

**Humboldt County Association of Governments
(HCAOG)**

**Procurement
(Contracts and Purchasing)
Policy and Procedure Manual**

Humboldt County Association of Governments (HCAOG)
427 F Street, Suite 220
Eureka, CA 95501
(707) 444-8208 Phone
(707) 444-8319 Fax
www.hcaog.net

Table of Contents

PURPOSE.....	1
PROCUREMENT POLICY	1
Conflict of Interest	1
Discrimination Policy	2
Equal Employment Opportunity/Affirmative Action	2
Disadvantaged Business Enterprise	2
Cooperative Procurement.....	3
Open Competition Required	3
Public Records Act	3
Solicitation Requirements.....	4
PROCUREMENT GUIDELINES	4
PROCUREMENT PROCEDURES.....	4
DISPOSAL OF SURPLUS PROPERTY:	6
CONTRACT ADMINISTRATION	6
Contracting Procedures.....	6
PROFESSIONAL SERVICES POLICIES AND PROCEDURES	7
Policies.....	7
Form and Content of the RFP	8
RFP Distribution	9
Awarding of Contracts	10
Contract Modifications	10
GRANT ADMINISTRATION	11
Grant Agreements	11
Third Party Agreements with Participating Agencies	11
Third Party Agreements with Consultants.....	12
GRANT APPLICATION POLICIES AND PROCEDURES	12
Development.....	12

PURPOSE

The purpose of this manual is to establish the Humboldt County Association of Governments (HCAOG) policies and procedures to ensure an efficient, fiscally responsible purchasing system to provide service and support to all employees. The objectives, policies and procedures set forth in this manual were written and are designed to assure HCAOG member agencies, the HCAOG Board, and local citizens that HCAOG is fiscally prudent and responsible with the contracts it awards and the purchases it makes.

PROCUREMENT POLICY

The policy is set forth to exercise internal controls and to maintain responsibility and flexibility in evaluating, selecting, and purchasing supplies, equipment and services.

This manual is recognized as an adopted policy for HCAOG employees to follow when conducting procurement. These policies are intended to provide procedural steps to allow for maximum compliance with state and federal laws and to be fair and nondiscriminatory in awards and purchases.

Guidelines for the solicitation, award, and administration of formally advertised contracts, as well as the consultant selection, negotiation, award and administration of competitively negotiated contracts is included.

The methods by which the foregoing is implemented are described in detail in the remainder of this document. These policies and procedures are ongoing throughout the fiscal year. During budget preparation, the needs for all goods and services are identified that will be implemented during the upcoming fiscal year (July 1 – June 30).

Conflict of Interest

No Board member, officer, employee or agent of HCAOG shall participate in the selection, award or administration of a contract (including purchase orders) if a conflict of interest, real or apparent, would be involved. Such a conflict would arise if any prospective vendor or contract (or any subcontractor) considered for an award is:

- A. The employee, officer or agent;
- B. Any member of his/her immediate family;
- C. His/her domestic or business partner;
- D. An organization that employs any of the above, or with which any of them has an arrangement concerning prospective employment.

No Board Director, officer, employee, or agent of HCAOG may have a financial interest in any contract made or influenced by his/her in his/her official capacity. No Board Director, officer, employee or agency of HCAOG shall solicit or accept gratuities, favors,

or anything of monetary value from consultants, vendors, contractors, or potential consultants, or parties to sub-agreements, excluding nominal gifts with a value of less than \$50.

It is HCAOG's policy not to award to contractors and vendors when there is an organizational conflict of interest. An organizational conflict of interest exists when a contractor or vendor, because of other activities, relationships, or contracts, is unable or potentially unable to provide impartial goods or services to HCAOG and the contractor's or vendor's objectivity in performing the contract work is, or might be, otherwise impaired or a contractor or vendor has an unfair competitive advantage. Violations of these standards may result in sanctions.

All vendors to whom a contract is awarded for goods or services to be paid through Federal or State funding sources must certify that their company and the principals of the company are not under suspension and/or disbarment from Federal procurements or contracts. This information will be verified by HCAOG staff.

Discrimination Policy

No Board Director, officer, employee or agent of HCAOG shall, on the grounds of race, color, creed, national origin, sex or age, discriminate or permit discrimination against any person or group of persons in connection with the procurement of goods and services.

Equal Employment Opportunity/Affirmative Action

All procurement documents issued by HCAOG require all interested vendors to certify:

- A. That the vendor does not discriminate against any employee or applicant for employment, because of race, religion, sex, age, creed, color, disability or national origin.
- B. That the vendor is in compliance with all Executive Orders and Federal, State and local laws regarding fair employment practices and non-discrimination in employments; and
- C. That the vendor agrees to demonstrate positively and aggressively the principle of equal opportunity in employment.

Disadvantaged Business Enterprise

HCAOG has determined that disadvantaged business enterprises as defined in 49 C.F.R. Part 26 shall have the opportunity to compete fairly for contracts financed in whole or in part with Federal funds.

It is the policy of HCAOG that HCAOG and its contractors shall take all reasonable steps to ensure that Disadvantaged Business Enterprises (DBEs) have the maximum opportunity to compete for HCAOG contracting opportunities.

Cooperative Procurement

When circumstances warrant, HCAOG may attempt to fill requirements through a cooperative purchasing agreement (without independent bids or quotations) with the State of California, or with other appropriate public agencies.

Open Competition Required

All procurement transactions will be conducted in a manner providing full and open competition. Some of the situations to be restrictive of competition include, but are not limited to:

- A. Unreasonable requirements placed on firms in order for them to qualify to do business;
- B. Unnecessary experience and excessive bonding requirements;
- C. Noncompetitive pricing practices between firms or between affiliated companies;
- D. Noncompetitive award to any person or firm on retainer contracts;
- E. Organizational conflicts of interest. An organizational conflict of interest means that because of other activities, relationships, or contracts, a contractor is unable or potentially unable, to render impartial assistance or advice to HCAOG; a contractor's objectivity in performing the contract work is or might be otherwise impaired; or a contractor has an unfair competitive advantage;
- F. The specification of only a brand name product without listing its salient characteristics and not allowing an equal product to be offered;
- G. Exclusionary or discriminatory specifications; and
- H. Any arbitrary action in the procurement process.

Public Records Act

All bids and proposals received become the exclusive property of HCAOG. At such time as a contract award is entered into by the HCAOG Board, all bids and proposals become a matter of public record and shall be regarded as public records, with the exception of those elements in each proposal which are trade secrets as that term is defined in California Government Code 6254.7 and which are so marked as 'TRADE SECRET,' 'CONFIDENTIAL' OR 'PROPRIETARY.'

HCAOG shall not in any way be liable or responsible for the disclosure of any such records or portions thereof, including, with limitation, those so marked if disclosure is deemed required by law or by an order of a court. Bids or proposals that discriminately identify all or most of the bid or proposal as exempt from disclosure without justification may be found technically unacceptable.

Solicitation Requirements

HCAOG shall solicit bids from prospective vendors for goods and services in order to obtain the highest quality product and service.

<u>Price Threshold</u>	<u>Procurement Method</u>	<u>Required Approval Level</u>
Less than \$5,000	Small Purchase	Executive Director
\$5,000 - \$50,000	Solicitation/Request for Qualifications	Executive Director
Greater than \$50,000	Request for Proposal	HCAOG Board of Directors

The following policies and procedures shall be followed by HCAOG staff in securing equipment and supplies, and in the award and execution of contracts for professional services.

PROCUREMENT GUIDELINES

- A. The Executive Director's office shall be responsible for HCAOG procurement administration.
- B. No bidding, either formal or informal, is required for goods or services \$5,000 or less. A purchase Order will be required in these instances.
- C. All items or services over \$5,000 shall be solicited from prospective vendors in order to obtain the highest quality product and service unless a sole source procurement is justified.
- D. A sole source justification must be approved by the Executive Director. Sole source is justified when (1) only one firm or vendor can provide the product or service, (2) time would prevent a formal bidding process, (3) a previously provided service is being continued.
- E. The item or service to be procured shall be included in the approved HCAOG budget.
- F. "Open" purchase orders, i.e., "master bids" may be issued provided that the procedures described below are followed.

PROCUREMENT PROCEDURES

- A. Small Purchases of less than \$5,000:
 - 1. Approval of Executive Director is required.
 - 2. Item or service shall be purchased by staff member authorized by the Executive Director.

3. Documentation shall be submitted to Executive Assistant.

B. Contracts and purchases of \$5,000 to \$50,000:

1. A list of criteria for the materials or services to be provided (scope of work) must be developed.
2. Unless sole source is justified, a Request for Qualifications (RFQ) may be processed. The RFQ process requires that a minimum of three quotations/proposals must be obtained and documented. The quotations/proposals shall be based on the criteria developed before the purchase or award of contract.
3. A contract will be negotiated with the firm determined in the evaluation process to be best suited to accomplish the tasks of the project.
4. Procedures for the selection and contracting of professional services are detailed in the Professional Services Policies and Procedures section.
5. Approval of Executive Director is required together with the rationale for the purchase or choice of consultant. Executive Director is authorized to award a contract of Fifty Thousand Dollars (\$50,000) or less when the HCAOG Board has appropriated funds for the item(s) and the amount of the award is not more than the appropriated amount.

C. Contracts and Purchases over \$50,000:

1. Must obtain approval from the HCAOG Board.
2. Shall follow the RFP Procedures for the selection and contracting of professional services. These procedures are detailed in the Professional Services Policies and Procedures section.

DISPOSAL OF SURPLUS PROPERTY:

HCAOG shall dispose of surplus property through a negotiated contract with an auction company. The auction company shall be responsible for the transportation, sales and advertisement of the property for the purpose of selling at a public auction. The Executive Director will bring to the HCAOG Board a list of property to be designated as surplus property.

CONTRACT ADMINISTRATION

Contracting Procedures

- A. **Overall Coordination.** The lead staff member for the particular project, under the direction of the Executive Director, coordinates and manages the RFP process; this includes the development of a schedule for the RFP process, organization of a consultant selection committee, development of a bidders' list

and circulation of the RFP.

- B. **RFP Preparation.** The lead staff member, under the direction of the Executive Director, prepares the RFP according to the procedures described in Professional Services Policies and Procedures, Section II.
- C. **Issuance of RFP.** After Executive Director approval, the lead staff member issues the RFP in accordance with Professional Services Policies and Procedures, Section III.
- D. **Close of RFP Deadline.** Upon close of the RFP deadline, the lead staff member:
 - 1. Coordinates an evaluation of the proposal and checks references as outlined in Professional Services Policies and Procedures, Section V.
 - 2. Notifies the successful bidder and the unsuccessful bidders of the results of the selection process. HCAOG reserves the right to reject all bids.
 - 3. Upon completion of contract negotiation, prepares consultant contract agreement and submits such agreement to legal counsel for review and approval. Upon approval by legal counsel, the agreement is then transmitted to the consultant for execution, with the consultant returning two signed copies. Both signed agreements shall then be executed by the Executive Director of HCAOG, and one signed agreement shall be returned to the consultant. The other signed agreement shall be entered in the HCAOG contract file.

PROFESSIONAL SERVICES POLICIES AND PROCEDURES

These policies and procedures pertain to any and all agreements for services including services of attorneys, planners, engineers, consultants, or other individuals or organizations possessing a high degree of technical skill; and all other types of agreements under which the contract provides services that are required by HCAOG but not furnished by HCAOG staff.

The purpose of this procedure is to ensure an open, fair, and competitive process for selection of qualified professional consultants to perform work for the HCAOG.

Policies

- A. A Request for Qualification (RFQ) or Request for Proposal (RFP) will be issued whenever there is a need for work to be performed by other than HCAOG staff.
- B. The RFQ shall be based on developed criteria and circulated to at least three bidders. The RFP shall contain all information necessary for a prospective bidder to adequately submit a proposal for the completion of the project. An RFQ and RFP should contain sufficient information as to the required form and particulars of the service sought so that the proposals received can be equitably compared on the basis of the same facts and information.
- C. Contracts for services anticipated to cost less than \$5,000 may be awarded

through direct negotiation. Contract for services anticipated to cost less than \$50,000 may be awarded through the RFQ process. At the discretion of the Executive Director, the RFP process may be omitted in such circumstances.

- D. HCAOG will take all reasonable steps to ensure that disadvantaged business enterprises (DBEs) have the maximum opportunity to compete for and perform contracts.

Form and Content of the RFP

An RFP should contain, but not limited to, all of the following:

- A. **Introduction:** This section of the RFP should set forth and describe, as appropriate, the agency requesting the services.
- B. **Background:** This section of the RFP should provide pertinent background information relative to the project.
- C. **Project Summary and Description:** This section of the RFP should provide summary information about the agreement, including the source of funds, invoicing requirements, and the contract award process.
- D. **Scope of Work/Services:** This section of the RFP should provide a detailed description of the scope of work necessary to complete the project. The focus should be on the types of activities and results expected. The scope of work/services may be stated such that the proposer may develop a creative approach to the work.
- E. **Contract Deliverables:** This section of the RFP should describe the tasks, schedules, and intermediate products that are expected. This section will describe the expected end result of the work effort.
- G. **Contact Persons:** This section of the RFP should include information relative to the HCAOG lead staff member.
- H. **Project Timetable:** This section of the RFP should include all dates pertinent to the RFP, including: issuance of RFP, closing date for receipt of proposals, date finalists to be contacted to schedule interviews, interview schedule, anticipated contract award, and start of project.
- I. **General Conditions:** This section of the RFP should include information relative to HCAOG limitations, contract award process, RFP Addendum requirements, and contract arrangements.
- J. **Proposal Content and Organization:**
 - 1. **Transmittal Letter:** The transmittal letter should include the name, title, address, phone number, and original signature of an individual with authority to negotiate on behalf of and to contractually bind the consulting firm, and who may be contacted during the period of proposal evaluation.
 - 2. **Table of Contents:** A listing of the major sections in the proposal and the associated page number.

3. **Introduction:** In this section, the proposer should demonstrate an adequate understanding of the role and relationships of HCAOG.
4. **Technical Approach:** This should include a summary of the proposed approach, and explanation of the consultant's intended role as related to the project, a thorough explanation of the consultant's proposed course of action, and an itemized description of the proposed project schedule and the deliverables to be produced.
5. **Project Management:** The proposer must explain the project management system and practices designed to assure that the project is completed within the scheduled time frame and that the quality of the required products will meet the requirements.
6. **Consultant and Subcontractor Staff:** The proposal must describe the qualifications and experience of each professional who will participate in the project, including a resume for each member of the project team. A project manager must be designated, and an organizational chart showing the manager and all project staff must be included.

If a subcontractor will be used, the proposer must include a letter from the subcontractor committing to perform the work.

7. **Consultant Qualifications and References:** The proposal must describe the nature and outcome of projects previously conducted by the consultant that are related to the work described within the RFP. Descriptions should include client contact names, addresses, and phone numbers. Up to two samples of the consultant's work on closely related projects may be included with the proposal, if available.
 8. **Cost Proposal:** The cost proposal for the proposed scope of work shall be detailed by cost per activity and describe both the hourly rate for principal(s) and employee(s) to be assigned to this contract, a summary of any other related costs that are to be billed directly and a total "not-to-exceed" bid. The cost for attendance at additional meetings should also be shown. Work to be completed by subcontractors should be clearly identified in both the proposal and cost proposal. **The Cost Proposal shall be submitted in a separate sealed envelope, clearly marked as the Cost Proposal.**
- K. **Proposal Evaluation and Selection:** This section of the RFP should describe the process for the evaluation of contracts detailed in the Awarding of Contracts section.
- L. **Payment Schedule:** This section of the RFP should include the process for invoicing HCAOG for payment for work performed. HCAOG may withhold ten percent (10%) of all payments until the successful completion of the project and delivery and acceptance of all final products.

RFP Distribution

The RFP will be issued and posted on the HCAOG website. Firms identified as having potential for selling the item or providing the service, including those in established HCAOG consultant files, will be notified of the intentions of HCAOG to accept proposals.

Any qualified firm or consultant requesting an RFP will be provided one and placed on a consultant list for future distribution.

HCAOG will take all reasonable steps to ensure that disadvantaged business enterprises (DBEs) are afforded a maximum opportunity to participate in the proposal process.

Awarding of Contracts

- A. **Evaluation of Proposals.** A panel of technically competent persons, including appropriate staff members, will be formed to evaluate the proposals. Each proposal will be evaluated for its responsiveness to the RFP and the established evaluation criteria. The panel will formulate a recommendation for selection to the Executive Director. The evaluation panel's analysis of proposals will be documented.
- B. **Interviews and Reference Checks.** Based upon the recommendation of the evaluation panel, consulting firms may be interviewed pending further consideration. Regardless of whether interviews are conducted, professional references provided by the consultant will be contacted.
- C. **Contract Negotiations and Execution.** Based on the recommendation of the review panel and the reference checks, the Executive Director shall select and notify one bidder selected for contract negotiations. Contracts of \$50,000 or more must be approved by the HCAOG Board.

Once approval is granted, the Executive Director has the authority to approve and sign any and all necessary documentation on behalf of the HCAOG.

Contract Modifications

Occasionally, situations may arise in which HCAOG or the consultant may wish to modify the cost, scope or products of a contract.

- A. **Modification Proposal.** Modifications may be proposed by HCAOG or the consultant.
- B. **Analysis.** The lead staff member, in conjunction with the consultant and Executive Director, performs an analysis of the proposed modification, including change to timelines, products, and costs.
- C. **Determination.** Based on the analysis, the Executive Director makes a determination on the proposed modification.
 - 1. **Minor Modifications.** Minor changes may be executed on the decision of the Executive Director, which is considered final.
 - 2. **Major Modifications.** Major changes, including those which increase contract costs by 10% or more, must be approved by the HCAOG Board.
- D. **Execution.** Based on the determination of the Executive Director or HCAOG Board action, the modification is executed after review and approval of legal counsel.

GRANT ADMINISTRATION

Grant Agreements

- A. **Receipt.** HCAOG receives agreements to perform work as specified in the approved Overall Work Program (OWP).
- B. **Administration.** Each grant will have an administrator designated by the Executive Director.
- C. **Administrator Responsibilities.** The designated Grant Administrator:
 - 1. Records receipt of agreement.
 - 2. Reviews grant conditions.
 - 3. Obtains review by legal counsel.
 - 4. Obtains authorized HCAOG signatures.
 - 5. Transmits executed agreement to appropriate parties.
 - 6. Notifies appropriate staff of agreement approval.
 - 7. Files agreement in HCAOG Agreement file.

Third Party Agreements with Participating Agencies

Third party agreements with participating agencies describe grants which are awarded to and administered by HCAOG, but whose tasks are performed by another government agency.

- A. **Agreement Preparation.** Grant Administrator prepares agreement including:
 - 1. Continuing cooperative agreement.
 - 3. Resolution for Performance of Services (RPS), including an authorization to incur costs.
- B. **Agreement Documentation.** Grant Administrator enters agreement into pending file and transmits agreement to third party for execution. In order for costs to be incurred on a project (work element), there must be a management authorization letter countersigned by the appropriate HCAOG project manager and the participating agency manager.

The Grant Administrator receives and files executed agreements and management letters from the participants.

Third Party Agreements with Consultants

Third party agreements with consultants describe grants which are awarded to and administered by HCAOG, but whose tasks are performed by a consultant.

- A. **Determination to Contract.** Prior to soliciting bids for consultant to perform work specified in the OWP, the lead staff member assigned to the work and the Executive Director develop a recommendation whether to use a consultant or HCAOG staff to perform the work.
- B. **Requests for Proposals (RFP).** When the use of a consultant contract is deemed necessary, procedures outlined in the Contract Administration section shall be followed.

GRANT APPLICATION POLICIES AND PROCEDURES

Development

- A. **Initiation.** HCAOG staff initiates development of the concept for a new grant by the staff member transmitting the proposal to the Executive Director. The proposal should include:
 - 1. A brief description of the grant activity.
 - 2. Relationship of the grant activity to HCAOG planning program.
 - 3. HCAOG capacity to perform.
 - 4. Total budget estimate.
- B. **Concept Approval.** The Executive Director evaluates the grant application concept and makes a recommendation to the HCAOG Board. HCAOG Board approval is required for all grant applications.
- C. **Application Development.** Once the grant concept is approved, the application is developed. Under the direction of the Executive Director, the lead staff member coordinates the development of the grant. The staff member prepares the proposal development schedule and the budget, the administrative "boiler plate", and transmittal letter. The staff member also prepares the detailed grant program description (i.e., work program, estimate of resources, staff weeks, direct costs).
- D. **Application Approval.** The Executive Director reviews and finalizes the grant proposal and transmits the grant application to the funding agency.