

Board Commissioner Training Module 4: PHA Procurement

Transcript

Rose Turner: Let me welcome all of you to our Module 4 Training: Procurement. My name is Rose Turner, and I will be your Zoom host today, supporting our trainers Margaret McGilvray and Tony DiBiase.

We are currently in Zoom Webinar right now. As an attendee in Zoom Webinar, you do not have control of your microphone and camera. So, if you have any questions during the presentation, you can use the Question & Answer or chat box to ask your questions. If your question is related to the content that is being presented, use the Q&A box, and if it is any other question, you can put it in the chat.

And at this time, I'll go ahead and pass it over to you, Margaret.

Margaret McGilvray: Alrighty. Well, welcome, and as Rose mentioned, this is our module on PHA procurement for Boards of Commissioners. This is one of a series of live and recorded training modules that we've been doing for public housing commissioners. We've been doing them over the last several months, and today is actually our last module. There will also be three recorded training modules made available to you within, hopefully, the next few weeks. And they are a deeper dive into the Low-Income Public Housing program and the Admissions and Continuous Occupancy policy, the second one on the Housing Choice Voucher program and the Admin. plan, and then a final one on the North Carolina and South Carolina housing laws.

You may hear us have some references specifically to North Carolina and South Carolina. And that's because it was those HUD field offices that contacted us initially to develop these trainings. However, ultimately, they decided to open it up to the entire southeastern region, so hence, where some of those references come from but also that we're glad to have people from all over the region with us.

My name is Margaret McGilvray, and I'm from Econometrica, which is an organization that provides technical assistance and training to public housing agencies across the country and has been hired by HUD to work with you on these trainings. I, myself, have been in the field for the last 25 years, and I'm joined by my colleague, Tony DiBiase, who has worked directly at a housing authority as an Executive Director, as well as worked with Econometrica as a consultant for the last 10 years helping us out with a number of public housing authorities and projects. So we come to you with a wealth of experience.

With that, let's move on to the objectives for today's training.

This is a list that we don't really like to go through, but as a great cross-check for you to see how we did today in terms of what we ended up teaching you, and ultimately we just want to leave you with an understanding of the role of the Board in procurement and enough information so that you can recognize whether or not your PHA is conducting their procurements compliantly and wisely from a financial perspective.

So let's look at our agenda for the day.

Today we'll do a quick recap of the public housing in Section 8 programs. And as I mentioned, for more information on these programs, we will be releasing those recorded trainings that go a little bit deeper. So keep your eye out for those.

And then we'll give you an overview of public housing procurement, as well as get into some of the methods for procuring for PHAs in detail. We'll also quickly touch base on procurement ethics because that's a key place, although we did cover those in much more depth in our first module on roles and responsibilities, which hopefully, you were able to attend.

And then we'll give you some highlights of cost estimates and price reasonableness, which is needed in all procurements. And then finally end up with a few tips on making awards and the importance of ongoing contract management.

Before we get started, we want to just find out who's in the room with us. So we have a couple of polls to run through very quickly, and Rose if you can do so. Great.

We have two quick questions for you. How many procurement contracts have you reviewed and approved as a commissioner? And then, let us know if you've already taken a module with us that included the Public Housing Basics section.

We'll give you a moment or two to answer those questions.

Rose Turner: I'm going to go ahead and give everyone an extra 15 seconds to answer this question, these questions and then I'll end the poll.

Margaret McGilvray: Thank you.

Rose Turner: Just a few more people need to answer, and then we can go ahead and close the poll.

And it also looks like we have a question in the Q&A, Margaret. They're asking if you could please define procurement.

Margaret McGilvray: Procurement is basically whenever you are purchasing, and we'll get into that sort of in a little bit more detail. But in general, it's the actions that the housing authority takes to purchase products.

Now, generally speaking, procurement doesn't really cover like buying Xerox paper, although it can, or you know, toilet paper for housing authority bathrooms. It generally speaks to larger purchases, whether they be contracts with, for instance, a law firm for your counsel, or a fee accountant or an auditor, as well as equipment such as new refrigerators, new water heaters, those sorts of things. But it can also get into when you're contracting with plumbers or electricians or whatever. All of those are covered under federal procurement laws and regulations, and that's what this pertains to.

Okay, so I'm going to take a look at our poll.

Rose Turner: Yes, I'm going to go ahead and end the poll now. Okay.

Margaret McGilvray: So, it looks as though we have both. Some folks who haven't done a lot of looking at procurements or contracts, and then some of you who have a little bit more experience.

And although a number of you have been with us for some of our other modules, a few of you have not. So, I will cover those public housing basics. So let's move on to that section for us to do a quick recap.

Alrighty, so we'll just go over your basic programs just a little bit so that everybody's coming from the same point of context.

Public housing was created in the 1930s with the 1937 Housing Act, and it was created to provide decent, safe, and sanitary housing for low-income families. And this housing was then, and is still, owned by public housing authorities, or PHAs.

Today there are actually approximately 1.2 million public housing units across the country, administered by over 3000 public housing authorities, so there's a lot of entities out there and boards and commissions that are trying to figure this out and make sure that they're overseeing their agencies properly.

In terms of public housing, it is for, as I mentioned, low-income families, the elderly, and persons with disabilities, and that is defined as 80% or lower than the median income. So, that's where your income needs to be in order to be eligible for public housing.

It does come in all shapes and sizes, from scattered single-family homes to high rise apartments, but all of that is elderly housing [Editor's note: these are not limited to elderly residents—the presenter misspoke], and the property is actually owned by the PHA, but HUD does control the PHA's use of that property, through what's called an Annual Contributions Contract or ACC, and we'll talk a little bit further about that in a moment. And then, of course, it provides most of the funding for the public housing.

In addition to tenant rents, HUD determines eligibility based on a family or individual's annual gross income, and whether they qualify as an elderly person or person with disability or as a family and their citizenship and immigration status.

If you're eligible, then you may remain in public housing, as long as compliant with the lease. There's recent legislation that may allow housing authorities to put a ceiling on that, and if people exceed that income ceiling, they may have to move out of public housing. But currently, basically once you are eligible and in public housing, as long as you're adhering to your lease, you may remain there as such.

Housing authorities do have to pay something called PILOT, which is Payment In Lieu Of Taxes. You don't pay taxes, but you do have to pay some kind of contribution to the taxing authority, whether that's the city or the county or whatever. And that's done through a cooperative agreement between housing authority and that city or county. And it's important for boards to know what that says and know what you're obligated for.

Now the rent, which is often referred to as the total tenant payment or TTP is based off of the family's anticipated gross income and is that 30% of their income. There's also a minimum rent so

if 30% of your income is essentially zero, there still is a minimum rent of at least \$25, and that is set by the housing authority.

PHAs are also required to have a resident advisory board, and to the extent possible, support residents' services. This, unfortunately, in the old days, there was more money for this. There's not much left for that anymore. But there are two separately-funded programs, such as the Family Self-Sufficiency or FSS program, or the Resident Opportunities and Self-Sufficiency or ROSS grant program.

Also, housing authorities are required, though there's no money tied to it, to have a Section Three program. And that's basically a program that supports resident businesses and resident employment.

Let's look at the Section Eight program briefly.

The Housing Choice Voucher Program is another program that your housing authority may or may not be operating, and basically, that too is for providing decent, safe, and sanitary housing to low-income families or elderly but through the private marketplace. So rather than the Housing Authority owning those units, they actually provide a voucher that individuals go and take out into the community and present to a private sector landlord. The Housing Choice vouchers are administered locally by the public housing agency and funded by HUD, and PHAs receive funding, both to administer the voucher program, which is referred to as the administrative fee, as well as for a housing subsidy that is paid directly to the landlord on behalf of the family by the PHA, and that's referred to as the housing assistance payment or HAP, or sometimes it's referred to as the housing subsidy, and that, too, comes from HUD. The family pays the difference between the actual rent charged by the landlord and the amount subsidized by the program. And eligibility in this program is based, again, on the annual gross income of the family or the single person. However, their income may not exceed 50% of the median income, and in fact, PHAs must focus 75% of their vouchers on applicants whose incomes are 30% or below of the median income. So it's really focused a bit more on the very low income populations. The housing voucher holder is advised of the unit size for which they are eligible based on family size and composition.

Now the PHA establishes what's known as a payment standard. And that's based on the amount of rent needed for an average moderately priced unit in your market. And then that's used to calculate the amount of housing assistance a family will receive. The PHA then calculates the maximum amount of housing assistance allowable based on the lesser of the payment standard minus 30% of the family's monthly adjusted income. The payment standard does limit the amount that the PHA will pay for a family, so the rent has to be in the vicinity of that payment standard. The family that receives a voucher can select a unit with a rent that is below or above the payment standard, but at a minimum, the family must pay at least 30% of the income for rent and utilities.

The PHA receives what's known as budget authority, HCV budget authority, annually. And that tells the PHA exactly how much money they have in those HAP, or Housing Assistance Payments, to the landlord's on behalf of the voucher holders. And this amount correlates to an anticipated number of vouchers. However, if the PHA ends up having to pay more in rent subsidies based on the tenants' portions and the tenants' ability to pay, then they may not be able to fund as many vouchers as they initially anticipated. So that's why you may hear that we have, you know, a budget

authority of \$100,000, and we have 100 vouchers, but then you may spend all of your budget authority but only fund 95 vouchers. And that's because the number of vouchers is estimated correlated to the budget authority based on an average amount per voucher. And if that's different because of what the rent is or what the tenant is able to pay themselves, then hence the difference.

So let's just reference a few key documents that it's important for board members to be aware of and familiar with.

I mentioned previously that annual contributions contract. And that is basically the document that, as board members, you should know what it says and have a copy of because that is the legally binding contract between HUD and the PHA and is the mechanism through which the PHA receives their funding. It also defines a set of obligations and also references remedies for breaches of that contract. And just like any contract that you might have privately, you're held to that contract and the terms of that contract. And there are repercussions if you breach that, so you want to make sure you take a close look at that.

Now the ACC doesn't cover absolutely everything because there's a lot of regulations and a lot of law, but it does speak to some core requirements in terms of how you handle your financing, how you do reporting; it also speaks to conflict of interest issues and some other requirements.

Now here you also see a few other documents that you should be aware of and maybe have a copy of: the PHA Plan and Capital Fund Budget and plan is really the strategic plan of the organization. So as the board, you would want to be familiar with those.

We go into those in much more detail in one of the other modules that we have. Then you also want to be familiar with your Admissions and Continuous Occupancy Policy and your Admin Plan, which are about 350 pages long, and those contain all of the policies associated with those specific programs – everything from how we put people on the waitlist and take them off, and all the way through to how we want them to behave, what we have to do for them throughout their tenancy, as well all the way to how we're going to evict people and our grievance policy. So those are very important documents and you as board members set some of that policy, so you want to be familiar with them.

Then you have your operational policies, which you would at any organization, and these, at a minimum, should include your procurement policy (which is our topic for today), personnel, finance, and maintenance. There can be some others as well, but those are sort of your core ones. And again, the board approves those and should have some input on them and, at a minimum, be comfortable with the layout.

And then of course, your bylaws and your code of ethics, which you should definitely have a copy of and be very familiar with because that's how you as a board operate and the core ethical standards that you want to uphold.

So with that, I'll just double check if we have any other questions. I don't see any in there.

So with that, I will turn it over to Tony to talk a little bit about an overview of procurement.

Tony DiBiase: Thank you, Margaret. Good afternoon, everyone. Let me give you a procurement overview this afternoon, and now even though you won't be practicing procurement, you certainly as board members as part of your governance responsibility want to be aware of what the rules, regulations are from a general overview standpoint, so that you know what questions to ask at your monthly board meetings. So we're going to start with administrative requirements.

The overall purpose of procurement guidance is to ensure that PHAs promote full and open competition: no favoritism, politics, nepotism etc. These rules and regulations are put in place to safeguard yourselves and the agency itself. That the agency makes words, only responsible contractors, possessing the ability to perform successfully under the terms and conditions of a proposed procurement, so you only want responsible contractors. PHAs must use objective ways to determine price reasonableness and fairly evaluate costs, which we'll discuss further. And they must maintain records that detail the significant history of a procurement, documentation to support the validity of the procurement and process of evaluating, and cost reasonableness. If there's ever questions that arise later through an audit, or a contractor submits a protest request because they don't believe that the process was fair and equitable, you certainly want to have the documentation in place to prove that you followed all the rules and regulations and policies of the agency.

The PHA will be solely responsible in accordance with the administrative practice and some business judgment for the settlement of all contractual administrative issues arising out of procurements. If there's a challenge to an award, the agency must be able to defend its process that it was fair and equitable. And I've been through a few of those in the past, and sometimes contractors have very valid cases where maybe the process wasn't followed exactly the way it should have been. And maybe that particular procurement needs to go back out for a bid; it does it does happen.

We're going to talk about source evaluation, protest disputes, and claims. You will need to have protest procedures to handle and resolve disputes written into the policy itself. So it should be outlined in your procurement policy, which you, of course, approve as board members, so you should understand what the procurement policy is because it governs this entire process.

The procurement regulations and guidance. In 2014, the Office of Management and Budget and HUD published major new regulations. The OMB created a new regulation that combined three existing OMB circulars that affect PHA operations.

Regulation is located at 2 CFR 200. In 2007, HUD published the Procurement Handbook 7460.8 REV 2, which is revising the HUD PIH Procurement Handbook 7460.8. REV 2 to synchronize with the new part 200 guidance.

But that has not occurred yet, with the exception of the procurement thresholds, which we'll get into in subsequent slides; the requirements are substantially the same and PHAs should continue to use the handbook.

The handbook is your procurement Bible. Every agency should be following the HUD Procurement Handbook. Administrative requirements are that PHAs must use their own procurement policy and procedures which reflect applicable state and local laws and regulations,

provided that the procurements conform to applicable federal law and the standards of 2 CFR Part 200 policy and must be updated every couple of years for new regulations take effect.

So, if your state regulations or local regulations have lower thresholds or are more restrictive, you should be following the state and local regulations, as long as those regulations all fall underneath the federal umbrella of rules and regulations.

Maintain a contract administration system. Document each procurement and its progress through to completion. It's very important that all the documentation needs are in place to show that your procurement process was in compliance with all the rules and regulations in your policy and the HUD rules and regulations.

Maintain a written code of standards for conduct of the performance in the award administration and contracts. This should also be reviewed by the board procurement policy procedures and should ensure that a PHA acts legally with integrity in its daily operations by providing regulatory and administrative oversight of all procurement activities. Policy must be adopted by the board and identify specific regulatory aspects of the procurement process, and the procedures should be implemented by the policies or in part of your internal control system, and outlines clients' requirements. Pyramid policy is a key document. It's your agency that outlines the way you're going to spend those federal dollars, and make sure that they are spent in compliance with all the federal, state, and local rules and regulations.

The Boards Role. The board approves the procurement policy, delegates procurement authority to the contracting officer which would be the ED, who delegates the development, maintenance of all day-to-day procurement to their staff. Your ED is responsible for making sure that your agency staff is following all the rules and regulations.

Any procurements that come before the board should be fully vetted by the ED prior to bringing anything to the board for a resolution. No board or staff member will reap any financial gain from any of the operational activities of the PHA – which I know sounds like a common-sense statement but it does happen – or its role to ensure conflicts of interests do not occur, and that includes not getting involved with the procurement.

The board monitors procurement activities and other undertakings via regular board meetings per established procedures. Make sure you ask questions when you receive your board packet; if there's an item in there the Housing Authority wants you to approve, make sure you fully understand it. If there's something you don't understand, make sure you ask pertinent questions before voting on that particular resolution.

You have every right to ask questions, every right to make sure that the proper process was followed, monitor procurement activities and other undertakings via the meetings, as we just discussed, and you need to approve contracts and agreements, ensure that the agency follows thresholds, and it's noted in procurement policy. So you definitely need to understand your procurement policy, and you have to understand whatever it's been put before you for approval.

You have the right to inquire and follow up on administrative inconsistencies or wrongdoing, to prevent fraud mismanagement at the PHA by the executive director or any staff member. From my experience working within the Housing Authority world, people like to tell you things, people

want to tell you what they heard or what they know. If there's something there that sounds like it has some validity to it, bring it to the attention of the executive director. If the executive director happens to be the issue, bring it up at your monthly board meeting and ask the executive director point blank, you know, was this process followed, how do we choose this particular firm, was the procurement done correctly? Is there any relationship between this particular vendor/contractor, and the agency, anybody at the agency? You have the right to ask all those questions and should.

Remember the ED is appointed by the board and can talk procurement activity as the contracting officer of the agency. It's important to remember that the ED works for you.

So you're fully within your rights to ask any questions that you feel you need to ask before you approve anything. Any delegations must identify the specific actions per monetary limits and be approved by the board.

So if there's any further delegation of procurement responsibilities within the agency beyond the ED, you should be made aware of it. If authorized by the board, you may designate the obligation of funds, and execute contracts, purchase orders, intergovernmental agreements and change orders, analyze bids and proposals to ensure fair and equitable treatment for all parties, and may grant or deny protests and all those things fall within your purview.

As far as contract administration, this relates to staff assignment in internal coordination to administer all procurement activities and ensures the contractors hired by the PHA perform in accordance with the terms, conditions, and specifications. Applies to all contracting orders. So they always need to cross the T's, dot their I's, and you're there to make sure that they do.

Documentation, financial records, supporting documents, statistical records, and all other non-federal entity records pertinent to a federal award must be retained for a period of three years from date of submission of the final expenditure report or for federal awards that are renewed quarterly or annually for the date of the submission of the quarterly or annual financial report respectively as reported to the Federal awarding agency or pass-through entity.

In the case of a subversive recipient, Federal awarding agencies and pass-through entities must not impose any other record retention requirements upon non-Federal entities. The records for each procurement should include a rationale for the method of procurement used, selection of contract type, selection/rejection of contractor, and the basis for the contract price.

So again, you can occasionally ask the ED or ask the staff during the board meeting, are we correctly documenting all of our procurements and are those files being retained for that minimum three-year period?

Your basic procurement steps. This slide is a good reference for board members to keep in mind the overall process of procurement from start to finish. We're going to go into this in more detail. This chart is a good high-level reference. And I just want to say that if you do have any questions, as I'm going through this material, feel free to put the question in the chat, and we'll try to get to it as quickly as possible. I want to make sure that you're clear on the information that we're reviewing today.

For each procurement action plan, identify scope or statement of work, which is frequently referred to as an SOW, and the type of contract used, whether it's a short-term or long-term need. For instance, procuring a physical needs assessment. If you're going to bring a firm in, and they're going to take a look at all your properties and determine what the life cycle is of, you know, the facades on the building, the structure of the building, the mechanicals, the fixtures, that type of thing, you go through the procurement process, and award a contract to most qualified firm.

You need to consider time restraints. There are situations where repairs need to be made right away; there's a sense of urgency. It depends on the type and the size of the job, market conditions, whether there's enough people out there to bid on a particular project or not. I know in some rural areas you have a difficult time procuring contractors; there just isn't enough.

Trade folks handle the jobs and if something's an emergency. Certainly, you can award a contract to someone to remedy the emergency, but I would also notify the HUD field office that you did that, just so that you're on record that there was an emergency situation. It's written up, and you send it to the FO so that they're aware of the situation.

You need to develop an independent cost estimate, what they call an ICE, for each procurement action for advertising. The ICE, the Independent Cost Estimate, is basically staff doing an overall estimate of what this particular project should cost the agency. And there's a number of resources out there that they can use to put together that estimate. That estimate is very important. Once the bids come back, you want to have something to compare it to to figure out if they're way too low, way too high, or you know, about where they should be. And we'll go into discussing the ICE further later.

You need to identify the source, the availability of funds, whether it's operating or capital funds, which are treated differently, and develop a schedule for actions planned with due dates.

Determine whether it should be a small purchase and therefore solicited for bids or should be procurement and be a request for proposal – request for proposal or request for qualifications or a sealed bid depending upon the price, type of service or product you're seeking, and Margaret will go over some of that; if you're soliciting bids, you have to openly advertise.

You need to solicit, you need to actually go out there and make sure that you're making the process as open and competitive as possible, giving everyone an opportunity that's qualified to bid on that particular procurement. That may be posting it on your website, putting it in the newspaper, maybe, leaving information at the local libraries. Maybe you have a list of contractors you want to send it out to those contractors, so they're aware that the opportunities coming up.

You want to work the contract. Once the contracts awarded, this is an important piece. The agency has to fully monitor the contract for compliance and timeliness. The project management is a key piece because once you go through this whole procurement process and you determine who the reasonable bidder is and you sign an agreement with them, and they agree to certain stipulations and conditions and schedules, they need to adhere to that. But the only way you're going to make sure they adhere to that is the agency's person responsible for project management is making sure that the contractor is on schedule, and in compliance, and that includes it could be a wage rate determination sort of thing, going out and interviewing the folks who work for the contractor to

make sure they're being paid the prevailing wage if it's a prevailing wage job, something that falls under the Davis-Bacon, those types of things have to be closely monitored by the agency.

The contract needs to be closed out. And the agency rep has to make sure that all documentation is in place and then develop the project files that again need to be maintained for three years.

Procurement ethics. We covered this in more depth in Module One: Roles and Responsibilities. But if you didn't take that module yet, this will give you enough background to understand what ethical considerations apply specifically to procurement. Probably not a whole lot of things within a housing authority that are more important than ensuring that the expenditure of federal funds is properly managed and in compliance and legal and performed in an ethical way. Every PHA must have an up-to-date Procurement Policy that complies with HUD, and state and perhaps even local regulations and requirements. It should be revisited every few years, make sure it is up-to-date, and it must include a code of standards. It is signed off by the board and all PHA staff for verification purposes.

And it's very important that any policy that you approve and put in place is reviewed every couple of years as things do change, and I've seen a number of times where agencies have procurement policies that haven't been updated in 10-15 years, and it's just not one of those things maybe on the top of their radar because they're doing the day-to-day management, but it is very important, because everything you do needs to follow those agency policies. That is your Bible, that's how they determine what they do, how they do it, and how you safeguard the agency.

The key to procurement is that no one – staff, contractor, board member should have personal gain for themselves, friends, or family as a result of the PHA procurement. You have to keep that in mind. It's very important. If there is a relationship there, you may need to decide that you're not going to vote on this particular contract, particular procurement, because you do have a relationship with the individual or the firm or had a past relationship with the firm.

I think it's important that you disclose it, and I think it's important that you do not vote on anything where you're going to award federal funds to an entity that you had a previous relationship or current relationship with. The procurement process needs to be fair, competitive, as transparent as possible, and instill public, staff, resident, and board confidence in the process.

If it doesn't pass the smell test, don't do it. If there's anything questionable about the procurement, do not approve it. There are situations where you may still be able to vote on a particular proposal based on, you have some type of relationship, but if you think that there's any question there at all and you still want to vote on it for some reason, I think, then the agency needs to go to the field office and ask for permission, a waiver, for you to do that. I don't recommend that. I recommend you just don't vote on it. But that's always a possibility that you go that route if you choose to.

When an individual working for or with the PHA has interests that could shape his or her decisions or opinions and matters before the board, there is a conflict of interest, and you should recuse yourself, absolutely should reduce yourself.

It's the safe route, from my public housing days. I always wanted to take the most conservative stance because it's in your best interest. I mean if there's any question at all, then recuse yourself.

This slide briefly outlines statutes, regulations, and contracts that speak to procurement conflict of interests, and you can go look those up if you wish, there's a link there.

And we think that North Carolina State law sums up conflict of interest very well and this statement really does kind of say it all: no commissioner or employee shall acquire any interest, direct or indirect, in any housing project or any property included or planned to be included in any project. Nor shall he/she have any interest, direct or indirect, in any contract or proposed contract for materials or services to be furnished or used in connection with any project. And it kind of says it all right there.

In terms of procurement, the PHA cannot award a contract to a contractor or subcontractor in which a board member, employee, local elected official, including state legislator, or the immediate family had any financial or beneficial interest. This restriction to participate in any procurement action is a one-year moratorium after leaving this office or employment. Immediate family members of the above, including in-laws, are excluded from bidding on any agency work – that includes your spouse/partner, parents, siblings, children, stepchildren, half-siblings, step-siblings, if there's any familial relationship there, I would refrain from getting involved at all in the procurement and recuse yourself.

Okay, I think I'm going to turn things back over to Margaret.

Margaret: Let's go on to our scenario.

Alright, so some of the things that Tony has talked about in terms of conflicts of interest and a whole assortment of ethics issues, we kind of feel like they're best understood in the context of a scenario. So in this case, we have the Harrisboro Housing Authority, which has over 25,000 residents. It's a pretty thriving place, although it does have some booming textile industry now but did have some economic bumps along the way. We have our authority executive director Bill Watts who's been running the authority for quite some time and is very well respected by his board, and basically, they go with his recommendations.

The Housing Authority put out an RFP for a parking lot, and the project will be funded with their capital fund. Doty & Sons, which is an engineering firm, will oversee the contract because the authority doesn't really have staff on it that can handle that kind of thing, so they have hired somebody out to act on their behalf.

Jones construction was the low bidder for the job and has been selected for the award of this contract. However, the owners of the engineering firm, Ben Doty, and the construction company, Arnold Jones, are step-brothers.

Let's bring up our poll.

So can the Harrisburg Housing Authority award this contract, based on what you heard from Tony about conflicts of interest, and who they pertain to?

Rose: I can see that most of you have answered this question so I'm going to go ahead and end the poll now.

Margaret: So, those of you who answered “no,” answer number C, the third answer: a conflict of interest exists because Ben Doty and Arnold Jones are related. You are absolutely correct.

Those of you who answered no because Ben Doty will be administering funds that one, certainly is correct, and you were sort of on the right track. However, we were sort of focusing on that conflict of interest.

And those of you who answered yes – absolutely not. There is an unequivocal conflict of interest here. And aside from a waiver from HUD, you should not award to these to these owners.

Alright, so let's go on to one more scenario, or case study. So we're still in Harrisboro. And the executive director Mr. Watts is married to Carol watts, who is a web designer, and also very dedicated to the housing authority and really wants to update the website for the Housing Authority at a very low cost, because she is committed to the authority. So let's pull up our poll for this one.

So, what is the appropriate action by the board in response to a request from Bill Watts to be able to award a contract to his wife for the website?

And I'll also encourage you that if you have any questions feel free to put them in the Q&A or the chat or just do the little raise your hand thing, and Rose can unmute you.

All right, let's see how folks did.

Oh, wonderful job. For all of you who said B, that is correct.

You should advise Bill that this definitely looks like a conflict of interest. And, at a minimum, he should reach out to HUD, and seek their input, but at a maximum, I think you can't make this award.

So, let's go on to our last bit on ethics.

So some of the other considerations is obviously you can't accept gifts from contractors or possible contractors and those gifts can be everything from a lunch out to a golf outing or really anything that's over \$25 in value. And that should be spelled out in your procurement policy. If you suspect unethical behavior, your authority should have that code of standards that's in your procurement policy, and that will guide you as to how to proceed, whether and how to respond to that suspected unethical behavior or conflicts of interest. You can also contact your legal counsel or your HUD field office. But you want to have that spelled out, and you want to, at all costs, you do not want to play the detective in your own right. You want to follow the procedures that are laid out for investigation and let that work its way through. And usually that investigative body would either be somewhere within the PHA, but more likely would be with HUD, and in all cases, you want to make sure that you're preserving everybody's confidentiality.

So with that, I'll just pause for a moment if anybody has any additional questions.

Seeing none, I'll proceed forward to methods of procurement. So we're going to take a little bit more detail into each of these procurements and you may be asking, Well, I don't, you know, procurement is a staff role, so I don't really have to be involved in this. That is true. However, the

board should have in their procurement policy established a threshold by which the board approval is required. So for instance, that can oftentimes be at your small purchase threshold, and we'll get into that in a moment, or it could be for any awards above \$50,000, or something like that, that the board sits down and approves that through resolution in the board meeting.

Well, in order to make that approval, you want to feel confident that all of these detailed procurement requirements have been followed properly. And also, you're the ones that approve your procurement policy, and keep an eye on your procurement policy, so you want to know and learn enough, and hence the reason for this session, to be able to know that your procurement policy is covering the right bases, and to also be able to sense when perhaps staff hasn't followed that procurement policy, and you need to call some things into question. So that's why we're going through this in a little bit more detail so that you have that background knowledge, particularly because, quite frankly, procurements are where a lot of housing authorities get into trouble. So it's one that you really want to go that extra mile on your learning curve.

Here's a great little chart that breaks down procurement into really formal procurements and informal procurements. And the informal procurements is basically those that are under what we refer to as the "small purchase" and the "small purchase procedures," and at the federal level, that's \$250,000 or below; states may have their own thresholds and you probably should find out what yours is for your state. In North Carolina, it's \$250,000 for anything other than goods and for goods, it's \$90,000. In South Carolina, I believe it's at \$250,000. And then if you're in Georgia or Tennessee or wherever throughout the region you might be, it's going to be different in every state.

But let's just say in this case, that it's \$250,000 or less. For that, if you are preparing something under that, or presumably under that amount, you only need to get up to three bids, and that can be through a variety of means and we'll go into those details in a moment. So, also within that is what's called a micro purchase, and we'll get into that a little bit more.

Now over on the formal procurement side that's at that small purchase threshold, whatever it may be, but in the case of the federal government, it's at \$250,000, or more, you have to walk through a much more formal process where there might be a sealed bid, or there might be an RFP, or an RFQ, and there's a little bit more of an elaborate process for that. So, this is just a good quick reference chart. And by the way, you will receive a copy of the slides within a few days following this training, so you will have this as a resource.

So let's go into each one of these types a little bit more deeply. The small purchase, as I mentioned, is at the federal level, at \$250,000 or less, and in other cases, like for goods, in North Carolina it's \$90,000.

Here are the basic steps of that process. You want to make sure that you have an ICE, now what's an ICE, and Tony will go into that in more detail as well but that's an Independent Cost Estimate, and basically that's from a reputable source, whether that's a catalog, whether that's what you paid for it the last time, whether it's what a neighboring PHA paid for whatever it is that you're buying. It's, what did it cost? So you have a general sense of how much is this bigger than a breadbox or what.

And you have one some sort of Statement of Work for goods and services. For goods, it could be as simple as we want an eight cubic foot refrigerator with Energy Star ratings or something. If it's services, or like fee accountants or legal it may be much more detailed. And then you solicit three quotes that can be through email, it can be through a telephone call, whatever. You receive those services and analyze the results of what you got, particularly around the price. And then you select who you're going to contract with and off you go to manage it.

Let's go on to micro purchases. Now micro purchases is a subcategory of the small purchases, and they are at the federal level, those that cost less than \$10,000. And that is actually \$2,000 for construction contracts. The beauty of micro purchases is you only need one quote; you do have to have some mechanism by which you determine that the price is reasonable. But you only have to have one quote. You don't have to have that Independent Cost Estimate, and you can pick it up very quickly. The place where you have to be a little bit cautious with the micro purchases, is you want to make sure that you're not, basically, cheating the system, which, because micro purchases are super easy, sometimes people will do, or sometimes PHAs will take what might otherwise be a larger contract and break it out into smaller contracts so it fits under the micro purchase.

So for instance, if you know that every year, we spend, you know, \$12,000 or \$15,000 on plaster boarding because we, on average, have to replace the plaster board because of kicked in walls or whatever, in X number of units. Well, that's well over your \$2,000 Mark, which is what you have for construction contracts. Even though perhaps you know one unit is \$1800, or something like that, what you want to make sure is that if you know if you don't really have a history, and only need that plaster boarding every once in a blue moon so you don't really know what you're going to do, then that's fine, you're not beating the system. But if you know on an average we're going to spend well over that \$2,000 a year for that service, then you need to do it through a small purchase and not through micro purchase. More than likely you all will never see micro purchases, but if you get a procurement report, which I would recommend that you do on a monthly or at a minimum, quarterly basis, you may want to have them break it out by purchase types and let you see a little bit of a visual on the micro purchases.

So let's go on to the other side of our chart, which shows those formal procedures, which includes the sealed bids, and we'll start with sealed bids. This is, quite frankly, one I don't care for. A lot of housing authorities use this because they think that's what we're supposed to use. But really, it means with a sealed bid, you can only judge that purchase by price. And there are very few things that I think that, even for you if you have your own home or your own apartment or whatever, that you would want to judge the person that comes in to do a fixit or something only on price. You want to know other people's experience with them, are they bonded, you want to have a lot more information and judge that by experience and quality and that sort of thing, versus just price. So that's why I don't like sealed bids, but they're oftentimes used for construction contracts or commodities. It's not a bad thing if you're buying like water heaters because really if you're just buying the water heaters and not the installations, then you know what the quality is going to be. But if you're buying it as installations as well, you might want to look at not doing it through a sealed bid. But basically, you got to develop that independent cost estimate, have a statement of work, you receive the bids, but the bids, again, are judged solely on price. They're in sealed envelopes hence the term sealed bids and must be opened in a public forum, so that all the competitors can come and actually watch you. And then it's selected by the price and you proceed forward.

An alternative that I like better to the sealed bids is competitive proposals and those cover both those that are RFPs, as well as RFQs, which is Request for Qualifications. Basically, the two types here under competitive proposals are those that are with a Request for Proposal. And that is where you're taking both price and evaluation or quality and references and all sorts of factors into consideration, and then the alternative to that is that request for qualifications where you're not taking price at all, and you're only taking qualifications into consideration. And really, those are used for only in two scenarios: architecture and engineering firms, and mixed finance developers, and we'll go into those little bit more detail on another slide.

But for the RFP, this is a situation where, again, we've got to have that independent cost estimate, want to have a clearly stated scope of work, which is the SOW, which says exactly what are we looking for and how are we looking for it. Then you establish how you're going to evaluate and put that out, then a panel rates and ranks the proposals, may determine that there are some outliers and you let those fall off to the sides, and you get, hopefully more than one proposal that's in the center, or what's called the competitive range, and then you evaluate those. You may be able to negotiate on price or exactly how it's done. And then ultimately, you award the contract.

So that's kind of the several different steps so let's do a knowledge check real quick.

So here, when reviewing a resolution regarding an award of over \$250,000, considering we're using the federal levels for competitive procurement. Which of the following things should you expect to see?

Okay, I'm going to go ahead and end the poll now. And our results.

Alrighty, so those of you who said, All of the above, you were on it!

That is in fact the case now. Those of you who said, any of the other answers. Those are partially right because it is all of the above. You want to see an RFP, or an RFQ, you want to see an independent cost estimate, you'll use a committee to evaluate the proposals. And actually, I didn't really reference this, but you will also want to see in the proposal submission, a verification that that contractor doesn't have any conflicts of interest. So, good for you.

Let's go on to non-competitive proposals, because we definitely see those.

Now, this is another place where you may want to have that in your procurement report, because the board might not otherwise see these depending upon their size, but it's something that HUD does not really like, noncompetitive proposals, so it's something that you could, the authority could get in a little bit of trouble with. So basically, HUD only allows an authority to do noncompetitive proposals when the item is available only from a single source. So what does that really mean? For instance, let's say you want to procure internet services, and there's only one internet provider in your community. Or maybe you have a high rise, and you have an elevator system in there. And you're only allowed to be serviced by one company, or by a certified or authorized servicer and there's only one in your community. Well, then, you can do a noncompetitive proposal because that's a single source. And obviously for emergencies or sort of exigent circumstances. Say, you know, a tree falls on the roof, and waters pouring in. You can just grab the first roofer that's available to fix that. Now, if you have a roof leak, because you have avoided fixing that roof for years, and it finally got too bad, that is not an emergency situation, and so that would not count

under that noncompetitive proposal. Also, if you make a sole source, and that's when you make several attempts to compete a service, and you only get one bid. And you really can show that you have exhausted all of your possibilities to try and get competition, and it just ain't happening. In all of these situations, other than that emergency, HUD needs to authorize that award before you can actually make the contract. And that has to be done in writing to HUD, and you may need to make sure that you've done some cost analysis associated with it so you can really show why it is a single source or noncompetitive situation. In the emergency case, you will ultimately have to notify HUD, but it does not necessarily have to be before the contract award. So let's go take a quick look at a chart that just lays out some of these noncompetitive pieces a little bit further.

I won't go through this. This is again just a nice reference chart that talks about the various types or reasons for noncompetitive procurement and sort of what you need to do for HUD's purposes, as well as some examples of that.

Let's move on to a little bit more detail around issuing RFPs. So, as we talked about before, RFPs required that scope of work, that Independent Cost Estimate. You need to talk about how you're going to evaluate submissions in the RFP, and what are you using to evaluate, in addition to price, then it needs to be advertised. Now that doesn't necessarily need to be in your local newspaper, it can be certainly, for a lot of types of services, particularly those that don't have to be local like fee accountants or legal services, then I would put it in some of the public housing trade publications like NAHRO¹ or PHADA². You could get a list from neighboring PHAs in terms of the vendors they may send these to because you want to try and get as broad a universe as possible to submit proposals, and that can be done again through email to specific people, as long as if you do do that email, you want to make sure that it's a very broad list. And if not, then you may want that local. You can hold a preproposal conference or not. It's good for some of those larger ticket service items or for any work that you may be doing on the site because you want people to see the site and such, but you don't really need that for ongoing plumbing services or whatever. You want to make sure, and you want to get those proposals, and you don't have to open them publicly in this case, but you do want to make sure that they're date stamped and signed.

Okay, let's go on to evaluating RFPs. There should be an evaluation panel; board members should not be a part of that evaluation panel, which we do see, but they really shouldn't. You do want ideally three members on that panel, but that can include a variety of different staff members; you can use a knowledgeable staff member from another neighboring PHA, maybe from elsewhere, and you want to have the criteria which you put in your RFP, and use that for people to sit and score, and they need to be scored independently. You can have a discussion after everybody's scored it, but you want to make sure that it's not coercive, that you get a real independent rating and that you don't have so and so trying to convince one of the other panelists that they should go with these folks.

Then requests for qualifications. Unfortunately, you hear "RFQ," and it can be two different definitions. Some people use RFQ, and they mean request for quote. You can use that, but when we use the term RFQ we're referring to Request for Qualifications, which means you're not taking price into account at all. And you are evaluating solely on the experience and qualifications of the

¹ National Association of Housing and Redevelopment Officials.

² Public Housing Authorities Directors Association.

entity. And again, this is really only used for architectural and engineering firms and mixed finance developers. And basically, you go through the same processes for an RFP, however, without price involved, and ultimately once you've chosen that first or best qualifying, then you can negotiate on price a little bit further.

Let's take a moment to do a quick knowledge check. What methods of procurement do not have to involve an RFP or RFQ?

And if you also have any questions at this point. Feel free to pop them into the Q&A or the chat.

All right, let's see how we did.

So, excellent job, everyone. Excellent job! So, the only methods of procurement in this list that do require an RFP and RFQ are competitive proposals, so your answers of B, C and D are all correct. Those are all types of procurement that do not require that RFP, or RFQ.

Before we leave procurement, we want to talk about a few of the nontraditional methods of procurement. And this includes Cooperative Purchasing. This has become a more popular way of dealing with procurement. And it's a way to mitigate some of your smaller PHAs' knowledge of procurement or experience with it. It can also be a way to save some costs for administrative activity or to even expedite procurement. And actually, HUD has been starting to encourage this. And there's a couple of different methods by which you can do this. You can do purchasing off of a state list. For instance, there are state lists, particularly for new vehicles and such, and the state already has done their procurement due diligence and they may have a purchasing agreement with, for instance, Ford. And so if your PHA needs a new Ford truck, you just go to that state list, find that Ford truck prices already determined and negotiated and everything. And you can just purchase through that state list.

Another method is you can work with a neighboring agency to collaboratively put together, for instance, what if both of you need legal services? Well, you can do a joint RFP for both housing authorities. And you can even issue separate contracts off of that same RFP, but you've split the labor of putting together that RFP, you know, reviewing responses, etc. Or, for instance, if the city, maybe does their own lawn care, you could establish a cooperative agreement with the city to use their staff to cut your grass, as well, and maybe keep it at reasonable rates, so there you don't have to do the whole RFP, you're just doing a cooperative agreement. So those are just some examples of cooperative purchasing.

Let's go on to talk about something that a lot of agencies are trying to do which is called Piggybacking. And these are intergovernmental agreements and a sort of type of cooperative purchasing. To give you a scenario let's say, for instance, you have a neighboring PHA that has an existing contract with a plumber for their PHA, and they've procured that plumber in the compliant manner and such. And it's sort of an open ended, not-to-exceed type of contract that says we'll tap your plumbing services as needed. You can actually piggyback on to that contract as long as the other PHA is good with that and the plumber, for that matter. And then you can either pay the other PHA, or you can pay the plumber directly. And that way you don't have to do any of the procurement and you can just hop right on to that contract, saves you some time and money. And this can be done with a variety of different types of services. What is required is that the first PHA

that procured the plumber will have to do a cooperative agreement with your PHA that enables you to use their plumber contract in specified conditions, and that they have to certify that they procured that plumber compliantly so that you can put that in your procurement file for verification.

So let's just talk about this a little bit more on our next slide. Intergovernmental agreements have become, as I said, very popular. The only thing is that they really only can be used for common supplies and services, and generally should be local. I've seen some PHAs piggyback on, you know like, they're located in North Carolina and they piggyback on a Nevada contract. That may get called into question by HUD, so I think it's better to stick local. But it might be that a larger PHA is willing to help out a smaller PHA, or as I noted before, several small PHAs can come together to split procurements among them, so that each one is only doing a few, and therefore it's not as burdensome on staff, or you can use it as a teaching process to help a procurement rookie PHA learn from that larger PHA. However, it's wise for the PHA to be sure that the cost of piggybacking is commensurate with doing it on their own, so that they're, you know, because the whole point behind this is for ease, generally speaking, for ease and lower your costs.

Let's do one last knowledge check in this area before I turn you back over to Tony to talk a little bit about cost estimating and making of awards.

A PHA can use a piggyback intergovernmental agreement to procure on-call plumbing repair services. Is that true or false?

For all of you who said, true, you are correct. You can use that piggyback intergovernmental agreement because plumbing services is local, it's generalized (unless it was very specific to a very specific plumbing problem), and we don't have reference here as to whether everybody's in agreement, but we're presuming that, so that's correct.

With that, I'll turn it over to Tony to finish us out with some talk about those cost estimates and price reasonableness and making awards.

Tony DiBiase: Thanks Margaret. We're going to talk a little bit about the ICE and ICE reasonableness. Again, the Independent Cost Estimate is a key piece of the procurement process, and it's required for all procurements \$10,000 or more or \$2,000 for construction contracts subject to Davis-Bacon prevailing wage based on HUD wage rates, which HUD will provide to the agency. An ICE must be prepared before a PHA receives bids for proposals at or what the proposal should look like before they go out and actually go through the procurement process. You need a benchmark for evaluating the price reasonableness. The ICE facilitates the selection of the method of procurement, you know. Depending on how the ICE comes back, you may have to use a different method of procurement based on the dollar amount that the contract is going to be awarded at. It assists you in determining the type of contract; below the small purchase threshold requires informal solicitations, and contracts, where you go out and get three prices. And that's the maximum requirement for that particular solicitation because of the dollar threshold. You just have to make sure that you can prove that you went out and competitively bid that particular small purchase. Above the small purchase threshold requires formal advertising; that's when you get into putting together a formal notice that goes out to your contractors, to other people in the community, goes in the newspaper, goes on your website. The ICE documents that the price cost is reasonable

for making an award, either a price or cost analysis is always required. ICE should always be a reference. ICE is required for every procurement above the micro purchase threshold prior to solicitation. All awards must be supported by documented price cost reasonableness prior to award. And certainly, when you're in your monthly board meeting and discussing whether or not you should work with a particular firm or contractor award, you want to make sure that the agency staff has followed the procedure and completed the ICE process prior to going out to bid. If you have a committee, I mean, a lot of agencies have committees, so they'll have a capital funds for capital projects committee, and that would be the appropriate place for whoever the representative board member is to ask questions during that meeting, and that should be one of the key questions, did you perform the ICE before going out and soliciting bids?

The price analysis. A simple comparison of the price as quoted by suppliers, contractors, etc. Compare the two methods to each other and to the ICE or to other information, typically used for micro or small purchases, sealed bids, and simple competitive proposals when only the price paid is the determining factor and fair competition is present, usually three or more offers or quotes constitutes adequate competition. They can be solicited in a number of ways. The important thing is to make sure that the proper documentation is in place, that if there's an audit, it's clear that you received three prices, three proposals, before you awarded the project or the service to the individual entity. Once the contracting officer determines the prices quoted or offered in response to the solicitation are reasonable, the PHA can award the solicitation to the lowest bidder or offer. And there are situations where the lowest bidder or offer, their price comes in so low that certainly the agency can ask that contractor to quantify their proposal and break it down to show that they could actually perform that work for that price. Sometimes they can, sometimes they just came in too low because maybe they made a mistake, and they want to remove their bid or their proposal from competition. Cost analysis, that's a detailed evaluation of the separate elements that make up the total proposed cost or price. So the review and evaluation of each element of cost is used to determine its reasonableness, eligibility, and allowability. Reasonable per market prices or other data allocated proportionally to each category and allowed contract being sought. It's used mostly for complex competitive proposals and for noncompetitive proposals. It is required when price is not the determining factor for your award. Putting out an RFP, you try and get the best architect or engineer, most experienced, and you're going to get the best cost with a product that's going to be delivered, not the individual firm with the proper capabilities. That's when you want to take and do a complete analysis to make sure that the price that they're giving you is reasonable.

So it's all about making sure that the agency gets the biggest bang for their buck. And you're spending taxpayers dollars as wisely as possible, but at the same time, making sure that the whole process is transparent.

If there is no competition in the marketplace, certainly you need to do the detailed cost analysis to make sure you can prove to HUD, to the field office, to the auditors, that that was the situation, and that's why the individual company or firm was selected.

And yeah, you may require a waiver to send to HUD to decide. It's not a bad idea to ask the field office if you need to submit a waiver in certain circumstances, if there's no competition or lack of competition. That just covers you, covers the agency. Again, you need to do a cost analysis if there's inadequate competition and an alternative means cannot be used, for example, comparison,

prior prices for the same or similar items services, or to competitive price list indices, or to professional estimates.

If there's a contract modification that changes the scope it impacts and price, private sector calls and change orders, there's something material that's going to change the price that's paid at the end of the contract that was not suspected upfront prior to awarding the bid, I mean, things happen especially during construction contracts, where you come across the situation that no one anticipated that definitely needs to be subject to a cost analysis; you have to make sure that whatever addition is added to the contract is reasonable.

If the prices vary widely from your original ICE, then you should go back into the cost analysis, and break down that number, so that you can make sure that the components that make up the number make sense. Once the contracting officer determines the prices quoted or offered in response to the solicitation are reasonable, the PHA can award the solicitation to the lowest bidder or offer. And that's assuming that this is not the procurement that needs to go before the board for resolution and approval.

I'll read you a quick knowledge check: When is an independent cost estimate not required?

I'm going to go ahead and end the poll now.

50% of the folks answered correctly that you do not have to create an ICE for micro purchases, for anything under \$2,000. The individual can go out and get pricing and prove that the price is reasonable, whether you're buying office supplies, small parts to do repairs, things that are inconsequential in dollar volume. Anything above that is subjected to the ICE requirement. You must perform the independent cost estimate for any purchase above the micro purchase.

We're going to talk a little bit about making the actual award, and this is where people think the process ends, but it really doesn't end there. This probably is like the middle of the process. Once the procurement officer has completed an evaluation of the bids or proposals, then it may come before the board for approval. Every PHA should have described in their procurement policy the conditions under which procurement contract requires board approval. In some cases, it is determined exclusively by the monetary value of the contract (for instance, contracts over \$100,000 or the small purchase threshold). In other situations, it may be, all construction contracts or legal and financial contracts and a purchase amount. It is really up to the board to make this determination when approving policy with HUD, state, and local regulations. And again, you want to make it restrictive, but you don't want to make it so restrictive that the agency staff has to expend a lot of additional time and energy if it's not required. You want to make sure that you're always within compliance of the most restrictive rules, whether it be the HUD federal regulations, the state and local regulations. If your procurement does not meet the requirement for board approval, then it will be signed by the ED or contracting officer. However, the board may want to, at a minimum, be aware of these contracts it can dictate in their procurement policy. You may also want to create a capital projects committee that reviews significant projects, and I strongly recommend that because a lot of times these are somewhat complex solicitations.

And if you have a board member that's willing to sit once a month with your capital funds director or your head of maintenance or your executive director, whoever is procuring these contracts with

the contractors, and go over how the award was arrived at, the process that they followed, and how they chose that individual, before it goes to the board for approval, that saves the rest of the board time and that they have some confidence that the process has been followed up to that point.

If the contract does not meet the requirements for Board approval, the board would approve via resolution and should request as much detail as necessary to feel confident that the solicitation evaluation process has been followed per the agency's policy.

Again, it's very important that you understand the basic process, and then understand that you have every right to ask any questions; you need to ask to make sure you're comfortable when you actually vote on the resolution.

Once the board approves the proposal, the contracting officer can execute a contract, which should be either a standard contract that has been reviewed by legal counsel, or is drawn up by legal counsel, and then either the contracting officer or designee oversee the work and sign off on the process to ensure proper completion.

And that's why I said earlier you're about halfway through the process, because it is very important to the agency itself, once you have an approved contract or the ED has approved the contract, that the project is properly managed, from the time it's awarded to the time it's complete, and that the agency feels that they've got the quality, the timeliness, everything that they expect to get for the amount of award that the contractor or firm has received. And that you're comfortable that they've done the job according to the specifications, as they were stated in the initial scope of work.

Many PHAs make the mistake of following all the procurement rules, up to the contract. And once the contract is issued, they don't project manage the work. It's a very important piece, holding the contract to the agreed upon project schedule, that the quality of the work is acceptable, or that the contractor is adhering to wage rate requirements. The agency is paying a fair price for a service or product; it has the right to a good timely job. There are situations where a contractor starts the job, and he is not in one hundred percent compliance with the original word specifications. That doesn't mean that you could automatically say, okay, we're taking the project away from you and going back out to bid. The agency needs to go back and work with that contractor, give them an opportunity to get themselves back on track and prove that they can get the job done, timely and within whatever the original scope was.

And that's the responsibility of the ED to inquire to make sure that a contract management process is in place and ask for the progress reports or methods of monitoring. Certainly, after you approve it, you can go back and ask whatever questions you need to ask them on whether or not it's on track or it's within budget. I'm sure occasionally you hear from residents. They'll tell you how they think things are going. So you can feel free to ask whatever questions you need of the staff.

Contract types. This slide is more to make you aware of the different contract types that there are. It would be useful for you to understand what they are, the benefits and disadvantages to the different types, and to keep this in mind as you see what type of contract the PHA chooses to use for any given procurement.

They include fixed price, rarely used by PHAs because it's more for goods and so that it's usually done under PO. It can be used for something like physical needs assessments, where they can give you a set price for that service or deliverable.

Cost reimbursement: rarely used and hard to administer but can sometimes be a way to better review high mark-up rates. Two types, based on delivery or performance.

Indefinite-delivery contracts. When you want to get a firm under contract for needed services such as plumbing, electrical, sometimes referred to as bulk contracts, which can be very useful in certain situations because if you repeatedly using electrical services, plumbing services, whatever it may be, you may want to use a bulk contract, instead of procuring each individual job. It just saves the staff a lot of time.

Then there's a letter contract which is mostly used for emergencies for preliminary work. So if you want to abate a particular situation, you got to a water line and it broke, and you need to fix it right away. You're going to use a letter contract to do that. So you abate the emergency and then you can go out to bid to get someone to make the permanent fix.

Okay, we got our last knowledge check: Does the board have a role in contract awards after the PHA has determined the winning vendor following an RFP?

Okay, I'm gonna go ahead and end the poll now.

It's fantastic. It's absolutely correct. Right, your role does not end at an award. You have the responsibility as the governing entity of that agency, to make sure that staff has followed the process all the way through to completion. And that the agency has gotten the bang for the buck that they should.

Thank you all. I'm going to turn it back over to Margaret

Margaret McGilvray: Thank you. And I'll just open it up one last time for any questions that you might have. You've been a very quiet group, but we appreciate your participation in the polls.

All right, well with that we want to thank you so much for joining us today, and not only giving up your time to attend this training, but also for all of the energy and effort and time you have given to your housing authority and your community by just participating on your board. We do know that you're volunteers, that you do not get compensation for this, and that it is a very hard job. But it's worthy of a lot of respect and appreciation. So we want to thank you very much for all of that. And we hope that you will keep your eye out for our recorded trainings that we should be sending out shortly. And as you close out of this webinar, you should receive an evaluation form, and if you would take a few moments to fill that out, we greatly appreciate it. And with that, I want to thank you again, and hope you have a wonderful afternoon.

Tony: Thank you folks.