

Basic Housing Agency (HA) Procurement & NAHRO eProcurement

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Objective

Present basic Housing Agency (HA) procurement requirements and demonstrate how the NAHRO eProcurement System assists HA's in accomplishing HUD-compliant procurements in a cost and time effective manner.



Quiz Time (Just For Fun)

“40 Things You Might Not Know about Housing Authority Procurement (BUT YOU NEED TO!)”



The Basic Guidelines



- 24 CFR 85.36
 - HUD Procurement Handbook 7460.8 REV 2
(Please note the Handbook references herein within each “[]”)
 - State Statutes
 - Housing Agency (HA) Procurement Policy
- Follow the stricter of the State and Federal Rules

HA Procurement Policy

[Section 2.2]



Will Ensure:

- Full and open competition
- No restriction of competition
- No “local only” or “American-only” allowed
- Written evaluation criteria for RFP’s
- Solicitation documents will identify all requirements
- No use of pre-qualified lists

HA Procurement Policy (con'd)



Will Ensure:

- Full documentation of each procurement action [Section 3.3]

Will Address:

- Interlocal Agreements (Co-operative; Consortiums; Joinder; Surplus [Chapter 14]
- Supplier Diversity (WMBE) [Chapter 15]

Procurement Responsibilities @ HA



- Board of Commissioners: Set Policy
- Executive Director: Implements Policy
- Staff: Oversee Policy
- Contracting Officer: Per HUD (and the ACC), is always the Executive Director, who can delegate but not re-assign the responsibility. [Section 2.3]

Procurement Levels



- Micro Threshold: Under which you may solicit one quote only; over which you must solicit (and receive) at least 3 informal quotations [Section 5.3]
 - HUD-mandated @ \$2,000
(Revise Agency Procurement Policy to meet new mandated level?)
- HUD Simplified Acquisition Threshold (SAT): Over which you must conduct formal competitive solicitations; under which you must solicit (and receive) at least 3 informal quotations [Section 5.2.A]
 - HUD set @ \$100,000
 - State law may require lower level such as \$25K or \$50K

Procurement Flow Chart



Major Elements:

- Advanced Planning [Section 3.1]
- Requisition
- Procurement Method
- Documentation [Section 3.3]

Procurement Flow Chart (Major Elements)



- Competitive Solicitation Required (>\$2,000):
 - > Solicitation Documents (including ICE)
 - > Conduct Solicitation
 - > Evaluate Submissions (including CPA)
 - > Select Vendor
 - > Determine Eligibility
 - > Finalize/Complete Award
 - > Delivery
 - > Documentation
- Competitive Solicitation Not Required (<\$2,000; Sole Source; Gov't Agency):
 - > ICE
 - > Select Vendor
 - > Obtain Quote
 - > CPA
 - > Determine Eligibility
 - > Finalize/Complete Award
 - > Delivery
 - > Documentation

Types of Specifications

[Section 9.3.B]



- Design: "What does it look like"
 - > Typical for construction; commodities/materials; equipment; non-professional services
 - > Not typical for professional services
- Performance: "What does it do"
 - > Typical for professional services and some non-professional services and some equipment
- Brand Name: Not preferred, but if used, must always include "or equal" or "same as"

Methods of Procurement



- Micro Purchases (<\$2,000) [Section 5.2]
 - > One quotation (fair & reasonable)
 - > Petty Cash
 - > Credit Card/Procurement Card
 - > Purchase Order (PO)
 - > Must not exceed very small purchase limit, including in the aggregate (add them up)!

Methods of Procurement



- Competitive Solicitations:
 - Quotations for Small Purchases (QSP): >\$2,000 to adjusted SAT (\$25K?) [Chapter 5]
 - Invitation For Bids (IFB): aka Sealed Bid [Chapter 6]
 - Request For Proposals (RFP): aka Competitive Proposals [Chapter 7]
 - Request For Qualifications (RFQ) : [Section 7.3] aka Qualifications-based Selection (QBS)

Methods of Procurement - Competitive Solicitations (con'd)



- Quotation for Small Purchases (QSP):
 - ❑ Award Factor: Lowest Cost, Responsive & Responsible
 - ❑ Typical Specification: Design, though can be or have elements of Performance and/or Brand-name
 - ❑ Cost under SAT
 - ❑ Informal (no advertisement)
 - ❑ Typical that fixed-price award ensues, though can result in a requirements or indefinite quantities
 - ❑ Typical for construction, commodities; equipment; non-professional services

Methods of Procurement - Competitive Solicitations (con'd)



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| <p><u>IFB's</u></p> <ul style="list-style-type: none">✓ Procure Commodities, Equipment, Construction<ul style="list-style-type: none">- NOT typically OK for professional services- OK for non-professional services (i.e. janitorial)✓ Typical Specifications: Design-type | <p><u>RFP's</u></p> <ul style="list-style-type: none">✓ Procure Services (Non-professional and Professional), A/E, Construction (Design-build)<ul style="list-style-type: none">- NOT OK for commodities- OK for construction (i.e. design-build)- OK for equipment- If A/E, cost probably not an evaluation factor- (\$ negotiated)✓ Typical Specifications: Performance-type |
|--|--|

Methods of Procurement - Competitive Solicitations *(con'd)*



IFB's

- ✓ Published Award Criteria: Lowest Cost
- ✓ Bidders Submit: Sealed Bids Prior to Published Deadline
- ✓ Public Opening at Submittal Deadline (Read Aloud Names and Costs; Record Abstract—DO NOT read anything else or allow bidders to view)

RFP's

- ✓ Published Award Factors: Weighted Evaluation Factors (Points), Including Cost
- ✓ Proposers Submit: Sealed Proposals Prior to Published Deadline
- ✓ No Public Opening (Open Later Privately)

Methods of Procurement - Competitive Solicitations *(con'd)*



IFB's

- ✓ Conduct Evaluations: Can Be One Person, In Private
- ✓ Award Decision: Lowest Cost, Responsive-Responsible Bidder
- ✓ Typical Contract Type:
 - (1) Firm-fixed Price
 - (2) Requirements

RFP's

- ✓ Conduct Evaluations: Committee of Persons, In Private
- ✓ Award Decision: Top-rated, Responsive-Responsible Proposer
- ✓ Typical Contract Type:
 - (1) Requirements
 - (2) Firm-fixed Price

Methods of Procurement - Competitive Solicitations *(con'd)*



- Requests for Qualifications (RFQ) aka Qualifications-based Selection (QBS):
 - Form of an RFP: Published Weighted Award Factors, NOT including cost factor (cost negotiated after top-rated firm selected)
 - Award: Top-rated Proposer
 - Cost at any level
 - Typical Specification: Performance
 - No Public Opening
 - Typical for A/E, though HUD also allows for Developer Services and Energy Performance Contracting
 - Typical that fixed-price award ensues, though can result in a requirements or indefinite quantities

HUD-required Forms - Competitive Solicitations



- Non-Construction, Non-maintenance Work QSP (>\$2,000-SAT):
 - Table 5.1 (provided within HUD Procurement Handbook 7460.8 REV 2) [Section 5.10.A]
- Non-Construction, With Maintenance Work QSP (>\$2,000-SAT): [Section 5.10.C]
 - Table 5.1 (provided within HUD Procurement Handbook 7460.8 REV 2), and
 - HUD-5370-C (10/2006), *General Conditions for Non-Construction Contracts, Section II – (With Maintenance Work)*

HUD-required Forms - Competitive Solicitations (con'd)



- Construction QSP (>\$2,000-SAT): [Section 5.10.B]
 - form HUD-5370-EZ (10/2006), *General Contract Conditions for Small Construction/Development Contracts, or (under certain conditions)*
 - form HUD-5370 (11/2006), *General Conditions for Construction Contracts – Public Housing Programs*

HUD-required Forms - Competitive Solicitations (con'd)



- Construction (IFB): [Section 6.5.A.4-6]
 - form HUD-5369 (10/2002), *Instructions to Bidders for Contracts, Public and Indian Housing Programs*
 - form HUD-5369-A (11/92), *Representations, Certifications, and Other Statements of Bidders, Public and Indian Housing Programs*
 - form HUD-5370 (11/2006), *General Conditions for Construction Contracts – Public Housing Programs*

HUD-required Forms - Competitive Solicitations (con'd)



- Non-construction (IFB): [Section 6.5.A.4-6]
 - form HUD-5369-B (8/93), *Instructions to Offerors, Non-Construction*
 - form HUD-5369-C (8/93), *Certifications and Representations of Offerors, Non-Construction Contract*
 - form HUD-5370-C (10/2006), *General Conditions for Non-Construction Contracts, Section I – (With or without Maintenance Work)*
 - form HUD-5370-C (10/2006), *General Conditions for Non-Construction Contracts, Section II – (With Maintenance Work)*

HUD-required Forms - Competitive Solicitations (con'd)



- Non-construction (RFP): [Section 7.2.B.1-3]
 - form HUD-5369-B (8/93), *Instructions to Offerors, Non-Construction*
 - form HUD-5369-C (8/93), *Certifications and Representations of Offerors, Non-Construction Contract*
 - form HUD-5370-C (10/2006), *General Conditions for Non-Construction Contracts, Section I – (With or without Maintenance Work)*
 - form HUD-5370-C (10/2006), *General Conditions for Non-Construction Contracts, Section II – (With Maintenance Work)*

HUD-required Forms - Competitive Solicitations (con'd)



- Architectural/Engineering (A/E): [Section 7.3.F]
 - In addition to the forms identified within Section 7.2.B.1-3 (remember, an RFP/QBS is a form of an RFP):
 - ✓ form HUD-51915 (9/98), *Model Form of Agreement Between Owner and Design Professional*
 - ✓ form HUD-51915-A (9/98), *Contract Provisions Required by Federal Law or Owner Contract with the U.S. Department of Housing and Urban Development*
 - Please Note: If 51915 is not used, 51915-A MUST be attached to contract form and take precedence (strongly recommend ALWAYS use 51915)

Independent Cost Estimate (ICE) [Section 3.2]



- ICE is formulated for every procurement prior to issuing solicitation or obtaining quote
- Sources for ICE: Catalogue or Internet sites; previous solicitations; previous procurements; solicitations conducted by other gov't agencies
- Not required for prices set by regulatory agency (i.e. Prevailing Waste Rates; Gov't fees; etc.)

Cost Price Analysis (CPA) [Section 10.3]



- Price Analysis
 - A review and analysis of a proposed price without evaluating the separate cost elements
 - Typically used for QSP and IFB
 - Typical Method: Compare costs received to each other and to the ICE

Cost or Price Analysis (CPA) (con'd)



- Cost Analysis
 - A review and evaluation of the separate elements of cost (i.e. labor; materials; overhead; profit) which make up the contractor's cost proposal
 - Used for construction; A/E; professional services; receipt of single bids or proposals; contract modifications
 - Overhead is always a separate element
 - Profit is always a separate element

Efficiencies Using the NAHRO eProcurement System



- Complying with HUD Regs (Compliance Ques)
- Posting/Distributing HUD-required Documents
- Notifying/Communicating with Potential Proposers
- Distributing/Verifying Receipt of Addendums

Efficiencies Using the NAHRO eProcurement System



- Receiving/Evaluating Costs/Proposals
- Completing Awards
- Less Paperwork, Time, Effort, Cost
- Better Record-keeping,

NAHRO eProcurement



**Let's go on-line and
look at the system!**

<http://www.nahro.economicengine.com>
