PURCHASING METHODS

Petty Cash and Micro Purchases Purchases

Purchases under $500.00 may be handled through the use of a petty cash account. Petty Cash Accounts may be established in an amount sufficient to cover small purchases made during a reasonable period, e.g., one month. For all Petty Cash Accounts, the JCHA shall ensure that security is maintained and only authorized individuals have access to the account. These accounts should be reconciled and replenished periodically.

Petty Cash and Micro Purchases

No formal cost or price analysis is required. Rather, the execution of a contract by the Contracting Officer (through a Purchase Order or other means) shall serve as the Contracting Officer’s determination that the price obtained is reasonable, which may be based on the Contracting Officer’s prior experience or other factors.

* + Micro-purchase threshold
  + $2,000 for construction,
* 10,000 for non-construction/maintenance
* Does not require multiple quotes –may be sole source.
  + Seek multiple quotes/bids by Phone/Verbal/Email/Written.
* Does not require wage rates, maintenance (HUD 4750), or Davis Bacon

**INDEPENDENT COST ESTIMATE**

For all purchases above $150,000 , the JCHA shall prepare an Independent Cost Estimate (ICE) prior to solicitation. The level of detail shall be commensurate with the cost and complexity of the item to be purchased.

**Simplified Acquisition (**Small Purchase) Procedures

For any amounts above the Petty Cash ceiling, but not exceeding $250,000, the JCHA may use small purchase procedures. Under small purchase procedures, the JCHA Requires three quotes/bids. Quotes may be Phone/Verbal/Email/Written. Quotes/bids do not need to be sealed, but may be if the contracting officer deems the project is large enough or complicated enough to warrant sealing bids.

; To the greatest extent feasible, and to promote competition, Small Purchases should be distributed among qualified sources. Quotes shall be obtained in writing and may be submitted by mail, fax, or email. Award shall be made to the qualified vendor that provides the best value to the JCHA. If an award is to be made for reasons other than the lowest price, documentation shall be provided in the contract file. The JCHA shall not break down requirements aggregating more than the small purchase threshold (or the Micro Purchase threshold) into several purchases that are less than the applicable threshold merely to: (1) permit use of the small purchase procedures or (2) avoid any requirements that applies to purchases that exceed the Micro Purchase threshold.

**Simplified Acquistion (**Small Purchases**)**

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

Simplified Acquisition (prior name Small Purchase Procedures)

* + Threshold Construction contracts $2,000 - $249,999.99.
  + Maintenance Contracts in excess of $3,000 - $249,999.99
  + Independent Cost Estimate (ICE) not required on contracts less than $150,000.
  + May not restrict by brand name or location except for A/E services
  + Bonding not required –2 CFR 200.325
  + Requires three quotes/bids. Quotes may be Phone/Verbal/Email/Written. Quotes/bids do not need to be sealed, but maybe if the contracting officer deems the project is large enough or complicated enough to warrant sealing bids.
  + Do not have to wait 30 days, or pay for the required advertising.
  + Award contract.
  + Give notice to proceed after contract is signed.
  + Document, document, document (retain records for 3 years both PHA and contractor (2 CFR 200.333) after completion of contract)
  + May give progress payments; depending on contract length

Sealed Bids

The presence of adequate competition should generally be sufficient to establish price reasonableness. Where sufficient bids are not received, and when the bid received is substantially more than the ICE, and where the JCHA cannot reasonably determine price reasonableness, the JCHA must conduct a cost analysis, consistent with federal guidelines, to ensure that the price paid is reasonable. Invitation for Bids (IFB) Sealed Bids Contracts in excess of $250,000 per 2 CFR 200.88.

* + - May use for contracts less than $250,000 if the PHA deems it appropriate.
    - Wage rates required for Public Housing Davis Bacon for construction
    - HUD 4750 maintenance wage rates for non-construction
    - Invitation for Bid (documents)
      * Cover page with table of contents; name, address, phone # of PHA, and contact at PHA.
      * Bid Form –form which bidders enter bid price.
      * Specifications and statement of work (SOW) –see ch9 in PHB
      * HUD 5369 for construction or HUD 5369-B for non-construction
      * Cover page with table of contents; name, address, phone # of PHA, and contact at PHA
      * Bid Form form which bidders enter bid price.
      * Specifications and statement of work (SOW) see ch 9 in PHB
      * HUD 5369 for construction or HUD 5369 B for non-construction
      * HUD 5370 for construction or HUD 5370 C for non-construction
      * HUD 5369 A for construction or HUD 5369 C for non-construction
      * Wage rates Davis Bacon for construction or HUD 4750
      * maintenance wage rates for non-construction
      * May have a base bid plus extras or may have base bids with

subtractions

* + - * Date, time, and location of pre bid meeting
      * Adequate time given from pre bid conference to bids due

date.

* + - * Date, time, and location of bid opening defined in bid
      * package opened publicly.
    - Bonding required 2 CFR 200.325
      * Bid guarantee required from each bidder for 5% of the bid
      * price. Must consist of a frim commitment such as bid bond,

certified check, or other negotiable instrument

* + - * Performance bond issued for 100% of the contract price

ensures contractor fulfills the contract obligations

* + - * Payment bond issued for 100% of contract price. Ensures
      * contractor pays subcontractors and suppliers.
      * Must advertise publicly (2 CFR 200.320(c)(2)(i)) & 6.5(B) in PHB.
      * Must advertise at least once a week for two consecutive weeks 6.5(C) in PHB (Procurement Handbook)
      * Must leave appropriate time from Pre-bid meeting to Opening.
      * May contact contractors directly to inform them of the IFB.
      * Must have at least two responsive bids ( 2 CFR 200.320(c)(ii)) ii)),

otherwise HUD FO approval (12.2(A) of procurement handbook)

* required to issue contract. Contract issued on lowest price. May require contractor to prequalify prior to bidding to ensure contractor can complete work (responsive bidder)
* Bid opening 6.9
* Evaluate bids 6.12 PHB
* Award contract

Price negotiation NOT allowedContract Modifications

A cost analysis, is required on contracts over $150,000, consistent with federal guidelines, shall be conducted for all contract modifications for projects that were procured through Sealed Bids, Competitive Proposals, or Non-Competitive Proposals, or for projects originally procured through Small Purchase procedures and the amount of the contract modification will result in a total contract price in excess of $100,000.

**SOLICITATION AND ADVERTISING**

**Method of Solicitation**

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

B. **Simplified Acquistion (**Small Purchases**)**

Quotes may be solicited orally, through fax, or by any other reasonable method.

C. Sealed Bids and Competitive Proposals. The solicitation must be done publicly. The JCHA must use one or more following solicitation methods, provided that the method employed provides for meaningful competition.

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

For purchases of more than $25000, the public notice will run not less than once each week for two consecutive weeks, or once in the local newspaper with thirty days on newspaper website. Notices will be posted on other web-based business sites, for a minimum of thirty days, and posted at PHA properties, to help ensure opportunities for Section 3 residents and resident businesses, and on PHA’s website.

2. Advertising in various trade journals or publications (for construction).

3. E-Procurement. The JCHA may conduct its public procurements through the Internet using e-procurement systems. However, all e-procurement must otherwise be in compliance with 2 CFR 2002 CFR 200, State and local requirements, and the Authority’s procurement policy.