws and regulations.

## SECTION 11. HUD REVIEW AND PRIOR APPROVAL REQUIREMENTS

### 11.1. GENERAL REVIEW AND APPROVAL

**Contracting Actions.** The following contracting actions where federal funds will be utilized require HUD approval:

- a. All solicitations and contracts if it is determined by HUD that PRHA's procurement procedures or operations fail to comply with the procurement standards in 2 CFR Part 200, Subparts 200.317 – 326;
- b. Noncompetitive procurements expected to exceed the Federal small purchase threshold;
- c. Brand name-only procurements expected to exceed the Federal small purchase threshold;
- d. Awards over the Federal small purchase threshold to other than the apparent low bidder under a sealed bid;
- e. Proposed contract modifications that change the scope of the contract (as per the "Changes" clause in forms HUD-5370, HUD-5370-C or HUD-5370-EZ) or increasing the contract amount by more than the Federal small purchase threshold;
- f. Use of the QBS method of procurement for other than A/E services, joint venture partners or developers, or energy service contracts;
- g. Procurements for legal or other non-personal services in connection with litigation, per HUD's Litigation Handbook, that exceeds \$100,000;
- h. Procurements that exceed the amount included in (1) the HUD-approved Development Cost Budget or (2) where HUD has required prior approval on a Notice of Deficiency or corrective action order under the Capital Fund Program;
- i. Contracts that exceed five years, including options. To approve terms in excess of five years, Field Offices must determine there is no practical alternative;

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- j. Solicitations, and any resulting contracts, related to energy performance contracting and utility add-ons, as per Chapter 17 of Handbook No. 7460.8, REV 2.
- k. Solicitation and contracts by any PHA whose procurement procedures or operations fail to comply with the procurement standards in 2 CFR Part 200.

**Submission Requirement and HUD Approval.** PRHA shall submit all paperwork necessary for HUD to review the contracting actions identified above. The HUD Field Office will review this information, and will indicate what additional information may be necessary, as appropriate, to ensure compliance with 2 CFR Part 200 and the applicable sections of this policy. For non-competitive proposals, specifically, PRHA shall comply with the instructions in Chapter 8 of Handbook No. 7460.8 REV 2. Any changes to HUD forms or waivers to the handbook must be sent to HUD Headquarters Office of Public Housing for review and approval.

**11.2. HOUSING DEVELOPMENT**

Where federal funds are to be used, PRHA shall submit to the HUD Field Office for prior approval A/E contracts, fee appraiser contracts, development manager contracts, construction solicitations, construction contracts, and contract modifications.

**11.3. EXEMPTION FROM PRE-AWARD REVIEW**

PRHA shall be exempt from pre-award review required in paragraph A above (to the extent authorized by HUD regulations) if PRHA requests, and HUD subsequently certifies, that its procurement system be reviewed by the Field Office to determine if its systems meet the standards under 2 CFR Part 200 and the essential requirements of Handbook No. 7460.8 REV 2.

**SECTION 12. SELF-CERTIFICATION**

PRHA self-certifies that its procurement system meets the standards under 2 CFR Part 200, Subparts 317-326 and the essential requirements of HUD Handbook 7460.8 REV 2 and HUD Handbook 7485.1.

## **SECTION 13. PROCUREMENT FOR MIXED FINANCE PUBLIC HOUSING DEVELOPMENT BY OWNER ENTITY**

### **13.1. PURPOSE**

24 C.F.R. § 941.600 et seq. authorizes the mixed finance development of public housing which will receive ACC operating assistance. Generally mixed finance public housing development involves the syndication of low income housing tax credits to raise investor equity. The investor equity finances a portion of the development. In such cases, the development is generally owned by a limited partnership (the “Owner Entity”). PRHA or an Instrumentality (i.e. an entity wholly owned by PRHA) serves as the general partner of the partnership, and the investor is a limited partner. This Section III.F provides an alternate method of procuring a contractor for the new construction or rehabilitation of ACC-assisted public housing when the procurement is conducted by an Owner Entity of which PRHA or a PRHA Instrumentality is the managing general partner. The purpose of establishing an alternate method of procuring a general contractor is to meet the goal of 24 C.F.R. § 85.36 of ensuring competition while also ensuring that the selected contractor has sufficient experience with the unique aspects of the low income housing tax program to successfully complete the project.

### **13.2. AUTHORITY**

24 C.F.R. § 941.602(d)(2) states: “An owner entity (which, as a private entity, would normally not be subject to part 24 CFR part 85) shall be required to comply with 24 CFR part 85 if HUD determines that the PHA or PHA instrumentality exercises significant functions within the owner entity with respect to managing the development of the proposed units. HUD may, on a case-by-case basis, exempt such an owner entity from the need to comply with 24 CFR part 85 if it determines that the owner entity has developed an acceptable alternative procurement plan”. This Section III.F establishes an alternative procurement plan.

### **13.3. NECESSITY**

Low income housing tax credit projects are subject to very strict requirements as to timing and compliance with the specifications approved by the state housing finance agency (the Virginia Housing Development Authority). If these requirements are not met, PRHA is subject to subject to potentially significant liability because of guaranty obligations related to completion of construction and delivery of credits. Therefore, it is crucial that the general contractor be familiar with the unique features of the low income housing tax credit program and have a demonstrated capacity to comply with program requirements.



**13.4. CONDITIONS FOR USE OF THIS SECTION III.F.**

PRHA shall have the option of using the procedure established in this Section III.F when all of the following conditions apply: (a) the procurement is for a general contractor; (b) the general contractor will perform construction or substantial rehabilitation of public housing which receives or will receive ACC operating assistance; (c) the procurement is conducted by an Owner Entity of which PRHA or a PRHA Instrumentality is the Managing General Partner or Managing Member; and (d) the PRHA has not solicited a private developer partner pursuant to 24 C.F.R. § 941.600 et seq. and the Owner Entity is therefore conducting the contractor procurement and will be the signatory to the construction contract.

**13.5. PROCESS**

If PRHA elects to use this Section III.F, the procurement shall be conducted through a two step process. First, the Owner Entity shall use qualifications-based selection procedures to establish a pool of qualified general contractors to bid on the project. Second, the Owner Entity shall issue an Invitation for Bid to the qualified contractors. The process is set forth in more detail below.

**Request for Qualifications.** The Owner Entity shall use issue a Request for Qualifications to solicit responses from interested contractors. The Owner Entity shall evaluate Contractors based on their qualifications and shall establish a competitive range. The qualifications upon which Contractors are evaluated shall include experience with the low income housing tax credit program, experience with complying with Virginia Housing Development Authority requirements, experience with the specific type of construction contemplated for the project, and such other categories as the Owner Entity shall deem appropriate. Contractors within the competitive range shall be so notified and shall be offered the opportunity to bid on the project pursuant to (b) below. The Owner Entity shall make every effort to ensure that a minimum of three qualified contractors are selected to bid on the project.

**Invitation for Bid.** After qualified contractors are selected, the Owner Entity shall issue an Invitation for Bid to the qualified contractors and the responsible qualified contractor with the lowest bid shall be awarded the contract.

**RFQ and IFB Process.** The RFQ and IFB processes shall be conducted in accordance with the general requirements applicable to RFQ's and IFB's under this Policy (e.g. as to time for responses, publication, etc.) except to the extent the requirements elsewhere in this Policy conflict with the specific process set forth in (a) and (b) above (e.g. the IFB would not be publicly bid under this Section III.F process).

**13.6. HUD Approval.**

The use of the alternate procurement process established by this Section III.F is subject to HUD approval, as required by 24 C.F.R. § 941.602(d)(2).

## **SECTION 14. DEFINITIONS**

Business Concern. A business entity formed in accordance with State law, and which is licensed under State, county or municipal law to engage in the type of business activity for which it was formed.

Competitive Proposal. The Competitive Proposal (also called contract by negotiation) is a method of procurement using the solicitation, evaluation, and negotiation of proposals instead of sealed bids. The Competitive Proposal method is used for requirements exceeding PRHA's Small Purchase Limit when conditions are not appropriate for sealed bidding.

Competitive Range. The Competitive Range includes those proposals submitted in response to an RFP that, after technical evaluation by PRHA's selection panel and considering the proposed costs/prices, have a reasonable chance of being awarded the contract.

Contracting Officer. The Contracting Officer is either PRHA's Executive Director or an official authorized by the Executive Director to enter into and/or administer contracts and make related determinations and findings. For the purpose of this Policy, the term includes any PRHA employee designated and authorized to perform the duties of a Contracting Officer.

Contract Pricing Arrangements. The arrangement, as reflected in the contract, for how the vendor will be paid for services. While there are two basic contract pricing arrangements – firm fixed-price and cost-reimbursement – there are multiple variations on these models, from indefinite quantity contracts (where the exact number of deliverable items is not known at the time of contract award but where minimum and maximum quantities are stated) to cost-plus fixed-fee (where costs are reimbursed, up to an estimated amount, plus a specified fee).

Cost-Reimbursement Contract. A Cost-Reimbursement Contract is a contract when the contractor is reimbursed for his/her allowable costs of performance up to a total estimated amount specified in the contract. The contract may provide for the payment of a fee (i.e., a type of profit) in addition to costs.

Firm Fixed Price Contract. A Firm Fixed Price Contract is a contract when the contractor is paid a firm fixed-price for all required work regardless of the contractor's actual costs of performance.

Independent Cost Estimate ("ICE"). ICE is an estimate prepared by PRHA prior to obtaining offers. The degree of analysis contained within the ICE will depend on the size and complexity of the purchase.

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Intergovernmental or Interagency Agreement. An Intergovernmental or Interagency Agreement is an agreement between PRHA and a Federal, State, or local government agency (including other Housing Authorities) for the provision of supplies or services.

Invitation for Bids (“IFB”). An IFB is a solicitation type used under the sealed bidding method of procurement.

Labor Surplus Area Business. 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 under-employment, as defined by the U.S. Department of Labor in 20 CFR 654, Subpart A, and in lists of labor surplus areas published by the Employment and Training Administration.

Micro Purchases. Micro Purchases are single purchases under \$5,000.

Minority Business Enterprise (MBE). A minority business enterprise 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 and Asian Indian Americans, and Hasidic Jewish Americans.

Negotiation. Negotiation means discussions with offerors in the competitive range regarding technical and/or price proposals when awarding a contract using the competitive proposals method of procurement or when issuing modifications to existing contracts or other required discussion with offerors for the other methods of procurement.

Non-Federal Funding. Funding sources which are not from the federal government.

Noncompetitive Proposals. Procurement through solicitation of a proposal from only one source, or after solicitation of a number of sources, competition is determined inadequate.

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 construction change orders) and maintenance; consultant services, (3) Architectural and Engineering (A/E) services, (4) Social Services, and (5) other services.

Proposal. A Proposal is the offer submitted by a potential contractor in the competitive or noncompetitive proposals method of procurement.

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Qualification Based Selection (“QBS”). A QBS is a form of procurement of architect-engineering (“A/E”) or development services by competitive proposals in which price is not requested in the Request for Qualifications (“RFQ”) or used as an evaluation factor. Instead, technical qualifications only are reviewed negotiations are conducted with the best-qualified firm. Only A/E services and development partners may be procured by this method.

Request for Proposals (“RFP”). An RFP is a solicitation method used under both the competitive or non-competitive methods of procurement. Proposal evaluation and contractor selection are based on the evaluation criteria and factors for award as stated in the RFP. Contract award is based on the best proposal responsive to the requirements of the statement of work resulting in the greatest benefit and best value to PRHA, which may not necessarily be primarily determined based on price.

Responsible Bidder. A Responsible Bidder is one who: (1) is able to comply with the required or proposed delivery or performance schedule; (2) has a satisfactory performance record; (3) has a satisfactory record of integrity and business ethics; (4) has the necessary organization, experience, accounting and operational controls, and technical skills, or the ability to obtain them; (5) has the necessary production, construction, and technical equipment and facilities, or the ability to obtain them; and (6) is otherwise qualified and eligible to receive an award under applicable laws and regulations, including the fact that the bidder is not suspended, debarred or under a HUD-imposed Limited Denial of Participation.

Responsive Bid. A Responsive Bid is one that conforms exactly to the requirements set forth in the IFB.

Sealed Bidding. Sealed Bidding is a method of procurement inviting sealed bids. This method requires: specifications that are clear, accurate, and complete; a public bid opening; and evaluation of bids and award of the contract based on the lowest price submitted by a responsive and responsible contractor. Sealed bidding is the preferred method for construction procurements.

Small Business. A small business is defined as a business which 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 are according to 13 CFR Part 121.

Section 3 Business Concern. An individual or firm located within the relevant Section 3 covered project area, as determined pursuant to 24 CFR 135.15, listed on HUD's registry of eligible business concerns, and meeting the definition of small business above. A business concern

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owned in substantial part by persons residing in the area of the project is defined as a business concern which is 51% or more owned by persons residing within the Section 3 covered project, owned by persons considered by the U.S. Small Business Administration to be socially or economically disadvantaged, listed on HUD's registry of eligible business concerns, and meeting the definition of small business above.

Section 3 Resident. A resident of an PRHA housing site where federally funded contracted work is being done; or a resident of any PRHA housing site; or a participant in HUD Youthbuild program in Portsmouth; or a low or very low-income resident of the County.

Small Purchase. A single purchase costing between \$3,001 and \$100,000 that may or may not require Board of Commissioners approval.

Solicitation. The method used for PRHA's request for quotes or bids from potential offerors. A solicitation package generally contains the proposed contract, including contract terms and conditions, instructions to potential offerors regarding the submission of an offer, and any other information needed to prepare a quote or bid.

Statement of Work (SOW). A Statement of Work is a written description of work to be performed that establishes the standards sought for the supplies or services furnished under the contract; typically used for service contracts.

Termination for Cause. Termination for Cause is the termination of a contract on a unilateral basis when the contractor fails to perform, fails to make progress so as to endanger performance, or commits a default as specified in the contract.

Termination for Convenience. Termination for Convenience is the termination of a contract by PRHA on a unilateral basis when the product or service is no longer needed or when PRHA determines at its sole discretion that termination is in PRHA's best interest.

Vendor. A Vendor is the term often used for an offeror or contractor when talking about small purchasing.

Women's Business Enterprise (WME). 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 also control or operate the business