

Savin Rock Communities

PROCUREMENT POLICY

Adopted: June 2, 2020

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SAVIN ROCK COMMUNITIES PROCUREMENT POLICY

This Procurement Policy was adopted by the Housing Authority of the City of West Haven, Connecticut (now doing business as Savin Rock Communities (“SRC”) by its Board of Commissioners on November 18, 2015.

This Procurement Policy (“Policy”) complies with the Annual Contributions Contract (“ACC”) between SRC and the United States Department of Housing and Urban Development (“HUD”), Federal Regulations at 2 CFR §200.317 et seq., the procurement standards of the Procurement Handbook for Public Housing Authorities (PHAs), HUD Handbook 7460.8, REV 2, and applicable laws of the State of Connecticut.

I. GENERAL PROVISIONS

A. Purpose

The purpose of this Statement of Procurement Policy is to:

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

B. Application

This Procurement Policy applies to all procurement actions by SRC, irrespective of the source of funds, including contracts which do not involve an obligation of funds (such as concession contracts). The term “procurement” as used in this Policy includes the procuring, purchasing, leasing or renting of: (1) goods, supplies, equipment and materials; (2) construction and maintenance; (3) consulting and professional services; (4) architectural and engineering (A/E) services; (5) social services; and (6) other services. Nothing in this statement, however, shall prevent SRC from complying with the terms and conditions of any grant, contract, gift or bequest that is otherwise consistent with law.

When both HUD and non-Federal funds are used for a project, the work to be accomplished with the funds should be separately identified prior to procurement so that appropriate requirements can be applied, if necessary. If it is not possible to separate the funds, HUD procurement regulations shall be applied to the total project. If funds and work can be

separated and work can be completed by a separate contract, then regulations applicable to the source of funding may be followed.

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

C. Competitive Specifications, Statement/Scope of Work

SRC shall seek full and open competition in all of its procurement transactions. All specifications shall be drafted so as to promote overall economy for the purposes intended and to encourage competition in satisfying SRC'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. For equipment purchases, a lease versus purchase analysis should be performed to determine the most economical form of procurement.

D. Procurement Planning

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

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

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

E. Limitations Of Competition

The following specification limitations shall be avoided: geographic restrictions not mandated or encouraged 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 specifications (unless a written determination is made that only the identified item will satisfy SRC's needs); 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 procurement policy 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 SRC's computer needs and then allowing that consultant to compete for the subsequent contract for the computers).

F. Public Access To Procurement Information

Procurement information shall be a matter of public record to the extent provided in the Connecticut Freedom of Information Act and shall be available to the public as provided in that statute.

G. Changes in Law and Regulations

In the event an applicable law or regulation is modified or eliminated, or a new law or regulation is adopted, said revised law or regulation shall supersede this Policy but only to the extent that they are inconsistent with this Policy.

H. Acquisition of Real Property

The acquisition of real property by SRC will not be subject to this policy. Notwithstanding the forgoing, SRC shall not acquire any real property or interest therein until SRC has held a public hearing concerning the acquisition and development (if applicable), of such site as required by Connecticut General Statutes Section 8-44. Notice of this public hearing must, at a minimum, be published in the form of a legal advertisement in a newspaper having a substantial circulation in West Haven, Connecticut a minimum of two times before the public hearing is held. These publications must be published at intervals of not less than two days apart with the first being published not more than fifteen days or less than ten days before the hearing and the second/last publication being published not less than two days before said hearing.

II. PROCUREMENT AUTHORITY AND ADMINISTRATION

A. All procurement transactions shall be administered by SRC's Procurement Officer who shall be the Executive Director or a separate officer of SRC who has been duly appointed in writing.

B. The Executive Director will issue operational procedures to implement this Policy. These procedures will be consistent with HUD Handbook 7460.8, Rev 2 and 24 CFR § 200.317 through § 200.326.

C. The Executive Director will also establish a system of sanctions for violations of the ethical standards described in Section VIII of this Policy.

D. The Procurement Officer shall ensure that:

1. Procurement requirements are subject to an annual planning process to assure efficient and economical purchasing.
2. SRC shall maintain a contract administrative system to insure that contractor performs in accordance with the terms, conditions and specifications of their contract or purchase order.

3. Contracts and modifications are in writing, clearly specifying the desired supplies, services, or construction and are supported by sufficient documentation regarding the history of the procurement, including as a minimum:

- a. The method of procurement chosen,
- b. The selection of the contract type,
- c. The rationale for selecting or rejecting offers, and
- d. The basis for the contract price.

8. Solicitation procedures are conducted in full compliance with Federal standards stated in 2 CFR § 200.317 through § 200.326, or State and local laws that are more stringent, provided they are consistent with 2CFR § 200.317 et seq.

9. An independent cost estimate (“ICE”) is prepared before a solicitation is issued and is appropriately safeguarded for each procurement above the micro purchase limitation, and a cost or price analysis is conducted of the responses received for all procurements.

10. 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 greatest value to SRC, considering price, technical, and other factors as specified in the solicitation (for contracts awarded based on competitive proposals), and unsuccessful firms are notified within ten days after contract award (or other time period required by State or local law).

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

12. SRC complies with applicable HUD review requirements, as provided in the operational procedures supplementing this Policy.

E. Any changes to this Policy shall be submitted to SRC Board of Commissioners for review and approval.

III. PROCUREMENT METHODS

A. Selection Of Method.

One of the following procurement methods must be used for purchases made directly by SRC. The correct procurement method to be utilized depends on the nature of the goods or services being requested, and the anticipated dollar value of said goods or services.

B. Small Purchase Procedures.

1. General

Contracts that do not exceed \$250,000 may be made in accordance with the small purchase procedures authorized in this section. Contract requirements may 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 (assistance to small and other businesses) of this Policy.

2. Petty Cash Purchases

Small purchases of less than \$200.00, which can be satisfied by local sources, may be processed through the use of a petty cash account. The Procurement Officer shall ensure that:

- a. The account is established in an amount sufficient to cover small purchases made during a reasonable period, (e.g. one week),
- b. Security is maintained and only authorized individuals have access to the account,
- c. The account is periodically reconciled and replenished by submission of a voucher to SRC Accountant or designee, and,
- d. The account is periodically audited by SRC's Accountant or his/her designee to validate proper use and to verify that the account total equals cash on hand plus the total of accumulated vouchers.

3. Micro Purchase of \$10,000.00 or less

For small purchase below \$10,000.00, only one (1) quotation is required so long as the quote received is considered reasonable by the Procurement Officer. Such purchases, to the extent practical, must be distributed equitably among qualified sources. Before placing a repeat order under this method, a quote shall be solicited from a source other than the previous supplier before placing a repeat order.

4. Small Purchases over \$10,000.00

For small purchases in excess of \$10,000.00 but not exceeding \$250,000, quotes from no less than three (3) offerors shall be solicited. Said quotes may be obtained orally, by telephone, or in writing as allowed by State or local laws. Contracts for construction or services must be in writing.

Award shall be made to the qualified offeror whose quote provides the lowest price. If the award is to be made for reasons other than the lowest price, written documentation describing all of the specified factors to be taken into account must be included in the solicitation.

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.

All Small Purchase contracts, other than those for Construction, are subject to the mandatory clauses contained in Table 5.1 of the HUD Procurement Handbook No. 7460.8, Rev 2.

SRC must incorporate any and all provisions required by 2 CFR § 200.326 into their procurement contracts. The clauses contained in HUD Form 5370-EZ shall be included in all Construction Contracts that are greater than \$10,000.00 but not more than \$250,000.00.

C. Sealed Bids.

1. Conditions for Use

Contracts shall be awarded based on competitive sealed bidding if the following conditions are present:

- a. A complete, adequate, and realistic specification or purchase description is available,
- b. Three or more responsible bidders are willing and able to compete effectively for the work,
- c. The procurement lends itself to a firm fixed price contract, and,
- d. The selection of the successful bidder can be made principally on the basis of price.

Under this method of procurement, SRC shall publicly solicit bids and award a fixed price contract to the qualified bidder whose bid complies with all terms and conditions and is the lowest in price. Sealed bidding shall be used for all construction and equipment contracts exceeding the small purchase limitation. For professional services contracts, sealed bidding should not be used. Sealed bids are generally the method used in construction contracts and procurement of commodities per 2 CFR § 200.320.

2. Solicitation and Receipt of Bids

An invitation for bids shall be issued including specifications and all contractual terms and conditions applicable to the procurement, including 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 his/her bid at any time prior to bid opening.

3. Bid Opening and Award

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.

Award shall be made as provided in the invitation for bids by written notice to the successful bidder. If equal low bids are received from responsible bidders, award shall be made by drawing lots or similar random method, unless otherwise provided in State or local law and stated in the invitation for bids.

Any and all bids may be rejected if there is a sound reason documented by the Procurement Officer. 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. The bid opening and award shall be in accordance with 2 CFR § 200.320(c) and 24 CFR 905.175(c).

4. Mistakes in Bids

Correction or withdrawal of inadvertently erroneous bids may be permitted, where appropriate, before bid opening by written or telegraphic notice received in the office designated in the invitation for bids prior to the time set for bid opening. After bid opening, corrections in bids shall be permitted only if the bidder can show by clear and convincing evidence that a mistake of a nonjudgmental character was made, the nature of the mistake, and the bid price actually intended. A low bidder alleging a nonjudgmental mistake may be permitted to withdraw its bid if the mistake is clearly evident on the face of the bid document but the intended bid is unclear or the bidder submits convincing evidence that a mistake was made.

All decisions to allow correction or withdrawal of bid mistakes shall be supported by a written determination signed by the Procurement Officer. After bid opening, no changes in bid prices or other provisions of bids prejudicial to the interest of SRC or fair competition shall be permitted.

D. Competitive Proposals.

1. 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 SRC has determined that conditions are not appropriate for the use of sealed bids. Competitive proposals are the preferred method for procuring professional services that will exceed the small purchase threshold. Per Section 7.2(B) of the HUD Handbook 7460.8, REV 2, competitive proposals should not be used for the procurement of construction services unless there are extenuating services that make utilizing the sealed bid or small purchase procedures impractical. An adequate number of qualified sources shall be solicited, at least three (3).

2. Solicitation

The Request for Proposals (RFP) shall clearly identify the relative importance of price and other evaluation factors and subfactors, including the weight given to each technical factor and subfactor. A mechanism for fairly and thoroughly evaluating the technical and price proposals shall be established before the solicitation is issued. Proposals shall be handled so as to prevent disclosure of the number of offerors, identity of the offerors, and the contents of their proposals. The proposals shall be evaluated only on the criteria stated in the request for proposals.

3. Items to Include in RFP

An RFP should include the following

- a. Description of services being solicited,
- b. List of submission requirements and pricing instructions to be included with proposal,
- c. Evaluation Factors that will be used by SRC to determine the best proposal,
- d. A list of all mandatory HUD Forms and attachments that must be included with the proposal, including the Certifications and Representations of Offerors (HUD Form 5369-C), Certification of a Drug-Free Workplace (HUD Form 50070), and Certification of Payments to Influence Federal Transactions (HUD Form 50071).

4. Evaluation

The proposals shall be evaluated only on the criteria stated in the RFP. Where not apparent from the evaluation criteria, SRC shall establish an Evaluation Plan for each RFP. Generally, all RFPs shall be evaluated by an appropriately appointed Evaluation Committee. The Evaluation Committee shall be required to disclose any potential conflicts of interest and to sign a Non-Disclosure statement. An Evaluation Report, summarizing the results of the evaluation, shall be prepared prior to award of a contract.

5. Negotiations

Unless there is no need for negotiations with any of the offerors, negotiations shall be conducted with offerors who submit proposals determined to have a reasonable chance of being selected for award, based on evaluation against the technical and price factors as specified in the RFP. Such offerors shall be accorded fair and equal treatment with respect to any opportunity for negotiation and revision of proposals. Any discussion shall be tailored to each offeror's proposal. The purpose of negotiations shall be to seek clarification and maximize SRC's ability to obtain best value, based on the requirements and the evaluation factors set forth in the solicitation. The Procurement Officer shall indicate to, or discuss with, each offeror still being considered for award, significant weaknesses, deficiencies, and other aspects of its proposal (such as technical approach, past performance, and terms and conditions) that could, in the opinion of the Procurement Officer, be altered or explained to enhance materially the proposer's potential for award. The scope and extent of discussions are a matter of the Procurement Officer's judgment.

These negotiations may include bargaining. Bargaining includes persuasion, alteration of assumptions and positions, give-and-take, and may apply to price, schedule, technical requirements, type of contract or other terms of a proposed contract. When negotiations are conducted in a competitive acquisition, they shall take place after the establishment of the competitive range. The Procurement Officer may inform an offeror that its price is considered by SRC to be too high, or too low, and reveal the results of the analysis supporting that conclusion. It is also permissible to indicate to all offerors the cost or price that SRC's price analysis, market research, and other reviews have identified as reasonable. 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. Revealing the price of one offeror to another offeror or their agents in an attempt to get another offeror to lower their price is strictly prohibited.

6. 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 SRC.

7. Procurement of Architect/Engineer Services

SRC must contract for A/E services using Qualification Based Selection (QBS) procedures, utilizing a Request for Qualifications (RFQ). Sealed bidding shall not be used for A/E solicitations. Under QBS procedures, competitors' qualifications are evaluated and the most qualified competitor is selected, subject to negotiation of fair and reasonable compensation. Price is not used as a selection factor under this method. QBS procedures **shall not** be used to purchase other types of services, even though architectural/engineering firms and developer related services where approved by HUD are potential sources.

8. Mandatory Forms

SRC must include the following mandatory forms with an RFP or solicitation in addition to any other forms or general conditions deemed necessary by the Procurement Officer:

1. Form HUD-5369-B - Instructions to Offerors – Non-Construction.
2. Form HUD-5369-C - Certifications and Representations of Offerors – Non-Construction Contract.
3. Form HUD-5370-C - General Conditions for Non-Construction Contracts (OPTIONAL).
4. Form HUD-50071 - Certification of Payments to Influence Federal Transactions
5. Form HUD-50070 - Certification of a Drug-Free Workplace

E. Noncompetitive Proposals

1. 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, sealed bids, or competitive proposals, and one of the following applies:

- a. The item is available only from a single source, based on a good faith review of available sources;
- b. An emergency exists that seriously threatens the public health, welfare, or safety, or endangers property, or would otherwise cause serious injury to SRC, as may arise by reason of a flood, earthquake, epidemic, riot, equipment failure, or similar event. In such cases, there must be an immediate and serious need for supplies, services, or construction such that the need cannot be met through any other procurement methods, and the emergency procurement methods, and the emergency shall be limited to those supplies, services, or construction necessary to meet the emergency.
- c. HUD authorized the use of noncompetitive proposals; or
- d. After solicitation of a number of sources, competition is determined inadequate.

2. Justification

Each procurement based on noncompetitive proposals shall be supported by a written justification for using such procedures. The justification shall be approved in writing by the Procurement Officer. The justification, to be included in the procurement file, should include; (1) a description of the requirement, (2) history of prior purchases, (3) specific exception in 2 CFR §200.320(f)(1)-(4) which applies, (4) statement as to unique circumstances requiring use of noncompetitive proposal, (5) description of efforts to find competitive sources, (6) description of efforts that will be taken in future to promote competition for the requirement, (7) signature of Procurement Officer, and (8) analysis showing that price from noncompetitive proposal is reasonable.

3. 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 paragraph F (3) below.

F. Solicitation and Advertising.

1. Method of Solicitation

- a. Petty Cash and Micro Purchases - SRC may contact only one source if the price is considered reasonable.
- b. Small Purchases - Quotes may be solicited orally, through fax, E-Procurement, or by any other reasonable method. A minimum of three quotes/offers should be obtained.

c. Sealed Bids and Competitive Proposals – All solicitation must be done publicly. SRC must use one or more following solicitation methods, provided that the method employed provides for meaningful competition.

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

ii. Advertising in various trade journals or publications, particularly for procurement involving construction or specialized services.

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

2. Advance Notice

For procurements other than small purchases, advance public notice of the procurement must be made at least once a week for two consecutive weeks before the solicitation is issued.

3. Time for Response

Responses from prospective offerors should be honored to the maximum extent practical in the interest of full and open competition. Therefore a minimum of thirty (30) days shall be given for offerors to prepare and submit bids under the Sealed Bid method and proposals under the Competitive Proposal method. A shorter period of time for the submission of bids or proposals may be permitted only upon a finding of extraordinary circumstances as documented in writing by the Executive Director.

4. Advertisement

Advance notice of the solicitation shall be completed through formal advertisement in at least one newspaper of general circulation in the County of New Haven.

Notices/advertisements should state, at a minimum, the place, date and time that the bids or proposals are due, the solicitation number, a contact that can provide a copy of, and information about, the solicitation and brief description of the needed services/supplies.

The solicitation of quotes, bids or proposals shall also be accomplished through formal advertisement in at least one newspaper of general circulation in the County of New Haven and the posting of said solicitation in public places. In addition, bids and/or proposals may be directly requested from any and all reputable dealers/contractors known to be in the business of selling the product or providing the services desired by SRC, so long as the other conditions are met.

G. Cost And Price Analysis.

SRC shall require assurance that, before entering into a contract, the price is reasonable, in accordance with the following instructions. The reasonableness determination shall be placed into the official procurement file.

1. Independent Cost Estimate.

For all purchases above the Micro Purchase threshold, SRC shall prepare an Independent Cost Estimate (“ICE”) prior to solicitation. The ICE is SRC’s estimate of the costs of the goods or services to be acquired under a contract or a modification. It serves as SRC’s yardstick for evaluating the reasonableness of the contractor’s proposed costs or prices. The level of detail shall be commensurate with the cost and complexity of the item to be purchased.

The Procurement Officer is ultimately responsible for the preparation of the ICE, however other personnel may be involved in the preparation. SRC may develop the ICE using its own employees, outside parties (e.g., consultants), or a combination of the two. If any outside party, whether compensated or not, assists in developing the ICE, SRC must take appropriate steps to ensure that organizational conflicts of interest are avoided and that the outside party does not obtain any competitive advantage from its advance knowledge of SRC’s cost estimate

2. Petty Cash Purchases.

The purchase by the delegated designee shall serve as determination that the price obtained is reasonable, which shall be based on the delegated designee's prior experience or other factors.

3. Micro Purchases.

No formal cost or price analysis is required. Rather, a review by the Procurement Officer or designee shall serve as determination that the price obtained is reasonable, which may be based on the Procurement Officer's prior experience or other factors. The Executive Director shall establish guidelines and procedures on Cost and Price Analysis determinations.

4. Small Purchases.

A comparison with other offers shall be sufficient determination of the reasonableness of price and no further analysis is required. If a reasonable number of quotes are not obtained to establish reasonableness through price competition, the Procurement Officer or designee shall document price reasonableness through other means, such as prior purchases of this nature, catalog prices, the Procurement Officer's personal knowledge at the time of purchase, comparison to the ICE, or any other reasonable basis. The Official Procurement File shall be documented with the appropriate rationale.

5. Sealed Bids.

The presence of adequate competition should generally be sufficient to establish price reasonableness. Where sufficient bids are not received, and when the bid received is more than 10% greater than the ICE, SRC entity which submitted the ICE must conduct a cost

analysis, consistent with federal guidelines, to ensure that the price paid is reasonable. Comparison may indicate need for verification of Bid.

SRC may use alternative methods of determining price reasonableness as noted in the HUD Procurement Handbook, Rev 2.

6. Competitive Proposals.

The presence of adequate competition should generally be sufficient to establish price reasonableness. Where sufficient bids are not received, SRC must compare the price with the ICE, For competitive proposals where prices cannot be easily compared among offerors, where there is not adequate competition, or where the price is substantially greater than the ICE, SRC must conduct a cost or price analysis, consistent with Federal guidelines, to ensure that the price paid is reasonable. SRC may use the Guidance at 7460.8 REV 2 Chapter 4 Paragraph 32(B) as an alternate means to determine price reasonableness (other than cost analysis).

7. Contract Modifications.

A cost or price analysis, consistent with federal guidelines, shall be conducted for all contract modifications for projects that were procured through Sealed Bids, Competitive Proposals, or Non-Competitive Proposals, or for projects originally procured through Small Purchase procedures and the amount of the contract modification will result in a total contract price in excess of \$250,000. The only exception to this rule is a contract modification based on pricing terms already established in the contract document.

H. Cancellation Of Solicitations.

1. An invitation for bids, request for proposals, or other solicitation may be cancelled before offers are due if:

- a. SRC no longer requires the supplies, services or construction;
- b. SRC can no longer reasonably expect to fund the procurement;
- c. Proposed amendments to the solicitation would be of such magnitude that a new solicitation would be desirable; or similar reasons.

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

- a. The supplies, services, or construction are no longer required;
- b. Ambiguous or otherwise inadequate specifications were part of the solicitation;
- c. The solicitation did not provide for consideration of all factors of significance to SRC; prices exceed available funds and it would not be appropriate to adjust quantities to come within available funds;

d. 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;

e. For good cause of a similar nature when it is in the best interest of SRC.

3. The reason for cancellation shall be documented in the procurement file and the reasons for cancellation and/or rejection shall be provided upon request to any offeror solicited.

4. 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.

5. 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, SRC shall cancel the solicitation and either:

a. Re-solicit using a request for proposals; or

b. Complete the procurement by using the competitive proposals method, following Section D of Article III above (when more than one otherwise acceptable bid has been received), or by using the noncompetitive proposals method and following Section E of Article III above (when only one bid is received at an unreasonable price); provided, that the Procurement Officer determines in writing that such action is appropriate, all bidders are informed of SRC's intent to negotiate, and each responsible bidder is given a reasonable opportunity to negotiate.

I. Cooperative Purchasing/Intergovernmental Agreements.

SRC may enter into State and local cooperative or intergovernmental agreements to purchase or use common supplies, goods, equipment and services. The decision to use an intergovernmental agreement instead of conducting a direct procurement shall be based on economy and efficiency. If used, the intergovernmental 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. SRC may use Federal or State excess and surplus property instead of purchasing new equipment and property if feasible and if it will result in a reduction of project costs. The goods and services obtained under a cooperative purchasing agreement must have been procured in accordance with 2 CFR §200.317 through §200.326.

IV. BOND AND INSURANCE REQUIREMENTS

The standards under this section generally apply to construction contracts that exceed \$250,000.00. There are no bonding requirements for small purchases or for competitive proposals. SRC may require bonds and/or insurance for other services when deemed appropriate to protect the interest of SRC. Non-construction contracts should generally not require bid bonds.

A. Bonds

Bid Guarantee/Bonds. For construction contracts exceeding \$250,000, offerors shall be required to submit a bid guarantee from each bidder equivalent to 5% of the bid price. A Bid Guarantee may be acceptable in the form of a cash equivalent. In addition to the other requirement of this Statement, the following requirements apply:

1. Payment Bond

For construction contracts exceeding \$250,000.00, the successful bidder shall furnish an assurance of completion. This assurance may be met and provided below:

- a. A performance and payment bond in a penal sum of 100% of the contract price for contracts exceeding \$250,000.00; or
- b. Separate performance and payment bonds, each for 50% or more of the contract price for contracts exceeding \$250,000.00; or
- c. a 20% cash escrow; or
- d. a 25% irrevocable letter of credit.

2. Performance Bonds

Performance Bonds are required for all construction or service contracts exceeding \$250,000.00.

- a. These bonds must be obtained from guarantee companies acceptable to the U.S. Government and authorized to do business in the State of Connecticut. Individual sureties shall not be considered.
- b. U.S. Treasury Department circular No 570 list companies approved to act as surety on bonds securing Government (e.g., Housing Agencies) contracts, the maximum underwriting limits on each contract bond, and the State of Connecticut.

B. Insurance.

All contracts shall contain insurance provisions appropriate to the project or service and/or as may be required by Federal, State and local laws and ordinances.

V. CONTRACTOR QUALIFICATIONS AND DUTIES

A. Contractor Responsibility.

Procurements shall be conducted only with responsible contractors/suppliers. A responsible contractor/supplier must:

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

- Have the necessary organization, experience, accounting and operational controls, and technical skills, or the ability to obtain them;
- Have the necessary production, construction, and technical equipment and facilities, or the ability to obtain them; and,
- Be otherwise qualified and eligible to receive an award under applicable laws and regulations, including not be suspended, debarred or under a HUD-imposed LDP.

Contractors must be licensed as required by Connecticut state law (e.g., State Board of Contractors). Before awarding a contract, SRC shall review the proposed contractor's ability to perform the contract successfully, taking into consideration, among other things, the above listed factors. If a prospective contractor is found to be non-responsible, a written determination of non-responsibility shall be prepared and included in the contract file, and the prospective contractor shall be advised of the reasons for the determination.

B. 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 HUD regulations (2 CFR Part 2424, see also 2 CFR § 200.213) when necessary to protect SRC in its business dealings.

C. Qualified Bidder's Lists.

Interested businesses shall be given an opportunity to be included on 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.

VI. TYPES OF CONTRACTS, CLAUSES, AND CONTRACT ADMINISTRATION

A. Contract Types.

Any type of contract which is appropriate to the procurement and which will promote the best interests of SRC 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 it is impracticable to satisfy SRC'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.Z of the Federal Acquisition Regulation (FAR), found in 48 CFR Chapter 1) and the contractor is paid only allowable costs. A time and materials contract may be used only if a written determination is made that no other contract is suitable, and the contract includes a ceiling price that the contractor exceeds at its own risk. In most cases, Savin Rock Communities will rely on Firm-Fixed-Price contracts because the pricing arrangements pose the least risk to the Housing Authority.

B. Options.

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

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

C. Contract Clauses.

1. All contracts should identify the contract pricing arrangement as well as other pertinent terms and conditions, as determined by SRC. Additionally, applicable HUD forms 5369, 5369A, 53696, 5369C, 5370, 5370C, 5370-EZ, 51915, and 51915A, which contain all HUD-required clauses and certifications for contracts of more than \$250,000.00, as well as any forms/clauses as required by HUD for small purchases, shall be used in all corresponding solicitations and contracts issued by SRC.

2. "Buy American" Requirements — Section 1605 of "the Recovery Act"

- i. None of the funds appropriated or otherwise made available by this Act may be used for a project for the construction, alteration, maintenance, or repair of a public building or public work unless all of the iron, steel, and manufactured goods used in the project are produced in the United States.
- ii. Subsection (a) shall not apply in any case or category of cases in which the head of the Federal department or agency involved finds that:
 - a. Applying subsection (a) would be inconsistent with the public interest:
 - b. Iron, steel, and the relevant manufactured goods are not produced in the United States in sufficient and reasonably available quantities and of a satisfactory quality:
or
 - c. Inclusion of iron, steel and manufactured goods produced in the United States will increase the cost of the overall project by more than 25 percent.
- iii. If the head of a Federal department or agency determines that it is necessary to waive the application of subsection (a) based on a finding under subsection (b), the head of the department or agency shall publish in the Federal Register a detailed written justification as to why the provision is being waived.
- iv. This section shall be applied in a manner consistent with United States obligations under international agreements.

3. SRC shall ensure that all procurement contracts contain any and all contract clauses required by 2 CFR §200.326 and Appendix II of 2 CFR Part 200.

D. Contract Administration.

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

The contract administration system shall provide for inspection of supplies, services, or construction, as well as monitoring contractor performance, status reporting on major projects including construction contracts, and similar matters. For cost-reimbursement contracts, costs are allowable only to the extent that they are consistent with the cost principles in HUD Handbook 2210.18

VII. APPEALS AND REMEDIES

A. General.

The integrity of SRC's procurement system depends, in part, on the public's perception of the fairness with which SRC awards and administers its contracts. Disagreements between SRC and a contractor may arise before or after contract award, and it is important that SRC provide a means for contractors to receive an unbiased hearing of their concerns. SRC alone will be responsible, in accordance with good administrative practice and sound business judgment, for settlement of all contractual and administrative issues arising out of procurement. These include, but are not limited to source evaluation, protests, disputes and claims. SRC should seek to resolve all contractual issues in as informal a manner as possible, to avoid the need for litigation. Various forms of alternative dispute resolution have been developed, such as arbitration, mediation, mini trials, and informal settlement conferences, and should be considered before resorting to the judicial process. It is often appropriate to provide for a review of unresolved contract disagreements by a third party, who can independently assess the merits of the case without a personal interest in the outcome. An expeditious resolution of contract disputes is in the mutual interest of both SRC and the contractor, as litigation consumes resources that are better devoted elsewhere. Disputes shall not be referred to HUD until all administrative remedies have been exhausted at SRC level.

SRC may adopt an informal bid protest/appeal procedure for contracts of \$250,000 or less. Under these procedures, the bidder/contractor may meet with the Procurement Officer and discuss their issues upon written request. A general outline of this informal procedure should be included in any request for bids or proposals.

B. Bid Protests.

1. Complaint Information

Any actual or prospective contractor may protest the solicitation of award of a SRC procurement only for a serious violation of the standards of SRC's procurement policy and operational procedures. Any protest against a solicitation must be received before the due date for receipt of bids or proposals, and any protest against the award of a contract must be received within ten calendar days after contract award, or the protest will not be considered. Complainants should seek resolution of their concerns initially with the Procurement Officer. Such complaints must be in writing. If the matter is not resolved on this basis, then the contractor may file a formal written protest. The protest should include, as a minimum, the following information:

- a. name, address and phone number of the protestor;
- b. identification of the procurement, including solicitation or contract number;
- c. a statement of the reasons for the protest;
- d. supporting exhibits, evidence, or documents to substantiate any arguments; and
- e. the form of relief requested.

2. Submission

The protest must be submitted to SRC or a designee (such as a SRC employee independent of the matter who can render an impartial opinion), within the time frames specified in this Procurement Policy. They shall issue a decision on the protest as expeditiously as possible after receiving all relevant information requested. SRC may decide to suspend the procurement if the facts presented in the protest warrant such action; this step should only be taken if the evidence is clear and convincing as to the existence of an impropriety and there is no other means of resolving the matter. The decision to suspend the procurement is a matter within SRC's discretion, as may be provided in SRC's procurement policy.

3. Granting a Protest

If protest is granted (sustained in favor of the protestor), then the solicitation of proposed award should be cancelled or revised to comply with the protest decision. If the contract has already been awarded, then the contract may be terminated for convenience and the contract re-awarded to the next eligible offeror or the procurement may be solicited again. However, if SRC determines in writing that, based on compelling circumstances (such as a condition of emergency or serious disruption of SRC's operations, or if the contract has already been completed) either of these actions would not be in the best interest of SRC, SRC may let the award stand and pay the successful protestor bid and proposal costs, along with the cost of filing and pursuing the protest.

4. Denying a Protest

If the protest is not granted, the Procurement Officer shall provide a written decision with justification for the denial of the protest. In the written decision, SRC should explain any appeal rights within SRC itself. For example, a written request for reconsideration may be filed with SRC. Such requests should contain a statement of the factual and legal grounds on which reversal or modification of the decision is deemed warranted, specifying any errors of law made or information not previously considered.

5. HUD Review

Review by HUD of SRC bid protests will be limited to:

- a. Violations of Federal laws or regulations (violation of State or local laws will be under the jurisdiction of State or local authorities); and

- b. Violations of SRC's protest procedures for failure to review a complaint or protest. Protests received by HUD other than those specified above will be referred to SRC.

C. Contract Claims.

All claims by a contractor relating to performance of a contract shall be submitted in writing to the Procurement Officer or designee for a written decision. The contractor may request a conference on the claim, The Procurement Officer's decision shall inform the contractor of its appeal rights to SRC Board of Commissioners. Contractor claims shall be governed by the changes clause in the HUD 5370 or 5370-C.

VIII. CONTRACT TERMINATION

A. General.

SRC shall terminate Contracts for default or convenience, as prescribed in the termination clauses on HUD Forms 5370 and 5370-C.

B. Termination Notice.

The Procurement Officer shall terminate contracts either for convenience or default only by a written notice to the contractor. The notice shall be sent by certified mail with a return receipt requested. The notice shall state, at a minimum, the following:

1. The contract is being terminated for the convenience of SRC or for default under the cited contract clause authorizing the termination;
2. Whether the contract is being terminated in whole or in part (for partial terminations, SRC shall identify the specific items being terminated);
3. If terminated for default, the acts or omissions constituting the default, the Procurement Officer's determination that failure to perform is not excusable, SRC's rights to charge excess costs of re-procurement to the contractor, and the contractor's appeal rights;
4. The effective date of termination;
5. The contractor's right to proceed under the non-terminated portion of the contract;
6. Any special instructions; and
7. Copies of the notice shall be sent to the contractor's surety, if any, and any assignee.

C. Termination for Convenience.

Contracts may be terminated for convenience when SRC no longer needs or desires the supplies or services under contract or can no longer fund the procurement.

1. Settlement

Settlement of contracts terminated for convenience may be settled through negotiations or by a unilateral determination by the Procurement Officer. The contractor shall submit a

settlement proposal promptly to the Procurement Officer for any amounts claimed as a result of the termination. Whenever possible, the Procurement Officer should negotiate a fair and prompt settlement with the contractor and should settle by determination only when mutual agreement cannot be reached.

2. Compensation

A settlement should compensate the contractor fairly for work performed, for other cost incurred under the contract, and for preparations made for the terminated portions of the contract, including a reasonable allowance for profit. However, no profit shall be allowed for settlement expenses. In addition, the Procurement Officer shall not allow profit if it appears that the contractor would have incurred a loss had the entire contract been completed. Fair compensation is a matter of judgment and cannot be measured exactly.

The Procurement Officer shall use prudent business judgment in the settlement process, as opposed to strict accounting principles. The parties may agree to a total amount to be paid to the contractor without agreeing on individual cost items or profit.

D. Termination for Default

A contract may be terminated for default because of a contractor's actual or anticipated failure to perform its contractual obligations. Under a termination for default, SRC is not liable for the contractor's costs on undelivered work and may be entitled to the repayment of progress payments. If the contractor fails to make progress so as to endanger performance of the contract, the Procurement Officer shall issue a written notice to the contractor (generally called a "Cure Notice") specifying the failure and providing a period of 10 days in which to cure the failure. After the 10 days, the Procurement Officer may issue a notice of termination for default, unless the failure to perform has been cured.

1. Notice.

If the contractor has failed to perform within the required time and a termination for default appears appropriate, the Procurement Officer shall notify the contractor in writing of the possibility of termination. This notice shall call the contractor's attention to the contractual liabilities if the contract is terminated for default, and request the contractor to "show cause" why the contract should not be terminated. If the response to this "show cause" notice is inadequate or insufficient, the contract shall be terminated for default.

2. Alternatives to Termination.

Alternatives to termination for default include the following (at SRC's discretion):

- a. Allow alternative dispute resolution (arbitration or mediation) as agreed to by both parties:
- b. Allow the contractor or the surety to continue performance of the contract under a revised delivery schedule (in exchange for a reduced contract price or other consideration);

c. Permit the contractor to continue the performance of the contract by means of a subcontract or other business arrangement with an acceptable third party, provide the rights of SRC are adequately protected; or

d. If the contractor is not liable to SRC for damages, execute a co-cost termination settlement agreement.

3. Repurchase.

When the supplies, services, or construction activities are still required after the termination, the Procurement Officer shall seek to contract for the same or similar items as soon as possible. The Procurement Officer may use any appropriate contracting method for the procurement, providing competition is solicited to the maximum extent practicable to secure the lowest price obtainable under the circumstances in order to mitigate damages.

IX. ASSISTANCE TO SMALL AND OTHER BUSINESSES

A. Required Efforts.

1. Consistent with Presidential Executive Orders 11625, 12138, and 12432, Section 3 of the HUD Act of 1968, and 2 CFR §200.321 SRC 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 SRC development are used when possible. Such efforts shall include, but shall not be limited to:

- a. Including such firms, when qualified, on solicitation mailing lists;
- b. Encouraging their participation through direct solicitation of bids or proposals whenever they are potential sources;
- c. Dividing total requirements, when economically feasible, into smaller tasks or quantities to permit maximum participation by such firms;
- d. Establishing delivery schedules, where the requirement permits, which encourage participation by such firms;
- e. Using the services and assistance of the Small Business Administration, and the Minority Business Development Agency of the Department of Commerce;
- f. Including in contracts a clause requiring contractors, to the greatest extent feasible, to provide opportunities for training and employment for lower income residents of the project area and to award subcontracts for work in connection with the project to business concerns which are located in, or owned in substantial part by persons resident in the area of the project, as described in 24 CFR 135;
- g. Requiring prime contractors, when subcontracting is anticipated, to take the positive steps listed in a through f above.

2. Goals may be established by SRC periodically for participation by small businesses, minority-owned businesses, women's business enterprises, labor surplus area businesses, and business concerns which are located in, or owned in substantial part by persons residing in the area of the project, in SRC's prime contracts and subcontracting opportunities.

B. Definitions.

1. 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 this field of operation. The size standards in 13 CFR 121 shall be used, unless SRC determines that their use is inappropriate.

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

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

4. 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.

5. A business concern located in the area of the project, is defined as 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 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 or eligible business concerns, and meeting the definition of small business above.

X. ETHICS IN PUBLIC CONTRACTING

A. General.

SRC hereby establishes this code of conduct regarding procurement issues and actions and shall implement a system of sanctions for violations. This code of conduct, etc., is consistent with applicable Federal, State, or local law. This policy is in compliance with SRC's overall conflict of interest policy governing all organizational conflicts of interest, including those that may arise between SRC and its affiliates or instrumentalities.

B. Conflicts of Interest.

No employee, officer, Board member, or agent of SRC shall participate directly or indirectly in the selection, award, or administration of any contract if a conflict of interest, either real or apparent, would be involved. This type of conflict would be when one of the persons listed below has a financial or any other type of interest in a firm competing for the award:

1. An employee, officer, Board member, or agent involved in making the award;
2. His/her relative (including father, mother, son, daughter, brother, sister, uncle, aunt, first cousin, nephew, niece, husband, wife, father-in-law, mother-in-law, son-in-law, daughter-in-law, brother-in-law, sister-in-law, stepfather, stepmother, stepson, stepdaughter, stepbrother, stepsister, half-brother, or half-sister);
3. His/her partner; or
4. An organization which employs or is negotiating to employ, or has an arrangement concerning prospective employment of any of the above.

C. Gratuities, Kickbacks, And Use Of Confidential Information.

SRC officers, board members, employees or agents shall not solicit or accept gratuities, favors, or anything of more than nominal value from any contractor, potential contractor, or parties to subcontract, and shall not knowingly use confidential information for actual or anticipated personal gain.

D. Prohibition Against Contingent Fees.

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

XI. AUTHORITY TO TAKE PROCUREMENT ACTIONS

A. No Board of Approval Necessary.

Other than approval of this Procurement Policy, approval by SRC'S Board of Commissioners is not required for any procurement actions outlined in this policy. Rather, it is the responsibility of the Procurement Officer and/or SRC Executive Director to make sure that all procurement actions are conducted in accordance with the policies contain herein and in accordance with Federal, State and Local law.

B. Delegation of Authority.

The Procurement Officer may delegate, in writing, the authority to conduct procurement activity as is necessary and appropriate to conduct the business of SRC. In accordance with this delegation of authority, the Procurement Officer shall, where necessary, establish operational procedures (such as a procurement manual or standard operating procedures) to implement this Policy. The

Procurement Officer is ultimately responsible for ensuring that SRC's procurements comply with this Procurement Policy.

XII. DOCUMENTATION

A. Required Records.

SRC must maintain records sufficient to detail the significant history of each procurement action. These records shall include, but shall not necessarily be limited to, the following:

1. Rationale for the method of procurement (if not self-evident);
2. Rationale of contract pricing arrangement (also if not self-evident);
3. Reason for accepting or rejecting the bids or offers;
4. Basis for the contract price (as prescribed in this handbook);
5. A copy of the contract documents awarded or issued and signed by the all contracting parties;
6. Basis for contract modifications; and
7. Related contract administration actions.

B. Level of Documentation.

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

C. Record Retention.

Records are to be retained for a period of three years after final payment and all matters pertaining to the contact are closed.

XIII. DISPOSITION OF SURPLUS PROPERTY

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

XIV. GLOSSARY OF PROCUREMENT TERMS

As used throughout this policy, the below listed terms shall have the following meaning:

Acceptance -The act of an authorized representative of the Savin Rock Communities acknowledging that the supplies or services are in conformity with the contract requirements.

Amendment -Written revision made to a solicitation.

Annual Contributions Contract (ACC) -A contract between HUD and the Savin Rock Communities setting forth requirements for the operation and development of Public Housing.

Architect/Engineer (A/E) - A licensed person (or company) usually responsible for developing the plans and specifications of a building or development and, in some cases, supervising the construction effort.

Bid - In the sealed bidding method of procurement, the offer submitted by a bidder.

Bidder's List -General list of persons or firms who may be interested in submitting bids in response to an Invitation for Bid and in contracting opportunities with the Savin Rock Communities. List of prospective contractors. (Also called Source List or Mailing List).

Bonding (Bid Bonds) - A bid bond or guarantee ensures that, if awarded the contract, the bidder will accept and perform the work under the contract; ensures the bidder will not attempt to withdraw or otherwise not fulfill the contract; and ensures the bidder will execute the contractual documents that are required within the time specified in the solicitation, or forfeit all or part of the guarantee.

Bonding (Performance Bonds) - A performance bond ensures the contract is successfully completed. The performance bond also ensures that if a contractor is unable to complete the contract, the surety company, which issues the bond, will step in to complete the work. In the case of a letter of credit or cash escrow, Housing Authority may use these funds to complete the contract work.

Bonding (Payment Bonds) - A payment bond ensures the contractor pays the subcontractors and suppliers. Savin Rock Communities will allow the performance bond and the payment bond to be combined.

Cardinal Changes -Modifications to an existing contract that are beyond the general scope of that contract and are so extensive that a new procurement should be used.

Changed Conditions -Construction site/repair conditions that differ significantly from conditions indicated in the contract or conditions ordinarily encountered in the performance of the type of work in the contract.

Change Order -Unilateral action taken by the Procurement Officer in order to modify the drawings, designs, specifications, method of shipping or packing, place of inspection, delivery or acceptance of an existing contract.

Competitive Proposals -The competitive method of procurement used when small purchases and sealed bidding are not appropriate; under this method, the Housing Authority issues an RFP soliciting price and technical proposals from potential sources; evaluates the proposals and establishes a competitive range; negotiates with those in the competitive range; receives and evaluates best and final offers from those in the competitive range; and makes award to the contractor offering the most advantageous proposal, considering price and the technical factors stated in the RFP.

Competitive Range - In competitive proposal procurement (RFP), those proposals, that, after evaluation by the Public Housing Authority, have a reasonable chance of receiving the award, both from a technical and cost standpoint.

Conflict of Interest- A real or apparent participation in the selection, award, or administration of a contract that results in personal gain.

Constructive Change Order -Informal requests for additional work or services caused by some act or omission to act on the part of the Savin Rock Communities that causes a contractor extra work, delays or money.

Contract - A promise or set of promises for breach of which the law gives a remedy or performance of which the law recognizes as a duty; a legal instrument providing for the purchase, lease or barter of property or services for the direct benefit of the Savin Rock Communities.

Contract Administration -The monitoring of the contractor's performance in order to ensure compliance with performance requirements and contract terms.

Contract Modification -Any written alteration in the specifications, delivery point, date of delivery, contract period, price, quantity, or other provision of an existing contract.

Cost Analysis -An evaluation of the separate elements (e.g., labor, materials, etc.) that make up a contractor's total proposal to determine if they are reasonable, allowable and directly related to the requirement. Cost analysis is required whenever there is no price competition.

Cost-Reimbursement Contract -Contract in which the buyer and seller agree on an estimate of contract costs. The buyer agrees to reimburse the seller for reasonable, allowable and allocable costs necessary to complete the work.

Cure Notice - A document the Procurement Officer sends to a contractor to notify the contractor that the contract may be terminated by reason of default if the condition endangering performance of the contract is not corrected in a specified number of days.

Excusable Time Delay -Failure to perform that is beyond the control and without fault or negligence of the contractor.

Emergency - An emergency condition is an immediate threat to health and safety of the residents or employees of the Savin Rock Communities.

Exigent Condition - An exigent condition is a situation or condition requiring immediate aid or action. Only the Executive Director or designee has the authority to declare an exigent condition.

Firm Fixed-Price Contract - Contract that provides for price that is not subject to any adjustment by reason of cost experience of the contractor in the performance of the contract; the preferred type of contract.

Imprest Fund - A cash fund of a fixed amount managed by a duly appointed cashier who disburse funds as needed from time to time for cash payment of relatively small purchases.

Independent Cost Estimate (ICE) - An estimate obtained or developed by the Savin Rock Communities prior to obtaining offers. A written calculation of all items included in the scope of the work, tabulated under appropriate cost headings (direct costs, labor, overhead and profit).

Indefinite-Quantity Contract -Contract used for procurement in which the exact number of deliverable items is not known at the time of contracting. The contract provides for a minimum and a maximum amount of goods/services that may be ordered under the contract.

Inspection - The examination and testing of supplies and services to determine whether they conform to contract requirements.

Intergovernmental Agreement - An agreement between the Savin Rock Communities and a Federal, State, or local government agency (including other Public Housing Agencies) for the provision of procuring supplies or services. For the purpose of this Policy, the terms Cooperative Agreement, Intergovernmental Agreement, Interagency Agreement, Consortium Agreement, or Memorandum of Agreement are interchangeable.

Internal Controls -Safeguards that ensure that contracting will be carried out in conformity with applicable Federal regulations and Savin Rock Communities policy.

Invitation for Bids (IFB) -Under the sealed bidding method of procurement, the written solicitation document that explains what the Savin Rock Communities is buying and requests bids from potential contractors.

Mailing List -General list of persons or firms who may be interested in submitting, bids in response to an Invitation for Bid and in contracting opportunities with the Savin Rock Communities.- List of prospective contractors. (Also called Bidder's List or Source List).

Micro-Purchasing - A method of purchasing above the level of \$200 and below \$10,000 (\$10,000 ceiling for construction contracts). This type of purchasing requires one (1) quote.

Minority Owned 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, Asian Indian Americans, and Hasidic Jewish Americans.

Negotiation -Discussions with offerors in the competitive range regarding technical and/or price proposals to award a contract using the competitive proposals or noncompetitive proposals method of procurement or when issuing modifications to existing contracts.

Noncompetitive Proposals -The method of procurement in which proposals are solicited from only one source because award of a contract is not feasible under the small purchase procedure, sealed bids or competitive procedure as a result of; 1) the item or service is available only from a single source; 2) public exigency or emergency will not allow enough time for a competitive procurement; 3) inadequate response to a competitive solicitation; or 4) HUD approves the use of noncompetitive proposals. The method is also known as "sole source".

Offer - A response to a solicitation that, if accepted, would bind the offeror to perform the resultant contract.

Offeror -The general term for the entity that submits a response to a solicitation.

Price Analysis - The evaluation of a proposed price (bottom line) for reasonableness, without evaluating the separate elements of cost.

Procurement -The term "procurement" includes the procuring, purchasing, leasing, or renting of: 1) goods, supplies, equipment, and materials; 2) construction and maintenance; 3) consultant services;

4) Architectural and Engineering (A/E) services; 5) Social Services; and 6) other services. The term Procurement also includes selling, including concessions and disposal of surplus material and equipment.

Procurement Officer -The Executive Director or an official of Savin Rock Communities, officially delegated in writing, to enter into and / or administer procurement contracts and make related determinations and findings.

Proposal -The offer submitted by a potential contractor in the competitive or noncompetitive proposals type of procurement.

Qualifications Based Selection (QBS) - A form of procurement of Architect/Engineering (A/E) or development services by competitive proposals in which proposals in which price is not requested in the Request for Qualifications (RFQ) or used as an evaluation factor.

Quotation -The price or cost submitted by a vendor in the small purchase procedures method of procurement.

Request for Proposal (RFP) -Solicitation method used under both the competitive and noncompetitive methods of procurement. Proposal evaluation and contractor selection are based on the evaluation criteria and factors, including price, for award as stated in the RFP. Contract award is based on the best approach to the requirements of the statement of work resulting in the greatest benefit to the Savin Rock Communities, price and other factors considered.

Request for Qualifications (RFQ) -Solicitation method used under the competitive and non-competitive methods of procurement. Evaluation and contractor selection are based on the evaluation criteria for award as stated in the RFQ. Price is not obtained until the highest ranking firm(s) is selected based on qualifications and negotiations for a fair and reasonable price have started.

Resident Owned Business - A resident owned business is any business concern that is owned and controlled by public housing residents.

Responsible Bidder - A bidder who is: 1) 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 and operational 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 the bidder is not suspended, debarred or under a HUD or Savin Rock Communities imposed Limited Denial or Participation).

Responsive Bid - A bid that conforms to the requirements in the Invitation for Bids (IFB),

Sanctions -Measures that may be evoked by the Savin Rock Communities or HUD to exclude or disqualify contractors, Savin Rock Communities staff or agents acting on behalf of the Savin Rock Communities from participation in HUD programs (such as limited denial of participation or debarment), or measures the Savin Rock Communities may take regarding employees, officers,

agents, or others who violate the ethical standards of the Procurement Policy (such as dismissal, reassignment, removal from position, etc.).

Sealed Bidding - A method of procurement inviting sealed bids. This method requires: 1) specifications that are clear, accurate, and complete; 2) a public bid opening; and 3) 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.

Section 3 Business - A "Section 3 business concern" as defined at 24 CFR Part 135.

Show Cause Letter - A document sent by the Procurement Officer or designee notifying a defaulting contractor that the contract may be terminated for default unless the contractor can provide adequate justification for not terminating within a specified time period (usually 10 days).

Small Business - A small business is defined as a business that is: 1) independently owned; 2) not dominant in its field of operation; and 3) not an affiliate or subsidiary of a business dominant in its field of operation. The size standards in 13 CFR 121 should be used to determine business size.

Small Purchase Procedure - A simplified method for acquiring supplies, materials, and services (including construction) that do not exceed the Savin Rock Communities's threshold of \$250,000.

Safe Source -The method of procurement in which proposals are solicited from only one source because award of a contract is not feasible under the small purchase procedure, sealed bids or competitive procedure as a result of; 1) the item or service is available only from a single source; 2) public exigency or emergency will not allow enough time for a competitive procurement; 3) inadequate response to a competitive solicitation; or 4) HUD approves the use of noncompetitive proposals. The method is also known as "Noncompetitive Proposals".

Solicitation - The general term for the Savin Rock Communities's request for offers from potential offerors.

Source List -General list of persons or firms who may be interested in submitting bids in response to an Invitation for Bid and in contracting opportunities with the Savin Rock Communities.- List of prospective contractors. (Also called Bidder's List or Mailing List).

Specifications or Scope - Description of the technical requirements of a solicitation or resulting contract.

Statement of Work (SOW) -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 of a contract by the Savin Rock Communities 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 of a contract by the Savin Rock Communities on a unilateral basis when the product or service is no longer needed or when it is in the best interest of the Savin Rock Communities.

Vendor List- List of persons interested in or qualified to do business with the Savin Rock Communities.

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

XV. APPENDICES

See the attached appendices for sample documents, guidelines and checklists to be used in procurement process.

APPENDIX 1

SAMPLE ADVERTISEMENT

The Savin Rock Communities (SRC) invites sealed bids from contractors for the _____ . The work consists of the _____ in accordance with the documents prepared by the Housing Authority.

Bids are subject to State Law.

Bids will be received until 4:00 P.M. on MM/DD/YY and publicly opened, forthwith at Savin Rock Communities, 15 Glade Street, West Haven, Connecticut. General bids shall be accompanied by a bid deposit that is not less than five (5%) of the greatest possible bid amount (considering all alternates), and made payable to the Savin Rock Communities.

A bid package will be available for pick-up from 15 Glade Street, West Haven, Connecticut, Monday through Friday, between the hours of 8:30 AM and 4:30 PM.

The job site and/or existing building will be available for a walk through on MM/DD/YY at 10:00 a.m. at _____. Prospective bidders should meet at the above-mentioned address.

APPENDIX 2

PROCUREMENT FILE CHECKLIST

The following table lists the types of documentation that generally should be included in the contract file for each procurement. Note, however, that the circumstances of each procurement will dictate the documentation required. For example, an RFP for Property Management Services would not necessarily require a separate cost analysis if there were an ample number of price proposals and the costs (management fees) were within the range established in the ICE. Similarly, for small purchases, the issuance of a purchase order will likely serve as a Notice to Proceed; however, for some very technical services acquired under small purchases, SRC might want to hold a post-award meeting and then issue a Notice to Proceed. In all, the contract file should contain all significant documentation relating to the specific procurement. Any shaded item would generally not apply for that type of purchase.

Item	Micro Purchase	Small Purchase	Sealed Bid	Competitive Proposals	Non-Competitive Proposals
Pre-Solicitation					
Independent Cost Estimate					
Individual Procurement Plan					
Rationale for Contract Method (if not apparent)					
Rationale for Contract Type (if not apparent)					
Evaluation Plan					
Solicitation					
Sources (mailing lists, advertisements, etc.)					
Solicitation Notice and Amendments					
IFB/RFP					
Notes of Pre-Bid/Proposal Conferences					
IFB/RFP Correspondences					
Record of Bids/RFPs					
Quotes, Bids or Proposals Received					
Justification for Other than Full/Open Competition					
Evaluation					
Bid Opening					
Evaluation Panel Disclosures and Ethics					
Technical Evaluation					
Price Evaluation					
Competitive Range Determinations					
Evaluation Report					

Memo of Negotiation and Selection Decision					
Pre-award Survey and Responsibility Determinations					
Award					
Contract and Award					
Notification to Unsuccessful Bidders					
Appeals (all correspondence)					
Post-Award and Contract Administration					
Insurance and Bonding Requirements					
Records of Post-Award Conferences					
Notice to Proceed					
Contract Modifications and Supporting Documentation					
Receiving Reports					
General Contract					
Payment Record/Documentation					
Inspections and Field Reports					
Completion Certificate					

APPENDIX 3

SAMPLE IFB COVER LETTER

DATE:
PROJECT TITLE/NUMBER:
DELIVERY DATE/TIME:
TO: PROSPECTIVE BIDDERS
SUBJECT: INVITATION FOR BIDS

Separate sealed bids for the: (brief description of work) _____

will be received at the following address: Savin Rock Communities, 15 Glade Street, West Haven, Connecticut until _____ local time, _____ (date), and then opened and publicly read aloud. By submission of a bid the bidder agrees, if its bid is accepted, to enter into a contract with the Savin Rock Communities in the form included in the contract documents to complete all work as specified or indicated in the contract documents for the contract price and within the contract time indicated in the attached IFB. The bidder further accepts all of the terms and conditions of the IFB including without limitation those dealing with deposit of the bid guarantee.

The bid shall remain open for the period specified in the IFB, must be independently arrived at, and be prepared in accordance with the instructions to bidders (Form HUD-5369). In addition the HUD required certifications must be completed and submitted as part of the bid, see Form HUD 5369-A.

A pre-bid conference shall be held at _____ (address) on _____ (date and time). Site visits may be arranged by contacting _____ (name) at _____ (telephone number). All bidders are encouraged to attend the pre-proposal conference and visit the site.

The bid price(s) shall be included as provided in the attached IFB. Unless otherwise specified in the IFB all prices shall be on a firm-fixed-price basis and are not subject to adjustment based on costs incurred.

Bidders should be advised that, prior to award of any contract, the Housing Authority reserves the right to conduct a pre-award survey for the purpose of determining the bidder's responsibility and capacity to perform the contract. This survey may include review of subcontracting agreements, financial capacity and quality of work performed on other contracts.

All bids must be signed and dated; if a joint venture is submitted the bid, each joint venturer must sign the bid. Late bids will be handled in accordance with Form HUD-5369.

Questions regarding the attached RFP should be directed to: _____ (name)
_____ (telephone number).

[Contracting Officer]
Attachment (RFP)

APPENDIX 4

SAMPLE RFP COVER LETTER

DATE:
PROJECT TITLE/NUMBER:
DELIVERY DATE/TIME:
TO: PROSPECTIVE BIDDERS

SUBJECT: REQUEST FOR PROPOSALS

Separate proposals for: (brief description of work) _____

will be received at the following address: _____ until _____ local time,
_____ (date). Proposals will be held
in confidence and will not be released in any manner until after contract award.

By submission of a proposal, the offeror agrees, if its proposal is accepted, to enter into a contract with Public Housing Authority in the form included in the contract documents to complete all work as specified or indicated in the contract documents for the contract price and within the contract time indicated in the attached RFP. The offeror further accepts all of the terms and conditions of the RFP.

A pre-proposal conference shall be held at _____ (address) on _____
(date and time). Site visits may be arranged by contacting _____ (name) at _____
_____ (telephone number). All offerors are encouraged to attend the pre-proposal conference and visit the site.

Proposals should be prepared in accordance with the attached instructions, and will be evaluated by the Housing Authority as stated in the evaluation factors for award in the RFP.

Questions regarding the attached RFP should be directed to: _____ (name)
_____ (telephone number).

[Contracting Officer]
Attachment (RFP)

APPENDIX 5

SAMPLE CONTRACT AWARD

- 1. Contract Number:
- 2. Effective Date:
- 3. Solicitation Number/ Project Title:
- 4. Name & Address of Contractor:
- 5. Contract Amount: \$
- 6. Accounting Code:
- 7. Table of Contents:

[X] SECTION	Description	[Pages]	[X] SECTION	Description	[Pages]
A	CONTRACT AWARD FORM		F	DELIVERIES OR PERFORMANCE	
B	SUPPLY/SERVICE & PRICES		G	CONTRACT ADMINISTRATION DATA	
C	STATEMENT OF WORK/SPECS		H	SPECIAL CONTRACT REQUIREMENTS	
D	PACKAGING & MARKING		I	CONTRACT CLAUSES	
E	INSPECTION & ACCEPTANCE		J	LIST OF ATTACHMENTS	

8. **Award:** Your bid/offer on Solicitation Number _____ including additions or changes made by you, which additions or changes are set forth in full within the sections listed above, is hereby accepted as to the items listed in Section B and on any continuation sheets. This award consummates the contract which consists of the following documents: (a) the PHA’s solicitation, (b) your bid/offer, and (c) this award document/contract. No further contract document is necessary.

9. **Name of Contracting Officer:** _____

Signature of Contracting Officer: _____

Date Signed: _____

10. **Name/Title of Authorized Signer/Contract Representative:** _____

Signature of Contracting Representative: _____

Date Signed: _____

APPENDIX 6

SAMPLE NOTICE TO UNSUCCESSFUL BIDDERS

Re: IFB #

1. Receipt of your bid is acknowledged in response to our invitation for bid referenced above.
2. The contract was awarded after competition by sealed bidding to the lowest responsive and responsible bidder. The total amount of the awarded contract was \$ _____ . The award was made to:

(Insert Bidder Name)

3. Enclosed is the bid bond your company submitted for the above-referenced solicitation.
4. The Savin Rock Communities appreciates your time and effort in preparing and submitting your bid. We hope that your firm will participate in future solicitations.

Name
Contracting Officer

Date

APPENDIX 7

SAMPLE PROCEDURES FOR EVALUATION COMMITTEES (FOR AMOUNTS ABOVE THE FEDERAL SMALL PURCHASE THRESHOLD)

INTRODUCTION

This document establishes the procedures for the evaluation review process and shall apply to the evaluation of all competitive proposals. The evaluation process must be impartial, consistent and fair.

Establishment of an Evaluation Panel

- A. A committee will be appointed by the Contracting Officer to evaluate technical proposals in accordance with a written evaluation plan. The Contracting Officer may serve as a panel member.
- B. A minimum of three persons (or a larger group having an odd number of designated voting members) must be selected.
- C. A designated chairperson shall be responsible for the deliberations of the committee and other duties as outlined below. The Contracting Officer may serve as Chairperson.
- D. Panel members who have a conflict of interest or relationship, financial or otherwise, or that may be construed as a conflict of interest, must disclose the existence of the conflict and, if necessary, excuse themselves from the panel.

Establishment of a Written Plan

Prior to the issuance of the RFP, a written plan for evaluating technical and cost proposals should be established. However, where practical, the evaluation criteria set forth in the RFP can serve as the written plan for the evaluation.

The evaluation criteria as set forth in the RFP shall be the basis for all evaluations. Factors not specified in the RFP shall not be considered.

Conduct of Evaluation

Prior to a formal meeting to discuss the proposals and evaluations, the Contracting Officer shall provide each evaluator with a copy of each qualified proposal, a rating sheet and a nondisclosure certificate, which must be executed by the panel member and returned to the Chairperson. The rating sheet will list each evaluation criterion and the weights assigned to it, as reflected in the RFP. The rating sheets should require the evaluator to assign both an adjectival rating for each evaluation criterion and a narrative justification to support the ratings given.

The evaluation committee will then meet to discuss the proposals. Initially the proposals should be compared on an individual basis, separately, against the requirements stated in the RFP, not analyzed in comparison with each other. During the evaluation, the committee members should only evaluate the content of the proposals; personal knowledge that is not based on the proposer's written submission, except for relevant past performance information, should not be part of the initial technical evaluation.

The evaluation committee members will perform the following functions: 1) review all of the proposals using as the standard the evaluation criteria as set forth in the RFP; 2) meet to discuss the evaluations, the ratings of each evaluator and the reasons for such ratings; and 3) complete the ratings sheet including both an adjectival and narrative justifications for each proposal submitted.

The chairperson is responsible for collecting the individual rating sheets from each committee member, preparing a summary rating sheet which reflects an overall adjectival rating for each rating criterion, and preparing a formal written report to the Contracting Officer regarding the evaluation committee meeting and discussions (such as the minutes from the evaluation committee meeting). This written report shall rank the proposers and shall describe how the scores were determined. The chairperson shall then forward the individual rating sheets, the summary rating sheet and the written narrative report to the Contracting Officer.

Negotiations

If necessary, negotiations will be conducted with all proposers in the competitive range. The extent of involvement of committee members in these negotiations will be determined by the Contracting Officer. These negotiations will be conducted in accordance with applicable agency policies/procedures.

Disclosure of Information

The evaluators shall not disclose any information included in any of the proposals (such as the names and number of proposers or rating scores) to anyone during the solicitation and evaluation period. Proposers submit proposals in confidence and expect their proposals and proprietary information contained therein to be protected from disclosure to other proposers or individuals. At the appropriate time, the Contracting Officer and/or his designee shall discuss information regarding the solicitation and award.

APPENDIX 8

GUIDELINES FOR CONDUCTING COST ANALYSIS

A cost or price analysis must be performed in connection with every procurement action including contract modifications. The method and degree of analysis is dependent on the facts surrounding the particular procurement situation. An independent estimate must be made before receiving bids or proposals.

- When evaluating competitive proposals;
- When there is a sole source (or non-competitive proposal);
- When after soliciting bids, only one bid is received, the PHA does not have sufficient data on costs to establish price reasonableness (such as prior purchases of similar nature), and the PHA is considering making an award to the sole bidder;
- When negotiating modifications to contracts that impact the price or estimated cost;
- When terminating a contract and the contractor is entitled to payment of reasonable costs incurred as a result of termination; or
- When awarding a cost-reimbursement contract.

The following lists the basic steps in conducting a cost analysis (please refer to Procurement Policy for more when a cost analysis is required):

A. Verify cost and price information, including:

1. The necessity for, and reasonableness of, the proposed cost;
2. Technical evaluation or appraisal of the proposed direct cost elements;
3. Application of audited or pre-negotiated indirect cost rates, direct labor rates, etc.;

B. Evaluate the effect of the offeror/contractor's current practices on future costs;

C. Compare costs proposed by the offeror/contractor with the following:

1. Actual costs previously incurred by the same firm;
2. Previous cost estimates from the same firm or other firms for the same or similar items;
3. The methodology to be used to perform the work (are the costs consistent with the technical approach being proposed?);
4. The independent cost estimate (ICE).

D. Verify that the offeror/contractor’s cost proposal complies with the appropriate cost principles;

E. Verify that costs are allowable, allocable, and reasonable.

The major categories of costs are:

A. Direct Costs, which include:

1. Direct Labor (personnel)
2. Equipment
3. Supplies
4. Travel and Per Diem
5. Subcontractors
6. Other Direct Costs

Cost Proposal	Cost Principle
For-Profit or commercial organization	FAR Part 31
State or local governments	OMB Circular A-87
Private, non-profit organizations	OMB Circular A-122
Educational institutions	OMB Circular A-21

B. Indirect Costs, which includes:

1. Overhead
2. General and Administrative Expenses
3. Profit (or Fee)

In the process of analyzing costs, profit should be analyzed separately. In analyzing profit, consideration should be given to:

- A. Complexity of the work to be performed;
- B. Contractor’s risk in performing the contract;
- C. Contractor’s investment in the contracted effort;
- D. Amount of subcontracting;
- E. Contractor’s record of past performance; and
- F. Industry profit rates in the general area for similar work.

Remember: The objective is to establish overall cost reasonableness and not individual components.