

Procurement Policy Manual Humboldt Transit Authority

Adopted March 29th, 2023

INTRODUCTION

Humboldt Transit Authority (HTA) is a Joint Powers Agency, formed and operating in accord with the California Government Code, Section 6500, et seq., of the California Public Utilities Code.

LEGAL AUTHORITY

Policies and procedures governing HTA procurements of supplies, materials, equipment, vehicles, services and construction are derived from and conform to:

1. Applicable Federal law including 49 Code of Federal Regulations (CFR) Part 18, specifically Section 18.36, and the Federal Acquisition Regulation (FAR).
2. Federal Transit Administration (FTA) Circular 4220.1.F, "Third Party Contracting Requirements."
3. Applicable State of California laws, including without limitation the California Public Contracts Code, Labor Code, and Government Code.
4. Any other applicable rules and regulations established by the HTA Board of Directors.

Certain standards, regulations, orders of the United States Office of Management and Budget, and requirements for grants-in-aid to local governments mandated by the U.S. Department of Transportation, Federal Transit Administration (FTA), and the Office of Management and Budget apply to HTA for procurements financed wholly or in part with federal funds. Appropriate portions of those federal requirements, but not all, shall apply to procurements that are not funded with federal dollars.

POLICIES

It is the intent of this Policy to comply with the federal, state, and/or HTA procurement process that applies to the specific procurement project undertaken by HTA. The procedures herein are designed to implement the fundamental principles of procurement as follows:

1. Foster maximum open and free competition
2. Promote the greatest economy and efficiency
3. Ensure adherence to proper standards of conduct by HTA officers and employees

4. Maintain and implement procurement policies and procedures that comply with applicable federal, state, and local laws, and regulations
5. Establish and maintain an arm's length relationship with all contractors and suppliers
6. Treat all prospective contractors, consultants, and suppliers in an equal and equitable manner
7. Provide opportunities for remedy and resolution of contract claims or disputes

OBJECTIVES

The Objectives below support the Policies listed above:

1. Conserve public funds through reductions in cost and improvements in quality of supplies, equipment, materials, services, and construction procured.
2. Reduce the overhead cost of contracting, buying, and selling to the maximum extent possible.
3. Achieve and promote cost-effective procurements by:
 - a. Analyzing alternative approaches for each procurement, such as: purchase, lease, intergovernmental and interagency agreements.
 - b. Structuring each procurement through consolidation of similar products, services and separation of dissimilar ones.
 - c. Eliminating the purchase of unnecessary or duplicate materials and services.
 - d. Encouraging price and quality competition among suppliers, contractors and consultants.
4. Reduce the volume and streamline the flow of paperwork while maintaining accurate documentation of procurements.
5. Utilize outside competent technical expertise where needed in the initiation, administration and completion of procurements and contracts.
6. Comply with federal, state, and local procurement laws and regulations.
7. Comply with applicable standards of conduct and ethics.
8. Administer contracts and monitor supplier performance to insure that full value is received and desired quality is achieved.

LOCAL PREFERENCE

In order to bolster the local economy by giving a preference to local contractors, the HTA Board of Directors hereby adopts the following Local Preference Policy as a part of this procurement policy.

PURCHASING, LEASING & CONTRACTING POLICY
Local Vendor Preference

In order to promote the economic health of the County, the Humboldt Transit Authority has established a local vendor preference. The following percentages will be added to a local vendor's evaluation or score:

| | |
|--------------------------------|----|
| Professional Services | 5% |
| Construction | 4% |
| Purchase of Goods or Equipment | 2% |

A Local Vendor is defined as 1) conducting business in an office with a physical location within the County of Humboldt; and
2) holding a valid business license issued by the County of Humboldt or any City within the County. The General Manager is authorized to uphold or deny Local Vendor status if such status is challenged or considered a subterfuge.

Local Vendors must claim local vendor preference when submitting bids, proposals or qualifications, and also submit a copy of the business license.

For contracting opportunities for which federal or state law prohibit the use of local preference, no preference will be given.

In the case of the purchase of Goods or Equipment, the General Manager is authorized to increase the local preference percentage to as high as 4%, upon request of a qualified local vendor, with a showing of higher than normal local economic impact.

DEFINITIONS

Terms used throughout this document are defined below.

Best Value means a value determined by evaluation of objective criteria that relate to price, features, functions, life-cycle costs, experience, and past performance. A best value determination may involve the selection of the lowest cost proposal meeting the interests of the local agency and meeting the objectives of the project, selection of the best proposal for a stipulated sum established by the procuring agency, or a tradeoff between price and other specified factors.

Bid is a response to any IFB, RFPQ, or informal price quotation. The term bid is used interchangeably and has the same meaning as a price quotation.

Bond is an agreement to protect against loss from the actions or inactions of bidders and contractors. The firm presenting the bond forfeits the amount in the event the contractor fails to perform the work or provide the services for which the firm is contracted. Types of bonds used most frequently include:

Capital Expense is a purchase of any fixed asset costing \$10,000 or more, with a useful life of two years or more.

Capital Project is a procurement involving construction, or purchase of materials, services or vehicles (rolling stock) for which a specific budget is prepared and executed.

Contractor refers to any bidder, proposer, offeror, supplier, business, company, or other enterprise that HTA has selected to perform work or provide products or services. This may be via Purchase Order (PO) or other written commitment.

Cost Analysis is done if the Price Analysis is deemed inadequate by the GM or designee to determine if each element of cost (labor, materials, overhead, profit) proposed is an accurate and reasonable prediction of the actual cost to be incurred. All reasonable costs of performing the work can be considered.

Design Build (DB) means a project delivery process in which both the design and construction of a project are procured from a single entity. The single entity may be a seller, firm, or consortium of firms. Design Build may use a best value procurement methodology, instead of cost alone, to award the contract. State law specifies minimum dollar thresholds for a project to be eligible to use Design Build procurement. Until January 1, 2025, this threshold is \$1,000,000.

F.O.B. means Free on Board and is used to determine the physical point and responsibility for payment of freight/shipping charges as well as the point at which title to goods or products passes to the buyer.

GM means the General Manager for the HTA.

Invitation for Bid (IFB) is a solicitation of formal, sealed bids. The IFB clearly, accurately and completely describes the product and/or services to be procured using detailed technical specifications. An IFB requires advertising, distribution to all bidders on the bid list, bonds, sealed bids, etc. Any resulting contract is awarded to the lowest responsible and responsive bidder as defined in the IFB.

Major Purchase is a procurement expected to be worth \$250,000 or more.

Micro Purchase is a procurement, including but not limited to a Capital Expense, of up to a maximum of \$10,000. At least one price quote is required if possible when selecting a supplier.

Option is a unilateral right provided in a contract by which, for a specified time period, HTA may elect to purchase additional equipment, supplies or services or may elect to extend the term of a contract.

Payment Bond is a promise by a surety (bonding agent) assuring payment to all persons supplying labor, services or materials in the work under contract.

Performance Bond is a promise by a surety (bonding agent) assuring that once a contract is awarded, the contractor will perform its obligations under the contract.

Price Analysis examines and evaluates a proposed price submitted by a bidder/supplier without performing a Cost Analysis. Price Analysis does not evaluate separate cost and profit elements. The proposed price is evaluated and independently verified using industry data.

Price Quote/Quotation is a firm price obtained from a supplier or contractor in an informal manner (US mail, facsimile, email) in response to an HTA request including a RFPQ. It shall be written, but no other details or submittals are required. The term “quote” and “informal bid” are interchangeable.

Proposal is an offer submitted to enter into a contract, contract modification or contract termination settlement, including specified price, and required details of scope of work or equipment, service or vehicle. A Proposal is a response received to a Request For Proposals (RFP).

Purchase Order (PO) is an offer by HTA to buy certain supplies, equipment, service, or vehicles from commercial sources subject to the terms and conditions stated in the PO and any additional terms and conditions stated in the solicitation. The PO and contract, if any, shall include, as binding attachments, the solicitation and the Bid or Proposal.

Responsible refers to the bidder’s potential ability to satisfactorily complete the scope of work or services as evidenced by such factors as experience in the field, financial and physical plant capacity, satisfied former clients, insurance coverage and bonding capacity.

Responsive refers to the bidder’s compliance and conformance with all aspects of the solicitation. It refers to the completeness of the submission in meeting the requirements and specifications of the solicitation such as bid/proposal form, bonds, insurance certifications, provision of information on prior experience and any other items required by the solicitation.

Request for Price Quotation (RFPQ) is an informal solicitation for a Small or Micro Purchase of materials, supplies, or equipment, and can be used for clearly defined services or construction. Three price quotes are required if possible. An informal solicitation has other, less stringent requirements:

- Expenditure amount is less than \$250,000
- No formal time or date when quote is due
- No sealed bid requirements
- No Bond requirements

- The GM may delegate award authority.

Request for Proposal (RFP) is a formal solicitation for professional consulting services, supplies, materials, equipment and vehicles, designed for an award based upon criteria other than price alone. The RFP is an alternative to the IFB procurement method. It is most often used in negotiated procurements for hard to quantify or describe items or services because it allows the Proposer to suggest the item or service that might best suit HTA's needs. Selection must be based on factors such as proposed scope of work, quality of products, price and qualifications. A RFP may be used to procure supplies, material, equipment, or services of any dollar amount whenever determined by the GM to be in the best interest of the HTA.

Request for Qualifications (RFQ) is used when procuring Architectural or Engineering (A&E) or related services that lead to construction or a remodel project for any dollar amount. It may also be used for other professional services of any dollar amount. The RFQ is an alternative to both the RFP and IFB procurement methods where price/cost is not a determining factor in the selection process. In this process, Statements of Qualifications are requested from interested firms able to provide the scope of services desired by HTA. From those responding, HTA will evaluate and select the best qualified. This process may or may not involve in-person or telephone interviews.

After selecting the best-qualified firm, HTA will negotiate costs, fees, and specific deliverables. The GM will award a contract if the project is budgeted and under \$50,000 or will recommend award to the HTA Board of Directors if \$50,000 or more.

Small Purchase is a procurement for supplies, materials or equipment under \$250,000. At least three price quotations must be received if possible, either via US mail, email or FAX, or from a catalog or established Government Rates, or in response to an RFPQ. Small Purchases up to \$50,000 may be approved by the GM, Small Purchases of more than \$50,000 must be approved by the HTA Board of Directors.

Withholding or Retention is a specified percentage of payments agreed to in a PO or contract that are held by HTA until the project, generally construction or professional services, is completed.

RESPONSIBILITIES

The Board and each Manager below plays a role and has responsibilities in ensuring that HTA complies with applicable laws, rules and regulations.

BOARD OF DIRECTORS

The Board of Directors establishes policy, awards Purchase Orders and contracts for all Major Purchases and hears appeals from potential contractors and the public.

GENERAL MANAGER (GM)

The GM ensures Board policy is implemented through oversight or audit of the procurement and purchasing functions and monitoring of each procurement. The GM may take on the duties of project manager for especially large or complex projects, or other projects as deemed appropriate by the GM based on such considerations as staffing, operational limitations, budget, and the nature of the project. The GM shall be responsible for such tasks as:

1. Assigning individual staff to be project managers for specific projects.
2. Verifying that sufficient funding is available, or will be available, for each project.
3. Approving all purchases worth less than \$50,000, but may delegate that authority to appropriate staff.
4. Recommending to the Board award of contracts worth more than \$50,000.
5. Selling surplus HTA property, but may delegate appropriate staff.
6. Maintaining and revising standard terms and conditions, FTA clauses and generic enclosures necessary to produce a complete procurement document.

STANDARDS OF CONDUCT

DUTY TO DISCLOSE

The GM and other HTA managers and supervisors shall not be involved in any purchasing decisions, tasks, or procedures, (including participation in initiation, award, or administration of a contract) in which they or persons related to them have a real or apparent conflict of interest. In cases where there may be such conflicts of interest, employees have the responsibility to report in writing such conflicts to the GM. If the conflict is with the GM, the responsibility is to report to the Chair of the Board. Failure to make such disclosure is subject to disciplinary action.

CONFLICT OF INTEREST

1. The HTA Board of Directors has adopted a Conflict of Interest code, under which certain designated employees are required to disclose economic interests and are prohibited from participating in decisions which may have an effect on their financial interest. The terms and requirements of the Conflict of Interest Code are incorporated herein by reference.
2. No employee, officer or agent of HTA shall participate in procedures, tasks, or procurement decisions relative to initiation, award, or administration of a contract, if a conflict of interest, real or apparent, exists. Such a conflict of interest may arise when any of the following has a financial or other interest in a firm that participates in an HTA bidding process or that is selected for a contract award involving:

- a. The employee, officer or agent;
 - b. Any member of an employee's immediate family;
 - c. Business associate of subsections a and b, above; or
 - d. An organization which employs, or which is about to employ, a current HTA employee.
3. The standards governing the determination as to whether an actual conflict of interest exists are set forth in Sections 1090, 1091, 1091.5 (pertaining to interests in contracts), and 82700 et seq (pertaining to the Political Reform Act) of the California Government Code.

GRATUITIES AND CONTINGENT FEES

No Director, officer, employee or agent of HTA shall knowingly solicit, accept, or agree to accept gratuities, favors or anything of more than a nominal monetary value in connection with actual or potential procurement and contracting activities. Under this policy, the term "nominal monetary value" shall be defined as a value of \$100 or less.

CONFIDENTIAL INFORMATION

No employee of HTA involved in purchasing or procurement shall use confidential information for his or her actual, anticipated, or apparent personal gain, or for the actual, anticipated, or apparent personal gain of any person related to such employee. "Confidential Information" is defined as any proprietary, privileged, or nonpublic information, coming to the employee's attention as a result of employment by HTA, the knowledge of which makes financial gain possible.

DISCIPLINE FOR VIOLATION

The violation of any of these Standards of Conduct will subject the violator to disciplinary proceedings or action deemed appropriate by the HTA GM, up to and including dismissal.

PROCUREMENT TYPES

1. Mini-Micro Purchases are for supplies, equipment, travel, lodging, and meals under \$500.
2. Micro Purchases are for supplies or equipment where the amount is not expected to exceed \$10,000. At least one price quote is needed.
3. Small Purchases are for supplies or equipment where the amount is expected to equal or exceed \$10,000, but not \$250,000. At least three quotes are required.
4. Major Purchases, which are expected to exceed \$250,000 for materials, supplies, professional services, vehicles and construction require formal, competitive bids.
5. Design Build for design and construction of a project by a single entity where the DB project Independent Cost Estimate meets or exceeds the statutory minimum dollar threshold. Until January 1, 2025, this threshold is \$1,000,000.

6. Emergency Purchases where the equipment, materials, supplies, or services are needed on an emergency basis.
7. Sole Source where the procurement qualifies as a Sole Source procurement as defined in this document.

MINI-MICRO PURCHASES

Items costing less than \$500, such as fuel (for individual vehicles) office supplies, travel, lodging and meals, may be purchased either using an HTA-issued credit card, petty cash or by personal funds reimbursed by HTA. POs and prior authorization are not required for these purchases.

1. Credit Cards are issued to Managers and Supervisors to facilitate purchase of urgently needed items and to streamline business travel. Each card holder shall submit receipts, noting the purpose and account name or number, at least monthly to the Finance Manager who controls the issue and monthly reconciliation of HTA-issued credit cards.
2. When a credit card is not viable, employees, with their supervisor's approval, may make a purchase of less than \$50 and receive reimbursement, by submitting the receipt, noting account name or number. Amounts over \$50 should be handled by credit card, but, with approval of a Manager, payment of approved purchases, with account number or name, by personal funds shall be reimbursed by HTA check.

MICRO PURCHASES

Purchases up to \$10,000 are typically handled by a GM designee such as the Finance Manager, and require one quote if possible. All micro purchases shall be made with adequate and reasonable competition for the supplies, material, equipment or service being purchased. Use of catalog prices and established Government Rates are acceptable sources. A RFPQ may be used to solicit price quotations but is not required. If only one quote is obtained after reasonable efforts to obtain more, the GM, or designee, should consider whether a Sole Source justification exists and if not whether additional solicitation efforts would result in additional quotes. All Micro Purchases must be approved or authorized by the GM or designee.

SMALL PURCHASES

There are two types of Small Purchases: 1) Purchases of more than \$10,000, up to \$50,000 do not require formal competitive bidding and are approved by the GM in accordance with this Policy; and 2) Purchases of \$50,000 and more, up to \$250,000 do not require formal competitive bidding and are approved by the HTA Board of Directors. Both types of Small Purchases shall conform to the following:

1. Small purchases must have price quotations obtained from a minimum of three potential suppliers. Quotes may be obtained from current price lists or established Government Rates, by e-mail, by internet research, by facsimile, by telephone

(confirmed in writing or by email), or in response to a RFPQ. If only two or fewer price quotations are obtained after reasonable efforts, the GM may proceed to award the contract based on the requirements below.

2. Care must be taken to ensure the price quotes compare the costs for the exact same product, service, or material from each of the potential suppliers.
 - a. A Request for Price Quotation (RFPQ) is an informal solicitation to known qualified bidders. It can only be used where there is no more detail needed to describe the desired product or service. The RFPQ sets forth any terms and conditions of the procurement to potential bidders without formal advertising. HTA shall not arbitrarily split contracts or procurements so as to utilize the informal bidding procedures. The RFPQ shall include technical specifications of the product or scope of work for the service required, FOB point, delivery date, components of bid prices, bid form, and the date and time by which informal bids must be submitted. Bonding and insurance requirements may also be set out in the RFPQ if appropriate.
 - b. For Small Purchases up to \$50,000, the GM or designee shall evaluate bids submitted and select one contractor based on the lowest bid by a responsible and responsive bidder as defined in the solicitation.
 - c. For Small Purchases from \$50,000 up to \$250,000, the GM or designee shall evaluate bids submitted and recommend to the HTA Board of Directors for approval one a contractor based on the lowest bid by a responsible and responsive bidder as defined in the solicitation.
 - d. Upon selection and notification, and receipt of required documentation (such as insurance certificates) if any, a PO and/or agreement as appropriate shall be finalized by the GM and issued to the successful bidder for execution as necessary. The terms of the agreement and/or PO shall be substantially similar to those specified in the RFPQ.
3. The use of a Request for Qualifications (RFQ) as an alternative to other processes may be used to retain Architectural or Engineering (A&E) or related services, such as construction or remodeling, and any other professional services. Cost is not the sole determination in the selection process. The GM may award a contract if the project is budgeted and under \$50,000, the HTA Board of Directors must approve if \$50,000 or more.

EMERGENCY PROCUREMENTS

HTA is not required to engage in either informal or formal competitive bidding when making emergency purchases of supplies, equipment, materials or services. "Emergency Purchases" are those procurements required to prevent the immediate interruption or

cessation of necessary HTA services or to safeguard life, property, or the public health and welfare.

1. Emergency Purchase decisions should be made by the GM. The GM, or designee, may contact one or more suppliers by telephone, and, as expeditiously as possible, determine the best price and quality of product or services available from the supplier(s).
2. The GM or designee shall prepare a PO and/or agreement and a report explaining that an emergency procurement has been effected, the nature of the emergency, justification of the emergency procurement, the process, and the name and location of the supplier.
3. The GM may authorize an emergency purchase up to an amount of \$50,000 and sign the resulting PO.
4. When the procurement will exceed \$50,000, the emergency must be so declared and approved by the Board of Directors before the purchase has been made if possible, or after, if deemed necessary by the GM and Board Chair and in accordance with state or federal law.
5. At the next Board meeting following an Emergency Purchase exceeding \$50,000, the Board of Directors shall be presented with the GM's report, and ratify the procurement.

SOLE SOURCE PROCUREMENTS

A Sole Source procurement is one that can be made from only one source of supply or a procurement for which no competitive advantage can be gained through competitive bidding. Such procurements often arise where the specifications for the items or services to be procured are unusual or distinct, narrowing possible sources down to one. This may be the case, for example, with replacement parts for brand name machinery, equipment or vehicles. Sole Source Procurements may be of any dollar value, but must conform to the following:

1. The Sole Source must be the only known source of supply with the capability of meeting the bona fide specification requirements. A sole source decision is not permitted merely upon the grounds that such approach is the most convenient, or that the subject product (1) demonstrates technical or administrative superiority, (2) is preferred by staff, or (3) shows superior performance potential at lowest cost.
2. A non-competitive proposal is a type of Sole Source. To qualify as a Sole Source Procurement the contractor must be the only source known to be able to perform a contract. Procurements by non-competitive proposals can be used only when the award of a contract is not feasible under Small or Major Purchase procedures, and at least one of the following circumstances applies:
 - a. The item is available from only one source;
 - b. Public emergency- no time for competitive solicitation;

- c. FTA, if applicable to the specific procurement, has specifically approved non-competitive negotiations;
 - d. After solicitation of a number of sources, only one bid is received or competition is inadequate; or
 - e. The item is an associated capital maintenance item.
3. The GM or designee shall obtain a price for the proposed procurement from the Sole Source. Unless the reasonableness of the price can be established on the basis of a catalog or market price for a similar commercial product sold in substantial quantities to the general public, or on the basis of prices set by law or regulation, a Cost Analysis shall be conducted. A Cost Analysis is required to verify the proposed cost data, to verify the projections of the data, and to evaluate the specific elements of cost and profit.
4. A Cost Analysis is a detailed evaluation of the cost elements that comprise the proposed price to determine whether the contractor is applying sound management and appropriate resources to the procurement and whether the costs are proper, allowable and allocable. It may involve verification of cost data, evaluation of specific cost elements including labor hours, quantities, tooling, testing, etc. and projection of the cost data to determine its effect on prices. To form a judgment as to whether the price offered is reasonable, the following factors may be considered: the necessity for certain costs, the reasonableness of amounts estimated for necessary cost, the bases for allocating overhead costs, allowances for contingencies and the appropriateness of allocations of particular overhead costs to the contract.
5. In cases where the Sole Source procurement will exceed \$50,000, the purchase must be approved by the Board of Directors. Following Board approval, the GM shall prepare an Agreement containing all applicable terms and conditions of the procurement.

If the item is valued at \$100,000 or more and is an associated capital maintenance item that is procured directly from the original manufacturer or supplier of the item to be replaced and is funded by FTA, HTA must first certify in writing to FTA: (1) that such manufacturer or supplier is the only source for such item; and (2) that the price of such item is no higher than the price paid for such item by like customers. For Sole Source Procurements over \$100,000 FTA might have to authorize the procurement depending on then applicable FTA regulations.

MAJOR PURCHASES

Formal Bids/Proposals (sealed bids and competitive proposals) are required for all procurements expected to cost \$250,000 or more, excepting Emergency Purchases, and the HTA Board of Directors formally awards such contracts. Major Purchases are accomplished through IFBs, RFQs, RFPs, Design Build, or Sole Source procurement processes, as determined appropriate for the specific purchase by the GM. For any Major Purchase, contract modifications or change orders for more than \$50,000 shall be approved by the Board of Directors. Modifications or change orders over \$100,000 in federally funded

projects shall be reported to FTA in regular quarterly financial reports, as required by FTA funding.

In all cases, the procurement documents shall be drafted so as to foster competition and the participation of Disadvantaged Business Enterprises (DBE). The CalTrans supplier database may be used to generate a list of potential bidders as well as other sources.

Procurement documents must identify 1) all requirements that potential bidders must fulfill, 2) fully define the scope of work, products, materials, services, vehicles or construction and 3) list factors/criteria to be used in evaluating bids and proposals.

DESIGN BUILD PROCUREMENT

Design Build Procurement must satisfy state and FTA Design Build requirements in effect at the time of project solicitation. Until January 1, 2025, Design Build projects must be in excess of \$1,000,000. DB contracts are awarded by the HTA Board of Directors. The GM uses a RFQ process to prequalify or shortlist Design Build entities. The proposals of prequalified or short-listed DB entities are evaluated by the GM who makes a recommendation to the HTA Board of Directors for final selection.

RFQs shall include, but are not limited to, the following elements:

1. Basic scope and needs of project or contract, expanded cost range, methodology to be used to evaluate proposals, the procedure for final selection;
2. Significant factors that HTA reasonably expects to consider in evaluating qualifications, including technical design and construction expertise, acceptable safety record, and all other nonprice-related factors;
3. A standard template developed by HTA requesting statements of qualifications that requires the following information to be certified under penalty of perjury by the DB entity and its general partners or joint venture members:
 - a. If the DB entity is a privately held corporation, limited liability company, partnership, or joint venture, a listing of all shareholders, partners, or members known at the time of RFQ submission who will perform work on the project;
 - b. Evidence that the members of the DB team have completed, or demonstrated the experience, competency, capability, and capacity to complete projects of similar size, scope, or complexity, and that the proposed key personnel have sufficient experience and training to competently manage and complete the design and construction of the project, and a financial statement that ensures that the DB entity has the capacity to complete the project;
 - c. The licenses, registration, and credentials required to design and construct the project, including, but not limited to, information on the revocation or suspension of any license, credential, or registration;

- d. Evidence that establishes that the DB entity has the capacity to obtain all required payment and performance bonding, liability insurance, and errors and omissions insurance;
 - e. Information concerning workers compensation experience history and a worker safety program;
 - f. If the proposed DB entity is a corporation, limited liability company, partnership, joint venture, or other legal entity, a copy of the organizational documents or agreement committing to form the organization;
 - g. An acceptable safety record. A proposer's safety record shall be deemed acceptable if its experience modification rate for the most recent three-year period is an average of 1.00 or less, and its average total recordable injury or illness rate and average lost work rate for the most recent three-year period does not exceed the applicable statistical standards for its business category or if the proposer is a party to an alternative dispute resolution system as provided for in Section 3201.5 of the California Labor Code.
4. A DB entity shall not be prequalified or short-listed unless the entity provides an enforceable commitment that the entity and its subcontractors at every tier will use a skilled and trained workforce to perform all work on the project or contract that falls within an apprenticeable occupation in the building and construction trades, in accordance with Chapter 2.9 (commencing with Section 2600) of Part 1 of the California Labor Code.
5. Based on the RFQ, the GM prepares a RFP that invites prequalified or short-listed entities to submit competitive sealed proposals in the manner prescribed by the RFP. The RFP shall include, but need not be limited to, the following elements:
- a. Identification of the basic scope and needs of the project or contract, the estimated cost of the project, the methodology that will be used by HTA to evaluate proposals, whether the contract will be awarded on the basis of low bid or best value, and any other information deemed necessary by HTA to inform interested parties of the contracting opportunity;
 - b. Significant factors that HTA reasonably expects to consider in evaluating proposals, including, but not limited to, cost or price and all nonprice-related factors;
 - c. The relative importance or the weight assigned to each of the factors identified in the request for proposals;
 - d. Where a best value selection method is used, HTA may reserve the right to request proposal revisions and hold discussions and negotiations with responsive proposers, in which case HTA shall so specify in the RFP and shall publish separately or incorporate into the RFP applicable procedures to be

observed by HTA to ensure that any discussions or negotiations are conducted in good faith.

6. For those projects utilizing low bid as the final selection method, the competitive bidding process shall result in lump-sum bids by the prequalified or short-listed Design Build entities, and awards shall be made to the Design Build entity that is the lowest responsible bidder.
7. For those projects utilizing best value as a selection method, the DB competition shall progress as follows:
 - a. Competitive proposals shall be evaluated by using only the criteria and selection procedures specifically identified in the RFP. The following minimum factors, however, shall be weighted as deemed appropriate by HTA:
 - i. Price, unless a stipulated sum is specified;
 - ii. Technical design and construction expertise;
 - iii. Life-cycle costs over 15 or more years.
 - b. When the evaluation is complete, the responsive proposers shall be ranked based on a determination of value provided, provided that no more than three proposers are required to be ranked;
 - c. The award of the contract shall be made to the responsible Design Build entity whose proposal is determined by HTA to have offered the best value to the public.

SPECIFIC GUIDANCE

Specific guidance for different types of acquisitions and projects include:

1. **Supplies, Materials and Equipment:** Contracts for procurements of materials and supplies on an annual basis, with a cost of \$250,000 or more (e.g. parts, tires) must be formally bid. Purchases on a monthly, bi-monthly or irregular basis, may be made by Small Purchase RFPQ if under \$250,000, except for vehicle parts or other purchases that qualify for Sole Source procurement.
2. **Professional Services:** Procurement based solely on qualifications must be used for architectural, engineering and related services, and other professional services that are directly in support of, directly connected to, directly related to, or lead to construction, alteration, or repair of real property. A Request for Qualification (RFQ) may be used to qualify prospective bidders. Qualifications must include licensing, and recent relevant experience. For planning, compensation, organizational or any other consulting or professional services, HTA may issue a Request for Proposals (RFP), or before issuing an RFP, may issue a RFQ to prequalify a short-list of potential entities from whom the RFP would solicit proposals. The RFP shall explain the outcome product in detail, but leave the professionals to propose a precise scope of work and means of accomplishing the result. The price or price range may be listed in order to

give proposers an accurate sense of the size of the project. When not issuing an RFQ prior to issuance of an RFP, the RFP shall require proposers to submit evidence of demonstrated competence, knowledge and experience necessary to complete the scope of work contained in the RFP.

3. **Vehicles** (buses, vans, trolleys, staff vehicles etc.): Procurements may be accomplished by RFP, by Piggybacking or by Joint Procurement. All vehicle purchases require the completion of federal pre-award and post-delivery certifications. These must meet federal requirements provided in Title 49 of the Code of Federal Regulations, Part 663, including Buy America certification, description of final assembly and Federal Motor Vehicle Safety Standards (FMVSS) certification. These certifications may be done by contractors hired for such purpose or by HTA.
4. **Piggybacking:** Usually for a small fee, Piggybacking is the use of options available within an existing contract by a state agency or another transit agency to purchase vehicles. Very specific procedures are required in completing such transactions at both the state and federal level. The fee is usually less costly than writing specifications in-house.
5. **Joint Procurement:** Again, usually for a small fee, an outside organization handles the bidding process and allows other transit agencies to purchase off their results. For example, currently, CalTrans' process offers the lowest priced vehicle in each of several categories, each with optional equipment. The California Association for Coordinated Transit, in partnership with Morongo Basin Transit Authority (CalACT/MBTA) have created a purchasing cooperative which allows other transit systems to choose among different vehicle manufacturers for several different vehicle categories at competitive prices, including optional equipment. (The cooperative offers other capital items as well.)

PROCUREMENT PROCEDURES AND DOCUMENTS

PROJECT INITIATION

1. **Assignment:** When the need for procurement is determined, the GM, or designee, will draft technical specifications and scope of work which adequately describes the products or work required, shall provide an Independent Cost Estimate and a proposed project schedule, including advertising and contract commencement dates. The GM, or designee, must also determine whether or not there are two or more qualified potential bidders to compete effectively for the project, and that selection of the successful bidder can be made principally on the basis of price.
2. **Decisions:** The GM, or designee, will determine if sufficient funding is available, projected to be available or needs to be budgeted. They will write and submit grant applications if necessary. When funding is secured, they will determine the type of procurement to be used (Micro, Small, Emergency, Sole Source or Major) and the type of solicitation to be used (RFPQ, RFQ, RFP or IFB) and will assign a procurement title and number. The procurement number and title shall be listed on all pages of the

contract documents and referred to in all communication concerning the procurement and contract, including budgeting and financial management.

SOLICITATIONS

HTA will formally advertise and publicly solicit for the submission of sealed bids, on a competitive basis for Major Purchases expected to cost \$250,000 or more.

1. For projects using RFP, RFQ or IFB solicitations, the PM shall arrange for the **public advertisement** of the Notice Inviting Bids/Proposals in one or more local newspapers of general circulation published in Humboldt County. The Notice shall state the time and place for the receiving and opening of sealed bids, shall describe in general terms the work to be done and shall refer readers to the HTA website or other source (e.g. HTA's or Architect's office) for copies of the complete document. Where a particular contract involves a trade or expertise for which there are special industry publications, the Notice shall be advertised in appropriate trade journals if sufficient time permits. The complete document may be sent directly, via email, FAX or US mail, to known qualified contractors. The complete document shall be posted on HTA's website.
2. The **complete document** shall include the Notice Inviting Bids/Proposals. If a pre-bid conference is planned, the Notice shall advise of the date, time and location for the conference. Other inclusions are the Technical Specifications, Instructions to Bidders, General Conditions, Standard Terms and Conditions, Special Provisions, state and FTA requirements and other documents as may be required by the procurement, such as certificates or proposal documents concerning qualifications, bonding, and compliance with applicable requirements of state and federal laws. Details of these inclusions are provided in the next section of this document. The terms and conditions contained in the entire package of contract documents constitute the contract, which governs the contractual relationship between the successful bidder and HTA.
3. **Unbiased:** Care must be taken when writing or hiring outside consultants/contractors to assist with the development of specifications. HTA must manage the project so that specifications developed are not biased toward a particular firm or product. Also, consultants developing specifications may not be allowed to compete for a product or service they helped define. This must be clarified with the consultant when entering into any such contract.
4. **Addendum:** Once the solicitation has been advertised, all changes necessary to correct any errors in the document, to extend deadlines for the benefit of HTA or the bidders, or to otherwise revise the document, shall be accomplished through the issuance of addenda. All addenda shall be drafted by the GM, or designee. Each addendum shall contain the bid number and title, the date of issuance, the addendum number, specific reference to the provision of the document that is being amended, and the substance of such amendment. The GM shall issue the addendum to all firms who have received a copy of the procurement documents.

CONTENT OF SOLICITATION

This section contains a lengthy list of components that should be included in the solicitation documents for the Major Procurements. Some are not needed for smaller projects.

1. **Notice Inviting Bids:** The Notice Inviting Bids (Notice) is a publicly advertised document, which notifies potential bidders of the title and nature of the contract, and the date, time, and place of the opening of bids. The Notice shall also inform bidders of the applicable DBE requirements and other significant requirements under federal or state laws. The Notice shall refer to and incorporate by reference all the other contract documents. A pre-bid Conference may be held if a procurement is of considerable complexity or scope. If a Pre-Bid Conference is scheduled, the Notice shall advise of the date, time and location.
2. **Specifications.** This describes the material, product, or service being purchased and sets forth the minimum essential characteristics and standards to meet HTA's needs. They must be of sufficient detail so that suppliers are able to submit a valid bid/proposal that is within the expected range of the Independent Cost Estimate. However, they must not be so restrictive as to limit the number of potential suppliers and thereby hinder open competition. In addition, they must describe the testing, inspection and acceptance criteria HTA will use in determining compliance with specifications. Types of specifications and other guidance include:
 - a. **Design** – Spells out the details of how a contractor will accomplish the work and instructs them on how to complete it. These often include drawings, diagrams, measurements and tolerances describing the finished product.
 - b. **Performance** – Spells out the end result desired by HTA but leaves the details to the contractor. These specify the performance of the end result but not how the contractor will do the work.
 - c. **Initial responsibility** for drafting the technical specifications lies with the PM staff having technical expertise relating to the procurement sought. The General Manager shall review and approve the specifications.
 - d. **Brand Names.** The use of brand names (specific suppliers, models, or products) may be used only as a basis of establishing a standard of desired material or products. In all cases where brand names are listed, the characteristics that define the desired material, product or service will be provided. This allows for full and open competition among all potential suppliers.
 - e. **Approved Equal(s).** If a brand name and salient characteristics are listed for a given product, material, or service, procurement documents must allow for “approved equals.” That is, HTA must define under what conditions and terms it will consider materials or services other than those specified.
 - f. **Technical specifications** shall include detailed descriptions of the qualitative and quantitative nature of the supplies, equipment, materials, services, or construction to be procured. They must also set forth the minimum essential characteristics and standards to which the products, services or work must

- c. The calculation of damages must account for delays NOT caused by the contractor. That would include weather (which must be tightly defined) and delays caused by HTA or other public entities
6. **Bonding Requirements.** Various Bonds may be required for the principal protection of HTA's interest in the case of default or other failure to perform by a Contractor. As a minimum, the following bonding requirements apply to construction or facilities improvement procurement actions of \$100,000 or more:
 - a. A **Bid Bond** or Bidder's security of a value up to 10% of the bid amount is commonly required for major procurements to ensure that a bidder or proposer will sign a contract if one is awarded to it.
 - b. A **Payment Bond** and a **Performance Bond**, both equal to as much as 100% of the contract price, shall be required for construction projects valued at more than \$100,000. These bonds are intended to guarantee completion of the project and payment of all labor, materials and supplies. The higher the contract price, the higher the amount or percentage of the bond. Note that bonding costs the contractor money which will be recovered through the bid price and payment by HTA.
 - c. For **vehicle procurement** projects, a Performance Bond equal to 20% of the contract price may be included. The necessity for this Performance Bond shall be documented in the procurement records.
7. **Insurance and Indemnification (Hold Harmless):** For all Capital Projects, HTA shall protect its financial interests by requiring Contractors to carry adequate insurance coverage, usually up to \$1 million (or \$2 million for projects worth \$2 million or more) for Commercial General Liability, Auto Liability, Builder's Risk (construction only) and Workers Compensation, and other insurance that may be required by State or Federal regulations. In addition, an indemnity (or hold harmless) clause must be included that requires the contractor to defend HTA in court against third party claims made against HTA that are the fault of the contractor. Often a reciprocal indemnification is also included.
8. **Qualification of Bidders:** In procurements where the nature of the work is such that the qualifications of the bidders is an essential criterion for evaluating the bidders' qualifications, the special provisions shall contain a clause setting the required qualifications of bidders. Construction, professional services and operations solicitations shall contain such clauses.

Such provisions shall clearly state the HTA may reject bids from any potential suppliers that do not meet the requirements stated in the qualification clause. Included in such clause shall be requirements that bidders demonstrate they are regularly engaged in the manufacture, construction, or provision of the work or product called for in the procurement and that they have the necessary resources, facilities and personnel to perform the contract. Bidders shall be required to furnish adequate references to verify their qualifications.

SAMPLE AGREEMENT

A proposed agreement should be included in the solicitation. The evaluation, selection, potential negotiations or other factors may require amendment of the proposed version.

1. **Contents:** Agreements will be developed in consultation with and approval by HTA legal counsel, and shall contain, as a minimum, reference to or revised versions of the following elements.
 - a. Description of the Scope of Work, product or service
 - b. Price and payment terms
 - c. Delivery schedules
 - d. Provisions for: termination for cause, termination for convenience and the basis for determining settlement costs
 - e. Applicable FTA and state clauses
 - f. Administrative, contractual or legal remedies in cases where contractors violate or breach contract terms, to include sanctions and penalties.
 - g. Termination for cause and termination for convenience provisions as well as the manner in which settlement costs will be determined
 - h. Amendment provisions
2. **Contract Modification.** Whenever a change is required to an existing contract, whether determined by HTA or a contractor, a cost change proposal will be submitted. The proposal will be in such detail and clarity to be understood by HTA as to its impact on: existing scope of work; dollar value of the contract; and time required to complete work.
3. **Exercise of Options.** If Options in contracts are available, such Options shall be in accordance with the terms and conditions stated in the solicitation and in the initial contract. The Option price should be equal to or better than prices available in the market, or the Option should be more advantageous at the time the Option is exercised.

SELECTION OF CONTRACTOR

1. **Opening:** Bids, Proposals and Statements of Qualifications shall be opened at the exact time and location advertised, and the opening shall be open to the general public, including bidders or proposers. Pertinent portions of Bids or Proposals shall be read aloud and recorded. Staff shall document the names and affiliation of those present and the results in the project file.
2. **Evaluation of Responses:** The GM shall form a committee with not less than one other staff member to evaluate Bids, Proposals and Statements of Qualifications. For larger or more complex projects, additional participants may be engaged, including relevant staff, representatives of outside agencies and stakeholders.

3. **Detailed evaluation criteria** included in the solicitation shall be applied by the evaluation committee, either separately or jointly as determined by the GM, or designee. The GM, or designee, will coordinate this evaluation. Care must be taken to ensure that any contracts requiring the payment of prevailing wages have those wages for the various trades taken into account when calculating labor costs, and that the time required to complete the work is acceptable to HTA.
4. **Basis for Selection and Recommendation:** For any contract worth \$500,000 or more, the GM will formulate a recommendation to the HTA Board of Directors for contract award, based on results of the evaluation and factors below.
5. **For IFB and RFPQ** solicitations, the selection will be awarded to the lowest responsive, responsible bidder as defined above and below.
 - a. **Responsive:** Selection will only be made for those bidders with the ability to successfully perform and provide the specified materials, services and products under the terms and conditions stated in procurement documents. Among factors to be considered in evaluating the responsiveness of bidders are: completion and accuracy provided in the bid, lack of any conditions in the bid and conformance with detailed specifications. For any findings of a potential bidder being determined as not responsive, a memorandum will be sent and placed in the project file noting the basis for this determination. Such memorandum will include documents, reports, and analyses to support the determination.
 - b. **Responsible:** Solicitations will be structured so as to obtain information to be used in determining if potential contractors are responsible, to include:
 - 1) Financial resources adequate to perform the contract; or the ability to obtain them.
 - 2) Ability to meet the required delivery or performance schedule
 - 3) Satisfactory record of performance
 - 4) Satisfactory record of integrity and business ethics
 - 5) Necessary organization, experience, accounting and operational controls and technical skills, or the ability to obtain them
 - 6) Compliance with applicable licensing, tax laws and regulations
 - 7) Necessary production, construction, technical equipment and facilities, or the ability to obtain them
 - 8) Compliance with Affirmative Action and Disadvantaged Business Program requirements
 - 9) Other qualifications and eligibility criteria necessary as determined by HTA.
6. **For an RFP solicitation**, the published evaluation criteria will allow for numerically valued scoring. The highest score determined by the evaluation committee would determine the successful proposer. The proposer offering the best overall value and being the closest in meeting the criteria designated in the solicitation, including qualifications, would be selected. This may or may not be the supplier offering the

lowest price. Price as well as other factors will be considered in the selection. Attempts may be made to negotiate a lower price with potential contractors and results documented.

7. **For an RFQ solicitation**, the published evaluation criteria will allow for numerically valued scoring to determine the firm best qualified to meet HTA's needs or a short list of best qualified firms. Where the specific procurement project allows, the highest score determined by the evaluation committee would determine the most highly qualified proposer. the GM and/or PM would initiate negotiations with that firm. If an acceptable dollar amount can be achieved, a contract would be awarded. If negotiations with the highest qualified firm do not result in an acceptable dollar amount, negotiations will be undertaken with the next best qualified. This process will continue until a supplier and acceptable dollar amount have been agreed upon. If the specific procurement project requires a competitive RFP process to award the contract, the RFQ can be used to develop a short list of qualified entities to whom HTA will distribute the RFP.

AWARD

1. After the selection process, the PM will notify the selected contractor. For Micro, Small, or Emergency Purchases, the PM will ensure that all required submittals have been received, the terms are correct and will send it to the selected contractor for signature and documentation of insurance coverage as required.
2. For Major Purchases, the GM shall ensure all required submittals are received, including insurance certificates, and shall write a staff report to the Board of Directors recommending award of the contract to the selected contractor. The GM is authorized to execute all agreements, except Major Purchases which require approval of the Board of Directors first.

CONTRACT ADMINISTRATION SYSTEM

The intent of the contract administration system is that each procurement file, standing alone and without need of interpretation or augmentation by the GM or other staff member, demonstrates that HTA and the contractor have complied with the terms of the contract. Further this system will fully document that any contractual or administrative issues in dispute have been addressed and settled.

PROJECT FILES

Each project file, maintained during the project is a record detailing the history of each procurement. The GM shall identify which of the following project file components shall be maintained by which department during the duration of the procurement process:

1. Rationale for the method of procurement
2. Independent Cost Estimate
3. Cost/Price Analysis; record of determination that cost is fair and reasonable

4. Evaluation of submittals received
5. Written record of selection of suppliers for negotiation and contract award
6. Summary of cost/price negotiations, as appropriate
7. Determination of reasonable contract cost compared to Independent Cost Estimate
8. All correspondence between HTA and contractor
9. Copies of published public notices of proposed contract action
10. A list of all bidders and proposers contacted and DBE status
11. All quotes, bids and proposals received
12. Purchase orders
13. Contract close-out documents
14. Procurement documents
15. Justifications of Sole Source, emergency procurement, single bid received, etc.
16. Staff reports prepared for approval by HTA Board of Directors and minutes reflecting approval granted or other direction by the HTA Board
17. Contracts and contract modification documents

Upon closeout, all files will be consolidated and filed.

APPENDIX A

SAMPLE FORMS AND FORMATS

This appendix contains sample forms and formats for use by HTA personnel in meeting requirements contained in these Procurement Procedures.

Any recommendations for improvement should be submitted to the General Manager.

**HUMBOLDT TRANSIT AUTHORITY
COST/PRICE ANALYSIS**

Date _____ Analysis/Review done by: _____

IFB/RFP/RFPQ # _____ Project _____

Item(s) reviewed

Cost comparison(s) obtained/source _____

Rationale/Conclusion

Above analysis/review conducted and cost determined reasonable on date noted.

(Signature)

**HUMBOLDT TRANSIT AUTHORITY (HTA)
SOLE SOURCE JUSTIFICATION
(Guidance form only)**

Product/Service/ Salient Characteristics

Rationale/Reason for Sole Source (see sole source justification in Procurement Procedures)

Quantity

Analysis of labor, direct, overhead costs and profit (see sole source justification)

Other factors

Method of determining fair/reasonable cost:

- _____ Project Manager previous experience
- _____ Company lowest price guarantees
- _____ Past purchasing history with same contractor
- _____ Newspaper ads
- _____ Internet
- _____ Price book/catalog
- _____ Marketplace location limitations
- _____ Single source area procurement (e.g. franchise, distribution territories)
- _____ Other _____

Completed by _____ Date _____

**HUMBOLDT TRANSIT AUTHORITY
CONTRACT CLOSEOUT CHECKLIST FOR MAJOR PURCHASES**

Date _____

Contract Number _____ Contract Value _____

Effective date of contract _____

Change order(s) date and dollar amount (if none, so state) _____

Project Manager
(name/signature) _____

Completion of this Checklist certifies that contractor/supplier/supplier has completed work/services described in the contract and any change orders. Note the status (e.g. "received;" "completed;" "accepted" etc.) and the date for each work item. After completion, form is to be placed into Contract File.

| WORK ITEM | STATUS | DATE |
|--|--------|------|
| 1. Resolution of all contract changes | | |
| 2. Determination of any liquidated damages | | |
| 3. Review of insurance claims. Determination if funds need to be withheld from final payment to cover unsettled claims against Contractor/Supplier | | |
| 4. Settlement of all sub-contracts by prime contractor/supplier | | |
| 5. Performance of required inspections/tests/etc. | | |
| 6. Contractor Performance Report | | |
| 7. All submittals/deliverables/services completed: -Reports -Final payroll records/wage rate certifications -Warranties/Guarantees -"As-Built" Drawings, Blueprints -Manuals and publications | | |
| 8. Final invoice -Consent of surety to release final payment | | |
| 9. Contractor's Affidavit of release of liens (Construction contracts) | | |
| 10. Contractor's general release (to HTA) from any further claims/liabilities (Construction) | | |
| 11. Notification to Surety of release from any Performance Bonds | | |
| 12. Post-Delivery Audit (rolling stock) | | |