

Procurement Procedures



The City of Rialto shall facilitate compliance with all of the procurement requirements associated with the CDBG Program, including but not limited to auditable items contained within 24CFR Part 570 and 2CFR Part 200. Such procurement requirements shall also be required of all subrecipients receiving CDBG funds.

A. Introduction

This procurement section of the policies and procedures document provides guidance as well as describes the Federal, State and Local requirements that govern the procurement and purchasing process of the City of Rialto Community Development Block Grant (CDBG) Program. This includes the purchasing and contracting for supplies, equipment, construction and other services acquired in whole or part with CDBG funds.

Any entity providing services, supplies or equipment to a CDBG activity must be selected in accordance with the requirements of 24 CFR 570 and 2 CFR Part 200.318 (previously 24 CFR Part 84.40 through 84.48, and 24 CFR Part 85.36), as applicable.

B. Applicable Laws and Regulations

Federal requirements or guidelines are established in the Office of Management and Budget (OMB) Circular, and other HUD Regulation documents such as CDBG regulations. The City of Rialto shall use its own documented procurement procedures which reflect the local and applicable City policies in addition to the Federal regulations as noted below.

The following laws and regulation were used for the development of this section of the policies and procedures:

- 24 CFR Part 570 – various sections (CDBG Regulations);
- 24 CFR Part 200.318 (prior OMB Circular Part 84.40 through 84.48 and Part 85.36): Uniform Administrative Requirements (**Exhibit 1.2-1**); and

The Code of Federal Regulations (CFR) documents can be accessed at <http://www.ecfr.gov/>

The Director in the Community Services Department, or their designee, will be responsible for the general oversight of the Procurement section of the Policies and Procedures and will be working closely with the City's CDBG staff (or consultant) for the oversight, monitoring and compliance of all financial requirements.

TASK	✓ Ensure Compliance with local, State and Federal Procurement Regulations
<ol style="list-style-type: none"> 1. Ensure compliance with local, State and Federal procurement requirements concerning CDBG funds; 2. Review on an annual basis local, State and Federal procurement regulations for any changes and make appropriate revisions to the policies and procedures as established under this chapter of the CPD Desk Guide/Policies and Procedures. 3. Ensure that all departments/divisions of the City and subrecipients receiving CDBG funds are implementing the procurement requirements and regulations. Provide training or technical assistance as necessary to assure compliance. 4. Monitor all departments and divisions of the City and subrecipients receiving CDBG funds to ensure compliance with the procurement requirements and this chapter of the Policies and Procedures. 	
Preparer:	Tasks 1 & 2: Director of Community Services and CDBG Staff/Consultant Tasks 3 & 4: CDBG staff/consultant
Timeframe:	Ongoing
Approval:	Director of Community Services
Document:	Procurement documents
Retention:	Administration File for applicable activity

C. Grantee Responsibilities

Federal regulations require that the City establish procurement procedures which reflect applicable local and State laws and regulations, provided that procurements conform to applicable Federal law and the standards identified in 2CFR part 200.318. The City must maintain a contract administration system that ensures that contractors perform in accordance with the terms, conditions, and specifications of their contractors or purchase orders. Therefore, the City shall use its local procurement procedures (**Rialto Municipal Code Title 2.48 Purchasing**) as its primary process with the exception that it must follow the policies and procedures of this chapter where it conflicts with its own local and State procedures and requirements. For subrecipients receiving CDBG funds, they must follow their own established policies and procedures as their primary process with the exception that it must follow the policies and procedures of this chapter where it conflicts with those requirements. If the subrecipient does not have any written policy, the policies and procedures of this chapter will apply.

1. Procurement Standards

The City and its subrecipients are required to maintain a written code of standards (**Title 2.48.140 Purchasing– Conflict of Interest**) of conduct governing the performance of their employees engaged in the award and administration of contracts. This section reads “No employee, elected or appointed official of the city shall be financially interested in any contract made by them in their official capacity, or by any body or board of which they are

members (See: California Government Code Section 1090, et seq.) or violative of the conflict of interest provisions of the city and/or the Political Reform Act (See: California Government Code Section 87100, et seq.).” Such a conflict would arise when either of the following parties has a financial or other interest in the firm selected for award:

- An employee, officer or agent,
- Any member of their immediate family,
- His or her partner, or
- An organization which employs, or is about to employ, any of the above,

As part of its procurement standards for CDBG funded activities, the City and its subrecipients shall exercise the following standards:

- a. Officers, employees or agents will neither solicit nor accept gratuities, favors or anything of monetary value from contractors, potential contractors, or parties to sub- agreements.
- b. Review proposed procurements to avoid purchase of unnecessary or duplicative items. Consideration should be given to consolidating or breaking out procurements to obtain a more economical purchase. Where appropriate, conduct an analysis of lease versus purchase alternatives, and any other appropriate analysis to determine the most economical approach.
- c. To foster greater economy and efficiency, encourage entering into State and local intergovernmental agreements for procurement or use of common goods and services.
- d. Encourage the use of Federal excess and surplus property in lieu of purchasing new equipment and property whenever such use is feasible and reduces project costs.
- e. Encourage the use of value engineering clauses in contracts for construction projects of sufficient size to offer reasonable opportunities for cost reductions. Value engineering is a systematic and creative analysis of each contract item or task to ensure that its essential function is provided at the overall lower cost.
- f. Make awards to responsible contractors possessing the ability to perform successfully under the terms and conditions of a proposed procurement. Consideration shall be given to such matters as contractor integrity, compliance with public policy, record of past performance, and financial and technical resources.
- g. Maintain records sufficient to detail the significant history of a procurement. These records will include, but are not necessarily limited to the following: rationale for the method of procurement, selection of contract type, contractor selection or rejection, and the basis for the contract price.
- h. May use time and material type contracts only when:
 - (i) After it is determined that no other contract is suitable, and
 - (ii) The contract includes a ceiling price that the contractor exceeds at its own risk.

Time and material type contact means a contract whose cost to the City is the sum of:

- *The actual cost of materials; and*
- *Direct Labor hours charged at a fixed hourly rate that reflect wages, general administrative expenses, and profit.*

- i. Be responsible, in accordance with good administrative practice and sound business judgment, for the settlement of all contractual and administrative issues arising out of procurements. These issues include, but are not limited to source evaluation, protests, disputes, and claims. These standards do not relieve the City or its subrecipients of any contractual responsibilities under its contracts. Federal agencies will not substitute their judgment for that of the City or its subrecipient unless the matter is primarily a Federal concern. Violations of law will be referred to the local, State, or Federal authority having proper jurisdiction.
- j. Have protest procedures to handle and resolve disputes relating to their procurements and shall in all instances disclose information regarding the protest to the awarding agency. A protestor must exhaust all administrative remedies with the grantee and subrecipients before pursuing a protest with the Federal agency.

TASK	✓ Ensure compliance with Established Procurement Standards
<ol style="list-style-type: none"> 1. Ensure that the City and its subrecipients maintain and periodically review written code of standards (Title 2.48.140 Purchasing– Conflict of Interest) of conduct governing the performance of their employees engaged in the award and administration of contracts; 2. Ensure that the Procurement Standards as established under this section of the Policies and Procedures is followed by all departments and subrecipients when procuring for goods and services utilizing CDBG funds; and 3. Establish protest procedures to handle and resolve disputes relating to procurement. 	
Preparer:	Tasks 1 - 3: Director and CDBG staff/ consultant
Timeframe:	Prior to any procurement of goods and services utilizing CDBG funds.
Approval:	Director of Community Services
Retention:	Central Administration File and Activity File

D. Implementation Procedures

1. Full and Open Competition Requirements

All procurement that is performed by the City for CDBG funded activities shall be conducted in a manner providing full and open competition consistent with the standards noted in this chapter of the City’s Policies and Procedures. In order to ensure objective contractor performance and eliminate unfair competitive advantage, and contractor or consultant that assists the City in developing or drafting specifications, requirements, statements of work, or invitations for bids or requests for proposals shall be excluded from competing for such procurements. Some of the situations considered to be restrictive of competition include but are not limited to:

- a. Placing unreasonable requirements on firms in order for them to qualify to do business;
- b. Requiring unnecessary experience and excessive bonding;
- c. Noncompetitive pricing practices between firms or between affiliated companies;

- d. Noncompetitive contracts to consultants that are on retainer contracts;
- e. Organizational conflicts of interest;
- f. Specifying only a "brand name" product instead of allowing "an equal" product to be offered and describing the performance or other relevant requirements of the procurement; and
- g. Any arbitrary action in the procurement process.

The City shall conduct procurements in a manner that prohibits the use of statutorily or administratively imposed state or local geographical preferences in the evaluation of bids or proposals, except in those cases where applicable Federal statutes expressly mandate or encourage geographic preference. Nothing in this section preempts state licensing laws such as when contracting for architectural and engineering (A/E) services.

As part of its procurement Policies and Procedures, the City shall ensure that all solicitations:

- a. Incorporate a clear and accurate description of the technical requirements for the material, product, or service to be procured. Such description shall not, in competitive procurements, contain features which unduly restrict competition. The description shall include a statement of the qualitative nature of the material, product or service to be procured and, when necessary, must set forth those minimum essential characteristics and standards to which it must conform if it is to satisfy its intended use. Detailed product specifications should be avoided if at all possible. When it is impractical or uneconomical to make a clear and accurate description of the technical requirements, a "brand name or equivalent" description may be used as a means to define the performance or other salient requirements of procurement. The specific features of the named brand which must be met by offers must be clearly stated; and
- b. Identify all requirements which the bidders must fulfill and all other factors to be used in evaluating bids or proposals.

TASK	✓ Ensure Full and Open Competition
1. Ensure that all procurement utilizing CDBG funds be conducted in a manner providing full and open competition consistent with the standards noted in this chapter of the City's Policies and Procedures.	
Preparer:	Tasks 1: Director and CDBG staff/ consultant
Timeframe:	Prior to any procurement of goods and services utilizing CDBG funds.
Approval:	Director of Community Services
Retention:	Central Administration File

E. Eligible Procurement Methods

To ensure full and open competition, the City and its subrecipients shall employ one of five allowed procurement methods when using CDBG funds unless noted otherwise in the applicable regulation (§200.320):

- Micro-purchases
- Small purchases
- Sealed bids
- Competitive proposals, and
- Noncompetitive proposals.

1. Procurement by Micro-Purchases

The City and its subrecipients may utilize the Micro-purchase (definition found at §200.67) procedures in order to expedite the completion of its lowest-dollar small purchase transactions and minimize the associated administrative burden and cost. Procurement by micro-purchase is the acquisition of supplies or services, the aggregate dollar amount of which is set by the Federal Acquisition Regulation found at 48 CFR Subpart 2.1 (Definitions). The current threshold for Micro-purchase is \$3,000 except as otherwise discussed in Subpart 2.1 of the regulation. Note that the amount is periodically adjusted for inflation, therefore a review of the threshold amount should be reviewed annually as the Policies and Procedures will be revised accordingly.

To the extent practicable, the City and its subrecipients shall distribute Micro-purchases equitably among qualified suppliers. Micro-purchases may be awarded without soliciting competitive quotations if the City considers the price to be reasonable.

TASK	✓ Implement Micro-Purchase Process for Eligible Purchases
	<ol style="list-style-type: none"> 1. Establish a list of the type of supplies or services, in which the aggregate dollar amount will not exceed the amount as established under the Federal Acquisition Regulation (currently \$3,000). The list shall be updated annually or when a vendor requests to be added to the list. Such vendor will be added to the end of the list; 2. Establish list of qualified suppliers for each of the types of supplies or services that will be procured. If a subrecipient proposes to use the Micro-purchase method, it should request approval from the City prior to purchasing the material. The request should be accompanied with the list of qualified suppliers to assure future sequential order if followed; 3. Ensure that proposed purchases under the Micro-purchases process are completed equitably by purchasing in sequential order and when complete with the list, start back on the top of the list. If the City or subrecipient will use the Micro-purchase process in subsequent years, it shall use the list and continue where it left off in the prior year; and 4. On an annual basis, review the Federal Acquisition Regulation to determine if the threshold amount has changed and amend the Policies and Procedures accordingly.
Preparer:	Tasks 1 - 3: CDBG staff/ consultant and subrecipient Task 4: CDBG staff/ consultant
Timeframe:	Ongoing

Approval:	Director of Community Services
Document:	Micro-Purchase list of vendors
Retention:	Central Administration File

2. Procurement by Small Purchase Procedures

Small purchase procedures are those relatively simple and informal procurement methods for securing services, supplies, or other property that aggregately do not cost more than the Federal Acquisition Regulation (FAR) which is currently \$150,000. This method is applicable for the procurement of services, supplies, or other property. These procedures are relatively simple and informal while still ensuring the reasonableness of costs by obtaining and documenting price or rate quotations from an adequate number of qualified sources (which HUD has determined to be 3 or more).

If the City's purchasing policy limit is less than \$150,000, any limitations or restrictions in the City's own procurement provisions are to be used. Any Department or subrecipient proposing to use the Small Purchase procedures shall complete the process and submit documentation showing compliance with the requirements prior to purchasing said materials. Once reviewed and approved, the Department will receive approval to proceed with the purchase from the Community Services Department. A sample Small Informal Bid Sheet (**Exhibit 1.2-2**) is provided for the City or subrecipient to use when utilizing the Small Purchase Procedures.

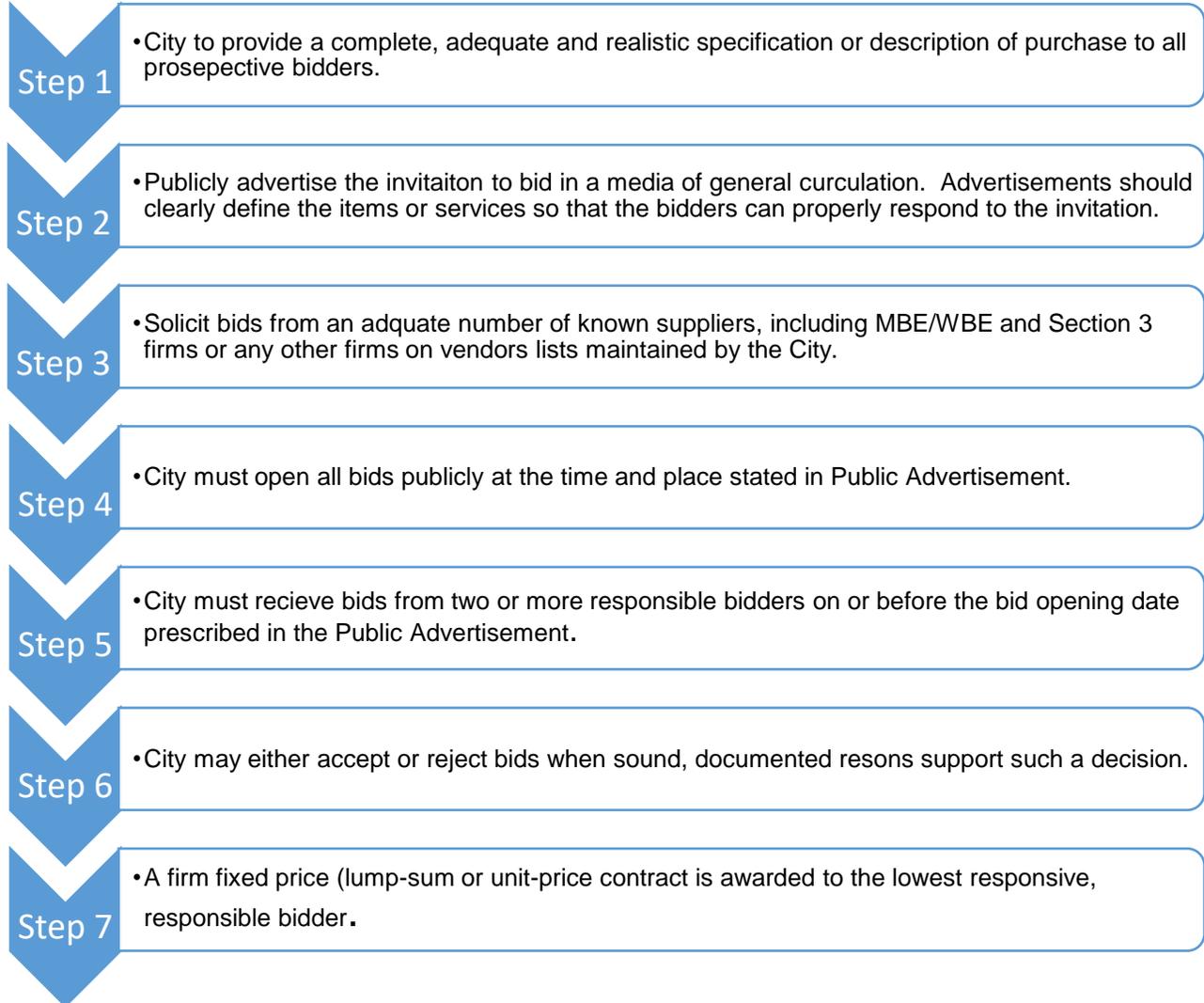
TASK	✓ Implement Small Purchase Process for Eligible Purchases
<ol style="list-style-type: none"> 1. On an annual basis, determine the City's purchasing policy limit amount that correspond with the Small Purchase requirements; 2. Ensure that proposed purchases under the Small Purchase process are completed and documented in accordance with the requirements related to limits and number of bids received for the services, supplies, or other property; and 3. Obtain copy of Small Informal Bid Sheet (Exhibit 1.2-2) or, similar documentation, from the City, by the department or subrecipient that will be purchasing the services, supplies, or other property prior to the purchase. If acceptable, the City shall provide the Department or subrecipient with authorization to proceed with the purchase. 	
Preparer:	Tasks 1 - 3: CDBG staff/ consultant
Timeframe:	Ongoing
Approval:	Director of Community Services
Document:	Small Purchase procurement bid documentation
Retention:	Central Administration File / Activity File

3. Procurement by Sealed Bid Procedures

Procurement by sealed bids requires the formal advertising of the bid process. Bids are publicly solicited and a firm, fixed price contract (lump sum or unit price) is awarded to the responsible bidder whose bid conforms to all of the material terms and conditions of the

invitation for bids and is the lowest in price. The sealed bid method shall be the method that the City will use for procuring construction type of activities. The following flowchart (Graphic 1.2-1) flowchart provides an overview of the process

Graphic 1.2-1: Competitive Sealed Bids (Formal Advertising)



In order for sealed bidding to be feasible, the following conditions should be present:

The contract awarded may be a lump sum or a unit price. When sealed bids are used, the flow chart at **Graphic 1.2-1** identifies the requirements that apply.

- a. A complete, adequate, and realistic specification or purchase description is available;
- b. Two or more responsible bidders are willing and able to compete effectively for the business; and

- c. The procurement lends itself to a firm fixed price contract and the selection of the successful bidder can be made principally on the basis of price.

If sealed bids are used, the following requirements apply:

- d. Bids must be solicited from an adequate number of known suppliers, providing them sufficient response time prior to the date set for opening the bids, for state, local, and tribal governments, the invitation for bids must be publically advertised;
- e. The invitation for bids, which will include any specifications and pertinent attachments, must define the items or services in order for the bidder to properly respond;
- f. All bids will be opened at the time and place prescribed in the invitation for bids, and for local and tribal governments, the bids must be opened publicly;
- g. A firm fixed price contract award will be made in writing to the lowest responsive and responsible bidder. Where specified in bidding documents, factors such as discounts, transportation cost, and life cycle costs must be considered in determining which bid is lowest. Payment discounts will only be used to determine the low bid when prior experience indicates that such discounts are usually taken advantage of; and
- h. Any or all bids may be rejected if there is a sound documented reason.

TASK	✓ Implement Procurement by Sealed Bid Process for Eligible Purchases
<ol style="list-style-type: none"> 1. Ensure that the sealed bidding process is feasible by assuring that the conditions noted in this section are present; 2. If sealed bids are used, Ensure that the requirements noted in this section are applied; 3. Provide technical assistance to other Departments and subrecipients who may be utilizing this method of procurement. 4. Obtain copies of procurement and selection process documenting compliance with City, State and Federal requirements as well as these Policies and Procedures. 	
Preparer:	Tasks 1 - 4: CDBG staff/ consultant
Timeframe:	Ongoing
Approval:	Director of Community Services
Document:	Copies of Bid Documents and Selection Process.
Retention:	Central Administration File

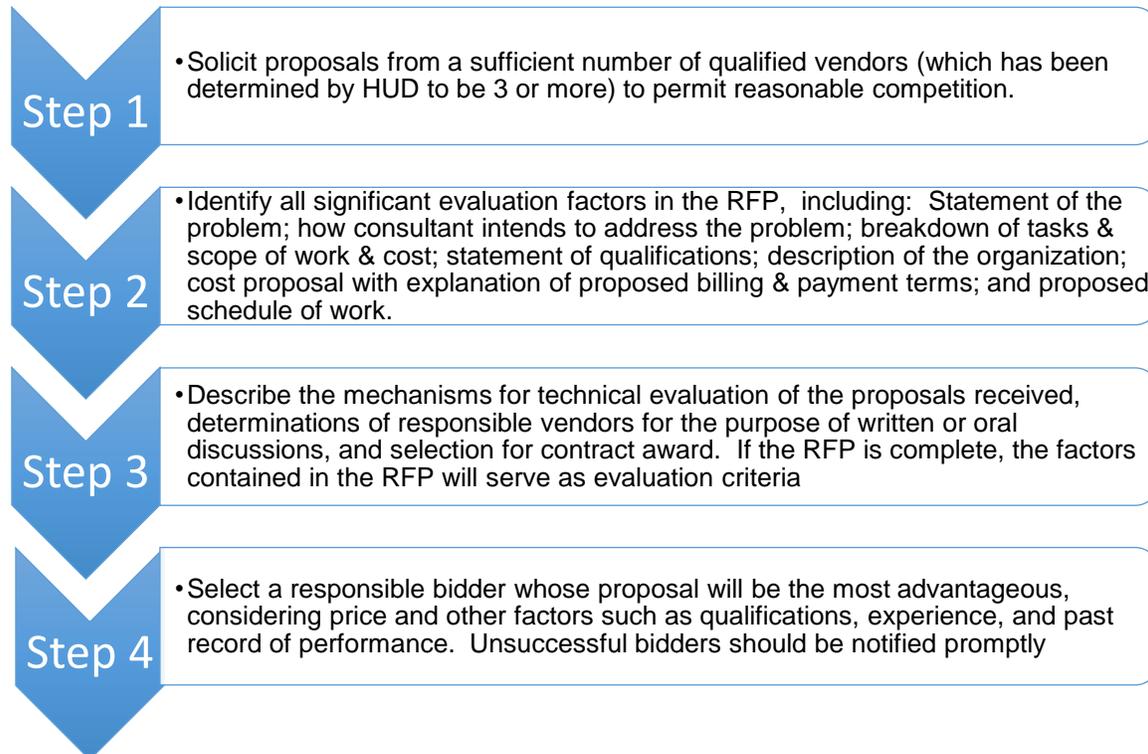
4. Procurement by Competitive Proposals

Competitive proposal procedures are normally conducted when conditions are not appropriate for the use of sealed bids and for the procurement of professional services. Competitive proposals often take the form of a "Request for Proposals (RFP)" or a "Statement of Qualifications (SOQ)." For competitive proposal procedures, price is not the sole determining factor in the contract award. The City must determine its evaluation criteria in advance and include that criterion in its solicitation for competitive proposals. For architectural/engineering contracts only, price does not need to be a factor in the evaluation

and selection of a firm. By this method, competitors' qualifications are evaluated and the most qualified one is selected, subject to negotiation of fair and reasonable compensation.

Under this process, an RFP or SOQ is publicized and proposals are requested from a number of qualified vendors. A fixed price or cost reimbursement contract is awarded. If the competitive proposal process is used, the City shall use the following steps identified in the flowchart shown in **Graphic 1.2-2** below:

Graphic 1.2-2: Competitive Proposal for Services



If this method is used, the following requirements apply:

- Requests for proposals must be publicized and identify all evaluation factors and their relative importance. Any response to publicized requests for proposals must be considered to the maximum extent practical;
- Proposals must be solicited from an adequate number of qualified sources;
- The City entity must have a written method for conducting technical evaluations of the proposals received and for selecting recipients;
- Contracts must be awarded to the responsible firm whose proposal is most advantageous to the program, with price and other factors considered; and
- The City entity may use competitive proposal procedures for qualifications-based procurement of architectural/engineering (A/E) professional services whereby competitors' qualifications are evaluated and the most qualified competitor is selected,

subject to negotiation of fair and reasonable compensation. The method, where price is not used as a selection factor, can only be used in procurement of A/E professional services. It cannot be used to purchase other types of services though A/E firms are a potential source to perform the proposed effort.

TASK	✓ Implement Procurement by Competitive Proposal Process for Eligible Purchases
<ol style="list-style-type: none"> 1. Ensure that the sealed bidding process is not feasible by assuring that the conditions noted in this section are present; 2. Ensure that the requirements noted in this section are applied; 3. Provide technical assistance to other Departments and subrecipients who may be utilizing this method of procurement. 4. Obtain copies of procurement and selection process documenting compliance with City, State and Federal requirements as well as these Policies and Procedures. 	
Preparer:	Tasks 1 - 4: CDBG staff/ consultant
Timeframe:	Ongoing
Approval:	Director of Community Services
Document:	Copies of Bid Documents and Selection Process.
Retention:	Central Administration File

5. Procurement by Non-Competitive Proposals (Sole Source)

Procurement by noncompetitive proposals is procurement through solicitation of a proposal from only one source. This method may be used **ONLY** when the award of a contract is infeasible under small purchase, sealed bids or competitive proposals **AND** one or more of the following circumstances applies:

- a. The item is available only from a single source;
- b. The public exigency or emergency for the requirement will not permit a delay resulting from competitive solicitation;
- c. The City or pass-through entity expressly authorizes noncompetitive proposals; or
- d. After solicitation of a number of sources, competition is determined inadequate.

The City must document and retain a record of the rationale used to select this procurement method and provide an explanation of how the cost of the service or product was determined to be reasonable.

TASK	<p>✓ Implement Procurement by Non-Competitive Proposal Process for Eligible Purchases</p> <ol style="list-style-type: none"> 1. Ensure that the non-competitive proposal process conditions noted in this section are present; 2. Ensure that the requirements noted in this section are applied; 3. Provide technical assistance to other Departments and subrecipients who may be utilizing this method of procurement. 4. Obtain copies of procurement and selection process documenting compliance with City, State and Federal requirements as well as these Policies and Procedures.
Preparer:	Tasks 1 - 4: CDBG staff/ consultant
Timeframe:	Ongoing
Approval:	Director of Community Services
Document:	Copies of Bid Documents and Selection Process.
Retention:	Central Administration File

In summary, the City shall first determine which method is required for the item being procured. The following Table (**Table 1.2-1**) contains a summary of the five procurement methods described in the earlier sections. Once the proper method is determined, follow the procedures outlined in the section describing that method.

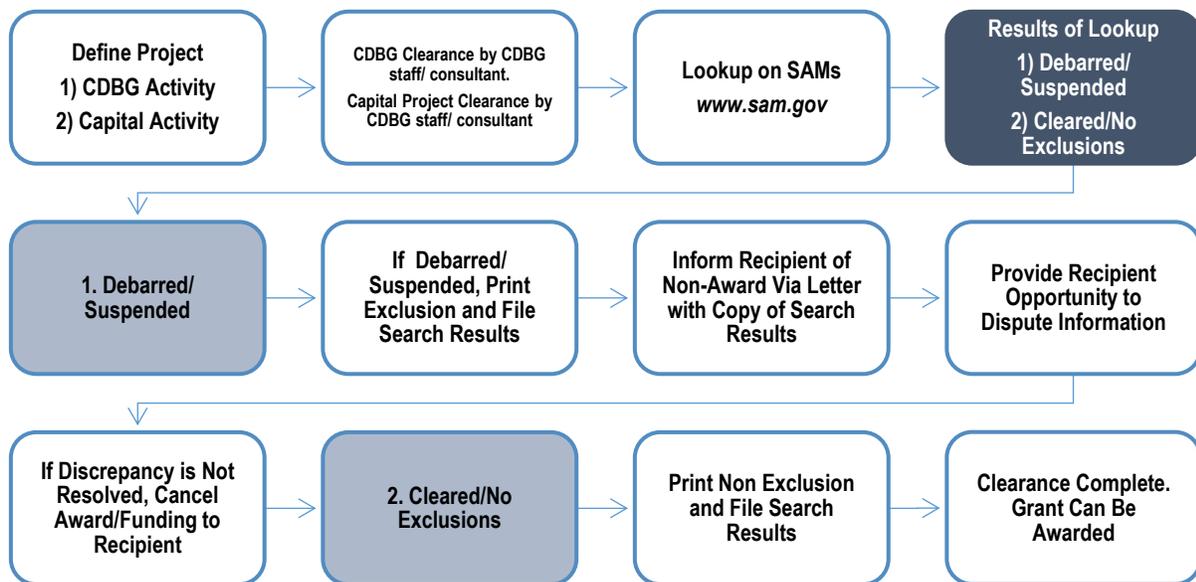
Table 1.2-1 – Procurement Methods

What is Being Procured?	Method to Procure	Contract Type/ Specifications
Contract for Services or Supplies	Micro-purchase Method	<ul style="list-style-type: none"> • Aggregate of Not More \$3,000 • Distribute Micro-purchases equitably among qualified suppliers.
Contract for Services, Supplies, and Owner Occupied Rehab.	Small Purchase Method	<ul style="list-style-type: none"> • Owner Occupied Rehabilitation Contracts • Aggregate of Not More \$150,000 • Simple and Informal Price or Rate Quotations Obtained From at least 3 Qualified Vendors
Contract for New Construction	Competitive Sealed Bids (Formal Advertising)	<ul style="list-style-type: none"> • Construction Contracts • Firm, Fixed-Price Contracts • Formally Advertise in Newspapers
Contract for Architectural, Engineering, or Admin. Services	Competitive Proposals Method	<ul style="list-style-type: none"> • Competitors' Qualifications Evaluated • Most Qualified Selected • Subject to Negotiation of Fair and Reasonable Compensation
Contract for Goods and Services	Noncompetitive Negotiation (Sole Source Method)	<ul style="list-style-type: none"> • Used Only When Award of Contract is Infeasible Under <ul style="list-style-type: none"> ○ Small Purchase ○ Sealed Bids or ○ Competitive Proposals and One (1) of the Following Circumstances Apply: <ul style="list-style-type: none"> - Item desired available from only one source - Competition inadequate after solicitation - Public emergency

F. Certification Regarding Debarment, Suspension

Federal funds granted by HUD may not be used to directly or indirectly employ, award contracts to, or otherwise engage the services of any contractor or subrecipient during any period of debarment, suspension, or placement of ineligibility status. Prior to entering into any HUD-funded agreement, the City must check all contractors, subcontractors (including sub-tier contractors), consultants, and subrecipients (collectively referred to as "entities") against the System for Award Management (SAM), found at <https://www.sam.gov>. The printout from SAM must display the date of verification, which must be prior to the execution of the written agreement and start of construction for those contractors brought in during the construction process.

The following is the general process for documenting compliance with the Uniform Administrative Requirements:



A debarment sanction means that an individual, organization and its affiliates are excluded from conducting business with any Federal Agency government-wide. Depending upon the outcome of an investigation or legal proceeding, a suspension may lead to debarment. Debarment is the most serious compliance sanction and is generally imposed for a three-year period. However, debarment can be imposed for a longer period of time, if determined to be necessary to protect the public interest.

HUD policies and procedures concerning debarment and suspension are contained at 2 CFR Part 180 and 2 CFR Part 2424:

- 2 CFR Part 180 provides Office of Management and Budget (OMB) guidance for Federal agencies on the government-wide debarment and suspension system for non-procurement programs and activities.
- 2 CFR Part 180 Subpart B describes which contracts are covered, including procurement and non-procurement contracts.

- 2 CFR Part 2424 adopts the OMB guidance on non-procurement debarment and suspension, and supplements it with HUD-specific clarifications and additions.
- 2 CFR Part 2424 Subpart B expands the covered contracts to include any contract, regardless of tier, that is awarded by a contractor, subcontractor, supplier, consultant, or its agent or representative in any transaction, if the contract is to be funded or provided by HUD under a covered non-procurement transaction.

Refer to Chapter 1.14 - Debarment and Suspension of the City’s Policies and Procedures for more detailed information.

TASK	✓ Verify Debarment and Suspension Status
<ol style="list-style-type: none"> 1. Define the project and determine if the project is a A) CDBG Program Activity, or B) a capital improvement project administered by the Public Works Department. Review of options A shall be completed by the CDBG staff/ consultant with the exception of any capital improvement projects completed with CDBG funds which will be completed under option B. Review of option B shall be completed by either the CDBG staff/ consultant or the project manager for the project at the Public Works Department. 2. Obtain names of principals and/or owners, board members (voting members) and “Non-Disassociated” personnel of the entity. 3. Access the SAMs database and review all of the people listed in task 2 above. 4. Print out the SAMs screenshot assuring that the date of the verification is displayed on the print out. Assure that the date on the print out is prior to the execution of the written agreement or prior to the start of construction for those contractors brought in during the construction process. 5. If any individuals are listed on the debarred or suspended list, send notification to recipient along with the search results and allow the recipient the opportunity to dispute the information. If the information is correct, award cannot be made due to debarment or suspended status. Maintain documentation in project file. 6. If recipient is cleared or has no exclusions, print out results and maintain in project file. Copy shall be provided to the CDBG staff/ consultant for all capital projects for the activity administration file. 	
Preparer:	CDBG Program Activities Steps 1 - 6: CDBG staff/ consultant Capital Improvement Activities Step 1- 6: CDBG staff/ consultant or Project Manager – Public Works Department.
Timeframe:	Prior to preparation of agreement with recipient/contractor or prior to start of construction for those contractors brought in during the construction process.
Approval:	N/A
Document:	Print out of SAMs screenshot with date of review.
Retention:	Activity File

G. Other Requirements

1. Procurement of recovered materials.

The City and its contractors must comply with section 6002 of the Solid Waste Disposal Act, as amended by the Resource Conservation and Recovery Act. The requirements of Section 6002 include procuring only items designated in guidelines of the Environmental Protection Agency (EPA) at 40 CFR part 247 that contain the highest percentage of recovered materials practicable, consistent with maintaining a satisfactory level of competition, where the purchase price of the item exceeds \$10,000 or the value of the quantity acquired during the preceding fiscal year exceeded \$10,000; procuring solid waste management services in a manner that maximizes energy and resource recovery; and establishing an affirmative procurement program for procurement of recovered materials identified in the EPA guidelines.

2. Contract cost and price.

The City shall perform a cost or price analysis in connection with every procurement action in excess of the Simplified Acquisition Threshold including contract modifications. The method and degree of analysis is dependent on the facts surrounding the particular procurement situation, but as a starting point, the City entity must make independent estimates before receiving bids or proposals.

The City shall negotiate profit as a separate element of the price for each contract in which there is no price competition and in all cases where cost analysis is performed. To establish a fair and reasonable profit, consideration must be given to the complexity of the work to be performed, the risk borne by the contractor, the contractor's investment, the amount of subcontracting, the quality of its record of past performance, and industry profit rates in the surrounding geographical area for similar work.

Costs or prices based on estimated costs for contracts under the Federal award are allowable only to the extent that costs incurred or cost estimates included in negotiated prices would be allowable for the City entity under Subpart E—Cost Principles of this part. The City may reference its own cost principles that comply with the Federal cost principles.

The cost plus a percentage of cost and percentage of construction cost methods of contracting shall not be used.

3. Federal awarding agency or pass-through entity review.

The City shall make available, upon request of the Federal awarding agency or pass-through entity, technical specifications on proposed procurements where the Federal awarding agency or pass-through entity believes such review is needed to ensure that the item or service specified is the one being proposed for acquisition. This review generally will take place prior to the time the specification is incorporated into a solicitation document. However, if the City desires to have the review accomplished after a solicitation has been developed, the Federal awarding agency or pass-through entity may still review the specifications, with such review usually limited to the technical aspects of the proposed purchase.

The City shall make available upon request, for the Federal awarding agency or pass-through entity pre-procurement review, procurement documents, such as requests for proposals or invitations for bids, or independent cost estimates, when:

- a. The City's procurement procedures or operation fails to comply with the procurement standards in this part;
- b. The procurement is expected to exceed the Simplified Acquisition Threshold and is to be awarded without competition or only one bid or offer is received in response to a solicitation;
- c. The procurement, which is expected to exceed the Simplified Acquisition Threshold, specifies a "brand name" product;
- d. The proposed contract is more than the Simplified Acquisition Threshold and is to be awarded to other than the apparent low bidder under a sealed bid procurement; or
- e. A proposed contract modification changes the scope of a contract or increases the contract amount by more than the Simplified Acquisition Threshold.

The City is exempt from the pre-procurement review in paragraph (b) of this section if the Federal awarding agency or pass-through entity determines that its procurement systems comply with the standards of this part.

- a. The City may request that its procurement system be reviewed by the Federal awarding agency or pass-through entity to determine whether its system meets these standards in order for its system to be certified. Generally, these reviews must occur where there is continuous high-dollar funding, and third party contracts are awarded on a regular basis;
- b. The City may self-certify its procurement system. Such self-certification must not limit the Federal awarding agency's right to survey the system. Under a self-certification procedure, the Federal awarding agency may rely on written assurances from the City that it is complying with these standards. The City must cite specific policies, procedures, regulations, or standards as being in compliance with these requirements and have its system available for review.

4. Bonding requirements.

For construction or facility improvement contracts or subcontracts exceeding the Simplified Acquisition Threshold, the Federal awarding agency or pass-through entity may accept the bonding policy and requirements of the City provided that the Federal awarding agency or pass-through entity has made a determination that the Federal interest is adequately protected. If such a determination has not been made, the minimum requirements must be as follows:

- a. A bid guarantee from each bidder equivalent to five percent of the bid price. The "bid guarantee" must consist of a firm commitment such as a bid bond, certified check, or other negotiable instrument accompanying a bid as assurance that the bidder will, upon acceptance of the bid, execute such contractual documents as may be required within the time specified.

- b. A performance bond on the part of the contractor for 100 percent of the contract price. A "performance bond" is one executed in connection with a contract to secure fulfillment of all the contractor's obligations under such contract.
- c. A payment bond on the part of the contractor for 100 percent of the contract price. A "payment bond" is one executed in connection with a contract to assure payment as required by law of all persons supplying labor and material in the execution of the work provided for in the contract.

H. Recordkeeping Requirements and Files

Files shall be maintained which are sufficient to track a procurement process and to meet the requirements described in the federal regulations 2 CFR 200. Minimally, procurement records shall include information concerning the following:

- Description and rationale for the method of procurement;
- Qualification statements, RFPs, and proposals received;
- Rationale for selection of contract type;
- Rationale for contractor selection or rejection;
- The contractor's written cost estimate used to determine cost reasonableness;
- Basis for the cost or price that was awarded;
- A copy of the contract awarded;
- Copies of contract amendments, if any, and the rationale for the amendment;
- A copy of the Notice to Proceed; and
- Records of partial payments by the Contractor to the construction contractor and supporting documentation (in financial management files).

TASK	✓ Maintain Procurement Documents
1. Ensure files are maintained with sufficient information show that the procurement process met all applicable local, State, and Federal requirements, including these Policies and Procedures.	
Preparer:	Task 1: Director and CDBG staff/ consultant
Timeframe:	Ongoing
Approval:	Director of Community Services
Document:	Copies of Bid Documents and Selection Process.
Retention:	Central Administration File