

SAMPLE FORM OF RESOLUTION
PROCUREMENT POLICY

This sample is for purposes of illustration only. Recipients are directed to develop and adopt individualized Procurement Policies as specified in 2 CFR Part 200.317 - 200.326

PURPOSE

The purpose of this Procurement Policy is to ensure that sound business judgment is utilized in all procurement transactions and that supplies, equipment, construction, and services are obtained efficiently and economically and in compliance with applicable federal law and executive orders and to ensure that all procurement transactions will be conducted in a manner that provides full and open competition.

APPLICATION

This policy applies to the procurement of all supplies, equipment, construction, and services of and for _____ related to the implementation and administration of the CDBG award. All procurement will be done in accordance with 2CFR Part 200 and Appendix II to Part 200.

POLICY

GENERAL PROCUREMENT PRACTICES

_____ will adhere to the following general procurement practices: document procurement standards; maintain oversight of contractors to ensure performance in accord with standards; avoid acquisition of unnecessary or duplicative items; encourage procurement or use of shared goods and services; use Federal excess and surplus property when feasible; encourage value-engineering clauses in construction contracts; award contracts only to responsible contractors; limit use of time and materials contracting; and use good administrative judgment to settle all contractual and administrative issues.

COMPETITION

_____ will provide full and open competition; prohibit use of state or local geographical preferences; develop written procedures for procurement transactions to ensure competition is not restricted; and ensure that pre-qualified lists are current.

FIVE METHODS OF PROCUREMENT

Procurement under grants shall be made by one of the following methods, as described herein: (a) micro-purchase; (b) small purchase procedures; (c) sealed bids (formal advertising); (d) competitive proposals; (e) noncompetitive proposals.

- A. Micro-purchase includes the acquisition of supplies or services that do not exceed \$3,000 (or \$2,000 for acquisitions for construction subject to Davis-Bacon Act)
- B. Small purchase procedures are relatively simple and informal procurement methods that are sound and appropriate for the procurement of services, supplies, or other property, costing in aggregate not more than \$150,000. If small purchase procedures

are used for a procurement under a grant, price or rate quotations (minimum of 2) shall be obtained from an adequate number of qualified sources.

C. In sealed bids (formal advertising), sealed bids are publicly solicited and a firm-fixed-price contract (lump sum or unit price) is awarded to the responsible bidder whose bid, conforming with all of the material terms and conditions of the invitation for bids, is the lowest in price. The sealed bids method is the required method for procuring construction.

1. In order for formal advertising to be feasible, appropriate conditions must be present, including, at a minimum, the following:

- 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 _____ 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.

2. When sealed bids are used for a procurement under a grant, the following requirements apply:

- a) A sufficient time prior to the date set for opening of bids, bids shall be solicited (publicly advertised) from an adequate number of known suppliers.
- b) The invitation for bids, including specifications and pertinent attachments, shall clearly define the items or services needed in order for the bidders to properly respond to the invitation for bids.
- c) All bids shall be opened publicly at the time and place stated in the invitation for bids.
- d) A firm-fixed-price contract award shall be made by written notice to that responsible bidder whose bid, conforming to the invitation for bids, is lowest. Where specified in the bidding documents, factors such as discounts, transportation costs, and life cycle costs shall be considered in determining which bid is lowest. Payment discounts may only be used to determine low bid when prior experience of _____ indicates that such discounts are generally taken.
- e) Any or all bids may be rejected if there are sound documented business reasons in the best interest of the program.

CI. Procurement by competitive proposals is normally conducted with more than one source submitting an offer, and either a fixed-price or cost-reimbursable type contract is awarded, as appropriate. Competitive proposals are generally used when conditions are not appropriate for the use of sealed bids. If the competitive proposals method is used for a procurement under a grant, the following requirements apply:

1. Requests for Proposals shall be publicized (publicly advertised), and identify all evaluation factors and their relative importance. Any response to publicized requests for proposals shall be honored to the maximum extent practical.

2. Requests for Proposals shall be solicited from an adequate number of qualified sources.
 3. _____ shall have a method for conducting evaluations of the proposals received and for selecting awardees.
 4. Awards will be made to the responsible offeror whose proposal will be most advantageous to the procuring party, with price (other than architectural/engineering) and other factors considered. Unsuccessful offerors will be promptly notified in writing.
 5. _____ should use competitive proposal procedures for qualification-based procurement of architectural/engineering (A/E) professional services whereby competitor's 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 the procurement of A/E professional services. It cannot be used to procure other types of services (e.g., administration professional services) even though A/E firms are a potential source to perform the proposed effort.
- E. Noncompetitive proposals is procurement through solicitation of a proposal from only one source, or after solicitation from a number of sources, competition is determined inadequate. Noncompetitive proposals may be used only when the award of a contract is infeasible under small purchase procedures, sealed bids (formal advertising), or competitive proposals. Circumstances under which a contract may be awarded by noncompetitive proposals are limited to the following:
1. The item is available from only a single source;
 2. After solicitation of a number of sources, competition is determined inadequate;
 3. A public exigency or emergency exists when the urgency for the requirement will not permit a delay incident to competitive solicitation; and
 4. The awarding agency (IEDA) authorizes noncompetitive proposals. (Sole source procurement for supplies, equipment, construction, and services valued at \$25,000 or more must have prior approval of the Iowa Economic Development Authority).
- F. _____ will provide, to the greatest extent possible, that contracts be awarded to qualified small and minority firms, women business enterprises, and labor surplus area firms whenever they are potential sources.
- G. Any other method of procurement must have prior approval of the Iowa Economic Development Authority.

RECYCLED MATERIALS

_____ will procure items with the highest percentage of recycled materials practical. Recipients shall include in all request for proposals and bid documents over \$10,000 the following language:

"The contractor agrees to comply with all the requirements of Section 6002 of the Resource Conservation and Recovery Act (RCRA), as amended (42 U.S.C. 6962),

including but not limited to the regulatory provisions of 40 CFR Part 247, and Executive Order 12873, as they apply to the procurement of the items designated in Subpart B of 40 CFR Part 247.”

CONTRACT PRICING

- A. The cost plus a percentage of cost and percentage of construction cost method of contracting shall not be used.

- B. _____ shall perform some form of cost/price analysis for every procurement action, including modifications, amendments or change orders.

PROCUREMENT RECORDS

_____ shall maintain records sufficient to detail the significant history of a procurement, including the rationale for the method of procurement, selection of contract type, contractor selection or rejection, and the basis for the contract price. _____ shall make technical specifications and procurement documents available for review upon request.

BONDING REQUIREMENTS

Bonding requirements for construction or facility improvement contracts must meet the federal minimum requirements or receive a determination that the federal interest is adequately protected.

Passed and adopted this _____ day of _____, _____.

(signature)

(typed name), (title)

ATTEST

(signature)

(typed name), (title)