



PHILADELPHIA HOUSING AUTHORITY BOARD OF COMMISSIONERS MEETING MINUTES

Friday, September 17, 2021, 3 p.m.

The regularly scheduled meeting of the Philadelphia Housing Authority (“PHA”) Board of Commissioners was conducted via a virtual platform, due to COVID-19 public health concerns and in accordance with PHA’s By-Laws that provide for remote participation, while respecting the goals and requirements of the Sunshine Act. The protocols for public participation, including opportunities to submit written or verbal comments and questions, were posted on the PHA website as of April 8, 2020, with directions for real-time public audio access for this meeting provided thereafter, as well.

The Chair, Lynette Brown-Sow, brought the meeting to order at approximately 3:0 p.m. In order to ensure that there was a quorum, she did a roll call of the Commissioners and all but Commissioner Mayo were participating: Chair Brown-Sow, Vice-Chair Wetzel, and Commissioners Callahan, Camarda, Coney, Purnell, Shahid, Wetzel, and Wise. PHA President & CEO (“CEO”) Kelvin A. Jeremiah and General Counsel and Board Secretary, Laurence M. Redican also participated.

Following a moment of silence, as requested by the Chair, the CEO made a number of announcements:

- 1) Congratulations were extended to PHA personnel whose titles or roles had recently been changed or expanded due to their demonstrated competence and abilities: Laurence Redican, as Sr. Executive Vice President, heading the Office of General Counsel (“OGC”); Dinesh Indala, as Sr. Executive Vice President, heading Operations as well as the PHA Police Department (“PHAPD”) and Resident Programs and Partnerships (“RPP”); Annie Cheng, as Chief of Staff and also taking over leadership in PHA’s Human Resources Department; and PHAPD’s William Britt, who has been promoted to Deputy Chief of Public Safety.
- 2) Condolences were expressed to the family and many friends of long-time resident leader Greg Brinkley, who passed away recently and who represented Abbotsford Homes, where he lived for over fifty years, and was always engaged with the PHA resident leadership community;
- 3) PHA’s 2017 revenue bonds credit rating with S&P (Standard and Poor’s) Global Ratings has been upgraded to AA-, citing our stronger finances and “very strong management;”
- 4) PHA had a very successful city-wide Job Fair and Community Day at Vaux Community Building on August 7th, with about seventy-five vendors and hundreds of people participating, with great appreciation being extended to RPP for its role in this event as well as its significant efforts, working with resident leadership, to continuously provide meaningful and creative opportunities for PHA residents to benefit their lives and expand the social, economic, academic, and other options available to them;
- 5) For the health and safety of its community and work environment, PHA has instituted a mandatory COVID-19 vaccination policy for all employees as of October 15th, unless exempt due to a medical condition or religious belief;
- 6) The PhillySEEDS in-person gala scheduled for September 23rd has been transitioned to a virtual celebration of its scholars, with details available on the PhillySEEDS website, and especially celebrating achievement of the ambitious goal established two years ago, of creating a million dollar PhillySEEDS Nellie Reynolds Scholarship Endowment Fund, which was accomplished thanks to

- our generous donors and support from our community;
- 7) Congratulations to PHA's Risk Management department, as well as Finance, OGC and the Office of Audit and Compliance, for helping PHA achieve, for the 3rd year in a row, the distinction from the HAI Group of being the Most Improved public housing authority, with PHA's loss history having the greatest decline in frequency and severity compared to other agencies our size; and
 - 8) HUD has awarded PHA a \$250,000 Emergency Safety and Security grant to purchase cameras, doors, and fencing for Wilson Park.

The Employee of the Month award was then presented to Craig Gaskins, of PAPMC, for his exemplary work in reducing the PAPMC vacancy rates and housing people from the wait list as expeditiously as possible, especially in the last three (3) months.

The Chair then asked whether there were any corrections or amendments to the minutes of the Board meeting of July 15, 2021, as submitted. Hearing none, the minutes were approved. Six (6) resolutions were presented, discussed, and unanimously approved.

Resolution No. 12169, attached in Appendix 1, was introduced by Celeste Fields, Senior Executive Vice President / Chief Administrative & Financial Officer, for the Board to adopt the comprehensive annual financial report and the associated financial statement for the period of April 1, 2020 through March 31, 2021. The materials were prepared by RSM US LLP and Colleen Williams, a partner with RSM, presented a PPT (attached as Appendix 2) for the resolution. Commissioner Purnell, as Chair of the Audit Committee, moved for adoption of the resolution. Following a second, he stated that Audit Committee had reviewed the materials, complimented the PHA and RSM teams for great efforts in getting the work done in record time and with the ideal results of "no findings," despite expanded the scope and detail for the audits this year, and recommended approval. After the opportunity for discussion and for public comment (as was available for all the resolutions), and there being none, the motion was unanimously approved, by roll call.

Resolution No. 12170 attached in Appendix 1, was presented by Jennifer Ragen, Director of Policy, for approval of an amendment to the PHA Controlled Policy & Procedure #10 (CPP#10), to amend the policy to change the dollar threshold for Board approval of contracts and contract modifications, with a quarterly reporting requirement to the Board, and also to incorporate the recently revised U.S. Department of Housing & Urban Development ("HUD") regulation governing Section 3 definitions and requirements. Vice-Chair Wetzel, as Chair of the Policy & Planning Committee to which the resolution had been sent for review, moved for its adoption. Following a second, Vice-Chair Wetzel said that the committee had reviewed the resolution and recommended its adoption, especially with the quarterly Board reporting requirement that is noted in the resolution. There being no further discussion, the motion was unanimously approved, by roll call.

Resolution No. 12171, attached in Appendix 1, was presented by Nicholas Dema, Executive Vice President - Planning & Development, to authorize PHA to update and revise the appropriate disposition requests to HUD in accordance with the resolution, which are for four (4) of the fourteen (14) properties, for which dispositions were approved by the Board by Resolution No. 12131. The four (4) properties relevant to the resolution are located at 3604 and 3606 Wallace Street and 626 and 636 N. 36th Street and were previously for disposition to Mt. Vernon Manor, CDC for nominal consideration. Vice-Chair Wetzel, as Chair of the Policy & Planning Committee to which the resolution had been sent for review, moved for its adoption. Following a second, Vice-Chair Wetzel said that the committee had reviewed the resolution and recommended approval. Prior to a vote being taken, the Chair noted that Commissioner Mayo, who was not in attendance at the meeting, had been recused from discussion or vote regarding it, due to her being on the Board of Mount Vernon Manor, CDC. Thereafter, there being no further comments, the motion was unanimously approved, by roll call.

Resolution No. 12172, attached in Appendix 1, was presented by Nicholas Dema, Executive Vice President - Planning & Development, to authorize PHA to negotiate and execute a development agreement with Frankel Enterprises and/or its affiliate as well as to negotiate and execute all related contracts and documents necessary or appropriate to develop, finance, construct the Development, as described in the resolution, submit a Disposition Application to HUD for the PHA properties, convey the properties at nominal consideration and to take all necessary actions to carry out the provisions of the resolution. Vice-Chair Wetzel, as Chair of the Policy & Planning Committee to which the resolution had been sent for review, moved for it to be adopted. After a second, Vice-Chair Wetzel stated that the committee had reviewed the resolution and recommended its adoption. There being no further discussion, the motion was unanimously approved, by roll call.

Resolution No. 12173, attached in Appendix 1, was presented by Dave Walsh, Executive Vice President, Supply Chain Management ("EVP-SCM"), to authorize PHA to contract with Benchmark Real Estate Partners, LLC, in an amount not to exceed ten million eight hundred ninety thousand three hundred nineteen dollars (\$10,890,319.00), for construction management services. Vice-Chair Wetzel, Chair of the Policy & Planning Committee, moved for its adoption. Following a second, Vice-Chair Wetzel said that the Policy & Planning Committee had reviewed the resolution and recommended approval. There being no further discussion, the motion was unanimously approved, by roll call.

Resolution No. 12174, attached in Appendix 1, was presented by Dave Walsh, EVP-SCM, to authorize PHA to contract with DCS Auto Service, Inc. for the provision of general vehicle repair services. DCS Auto Service will be added to, and aggregated with, the group of four (4) contractors already approved and awarded in April 2021. The total aggregate amount to be expended under the five (5) contracts, including the exercise of any options, is not to exceed four million dollars (\$4,000,000.00). This resolution was reviewed by the Finance Committee and Commissioner Callahan, as Chair of that committee, moved for its adoption. Following a second and Commissioner Callahan noting that the resolution had been reviewed and is recommended for approval by the Finance Committee, and there being no further discussion, the motion was unanimously approved, by roll call.

There were no comments for the **Public Comment period**.

There being no further business, the Chair announced that the next meeting will be held on Thursday, October 21, 2021.

The meeting ended at approximately 4:02 p.m., after a motion to adjourn, made by Commissioner Callahan, which was seconded and unanimously approved.

Respectfully submitted,



Laurence M. Redican
General Counsel
Philadelphia Housing Authority

APPENDIX 1

**THE PHILADELPHIA HOUSING AUTHORITY
MEETING OF THE BOARD OF COMMISSIONERS
2013 RIDGE AVE.
PHILADELPHIA, PA 19121¹
FRIDAY, SEPTEMBER 17, 2021
AGENDA**

- A. Call to Order** – Lynette Brown-Sow, Chair
- B. Remarks** – Kelvin A. Jeremiah, President & CEO
- C. Approval of the Minutes** of the Board Meeting held July 15, 2021, as distributed
- D. New Business**
 - 1. RESOLUTION ADOPTING THE COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE PHILADELPHIA HOUSING AUTHORITY FOR THE FISCAL YEAR ENDING MARCH 31, 2021**
Celeste Fields
 - 2. RESOLUTION AUTHORIZING AN AMENDMENT TO CONTROLLED POLICY AND PROCEDURE # 10 TO REFLECT UPDATED PROCUREMENT THRESHOLDS AND THE APPLICATION OF THE SEPTEMBER 2020 FINAL RULE FOR SECTION 3 FROM THE U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT**
Jennifer Ragen
 - 3. RESOLUTION AUTHORIZING A REVISION TO THE DISPOSITION APPLICATION FOR FOUR (4) PROPERTIES, PREVIOUSLY APPROVED BY BOARD RESOLUTION NO. 12131**
Nicholas Dema
 - 4. RESOLUTION AUTHORIZING THE PHILADELPHIA HOUSING AUTHORITY TO TAKE ALL NECESSARY ACTIONS AND RELATED ACTIVITIES IN CONNECTION WITH THE SHARSWOOD CNI HOMEOWNERSHIP DEVELOPMENT**
Nicholas Dema
 - 5. RESOLUTION AUTHORIZING A CONTRACT FOR CONSTRUCTION MANAGEMENT SERVICES WITH BENCHMARK REAL ESTATE PARTNERS, LLC**
Dave Walsh
 - 6. RESOLUTION AUTHORIZING A CONTRACT FOR GENERAL VEHICLE REPAIR SERVICES WITH PHILADELPHIA DCS AUTO SERVICE INC.**
Dave Walsh
- E. Public Comment Period**

¹ This meeting is being conducted virtually, pursuant to the procedures on PHA's website at www.pha.phila.gov due to safety and health concerns for our residents, staff, the Board, and the public raised by the COVID-19 pandemic.

RESOLUTION NO. 12169

**RESOLUTION ADOPTING THE COMPREHENSIVE ANNUAL FINANCIAL REPORT
OF THE PHILADELPHIA HOUSING AUTHORITY FOR THE FISCAL YEAR ENDING
MARCH 31, 2021**

WHEREAS, the law of the Commonwealth of Pennsylvania requires that all general-purpose local governments and component units publish a complete set of financial statements presented in conformity with Generally Accepted Accounting Principles ("GAAP") and audited in accordance with Generally Accepted Auditing Standards ("GAAS") by a firm of certified public accountants; and

WHEREAS, the Philadelphia Housing Authority ("PHA") contracted with RSM US LLP (hereafter "RSM"), to conduct the required audit of PHA's financial statements, business-type activities, blended component units, and each PHA major fund, for the fiscal year that ended March 31, 2021, pursuant to applicable procedures, which RSM has done; and

WHEREAS, the PHA Audit Committee has met with RSM, the PHA President & CEO, PHA's Chief Financial Officer, and PHA's Office of Audit and Compliance, after the completion of PHA's audit, to review and discuss the audit report and the associated audit results; and

WHEREAS, the PHA Audit Committee has recommended acceptance of the comprehensive annual financial report, as prepared by RSM, and the associated financial statement, as prepared by PHA management, for the period of April 1, 2020 through March 31, 2021, dated September 17, 2021, as reviewed by RSM, PHA management and the Audit Committee, and as distributed and presented to PHA's Board of Commissioners;

BE IT RESOLVED, that PHA's Board of Commissioners hereby adopts and approves the comprehensive annual financial report, dated September 17, 2021, and the associated financial statements for the period of April 1, 2020 through March 31, 2021.



I hereby certify that this was
APPROVED BY THE BOARD ON 9/17/2021
[Signature]
ATTORNEY FOR PHA

RESOLUTION NO. 12170

RESOLUTION AUTHORIZING AN AMENDMENT TO CONTROLLED POLICY AND PROCEDURE #10 TO REFLECT UPDATED PROCUREMENT THRESHOLDS AND THE APPLICATION OF THE SEPTEMBER 2020 FINAL RULE FOR SECTION 3 FROM THE U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

WHEREAS, the Philadelphia Housing Authority ("PHA") has identified a need to revise its procurement and contract administration policy, which is set forth in Controlled Policy and Procedure 10 ("CPP#10"), to change the threshold for contracts and contract modifications that require Board approval and to incorporate recent U.S. Department of Housing and Urban Development ("HUD") regulations governing Section 3; and

WHEREAS, CPP#10 was first established as PHA's procurement policy by Board Resolution No. 10771, on March 21, 2002, following a number of previous Board resolutions relating to components of such a policy, including Resolution No. 8653 dated June 6, 1991; Resolution No. 10203, dated April 28, 1998; Resolution No. 10220, dated May 21, 1998; Resolution No. 10246, dated June 18, 1998; and Resolution No. 10600, dated September 21, 2000; and

WHEREAS, CPP#10 was thereafter amended three times, by Resolution No. 11527, dated April 26, 2012; Resolution 11838, dated February 18, 2016; and Resolution No. 12041 dated April 18, 2019; and

WHEREAS, PHA desires to amend CPP#10 to raise the threshold for contracts and contract modifications requiring Board approval from in-excess-of one hundred thousand dollars (\$100,000.00), as first established in 1998, to in-excess-of two hundred fifty thousand dollars (\$250,000.00); and

WHEREAS, when the in-excess-of one hundred thousand dollar (\$100,000.00) threshold was approved by the Board in Resolution No. 10203 on April 28, 1998, it was noted that the increase to that amount was based on rules and regulations established by HUD relating to thresholds for small purchase procedures; those thresholds have again been amended by HUD, and raised to an in-excess-of two hundred fifty thousand dollars (\$250,000.00) threshold, which is the reason for seeking to amend CPP#10 to reflect that guidance and be consistent with policies of similar large housing authorities; and

WHEREAS, PHA will provide a quarterly report to the PHA Board of Commissioners as to all contracts or contract modifications entered into pursuant to this resolution where the agreement amount exceeds one hundred thousand dollars (\$100,000.00) and is less than two hundred fifty thousand dollars (\$250,000.00); and

WHEREAS, with regard to proposed changes to the Section 3 component of CPP#10, HUD published its Section 3 Final Rule on September 29, 2020, which replaces the previous interim rule found in 24 CFR 135, and significantly changes the regulations and guidance for public housing agencies to comply with Section 3 of the Housing and Urban Development Act of 1968; and

WHEREAS, under the previous interim rule, a public housing agency would be considered compliant with Section 3 if it met certain numerical benchmarks with respect to hiring and contracting opportunities for low-and-very-low-income persons; however, the new final Section 3 rule stipulates that certain minimum percentages of labor hours worked be performed by Section 3 and Targeted Section 3 workers and that certain additional programs be categorized and reported as Qualitative Efforts when minimum labor hour percentages are not achieved; and

WHEREAS, the proposed amendment to CPP#10 is attached hereto to this resolution;

BE IT RESOLVED that the Board of Commissioners hereby adopts the amendment to CPP#10, as set forth above and in substantially the form attached hereto, which amendment supersedes the previous version and is effective as of September 18, 2021 at 12:01 a.m.

I hereby certify that this was
APPROVED BY THE BOARD ON 9/17/2021
Samuel M. Redick
ATTORNEY FOR PHA



Philadelphia Housing Authority Controlled Policy & Procedure #10 Issuance

TITLE: Procurement and Contract Administration Policy

DEPT./DIVISION: All Divisions

CPP #: 10

DATE: Amended on 9/17/2021, effective for solicitations as of 9/18/2021, approved by Board Resolution No. 12170 on 9/17/2021

APPROVED: Kelvin A. Jeremiah, President & CEO and PHA Board of Commissioners

The following is the PHA Procurement and Contract Administration Policy, as first approved by the Board of Commissioners as CPP#10 by Board Resolution No. 10771, on 3/21/2002 and amended thereafter on 4/26/2012 by Resolution No. 11527, on 2/18/2016 by Resolution No. 11838, and on 4/18/2019, by Resolution No. 12041.

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I. GENERAL PROVISIONS

A. PURPOSE

The purpose of this Statement of Procurement Policy is to: provide for the fair and equitable treatment of all persons or firms involved in purchasing by PHA; assure that supplies, services, materials, and construction are procured efficiently, effectively, and at the most favorable prices available to PHA; promote competition in contracting; provide safeguards for maintaining a procurement system of quality and integrity; and assure that PHA purchasing actions are in full compliance with applicable Federal standards, HUD regulations, and State and local laws.

1. Adoption by the Board of Commissioners:

This policy shall be effective as of the date set forth in the resolution of the PHA Board of Commissioners adopting the most current revision to the Policy and any substantive policy change(s) to this policy must also be approved by the Board.

2. Self-Certification of Policies to HUD:

Consistent with 2 CFR 200.324(c)(2), which authorizes a housing authority to self-certify to HUD that its procurement policies are in compliance with all applicable laws and regulations, the PHA Board of Commissioners, by adopting these policies, certified that these procurement policies are in compliance with all applicable laws and regulations, specifically including, but not limited to 2 CFR 200.324. Furthermore, the PHA Board of Commissioners has authorized the President & CEO to submit these procurement policies to HUD and to self-certify PHA's procurement system in accordance with as defined in 2 CFR 200.324(c)(2).

PHA Recognizes HUD's right to review these policies as referenced in 2 CFR 200.318 and other relevant federal regulations.

B. APPLICATION

The procurement policy set forth in this Statement applies to all contracts for the procurement of supplies, services, materials and construction entered into by PHA after the effective date of this policy. It shall apply to every expenditure of funds by PHA for public purchasing, irrespective of the source of funds, including contracts which do not involve an obligation of funds (such as concession contracts); however, nothing in this Statement shall prevent PHA from complying with the terms and conditions of any grant, contract, gift or bequest that is otherwise consistent with law. The term "procurement", as used in this Statement, includes contracts, purchase orders, and modifications (including change orders) for construction, architectural and engineering services, social and other services, as well as purchase, lease, or rental of supplies, materials and equipment.

In the event an applicable law or regulation is modified or eliminated, or a new law or regulation is adopted, the revised law or regulation, to the extent inconsistent with these policies, shall supersede these policies.

C. BOARD OF COMMISSIONERS' APPROVAL OF CERTAIN CONTRACT ACTIONS

All contracts where the base contract amount or any option exceeds Two Hundred and Fifty Thousand Dollars (\$250,000) are required to be pre-approved by the Board of Commissioners. In addition, all contract modifications in excess of Two Hundred and Fifty Thousand Dollars (\$250,000) or 20% of the current

contract value whichever is greater, or when the modification will cause the contract to exceed \$250,000 require pre-approval by the Board of Commissioners. Further, any modification in excess of \$1,000,000 regardless of percentage of contract value requires pre-approval by the Board of Commissioners.

D. PUBLIC ACCESS TO PROCUREMENT INFORMATION

Procurement information shall be a matter of public record to the extent provided in the Pennsylvania Right to Know Law, 65 P.S. §§ 67.101, *et seq.* and shall be available to the public as provided therein. All procurement records shall be retained for the time period designated in PHA's General Records Retention and Disposition Schedule, as amended on revised July 13, 2015 and as may be further amended. Generally, procurement records are retained for at least four (4) years after contract closeout.

II. PROCUREMENT AUTHORITY AND ADMINISTRATION

- A. All procurement transactions shall be approved and administered by a Contracting Officer, who shall be the President & CEO or another individual to whom the President & CEO has delegated this authority in writing. The Contracting Officer shall issue operational procedures to implement this policy, which shall be consistent with applicable federal and state law, federal and state regulations, policies and procedures including the Common Grant Rule (2 CFR 200.318) and HUD Procurement Handbook 7460.8 (collectively "Laws"). The Contracting Officer shall also establish a system of sanctions for violations of the ethical standards described in Section XIV below, consistent with federal and state law.
- B. The Contracting Officer shall ensure that:
1. Procurement requirements are subject to an annual planning process to assure efficient and economical purchasing. Procurement planning should include a periodic review of previous and future procurements, individual procurement plans (IPPs), and equipment lease or purchase evaluations;
 2. Contracts and modifications shall be in writing, clearly specifying the desired supplies, services, materials or construction, and supported by sufficient documentation regarding the history of the procurement, including as a minimum, the method of procurement chosen, the selection of the contract type, the rationale for selecting or rejecting offers, and the basis for the contract price;
 3. For procurements over \$20,600 for goods, maintenance, and construction, public notice shall be designed to reach a maximum number of potential suppliers.. PHA, state, and federal websites can be used to advertise PHA opportunities greater than \$20,600. If required by law, newspaper notices will also be used;
 4. Solicitation procedures are to be conducted in full compliance with all applicable Federal standards stated in 2 CFR 200.318, or State laws to the extent they are more stringent than and not inconsistent with 2 CFR 200.318;
 5. An independent cost estimate shall be prepared by or on behalf of PHA before issuance of any solicitation for all procurements over \$10,000, including contract modifications and task orders over \$10,000, and is appropriately safeguarded for each procurement and the cost estimate shall be kept confidential. A cost or price analysis shall be prepared for the responses received for all such procurements;
 6. Contract award shall be made to the responsive and responsible bidder offering the lowest price (for sealed bid contracts) or a contract award shall be made to the offeror whose proposal offers the best value to PHA, considering price, technical, and other factors as specified in the solicitation (for contracts

awarded based on competitive proposals); unsuccessful firms shall be notified within ten days after contract execution;

7. Contract requirements shall not be artificially divided for the purpose of circumventing or evading a requirement of this policy;
8. The following shall apply to and be included as terms of all contracts:
 - a. There shall be sufficient unencumbered funds available to cover the anticipated cost of each procurement before contract award or modification (including change orders);
 - b. work shall be inspected before payment;
 - c. payment shall be made promptly for contract work performed and accepted; and
 - d. PHA shall comply with applicable HUD review requirements, as provided in the operational procedures supplementing this policy.

III. PROCUREMENT METHODS

A. SELECTION OF METHOD

If it has been decided that PHA will directly purchase items it requires, one of the following procurement methods shall be chosen, based on the nature and anticipated dollar value of the total requirement. Any contract that exceeds one year shall contain a clause indicating that the contract is contingent upon an annual appropriation and is based upon the availability of funds.

B. PETTY-CASH, MICRO-PURCHASE AND SMALL PURCHASE PROCEDURES

Procurement procedures for purchases equal to or less than \$20,600 shall be as follows:

1. Contracts valued between \$10,000 and \$20,600 ("Small Purchases") for goods and services shall be procured as provided herein. For all Small Purchases, the following are required: a detailed Independent Cost Estimate, a detailed Scope of Work, and a written description of criteria of selecting awardees. All offers shall be in response to the PHA solicitation. All offers shall be in writing. No less than three (3) written offers shall be received after solicitation by phone, fax, or e-mail. Award shall be made to the offeror providing the lowest responsive quotation, unless the award is to be based on price and other specified factors, such as for architect-engineer contracts. If non-price factors are used, they shall be disclosed to all those solicited. The names, addresses, and/or telephone numbers of the offerors and persons contacted, and the date and amount of each quotation shall be recorded and maintained as a public record.
2. Petty cash and micro-purchases shall conform to the following rules:
 - a. Petty Cash Purchases. Petty Cash Purchases are purchases equal to or below \$35.00 which can be satisfied by local sources. These may be processed through the use of a petty cash account. No item that is stocked in the Central Warehouse or in the stockroom shall be purchased via the petty cash system. The Chief Financial Officer or his or her designee shall ensure that: the account is established in an amount sufficient to cover small purchases made during a reasonable period (e.g., one week); security is maintained and only authorized individuals have access to the account; the account is periodically reconciled and replenished by submission of a voucher to a PHA finance officer; and, the account is periodically audited by the finance officer or designee to validate proper use and to verify that the account total equals cash on hand plus the total of accumulated vouchers.
 - b. Micro-purchases. For purchases between \$0 and \$10,000 ("Micro-Purchases") only one quotation need be solicited if the price received is considered reasonable. Determination of the

reasonableness of a quotation can include verification of price offered versus previous prices paid for the same or similar items/service, or comparison with catalog or market prices. Such purchases must be distributed equitably among qualified sources. If practicable, a quotation shall be solicited from a source other than the previous source before placing a repeat order with that source.

C. SEALED BIDS (Invitation for Bids (IFB)) (Over \$20,600)

1. Conditions for Use. Contracts shall be awarded based on competitive sealed bidding if the following conditions are present: a complete, adequate, and realistic specification or purchase description is available; two or more responsible bidders are willing and able to compete effectively for the work; the procurement lends itself to a firm fixed-price contract; and the selection of the successful bidder can be made principally on the basis of price.

Sealed bidding is the preferred method for construction, materials and equipment procurements. Sealed bidding shall not be used for the procurement of professional and consulting services. The Contracting Officer shall determine whether to use sealed bidding consistent with the forgoing principles.

2. Solicitation and Receipt of Bids. When an IFB is to be used, it shall include specifications and all contractual terms and conditions applicable to the procurement. The IFB shall include a statement that award will be made to the lowest responsible and responsive bidder whose bid meets the requirements of the IFB. Pre-Bid Conferences will be held, if needed, at the sole discretion of PHA. The IFB shall state the time and place for both the receipt of bids and the public bid opening. All bids received shall be date and time stamped and stored unopened in a secure place until bid opening. A bidder may withdraw its bid at any time prior to bid opening. A minimum of 14 days shall be provided for the preparation and submission of sealed bids; however, the President & CEO or his or her designee may allow a shorter period under extraordinary circumstances where adequate competition can be ensured. Unopened bids shall be brought to the public bid opening in a locked bid box and opened publicly at the stated bid opening date and time.
3. Bid Opening and Award. Bids shall be opened publicly and in the presence of at least one witness. An abstract of bids shall be recorded and the bids shall be made available for public inspection. Award shall be made as provided in the invitation for bids by written notice to the successful bidder. PHA shall disqualify any bid if mandatory elements required by the bid package are not submitted by a prospective bidder. PHA reserves the right to waive or allow correction of minor deficiencies in a bid. If equal low bids are received from responsible bidders, award shall be made by drawing lots or similar random method, unless otherwise stated in the IFB. If only one responsive bid is received from a responsible bidder, a cost analysis shall be performed if the bid differs substantially from the PHA estimate. A recommendation for contract award shall be submitted to the Board of Commissioners within 60 days of the bid opening by written notice to the lowest responsive bidder or all bids shall be rejected except as otherwise provided in this section. Extensions of the date for the award may be made by mutual written consent of the Contracting Officer and the lowest responsible bidder. Unsuccessful bidders will be provided written notification, which may occur as a result of PHA posting award information on its website.
4. Mistakes in Bids.

- a. Correction or withdrawal of bids may be permitted, where appropriate, before bid opening by written or telegraphic notice from the bidder received in the office designated in the invitation for bids prior to the time set for bid opening.
- b. Withdrawal of any bid after opening is permitted only where the bidder alleges a clerical, non-judgmental mistake in price quoted, provided: 1) the bidder submits credible evidence of such mistake in writing after bid opening; and 2) the withdrawal of the bid does not result in the awarding of the contract to any other firm in which the bidder has a substantial interest. The bidder whose bid is permitted to be withdrawn may not serve as subcontractor or vendor to the successful contractor.
- c. Correction, amendment or withdrawal of bids after bid opening. No bidder may correct a bid after bid opening in a manner that would cause the bidder to have the low bid unless the mistake is clearly evident from examining the bid documents, such as an extension of unit prices or mathematical errors. In addition, an otherwise low bidder may correct a mistake if the intended bid is obvious from the bid document or supported by written evidence dated before bid opening. No corrections due to errors in judgment (such as errors in profit margins) shall be permitted. The Contracting Officer may waive minor deficiencies or allow the bidder to correct them depending on which action is in the best interest of the housing authority. Minor deficiencies are matters of form rather than substance, evident from the bid document, or insignificant mistakes that can be waived or corrected without prejudice to the other bidders; that is, the effect on price, quantity, quality, delivery, or contractual conditions is negligible. Examples include the failure of a bidder to: return the number of signed bids required by the IFB; sign the bid, provided that the unsigned bid is accompanied by other material indicating the bidder's intent to be bound (e.g., a signed cover letter or a bid guarantee); complete one or more certifications; or acknowledge receipt of an amendment to the IFB, provided that it is clear from the bid that the bidder received the amendment and intended to be bound by its terms, or the amendment had a negligible effect on price, quantity, quality, or delivery.
- d. All decisions to allow post-bid-opening correction or withdrawal of bids shall be supported by a written determination signed by the Contracting Officer.

5. Late Submissions, Modifications, and Withdrawal of Offers.

- a. Any offer received at the place designated in the solicitation after the exact time specified for receipt will not be considered unless it is received before award is made and it:
 - i. Was sent by registered or certified mail not later than the fifth calendar day before the date specified for receipt of offers (i.e. bids due by the 20th of the month must have been mailed by the 15th);
 - ii. Was sent by mail, or if authorized by the solicitation, was sent by telegram, facsimile, or by electronic mail, and it is determined by PHA that the late receipt was due solely to mishandling by PHA and receipt at PHA;
 - iii. Was sent by U.S. Postal Service Express Mail Next Day Service – Post Office Addressee, not later than 5:00pm at the place of mailing two working days prior to the date specified for receipt of proposals. The term “working days” excludes weekends and U.S. Federal holidays; or
 - iv. Is the only offer received and is received within 48 hours after the exact time specified for the receipt.
- b. The only acceptable evidence to establish the date of mailing of a late offer, modification, or withdrawal sent either by registered or certified mail in the U.S. or Canadian Postal Service is a postmark both on the envelope or wrapper and on the original receipt from the U.S. or Canadian Postal Service. Both postmarks must show a legible date of the offer, modification, or withdrawal

shall be processed as if mailed late. "Postmark" means a printed, stamped, or otherwise placed impression (exclusive of a postage meter machine impression) that is readily identifiable without further action as having been supplied and affixed by employees of the U.S. or Canadian Postal Service on the date of mailing. Therefore, offerors should request the postal clerk to place a hand cancellation bull's eye postmark on both the receipt and the envelope or wrapper.

- c. The only acceptable evidence to establish the time of receipt at PHA is the time/date stamp of PHA on the offer wrapper or other documentary evidence of receipt maintained by PHA.
- d. The only acceptable evidence to establish the date of mailing of a late offer, modification or withdrawal sent by Express Mail Next Day Service-Post Office to Addressee is the date entered by the post office receiving clerk on the "Express Mail Next Day Service-Post Office to Addressee" label and the postmark on both the envelope or wrapper and on the original receipt from the U.S. Postal Service. "Postmark" has the same meaning as defined in paragraph (c) of this provision, excluding postmarks of the Canadian Postal Service. Therefore, offerors should request the postal clerk to place a legible hand cancellation bull's-eye postmark on both the receipt and the envelope or wrapper.

6. Bonds.

- a. For construction contracts between \$25,000 and \$100,000, PHA may require a performance bond and a payment bond of at least 50% of the contract price as well as a bid guaranty of at least 10% of the contract price. Cash or Letter of Credit may also be required in lieu of performance and payment bonds.
- b. For construction contracts exceeding \$100,000, contractors shall be required to submit the following:
 - i. a bid guarantee from each bidder of 5% of the bid price; and
 - ii. upon award, the successful contractor shall furnish a performance and payment bond for 100% of the contract price

PHA, in its discretion, may require bonds on other than construction contracts including the requirement of a fiduciary bond on service contracts.

7. Insurance

Insurance requirements will be determined by PHA based on the products and services procured and the level of risk involved. For example, for A&E services, the contractor must evidence Errors and Omissions insurance. Failure to demonstrate the required insurance requirements will render a bidder's or offeror's bid or proposal non-responsive. Failure to maintain the required contractual insurance coverage may be grounds for contractor default.

D. COMPETITIVE PROPOSALS (Request for Proposals (RFP) over \$20,600)

- 1. Conditions for Use. Competitive proposals (including turnkey proposals for development and professional services) may be used if there is an adequate method of evaluating technical proposals and where PHA determines that conditions are not appropriate for the use of sealed bids. An adequate number of qualified sources shall be solicited.
- 2. Solicitation. A minimum of 14 days shall be provided for the preparation and submission of proposals; however, the President & CEO or his or her designee may allow a shorter period under extraordinary circumstances where adequate competition can nevertheless be ensured. The Request For Proposals (RFP) shall clearly identify the relative importance of price and other evaluation factors and subfactors,

including the weight given to each technical factor and subfactor including price, to the extent applicable. A mechanism for fairly and thoroughly evaluating the technical and price proposals shall be established before the solicitation is issued. Proposals shall be handled so as to prevent disclosure of the number of offerors, identity of the offerors, and the contents of their proposals. The proposals shall be evaluated only on the criteria stated in the RFP.

3. Negotiations. Unless there is no need for negotiations with any of the offerors, negotiations shall be conducted with offerors who submit proposals determined to have a reasonable chance of being selected for award, based on evaluation against the technical and price factors as specified in the RFP. PHA shall disqualify proposals if mandatory elements required by the request for proposal package are not submitted by prospective offerors. Offerors shall be notified in the RFP if PHA reserves the right to award on receipt of initial proposals without discussions. Offerors within the competitive range (those offerors submitting the most competitive proposals and are the most likely to be considered for award) shall be accorded fair and equal treatment with respect to any opportunity for negotiation and revision of proposals. The purpose of negotiations shall be to seek clarification with regard to and advise offerors of significant deficiencies in both the technical and price aspects of their proposals so as to assure full understanding of and conformance to the solicitation requirements and provide the best value to PHA. No offeror shall be provided information about any other offeror's proposal, and no offeror shall be assisted by PHA in bringing its proposal up to the level of any other proposal.

Offerors shall not be directed to reduce their proposal prices to a specific amount in order to be considered for award. A common deadline (Best and Final Offer or "BAFO") shall be established for receipt of proposal revisions based on negotiations.

4. Award. After evaluation of proposal revisions, if any, the contract shall be awarded to the responsive and responsible firm whose qualifications, price and other factors considered, are the most advantageous to the PHA.

E. NONCOMPETITIVE PROPOSALS

1. Conditions for Use. Procurements shall be conducted competitively to the maximum extent possible. Procurement by noncompetitive proposals may be used only when the award of a contract is not feasible using small purchase procedures, sealed bids, cooperative purchasing or competitive proposals, and one of the following applies:
 - a. The item or service is available only from a single source;
 - b. The public exigency or emergency for the requirement will not permit a delay resulting from competitive solicitation. The procurement to address the public exigency or emergency shall be limited to those supplies, services, or construction necessary to meet the public exigency or emergency;
 - c. HUD authorized the use of noncompetitive proposals; or
 - d. After one (1) attempt at solicitation of a number of sources, competition is determined inadequate and the Contracting Officer so certifies. This certification shall be updated for repeat purchases of the same product or service pursuant to a noncompetitive proposal.
2. Justification. Each procurement based on noncompetitive proposals shall be supported by a written justification for using such procedures which shall be maintained in the contract file. The justification shall be approved in writing by the Contracting Officer, and include:
 - a. Description of the requirements;
 - b. History of purchases of the same product or service;

- c. The specific exception in 2 CFR 200.320(f)(1) through (4) as described in paragraph E.1.above that applies;
- d. Statement as to the unique circumstances that require award by noncompetitive proposal;
- e. Description of the effort made to find competitive sources;
- f. Statement as to efforts that will be taken in the future to promote competition for the requirement; and
- g. Signature of the Contracting Officer and the President & CEO.

PHA employees are required to contact and consult with the Contracting Officer and Office of General Counsel prior to initiating an emergency procurement. All required requests for emergency procurement waivers or requests to any other governmental oversight agency shall be issued by the Contracting Officer after consultation and concurrence from the Office of General Counsel.

- 3. Price Reasonableness. The reasonableness of the price for all procurements based on noncompetitive proposals shall be determined by performing a cost analysis, as described in Section IV below.

F. QUALIFICATIONS-BASED SELECTION PROCESS

- 1. Condition for Use. The qualification-based selection method of procurement involves the selection of the most qualified vendor based upon qualifications and where price is not used as the determining selection factor. In a qualification-based procurement, the price is determined after vendors are initially selected based only on an evaluation of their qualifications. The selection is based on either: 1) additional evaluation factors including price, or 2) negotiation of fair and reasonable price with the highest ranked vendor. PHA shall also comply with 2 CFR 200.318 for the solicitation and selection of federally funded architect and engineering contract services.
- 2. Architect/Engineer (A/E) Services. Architect/engineer services in excess of the small purchase limitation (or less if required by federal, state or local law) may be obtained by either the competitive proposals method or qualifications-based selection procedures, unless state law mandates the specific method. Price is not used as a sole determinative selection factor under this method. Qualifications-based selection procedures shall not be used to purchase other types of services even though architect-engineer firms are potential sources. Under qualifications-based selection procedures, competitors' qualifications are evaluated and the most qualified competitor is selected, subject to the negotiation of fair and reasonable compensation. PHA shall not use sealed bidding to acquire A/E services.
- 3. Solicitation. A Request for Services (or a Request for Qualifications) shall be issued requesting technical qualifications statement from prospective contractors, which PHA will then rank technically. The Request for Services (RFS) must include a description of the work, qualifications required of the applicants, the construction budget, the A/E fee, project schedule and other administrative requirements important to the A/E proposal. Once the proposals are ranked technically, PHA shall engage in negotiations with the top-ranked firm to reach agreement on a fair and reasonable price.
- 4. Award. After evaluation of proposals and revisions, if any, the contract shall be awarded to the responsible firm whose qualifications, price and other factors considered, are the most advantageous to PHA.

IV. COST AND PRICE ANALYSIS

- A. General. A cost or price analysis shall be performed for all procurement actions, including contract modifications. The method of analysis shall depend on the facts surrounding each procurement. A separate cost/price analysis is not required when obtaining products or services of a commercial nature.

- B. Submission of Cost or Pricing Information. For procurements based on noncompetitive proposals, or when only one offer is received, or for other procurements as deemed necessary by PHA (e.g., when contracting for professional, consulting, or architect/engineer services) or for modifications (including change orders), PHA is required to perform a cost analysis unless the price can be established on the basis of a catalog or market price of a commercial item sold in substantial quantities to the general public or the price is set by law or regulation.
- C. Cost Analysis. Cost Analysis is a review and evaluation of the separate elements of cost which comprise the contractor's cost proposal. Cost analysis shall be performed in the following instances: receipt of a single bid or proposals as a result of a published solicitation, sole source procurements, and when price analysis is inconclusive. A cost analysis shall be performed of the individual cost elements and an assessment of the proposed profit. Contractors must submit a certificate representing that the cost or pricing data is accurate, current and complete. Costs shall be allowable only to the extent that they are consistent with applicable Federal cost principles (for commercial firms, see HUD Directive 2210.18). In establishing profit, PHA shall consider factors such as the complexity and risk of the work involved, the contractor's investment and productivity, the amount of subcontracting, the quality of past performance, and industry profit rates in the area for similar work.
- D. Price Analysis. For all procurements other than those identified in Section IV.B. above, greater than \$10,000 price analysis shall be performed. The Contracting Officer shall determine the level of detail required for the price analysis based on the procurement size, complexity, and extent of competition.

V. AMENDING OR CANCELLING OF SOLICITATIONS

- A. Amending a Solicitation. PHA may amend any solicitation when necessary or when otherwise considered to be in the best interest of PHA.
 - 1. Amendments Before the Proposal Due Date. If changes to the IFB or RFP are needed after it has been issued but before proposals are due, the Contracting Officer shall issue a written amendment to all potential offerors who were furnished a copy of the original solicitation. The amendment shall be provided with the original solicitation to those who request the solicitation after the amendment is made.
 - 2. Amendments After the Proposal Due Date. If changes to the IFB or RFP are needed after the due date for receipt, the Contracting Officer shall provide a written amendment to all offerors who submitted a proposal. If, however, the changes are significant enough that potential offerors who did not submit offers might have considered submitting an offer if the changes had been made before the proposal due date, PHA shall consider extending the bid or proposal due date.
 - 3. Amendments After Determination of the Competitive Range (RFPs only). If the need for changes is discovered after the Contracting Officer has determined the competitive range, the Contracting Officer shall provide the amendment to all offerors determined to be within the competitive range. If the changes may have had an impact on the acceptability of any offeror who was not included in the competitive range, the Contracting Officer should consider re-determining the range to include such offerors and provide them with the amendment.
 - 4. Changes Requiring Cancellation of the Solicitation. If at any time in the process any needed changes are substantial enough to constitute an essentially new requirement, the Contracting Officer shall cancel the solicitation, make the needed changes, and issue a new solicitation with a new bid or proposal due date. The Contracting Officer shall determine whether it is in the best interest of PHA to cancel a solicitation.

B. Cancelling a Solicitation

1. An invitation for bid, request for proposal, or other solicitation may be cancelled before bids or offers are due and opened if: PHA no longer requires the supplies, services, materials or construction; PHA can no longer reasonably expect to fund the procurement; proposed amendments to the solicitation would be of such magnitude that a new solicitation would be desirable; or similar reasons.
2. A solicitation may be cancelled and all bids or proposals that have already been received may be rejected if: the supplies, services, materials or construction are no longer required; ambiguous or otherwise inadequate specifications were part of the solicitation; the solicitation did not provide for consideration of all factors of significance to PHA; prices exceed available funds and it would not be appropriate to adjust quantities to come within available funds; there is reason to believe that bids or proposals may not have been independently arrived at in open competition, may have been collusive, or may have been submitted in bad faith; a condition for canceling a solicitation and resoliciting, as specified in paragraph B. 1., above, is met; or for good cause of a similar nature when it is in the best interest of the PHA.
3. The cancellation or rejection shall be documented in the procurement file and shall provide the rationale and supporting facts for the cancellation. Further, notice of the cancellation thereof shall be provided upon request to any offeror solicited. Such notice shall explain that the offeror will be given an opportunity to compete on any resolicitation or future procurement of similar items.
4. If all otherwise acceptable bids received in response to an invitation for bids are at unreasonable prices, or only one bid is received and the price is unreasonable, PHA shall cancel the solicitation and either:
 - a. resolicit using a request for proposals; or
 - b. complete the procurement by using the competitive proposals method, following Section III.D. above (when more than one otherwise acceptable bid has been received), or by using the noncompetitive proposals method and following Section III.E. above (when only one bid is received at an unreasonable price); provided, that the Contracting Officer determines in writing that such action is appropriate, all bidders are informed of PHA's intent to negotiate, and each responsible bidder is given a reasonable opportunity to negotiate.

VI. COOPERATIVE PURCHASING

PHA may enter into Federal, State and local intergovernmental agreements to non-competitively purchase or use common goods and services in accordance with Section 1902 of Act 1998-57 ("Commonwealth Procurement Code") and 2 CFR 200.318(e). The decision to use an intergovernmental agreement or conduct a direct procurement shall be based on economy and efficiency and the Contracting Officer must determine that the underlying contract(s) of the Federal, State or local agency must have been procured in accordance with 2 CFR 200.318. If used, the intergovernmental agreement shall stipulate who is authorized to purchase on behalf of the participating parties and shall specify inspection, acceptance, termination, payment, and other relevant terms and conditions. Prior to making a decision to use an existing agreement, the Contracting Officer shall assess the reasonableness of the contract prices and ensure that all required clauses are included in the written agreement between the Federal, State, or Local Government organization and the supplier. PHA should use Federal or State excess and surplus property instead of purchasing new equipment and property whenever such use is feasible and reduces project costs.

A. CONTRACTING WITH DEVELOPERS

Contracts with developers for PHA sites shall require that all contracts awarded by the developer for construction, maintenance, and service contracts be awarded on a competitive basis. Developers shall maintain records for four (4) years after completion on their contract with PHA evidencing such competition.

VII. CONSTRUCTION MANAGEMENT SERVICES

A. SPECIAL PROVISIONS RELATING TO CONSTRUCTION MANAGEMENT CONTRACTS

The term "Construction Management" or "CM" means a private entity that is hired by the Authority to provide construction management services on a requirements basis for various construction projects. The specific construction projects for which services are to be required from time to time during the term of the CM contract will be identified by the Authority and transmitted to the CM on a task order basis (a "Construction Management Task Order"). The CM may enter into and supervise subcontracts for the performance of some of the construction work and, prior to entering into such subcontracts, the CM is required to conduct a competitive bid procedure for such subcontracts, and the successful bidder shall be selected by the CM. The CM is required to submit the approved sub-contractor's list to PHA.

B. CM TASK ORDERS

1. PHA procures multiple CM contracts, and Task orders are issued under CM contracts when a construction management service is required by the Authority. To issue each task order, PHA follows the task order procurement process.
2. Pre-approval by the Authority's Board is required for all CM task orders greater than \$250,000.
3. The CM then awards subcontracts for all services required under each task order and is responsible for the performance of the subcontractors.
4. Monthly reports listing subcontracts issued by the CM will be provided to the Board as notification of contractual activities.

C. CM CHANGE ORDERS

1. A Change Order for CM contracts shall be authorized by resolution of the Authority's Board, if, on a Construction Management Task Order, the amount of the Change Order, together with the aggregate of all previously executed Change Orders, exceeds more than 15%. Further, any modification in excess of \$1,000,000 regardless of percentage of contract value requires pre-approval by the Board of Commissioners.
2. Capital Projects Report. Within 30 days following the end of each Calendar Quarter, the Board and the President & CEO will be provided with a Capital Project Report, covering the status of each active capital project contract as of the end of such Quarter, including the cumulative total dollar amount of Change Orders executed with respect to such contract by category.

VIII. CONTRACTOR QUALIFICATIONS AND DUTIES

A. CONTRACTOR RESPONSIBILITY

Procurements shall be conducted only with responsible contractors; i.e., those who have the technical and financial competence to perform and who have a satisfactory record of integrity. Before awarding a contract for purchases greater than \$20,600, PHA shall review the proposed contractor's ability to perform the contract successfully, considering factors such as the contractor's integrity (including a review of the List

of Parties Excluded from Federal Procurement and Nonprocurement Programs published by the U.S. General Services Administration), compliance with public policy, record of past performance (including contacting previous clients of the contractor, such as other public housing authorities), and financial and technical resources. If a prospective contractor is found to be non-responsible, a written determination of non-responsibility shall be prepared and included in the contract file, and the prospective contractor shall be advised of the reasons for the determination. PHA shall review the contractor's inclusion on the List of Parties Excluded from Federal Procurement and Nonprocurement Programs for purchases greater than \$0 up to \$20,600, and such other relevant factors as PHA shall determine to review.

B. SUSPENSION AND DEBARMENT

Contracts shall not be awarded to debarred, suspended, or ineligible contractors. Contractors may be suspended, debarred, or determined ineligible by HUD in accordance with HUD regulations. PHA shall review the List of Parties Excluded from Federal Procurement and Non-Procurement Programs published by the U.S. General Services Administration—Office of Acquisition Policy, or by other Federal and state agencies (i.e., Department of Labor for violation of labor regulations) in connection with any procurement matter when necessary to protect PHA in its business dealings.

PHA shall not make an award to any contractor or individual who has been suspended or debarred.

C. QUALIFIED BIDDERS' LIST

Interested businesses shall be given an opportunity to be included on qualified bidders' lists. Any pre-qualified lists of persons, firms, or products which are used in the procurement of supplies and services or construction shall be kept current and shall include enough qualified sources to ensure competition. Firms shall not be precluded from qualifying during any contract solicitation period. Solicitation mailing lists of potential contractors shall include, but not be limited to, such pre-qualified suppliers.

D. CONTRACTING WITH SECTION 3 BUSINESS AND RESIDENT-OWNED BUSINESS CONCERNS

Section 3 of the Housing and Urban Development Act of 1968 (12 U.S.C. 1701u), as amended, and the associated regulation 24 CFR Part 75 requires PHA to use best efforts to provide employment and training opportunities generated by public housing financial assistance to Section 3 workers and Targeted Section 3 workers. Pursuant to Part 75, PHA shall also make best efforts to award contracts and subcontracts for projects funded by public housing financial assistance to business concerns that provide economic opportunities to Section 3 workers. These efforts will also apply to the entire assisted project, even if it is only funded in part by public housing financial assistance. These efforts do not apply to the purchase of goods and/or equipment (material supply contracts). PHA has elected to continue to require Section 3 compliance from professional services contractors..

IX. TYPES OF CONTRACTS, CLAUSES, AND CONTRACT ADMINISTRATION

A. CONTRACT TYPES

Any type of contract, including blanket orders and indefinite delivery indefinite quantity contracts, which is appropriate to a procurement and which will promote the best interests of PHA, may be used, provided that the cost-plus-a-percentage-of-cost and percentage of construction cost methods are prohibited. All procurements shall include the clauses and provisions necessary to define the rights and responsibilities of the parties. A cost reimbursement contract shall not be used unless it is likely to be less costly or it is impracticable to satisfy PHA's needs otherwise, and the proposed contractor's accounting system is adequate to allocate costs in accordance with applicable cost principles (for commercial organizations, Subpart 31.2 of the Federal Acquisition Regulation (FAR), found at 48 CFR Chapter 1 and HUD Directive 2210.18). A time and material contract may be used only when the Contracting Officer has determined in

writing that: 1) no other contract type is suitable, for example, in recurrent emergency situations, and 2) the contract includes a ceiling price that the contractor exceeds at its own risk. The Contracting Officer shall document in the contract file the reason(s) for and amount of any subsequent change in the ceiling price.

B. OPTIONS

Options for additional quantities or performance periods may be included in contracts, provided that: 1) the option is contained in the solicitation; 2) the option is a unilateral right of PHA; 3) the contract states a limit on the additional quantities and the overall term of the contract; 4) the options are evaluated as part of the initial competition; 5) the contract states the period within which the options may be exercised; 6) the options may be exercised only at the price specified in or reasonably determinable from the contract; and 7) the options may be exercised only if determined to be more advantageous to PHA than conducting a new procurement. Prior HUD approval shall be obtained for option periods on service contracts greater than two (2) years.

C. CONTRACT CLAUSES

In addition to containing a clause identifying the contract type, all contracts shall include any clauses required by Federal statutes, executive orders, or their implementing regulations, as provided in 2 CFR 200.326, Appendix II to Part 200, the HUD Handbook and PHA-required clauses. Mandatory clauses can be incorporated by reference number in bid specifications and contracts. The list of required clauses includes, but is not limited to the following list:

1. Termination for convenience;
2. Termination for default;
3. Anti-Kickback Act;
4. Davis-Bacon Act;
5. Contract Work Hours and Safety Standards Act reporting requirements;
6. Patent rights;
7. Rights in data;
8. Examination of records by Comptroller General, PHA, and any other reviewing officer;
9. Retention of records for four (4) years after closeout;
10. Clean air and water, and hazardous environmental substances;
11. Energy efficiency standards;
12. Bid protests and contract claims;
13. Value engineering;
14. Payment of funds to influence certain Federal transactions;
15. Flow down of certain provisions in Prime contractor's contract to Prime's sub-contractors;
16. Affirmative Action, Section 3, and Equal Employment Opportunity;
17. Steel Products Act (requiring use of American Steel Products, if applicable); and
18. Insurance, indemnification and warranty provisions.

The operational procedures required by Section II. A. of this Policy shall contain the text of all clauses and required certifications (such as required non-collusive affidavits) used by the PHA.

D. CONTRACT ADMINISTRATION

1. Administration of Construction Contracts

PHA shall, at a minimum, include the following steps in the administration of construction and construction-related contracts:

- a. Hold a Pre-construction Conference and Issue a Notice to Proceed;
- b. Hold scheduled progress meetings;
- c. Inspect work on a frequent and thorough basis and include a managed corrective action process;
- d. Ensure that contractors adhere to the Davis-Bacon labor standards and HUD Labor Hour and Wage Rate Standards assigned to the contract;
- e. Make progress reports based on an approved schedule of amounts for contract payments, a properly executed HUD 51001 form, and upon satisfactory completion of all required reports such as payroll reports;
- f. Monitor construction performance and manage delays or extensions of time requests;
- g. Ensure adequate final completion of work, with the assimilation and approval of final project documentation such as:
 - i. Record of final inspection;
 - ii. Records of post inspection meeting;
 - iii. Certificate of Occupancy;
 - iv. Notarized copies of the contractor's release;
 - v. Assignment of all guarantees and warranties to the PHA (Construction work shall be warranted for at least 365 days from the date of final acceptance); and
- h. Make final payments to the contractor only after receipt of all payment documentation, inspection approvals, contractor's release, certified payroll reports, certificate of completion, and warranty information.

2. Administration Of Non-Construction Contracts

PHA shall administer non-construction contracts based on the size and complexity of a given procurement. At a minimum, such administration shall include:

- a. Post-award briefings with the awarded contractor;
- b. Establishment of an effective receiving system for materials, services, and/or goods;
- c. The monitoring and inspection of materials, services, and goods along with a formal acceptance process;
- d. A process of confirming the receipt of required compliance with specifications and established delivery timeframes;
- e. Monitoring of payments, including payment of HUD-determined wage rates for maintenance contracts greater than \$10,000; and
- f. Management of change orders, contract modifications, contract claims, and contract terminations in accordance with the terms of the contract.

3. A contract administration system designed to ensure that contractors perform in accordance with their contracts shall be maintained.

4. The operational procedures required by this section shall contain guidelines for inspection of supplies, services, or construction, as well as monitoring contractor performance, status reporting on construction contracts, and similar matters. For cost reimbursement contracts with commercial organizations costs are allowable only to the extent that they are consistent with the cost principles in FAR Subpart 31.2 and HUD Directive 2210.18.

5. PAYMENT

PHA will exert reasonable efforts to make payments to suppliers within forty-five (45) days of the presentation of an acceptable invoice, acceptance of the goods or services by PHA, or as stated otherwise in contract or purchase order documents, unless there is a PHA or Government shutdown. No payment will be made without a signed contract or purchase order.

For construction contracts, PHA shall comply with the retainage requirements as required by 62 Pa. C.S.A. §3921 (a).

6. CONTRACT CLOSEOUT

Upon receipt of the final invoice with respect to any given contract, Contracts Administration shall close out the contract and ensure that users will not be able to issue POs or Task Orders against it. PHA requires that the contractor complete a "Release of Claims" or a "Certificate and Release" form to document the end of all contract obligations. Warranty documentation and an internal certificate of completion signed by an authorized PHA employee must be included. Additional information to be included in the closeout files include:

1. Final Invoices Received;
2. Affirmative Action Compliance Report (100%);
3. Attestation of Work Completion by the PHA Project Manager;
4. Certificate of Occupancy;
5. Contractor Final Performance Evaluation;
6. Wage Rate Payment;
7. Return of All Property, Data, Equipment; Attestation by the PHA Project Manager;
8. Patent Rights or Ownership Rights to Data Provided;
9. Completed Certification and Release (A&E/Construction) or Release of Claims (Services)

Contract Administration shall retain all closed contract folders for a period of four (4) years.

X. CONTRACT MODIFICATIONS

- A. The Contracting Officer is authorized to approve contract modifications or change orders as provided in Section I.C. and Section VII of this policy. Monthly reports listing task orders issued against master agreements will be provided to the Board as notification of contractual activities.
- B. Modifications for new work beyond the scope of the original contract are not allowed. A cost or price analysis shall be performed for each modification. All modifications shall be in writing.

A contract modification package shall be in writing and include:

1. A detailed description of the changed work;
2. A reference to applicable working drawings and specifications and whether any item is being substituted;
3. Justification for the change (e.g.; design error or omission, PHA requested change, unforeseen conditions, cost or time savings without sacrifice of quality) ;
4. A fixed price (credit, debit or no change) for the change in contract work;
5. An estimate of any additional time required to complete the work due to the contract change;
6. PHA's itemized cost or price analysis, whichever is applicable and how costs or prices will affect future options;
7. Record of negotiation between PHA and contractor showing how price and time were arrived at;

8. The contractor's itemized breakdown of the costs underlying unit prices, materials, and labor as well as profit (and for any subcontractors, if applicable); and the change indicated on the architectural or engineering drawings, if applicable.
- C. Only the Contracting Officer acting within the scope of his or her authority is empowered to execute contract modifications. Other PHA personnel shall not execute contract modifications, act in such a manner to cause the contractor to believe any such personnel has the authority to bind the Authority, or direct or encourage the contractor to perform work that should be the subject of a contract modification.
- D. A modification register shall be maintained in the contract file that will include all modifications of the contract to date.

XI. SPECIFICATIONS AND STATEMENTS OF WORK

A. GENERAL

All specifications shall be drafted so as to promote overall economy for the purposes intended and to encourage competition in satisfying PHA's needs. Specifications shall be reviewed prior to solicitation to ensure that they are not unduly restrictive or represent unnecessary or duplicative items. Functional or performance specifications are preferred. Detailed product specifications shall be avoided whenever possible. Consideration shall be given to consolidating or breaking out procurements to obtain a more economical purchase (but see Section XIII below). For equipment purchases, a lease versus purchase analysis should be performed to determine the most economical form of procurement (for equipment in excess of \$20,600). Standard Templates for drafting statements of work shall be used.

B. LIMITATIONS

The following specification limitations shall be avoided: geographic restrictions not mandated or encouraged by applicable Federal law (except for architect-engineer contracts, which may include geographic location as a selection factor if adequate competition is available); unnecessary bonding or experience requirements; brand name specifications (unless a written determination is made that only the identified item will satisfy PHA's needs); brand name or equal specifications (unless they list the minimum essential characteristics and standards to which the item must conform to satisfy its intended use). Nothing in this procurement policy shall preempt any State licensing laws. Specifications shall be scrutinized to ensure that organizational conflicts of interest do not occur (for example, having a consultant perform a study of the PHA's needs and then allowing that consultant to compete for the subsequent contract).

XII. APPEALS AND REMEDIES

A. GENERAL

It is PHA's policy to attempt to resolve all contractual issues informally within PHA without litigation. PHA may consider the use of Alternate Dispute Resolution (ADR) to help resolve the disputes.

B. BID PROTESTS

Any actual or prospective contractor may protest the solicitation or award of a contract for serious violations of the principles of this Statement. Any protest against a solicitation must be received before the due date for receipt of bids or proposals, and any protest against the award of a contract must be received within ten (10) calendar days after contract award, or the protest will not be considered. All bid protests

shall be in writing, submitted to the Contracting Officer or designee, who shall issue a written decision on the matter within a reasonable time. The protestor shall be advised of appeal rights, including the right to appeal to a higher authority in PHA. The Contracting Officer may, at his or her sole discretion, suspend the procurement pending resolution of the protest. HUD review of protests shall be in accordance with the requirements of 2 CFR 200.318(k).

C. CONTRACT CLAIMS

All claims by a contractor under or relating to performance of a contract shall be submitted in writing to the Contracting Officer for a written decision. The contractor may request a conference on the claim. The Contracting Officer's decision shall inform the contractor of its appeal rights including the right to appeal to a higher authority in PHA.

XIII. ASSISTANCE TO SMALL AND OTHER BUSINESSES

A. REQUIRED EFFORTS

1. Consistent with Presidential Executive Orders 11625, 12138, and 12432, and Section 3 of the HUD Act of 1968, as defined in PHA's affirmative action and Section 3 policies, PHA shall make efforts to ensure that small and minority-owned businesses, women's business enterprises, and individuals or firms located in or owned in substantial part by persons residing in the area of a PHA project are used when possible. Such efforts shall include, but shall not be limited to:
 - a. Including such firms, when qualified, on solicitation mailing lists;
 - b. Encouraging their participation through direct solicitation of bids or proposals whenever they are potential sources;
 - c. Dividing total requirements, when economically feasible, into smaller tasks or quantities to permit maximum participation by such firms;
 - d. Establishing delivery schedules, where the requirement permits, which encourage participation by such firms;
 - e. Using the services and assistance of the Small Business Administration, and the Minority Business Development Agency of the Department of Commerce;
 - f. Including in contracts a clause requiring contractors, to the greatest extent feasible, to provide opportunities for employment for Section 3, and targeted Section 3 persons receiving subsidy from PHA including participants in HUD Youthbuild Programs in the order of preference set forth in 24 CFR part 75; and
 - g. Requiring prime contractors, when subcontracting is anticipated, to take the positive steps listed in paragraphs A.1.a. through A.1.f., above.
2. PHA's prime contract goals may be established by PHA periodically, regarding participation by small businesses, Section 3 businesses, minority-owned businesses, and women-owned business enterprises. Particular efforts shall be made by PHA to make work opportunities known to Section 3 workers for example, advertising in newspapers in the minority community.

XIV. ETHICS IN PUBLIC CONTRACTING

A. GENERAL

PHA shall adhere to the following code of conduct, and otherwise perform in a manner consistent with applicable Federal, State or local law.

B. CONFLICT OF INTEREST

1. No commissioner, employee, officer or agent of PHA shall participate directly or indirectly in the selection or in the award or administration of any contract if a conflict, real or apparent, would be involved. Such conflict would arise when a financial or other interest in a firm selected for award is held by:
 - a. A commissioner, employee, officer or agent involved in making the award or administering the contract;
 - b. His/her relative (including "half" or "step") father, mother, spouse, brother, sister, child or in-laws;
 - c. His/her partner; or,
 - d. An organization which employs, is negotiating to employ, or has an arrangement concerning prospective employment of any of the above.

2. No commissioner, officer or agent of the Authority may have any financial or other interest, directly or indirectly through an immediate family member or a business with which the commissioner, employee or an immediate family member is associated, in the award or administration of any contract or proposed contract for construction, supplies, materials or services to be furnished or used in connection with any operations of the Authority.

Employees have an ongoing duty to disclose and avoid any interest in violation of these conflict of interest provisions. Any undisclosed profit, which results to any employee of the Authority, shall render such employee liable to surcharge in favor of the Authority to the full amount of such profit, and may subject the employee to other discipline and legal consequences.

C. GRATUITIES, KICKBACKS, AND USE OF CONFIDENTIAL INFORMATION

PHA officers, employees or agents shall not solicit or accept gratuities, favors, or anything of monetary value from contractors, potential contractors, or parties to subcontracts, and shall not knowingly use confidential information for actual or anticipated personal gain.

PHA commissioners, officers, agents and employees of the Authority shall not solicit or accept, directly or indirectly, any gifts, from any of the following sources:

1. An individual, business, or an officer, director or employee of a business that is seeking to obtain business from or already has financial relations with the Authority;

2. An individual, business, or an officer, director or employee of a business whose operations or activities are regulated or inspected by the Authority;

3. A tenant in or resident of a PHA housing development project, a participant in the Housing Choice Voucher program, or any person on a PHA waiting list for such housing; or
4. An individual, business, or an officer, director or employee of a business attempting to influence the employee in the performance of his or her job duties for PHA for the pecuniary benefit of the person or business.

No commissioner member, officer, agent or employee of the Authority may use PHA funds for gifts or social, non-PHA activities intended for the financial gain of such employee or other employees of the Authority.

Gifts include money, meals, services, loans, travel, lodging, entertainment, gratuities, favor, discounts, rewards, a promise of future employment, or other thing(s) that are individually or collectively of greater than nominal value. Ordinarily, items of less than \$10 in value will be considered of "nominal value" and will not be considered gifts; this exception includes, but is not limited to: 1) acceptance of food and refreshment of nominal value on infrequent occasions in the ordinary course of a meeting and 2) items of nominal value offered as a token of esteem or appreciation on the occasion of a public appearance, visit, speech, or the like.

If a Board member, officer, or agent or employee of the Authority receives a gift or an offer of a gift, the individual receiving it should report the gift or the offer of a gift to the Ethics Officer.

Disciplinary Actions: Breaches of the ethical standards of this section of the policy may result in a PHA employee being subject to disciplinary actions consistent with PHA's policies and procedures and other consequences pursuant to law.

D. CERTAIN PROHIBITED ACTIVITIES

Under Commonwealth of Pennsylvania law, certain employees of the Authority (identified in the paragraph below), upon leaving PHA, are prohibited from engaging in business activities with PHA personally or on behalf of another person, in exchange for promised or actual compensation, for a period of one (1) year.

Such covered employees are those who are responsible for taking or recommending official action of a non-ministerial nature with regard to: 1) contracting or procurement, 2) administering or monitoring grants or subsidies, 3) planning or zoning, 4) inspecting, licensing, regulating or auditing any person, or 5) any other activity having a more than an insignificant economic impact are subject to the preceding prohibition.

A present or former PHA employee whose activities are described in the immediately preceding paragraph shall not engage in selling or attempting to sell supplies, services, or construction to PHA. Former PHA employees shall be subject to this ban only for one year following the date such employment ceased. The term "sell" means signing a bid or proposal, negotiating a contract. Contacting any PHA employee for the purpose of obtaining, negotiating, or discussing changes in specifications, price, cost allowances, or other terms of a contract; settling contract disputes; or any other liaison activity with a view toward the ultimate consummation of a sale, although the actual contract is negotiated by another person.

E. PROHIBITION AGAINST CONTINGENT FEES

Contractors shall not retain a person to solicit or secure a PHA contract for a commission, percentage, brokerage, or contingent fee, except for bona fide employees or bona fide established commercial selling agencies.

F. PENALTIES

In the event any commissioner, employee, agent or contractor of PHA has been determined to have violated any of the provisions of the ethics section of this policy, such commissioner, employee, agent or contractor may be disciplined up to and including, but not limited to, termination and/or removal, and otherwise in accordance with Federal, State or local law or regulations.

Further sanctions may include: 1) oral or written warnings or reprimands; 2) suspension with or without pay for specified periods of time; or 3) termination of employment.

Additionally, the value of anything received by an employee or non-employee in breach of the ethical standards of this policy shall be recoverable by PHA. All procedures under this policy shall be in accordance with due process requirements and existing law. In addition, notice and an opportunity for a hearing shall be provided before imposing any suspension or termination of employment based on the breach of the ethics requirements of this policy. Remedies against contractors may include notification to HUD, and/or to an applicable federal, state or local law enforcement agency.

XV. DISPOSITION OF SURPLUS PROPERTY

- A. General. Property no longer necessary for PHA's purposes (non-real property) shall be transferred, sold, or disposed of in accordance with applicable Federal, state, and local laws and regulations. Under no circumstance may any sale made by the PHA be for cash. A Certified or Cashier's Check made payable to the Philadelphia Housing Authority shall be the only method of accepting payment.
- B. Property with a value less than \$400.00 may be sold in the open market by the Contracting Officer after informal inquiries to ensure a fair return to PHA. The sale shall be documented with an appropriate Bill of Sale.
- C. Property with a value greater than \$400.00 and less than \$25,000.00 may be sold by the Contracting Officer via public surplus online auction. The sale shall be documented with an appropriate Bill of Sale.
- D. The Board of Commissioners may award a contract for the sale of property valued at greater than \$25,000.00 after formal advertisement in a paper of general circulation, and after making the sale known to probable interested bidders. The bid opening shall be public, at the place and time specified in the advertisement, and at least fifteen (15) days after the advertisement appears in the newspaper. A tabulation of all the bids will be recorded, a Recommendation of Award (ROA) shall be made to the Commissioners, and when/if approved, an award made. Upon the receipt of a certified check in the correct amount, and the signing of an appropriate Bill of Sale, the salvaged materials may be transferred to bidder, approved by the Board of Commissioners, by the Contracting Officer.
- E. If the Contracting Officer concludes that the property has no residual value, having made every effort to dispose of the property via sale (a purchaser cannot be found), a statement shall be prepared by the Contracting Officer to that extent, listing all history of the attempted sale, and advise the President & CEO of his or her intent to dispose of the property.
- F. Donation of Excess Property. If PHA cannot use the property, and it cannot be sold, the next option is to donate it to other governmental entities or non-profit organizations. The organizations should be contacted and provided a listing of the items, noting their condition. The organizations should be given a specific amount of time to reply, advising that they will be resolved on a first-come first-serve basis, based on PHA's receipt of their responses. Arrangements will be made for the organization to pick up the donated property. Representatives of the recipient's organization will sign for the receipt of the items picked up and confirm the receipt in a letter to PHA on the organization's letterhead. PHA's related records are to be adjusted to record the donation of the property. Copies of all related reports, receipts, adjustments, etc., are to be attached to Form CPP 541 and maintained on file. In the event that the President and CEO determines that the donation of an item or items to another governmental entity or non-profit organization would benefit the public good to an extent that is greater than the sale or scrap value of the item or items, the President & CEO may request approval of said donation from the PHA Board of Commissioners. If approved, the procedures stated above would then be followed.

XVI. FUNDING AVAILABILITY

Before initiating any contract, PHA shall ensure that there are sufficient funds available to cover the anticipated cost of the contract or modification.

XVII. SECTION 3 POLICY

Section 3 of the Housing and Urban Development Act of 1968, as amended (12 U.S.C. 1701u) ("Section 3") and 24 CFR Part 75 requires that, to the greatest extent feasible, employment and other economic opportunities generated by certain financial assistance from the U.S. Department of Housing and Urban Development (HUD) be directed to low- and very low-income residents, particularly those who are recipients of government assistance for housing, and to business concerns that provide economic opportunities to low- and very low income persons, as defined in 24 CFR 75.

A. Statement Of Purpose

1. This Section 3 portion of the Procurement Policy shall provide direction to the Philadelphia Housing Authority (PHA) for maximizing employment and other economic opportunities for low- and very low-income individuals and business concerns through certain HUD-funded contracts, pursuant to 24 CFR Part 75. PHA will establish appropriate procedures and processes to implement this Section 3 portion of the Policy. This Policy does not require employing a Section 3 Worker that does not meet the qualifications of the position to be filled or cannot fulfill the contract requirements.

B. Applicability

1. This Policy shall cover all contracts, including memoranda of understanding, for the provision of services to PHA funded through Section 3 Public Housing financial assistance (defined at 24 CFR § 75.3(a)(1)), which includes cooperative purchasing agreements and contracts for professional services (such as audit and accounting, brokerage, architecture, and legal), maintenance, repairs, labor, landscaping, modernization projects, employee training, PHA resident education and services, construction. This Policy does not apply to contractors who only furnish materials or supplies

C. Definitions

1. PHA incorporates into this Policy all of the definitions contained in 24 CFR 75; definitions most applicable to PHA's Policy are listed below.
 - a. *Contractor*: Any entity that enters into a contract or agreement to perform work generated by the expenditure of Section 3 Covered Assistance, or for work in connection with a Section 3 Covered Project.
 - b. *HUD Youthbuild Programs*: Programs that receive assistance under subtitle D of Title IV of the National Affordable Housing Act, as amended by the Housing and Community Development Act of 1992 (42 U.S.C. 12899), and provide disadvantaged youth with opportunities for employment, education, leadership development, and training in the construction or rehabilitation of housing for homeless individuals and members of low- and very low-income families.
 - c. *Qualitative Efforts*: Where an entity fails to meet the quantitative numerical benchmark(s) set forth by HUD, certain qualitative efforts may be accepted to demonstrate compliance with the Section 3 requirements. Qualitative Efforts can include, but are not limited to: contributing to PHA's Section 3 scholarship fund; outreach efforts to generate job applicants who are Targeted Section 3 workers; direct on-the-job training (including apprenticeships); indirect training such as arranging for,

- contracting for, or paying tuition for, off-site training technical assistance to help Section 3 workers; and outreach efforts to identify and secure bids from Section 3 business concerns.
- d. *Section 3 Business Concern*: A business concern is defined as a business entity formed in accordance with State law, and which is licensed to the extent required under any State, county or municipal law to engage in the type of business activity for which it was formed, and for which meets at least one of the following criteria, documented within the last six-month period:
- i. It is at least 51 percent owned and controlled by low- or very low-income persons;
 - ii. Over 75 percent of the labor hours performed for the business over the prior three-month period are performed by Section 3 workers; or,
 - iii. It is a business at least 51 percent owned and controlled by current public housing residents or residents who currently live in Section 8-assisted housing.
- e. *Section 3 Clause*: The contract provisions set forth in 24 CFR 75. The Section 3 Clause is set forth in Section XVII.I. of this Policy.
- f. *Section 3 Covered Assistance*:
- i. Public and Indian housing development assistance provided pursuant to section 5 of the U.S. Housing Act of 1937 (1937 Act);
 - ii. Public and Indian housing operating assistance provided pursuant to section 9 of the 1937 Act;
 - iii. Public and Indian housing modernization assistance provided pursuant to section 14 of the 1937 Act; or
 - iv. Assistance provided under any HUD housing or community development program that is expended for work arising in connection with:
 - A. Housing rehabilitation (including reduction and abatement of lead-based paint hazards, but excluding routine maintenance, repair and replacement);
 - B. Housing construction; or
 - C. Other public construction project (which includes other buildings or improvements, regardless of ownership).
- g. *Section 3 Covered Contract*: A contract or subcontract (including a professional service contract) awarded by a recipient or contractor for work generated by the expenditure of Section 3 public housing financial assistance, or for work arising in connection with a Section 3 Project (defined at 24 CFR § 75.3(a)(2)). Section 3 Covered Contracts do not include contracts awarded under HUD's procurement program that are governed by the Federal Acquisition Regulation System (see 48 CFR, Chapter 1). Section 3 Covered Contracts also do not include contracts for the purchase of supplies and materials. However, whenever a contract for materials includes the installation of the materials, the contract constitutes a Section 3 Covered Contract.
- h. *Section 3 Covered Project*: The construction, reconstruction, conversion or rehabilitation of housing (including reduction and abatement of lead-based paint hazards); other public construction that includes buildings or improvements (regardless of ownership) assisted with housing or community development assistance.
- i. *Section 3 Fund*: A fund held and administered by or under the direction of PHA to be expended for the purpose of supporting training programs for Section 3 Residents to develop skills necessary or useful to: 1) fulfill all or a portion of the requirements of any of PHA's Section 3 Covered Contracts; 2) support or create Section 3 Business Concerns; or 3) sell to PHA, directly or through Section 3 Business Concerns, supplies and materials commonly procured by public housing authorities. Such training programs shall include, without limitation, apprentice or pre-apprenticeship programs developing skills involved in building trades, maintenance, landscaping and security and scholarships, including to pay the cost of participation of Section 3 Residents in any available apprenticeship programs for the building trades, such as plumbing, carpentry, electrical, etc., or

continuing education. The financial assistance may be used for the payment of tuition, union initiation fees, dues, tools, equipment and work clothing, or any other related expense.

- h. A Section 3 worker is any worker who currently fits, or when hired within the past five years fit, at least one of the following categories, as documented:
 - 1. The worker's income for the previous or annualized calendar year is below the income limit established by HUD (see Question 6 of this part I of these FAQs, below);
 - 2. The worker is employed by a Section 3 business concern (see Question 5 of part I, below); or
 - 3. The worker is a YouthBuild participant.

- j. A Section 3 targeted worker for Public Housing Financial Assistance projects is a Section 3 worker who:
 - 1. Is employed by a Section 3 business concern; or
 - 2. Currently fits or when hired fit at least one of the following categories, as documented within the past five years:
 - (i) A resident of public housing or Section 8-assisted housing;
 - (ii) A resident of other public housing projects or Section 8-assisted housing managed by the PHA that is providing the assistance; or
 - (iii) A YouthBuild participant.

- k. A Section 3 business concern is a business that meets at least one of the following criteria, documented within the last six-month period:
 - 1. At least 51 percent owned and controlled by low- or very low-income persons;
 - 2. Over 75 percent of the labor hours performed for the business over the prior three-month period are performed by Section 3 workers; or
 - 3. A business at least 51 percent owned and controlled by current public housing residents or residents who currently live in Section 8-assisted housing.

- j. *Subcontractor*: Any entity (other than a person who is an employee of the contractor) which has a contract with a contractor to undertake a portion of the contractor's obligation for the performance of work generated by the expenditure of Section 3 Covered Assistance, or arising in connection with a Section 3 Covered Project.

D. PHA Responsibilities

- 1. PHA will comply with Section 3 in its operations. This responsibility includes:
 - a. Notifying Section 3 Residents and Section 3 Business Concerns about jobs and contracts generated by Section 3 Covered Assistance so that residents may seek jobs and businesses may submit bids/proposals for available contracts;
 - b. Notifying potential contractors of the objectives of Section 3 and ways in which each contractor can assist PHA in meeting its goal;
 - c. Facilitating the training and employment of Section 3 Residents and the award of contracts to Section 3 Business Concerns; and
 - d. Documenting the action that the PHA takes to comply with the Section 3 requirements, the results of the actions, and impediments, if any.

- 2. PHA also has a responsibility to ensure compliance of contractors and subcontractors. PHA will:

- a. Notify contractors of their responsibilities under Section 3 including, but not limited to, incorporating the Section 3 Clause in contract documents;
- b. Refrain from entering into contracts with contractors that are in violation of the regulations at 24 CFR Part 75;
- c. Respond to complaints made to PHA by Section 3 worker or targeted worker or Section 3 Business Concerns that PHA, a contractor or subcontractor, is not in compliance with 24 CFR Part 75; and
- d. Cooperate with HUD in obtaining the compliance of contractors and subcontractors when allegations are made that PHA's contractors and subcontractors are not in compliance with the regulations at 24 CFR Part 75.

E. Goals

1. Goals for Employment for all contractors under Section 3 covered contracts:

- a. Section 3 workers is set at *25 percent* or more of the total number of labor hours worked by all workers employed with public housing financial assistance in the PHA's or other recipient's fiscal year.

The benchmark for Targeted Section 3 workers is set at *5 percent* or more of the total number of labor hours worked by all workers employed with public housing financial assistance in the PHA's or other recipient's fiscal year. This benchmark is inclusive of the broader 25 percent Section 3 worker.

2. Preferences Regarding Small Purchases: For contracts that do not exceed \$20,600, procured in accordance with the Small Purchase Procedures found in this Procurement Policy, and where the Section 3 Covered Contract is to be awarded based on price, the contract will be awarded to the responsible source with the lowest responsive quotation.

- a. Where the Section 3 Covered Contract in an amount not to exceed \$20,600 is to be awarded based on factors other than price, a request for quotations will be prepared in accordance with PHA's Procurement Policy, including a rating system for the assignment of points to evaluate the merits of each quotation. The solicitation will identify all factors to be considered, including price or cost. The rating system will provide for a range of up to 15 to 25 percent of the total number of available rating points to be set aside for the provision of preference for Section 3 Business Concerns. The percent of the preference points shall be determined by the head of PHA's Supply Chain Management Department or his or her designee upon due consideration of the effect of any preference upon the ability to obtain responsive quotations. The contract or purchase order will be awarded to the responsible firm whose quotation is the most advantageous, considering price and all other factors specified in the rating system.

3. Preferences Regarding Procurement By Request For Proposals (RFP): For Section 3 Covered Contracts awarded through an RFP process, the RFP shall identify all evaluation factors (and their relative importance) to be used to rate proposals. One of the evaluation factors shall address both the preference for Section 3 Business Concerns and the acceptability of the proposing contractor's strategy for meeting the Section 3 greatest extent feasible requirement. This factor shall provide for a range of up to 15 to 25 percent of the total number of available points to be set aside for the evaluation of these two components. The percent of the preference points shall be determined by the head of PHA's Supply Chain Management Department or his designee upon due consideration of the effect of any preference upon the ability to obtain responsive proposals.

- a. The component of this evaluation factor designed to address the preference for Section 3 Business Concerns must establish a preference for these business concerns in the order of priority ranking as set forth in this policy.

b. With respect to the second component (the acceptability of the strategy for meeting the greatest extent feasible requirement), the RFP shall require disclosure of the contractor's strategy for meeting the greatest extent feasible requirement to comply with the Section 3 employment. A determination of the contractor's responsibility will include the submission of an acceptable strategy for meeting the greatest extent feasible requirement. The contract award shall be made to the responsible firm whose proposal is determined most advantageous considering price and all other factors specified in the RFP.

4. Preferences Regarding Contracts to be Awarded Under a Sealed Bid Process: Where the Section 3 Covered Contract is to be awarded under a sealed bid process, PHA will utilize the procedure and the method for providing preference for Section 3 Business Concerns described in 24 CFR Part 75.

F. Compliance

1. HUD holds PHA accountable for compliance with Section 3 requirements: Therefore, contractor reporting requirements will be incorporated into all Section 3 Covered Contracts and contractors shall be contractually required to respond to requests for information from PHA for compliance verification throughout the life of the contract. PHA's Section 3 Program may also conduct random compliance inspections at the site of a Section 3 Covered Project.
2. Achievement of Numerical Goals: In the absence of evidence to the contrary, if a contractor meets the minimum numerical goals listed in Section XVII.E., above, the contractor is considered to have complied with its Section 3 requirements under this Policy.
3. Burden of Proof: Section 3 requires compliance with its minimum numerical requirements unless PHA and its contractors demonstrate that such compliance was not feasible following reasonable efforts. Contractors must demonstrate, through compliance reports and forms established by PHA, that they have met the numerical goals stated in Section XVII.E. of this Policy. When a contractor is unable to meet the objectives stated in Section XVII E. of this Policy, the contractor has the burden of demonstrating why it was not feasible to meet the numerical goals. Such justification may include impediments encountered despite actions taken. In the event a contractor does not meet the numerical goals for Section 3 worker hours, PHA requires that a contractor indicate that it has provided other qualitative efforts as further evidence of its attempt to provide Section 3 related qualitative benefits. See Section XVII.F.4.
4. Qualitative PHA Options: Except in the case of Section 3 Covered Contracts under \$20,600, PHA requires each contractor pursuant to any Section 3 Covered Contract to perform qualitative efforts in each of the following circumstances:
 - a. The Section 3 worker labor hours on the project failed to achieve 25 percent of the total labor hours performed on the project;
 - b. The Targeted Section 3 worker labor hours on the project failed to achieve 5 percent of the total labor hours performed on the project.
5. Cooperation: PHA will cooperate fully with Section 3 compliance reviews by HUD. PHA will promptly correct or work with contractors to correct any deficiencies identified by HUD during such reviews.

G. Qualitative Efforts

1. The following qualify as qualitative efforts to fulfill the requirements of Section XVII.F.4.:
 - a. Contribute to a Section 3 Fund created by PHA in the amount of three percent (3%) of the Section 3 Contract amount (see Definitions, Section XVII.C.1.i., above and G.3. below);

- b. Provide training or apprenticeship opportunities.
- c. Provide Section 3 workers to services supporting work readiness and retention (e.g., work readiness activities, interview clothing, test fees, transportation, childcare).
- d. Provide assistance to apply for/or attend community college, a four-year educational institution, or vocational/technical training.
- e. Provide Section 3 workers with financial literacy training.
- f. Provide technical training (workshops or one on one support) to help Section 3 business concerns understand and bid on contracts.
- g. Divide subcontracts into smaller jobs to facilitate participation by Section 3 business concerns.
- h. Provide bonding assistance, guaranties, or other efforts to support viable bids from Section 3 business concerns.

All proposed potential qualitative efforts must be reviewed and approved by PHA prior to execution of any agreement. Each contractor shall fill out the Section 3 forms that are part of the solicitation which shall be reviewed by PHA to ensure the proposed plan is substantive and meaningful for the Section 3 workers and targeted workers. The Section 3 forms shall provide a framework for contractors to provide proposed plans for qualitative efforts in a manner that may be evaluated and graded by PHA's review committee. If the contractor cannot meet the labor hour requirements and does not provide a Qualitative Efforts plan that is acceptable to PHA, or if the vendor's plan fails to achieve its proposed results (to be determined at PHA's sole discretion), the contractor shall at a minimum contribute to a Section 3 Fund created by PHA in the amount of three percent (3%) of the expended contract amount.

2. Data Collection and Reporting

- a. PHA will submit an annual report to HUD documenting the compliance with Section 3 in such form and with such information as HUD may request. The report will be submitted in compliance with HUD required deadlines. HUD will be provided access to all records, reports and other documents or items PHA maintains to demonstrate compliance with Section 3 requirements.

H. Complaint

1. Complaint Right

- a. Any Section 3 Resident and any representative who is not a Section 3 Resident, but who represents one or more Section 3 Residents, and any Section 3 Business Concern or any individual representative of one or more Section 3 Business Concerns, may bring concerns of noncompliance with Section 3 to HUD in conformity with complaint procedures detailed in 24 CFR 75. Complaints are to be filed with the Assistant Secretary for Fair Housing and Equal Opportunity.

2. Resolution of Complaints

- a. If the Assistant Secretary sends a complaint to PHA for resolution, PHA will review the complaint promptly. If PHA believes that the complaint lacks merit, PHA will notify the Assistant Secretary, in writing, of this recommendation with supporting reasons, within thirty (30) days of the date of receipt of the complaint. The determination that a complaint lacks merit is reserved to the Assistant Secretary.
- b. If PHA determines that there is merit to the complaint, PHA will have sixty (60) days from the date of receipt of the complaint to resolve the matter with the complainant. At the expiration of the sixty (60) day period, PHA must notify the Assistant Secretary in writing whether a resolution of the

complaint has been reached. If resolution has been reached, the notification must be signed by both PHA and the complainant and must summarize the terms of the resolution reached between the two parties

- c. Any request for an extension of the sixty (60) day period by PHA must be submitted in writing to the Assistant Secretary, and must include a statement explaining the need for the extension.
- d. If PHA is unable to resolve the complaint within the sixty (60) day period (or more if extended by the Assistant Secretary), the complaint shall be referred to the Assistant Secretary for handling in accordance with 24 CFR 75.

3. Intimidatory or Retaliatory Acts Prohibited

- a. PHA will not intimidate, threaten, coerce, or discriminate against any person or business because the person or business has made a complaint, testified, assisted or participated in any manner with an investigation, proceeding, or hearing regarding a complaint.

4. Judicial Relief

- a. Nothing in this policy precludes a Section 3 Resident or Section 3 Business Concern from exercising the right to seek redress directly through judicial procedures.

I. Section 3 Clause

All Section 3 Covered Contracts shall include the following clause (A-G, below), referred to as the Section 3 clause:

- A. The work to be performed under this contract is subject to the requirements of section 3 of the Housing and Urban Development Act of 1968, as amended, 12U.S.C. 1701u (section 3). The purpose of Section 3 is to ensure that employment and other economic opportunities generated by HUD Assistance or HUD-assisted projects covered by Section 3, shall, to the greatest extent feasible, be directed to low and very low-income persons, particularly persons who are recipients of HUD Assistance for housing.
- B. The parties to this contract agree to comply with HUD's regulations in 24 CFR part 75, which implement Section 3. As evidenced by their execution of this contract, the parties to this contract certify that they are under no contractual or other impediment that would prevent them from complying with the Part 75 regulations.
- C. The contractor agrees to include this Section 3 clause in every subcontract subject to compliance with regulations in 24 CFR part 75, and agrees to take appropriate action, as provided in an applicable provision of the subcontract or in this Section 3 clause, upon a finding that the subcontractor is in violation of the regulations in 24 CFR part 75. The contractor will not subcontract with any subcontractor where the contractor has notice or knowledge that the subcontractor has been found in violation of the regulations in 24 CFR part 75.
- D. The contractor will certify that any vacant employment positions, including training positions, that are filled (1) after the contractor is selected but before the contract is executed, and (2) with persons other than those to whom the regulations of 24 CFR part 75 require employment opportunities to be directed, were not filled to circumvent the contractor's obligations under 24 CFR Part 75.
- E. Noncompliance with HUD's regulations in 24 CFR Part 75 may result in sanctions, termination of this contract for default, and debarment or suspension from future HUD assisted contracts.

F. With respect to work performed in connection with Section 3 covered Indian Housing Assistance, section 7(b) of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450e) also applies to the work performed under this contract. Section 7(b) requires that the greatest extent feasible (i) preference and opportunities for training and employment shall be given to Indians, and (ii) preference in the award of contracts and subcontracts shall be given to Indian organizations and Indian-owned Economic Enterprises. Parties to this contract that are subject to the provisions of section 3 and section 7 (b) agree to comply with section 3 to the maximum extent feasible, but not in derogation of compliance with section 7(b).

RESOLUTION NO. 12171

RESOLUTION AUTHORIZING A REVISION TO THE DISPOSITION APPLICATION FOR FOUR (4) PROPERTIES, PREVIOUSLY APPROVED BY BOARD RESOLUTION NO. 12131

WHEREAS, on December 17, 2020, by Resolution No. 12131, the Board approved the disposition of up to fourteen (14) properties, four (4) of which were located at 3604 and 3606 Wallace Street, and 626 and 636 N. 36th Street ("Properties") and were for disposition to Mt. Vernon Manor, CDC for nominal consideration; and

WHEREAS, the Properties are intended to become part of a large scale development that will re-develop the entire block into a thirty-two (32) unit affordable housing tax credit project serving families having 20% to 60% of Area Median Income ("AMI") and eighteen (18) for-sale units targeted to households whose incomes are between 60% and 100% of AMI ("Project"); and

WHEREAS, the remainder of the entire block and the majority of the land for the Project consist of publicly-owned land that the City of Philadelphia and/or the Philadelphia Redevelopment Authority will convey to various ownership entities in order to complete the development of the Project; and

WHEREAS, in order to facilitate the Project, the PHA and City-owned properties must be legally consolidated and placed under certain restrictions that will be best handled by one public agency; and

WHEREAS, the City of Philadelphia, through its Philadelphia Housing Development Corporation ("PHCD"), is arranging for the conveyances of the City-owned properties and it is in the best interest of PHA to convey the Properties to the Philadelphia Redevelopment Authority or other City of Philadelphia agency or entity instead of directly to the ownership entities; and

WHEREAS, the City of Philadelphia, through its Philadelphia Housing Development Corporation ("PHCD"), is arranging for the conveyances of the City-owned properties and it is in the best interest of PHA to have the flexibility to convey the Properties to the Philadelphia Redevelopment Authority, a City of Philadelphia agency or entity, or to any other ownership entity that is part of the Project in order to accommodate HUD's disposition approval for these Properties; and

WHEREAS, disposition of these properties requires PHA staff to amend its pending disposition application with the U.S. Department of Housing and Urban Development ("HUD") in accordance with Section 18 of the U.S. Housing Act of 1937 and its implementing regulations; and

WHEREAS, HUD approval for such dispositions requires PHA to take certain preliminary actions, including consulting with residents, securing the support of local government, and obtaining the approval of PHA's Board for the proposed dispositions and these actions were updated in accordance with this approval;

BE IT RESOLVED, that the PHA Board of Commissioners does hereby authorize PHA's President & CEO and/or his authorized designee(s) to: 1) update and revise the appropriate disposition requests to HUD in accordance with this Resolution and Resolution 12131; 2) execute closing and any other documents necessary to convey these Properties for the Project; and 3) take any and all necessary and appropriate actions to carry out the provisions of this resolution.

I hereby certify that this was
APPROVED BY THE BOARD ON

Tamara M. Kedic
ATTORNEY FOR PHA

9/17/2021

RESOLUTION NO. 12172

RESOLUTION AUTHORIZING THE PHILADELPHIA HOUSING AUTHORITY TO TAKE ALL NECESSARY ACTIONS AND RELATED ACTIVITIES IN CONNECTION WITH THE SHARSWOOD CNI HOMEOWNERSHIP DEVELOPMENT

WHEREAS, In April, 2020, the U.S. Department of Housing and Urban Development ("HUD") awarded the Philadelphia Housing Authority ("PHA") and the City of Philadelphia a \$30 million Choice Neighborhoods Implementation Grant ("Grant") to implement the Sharswood/Blumberg Transformation Plan, the main component of which is the redevelopment of the former Blumberg public housing site along with revitalization of the surrounding target area; and

WHEREAS, the housing plan under the Grant, which will be completed in various phases, involves the development of four hundred fifty-nine (459) rental units, of which two hundred seventy-six (276) will be replacement units for relocated Blumberg Apartment residents, and there will also be two hundred twenty-five (225) homeownership units; and

WHEREAS, for the homeownership units, PHA issued a Request for Proposals ("RFP") to select a development partner for a homeownership phase that will include new construction of up to seventy-five (75) homeownership units ("Development"), to be sold to families whose income is less than 120% of the Area Median Income and the sale price will not exceed two hundred fifty thousand dollars (\$250,000.00); and

WHEREAS, the units under the RFP will be built on a portion of the former Blumberg public housing site (2323 Jefferson Street) and along scattered site parcels located in the Sharswood neighborhood (2403-07, 2413-17, 2431-33 Thompson Street, 1300-06, 1312-18 N. 24th Street, 1201, 1317-19 N. 25th Street, 2301-03 College Avenue, 1203, 1212, 1224 Taylor Street), on properties that are currently owned by PHA and that will be conveyed at nominal consideration; and

WHEREAS, PHA selected Frankel Enterprises ("Developer") as its partner for this Development who proposes to build thirty-six (36) units on the Blumberg site and thirty-eight (38) units on the scattered sites; and

WHEREAS, the total development cost is estimated at eighteen million five hundred dollars (\$18,500,000.00), which will be funded with private financing and sale proceeds, with PHA agreeing to convey the properties noted above at nominal consideration;

BE IT RESOLVED, that the PHA Board of Commissioners hereby authorizes the President & CEO, or his designee(s), to negotiate and execute a development agreement with the Developer and/or its affiliate as well as to negotiate and execute all related contracts and documents necessary or appropriate to develop, finance, construct the Development, submission of a Disposition Application to HUD for the PHA properties, convey the properties at nominal consideration and to take all necessary actions to carry out the provisions of the Resolution, in compliance with applicable statutes, laws and regulations.



I hereby certify that this was
APPROVED BY THE BOARD ON 9/17/2021
Saim M. Kedia
ATTORNEY FOR PHA

RESOLUTION NO. 12173

**RESOLUTION AUTHORIZING A CONTRACT FOR CONSTRUCTION MANAGEMENT SERVICES
WITH BENCHMARK REAL ESTATE PARTNERS, LLC**

WHEREAS, the Philadelphia Housing Authority ("PHA") has identified a need for construction management services for properties located at 2112-2114 Ridge Avenue and a Request for Proposal was developed for the selection of companies to address fulfilling this requirement, according to established procedures and all applicable laws regarding public contracts; and

WHEREAS, the Request for Proposal was posted on PHA's website, advertised via local publications and chambers of commerce, mailed to qualified entities on PHA's Outreach List, and distributed to those who responded to the invitation; and

WHEREAS, the proposals were reviewed and evaluated by an evaluation committee and the supporting documents were reviewed by the Contracting Officer; and


WHEREAS, based upon the consensus evaluation and approval for presentation to the Board after additional review processes, including Board committee and resident leadership review, it is recommended that a contract be awarded to Benchmark Real Estate Partners, LLC; and

WHEREAS, work is to be assigned to the awardee at the discretion of the Contracting Officer based on need, performance and other legitimate business factors, and may be altered within the terms of the contract at any time during the course of the contract at the discretion of the contracting officer; and

WHEREAS, it is recommended that the amount to be expended under the contract shall not exceed ten million eight hundred ninety thousand three hundred nineteen dollars (\$10,890,319.00) for a two-year period;

BE IT RESOLVED, that the Board of Commissioners hereby authorizes the President & CEO and/or his authorized designee(s) to conclude and execute a contract with Benchmark Real Estate Partners, LLC for a total amount not to exceed ten million eight hundred ninety thousand three hundred nineteen dollars (\$10,890,319.00), subject to the availability of funds therefor, as set forth above, and to take all necessary actions relating to such contract.



I hereby certify that this was
APPROVED BY THE BOARD ON 9/17/2021

ATTORNEY FOR PHA

RESOLUTION NO. 12174

RESOLUTION AUTHORIZING A CONTRACT FOR GENERAL VEHICLE REPAIR SERVICES WITH PHILADELPHIA DCS AUTO SERVICE INC.

WHEREAS, the Philadelphia Housing Authority ("PHA") has identified a need for general vehicle repair services and a Request for Proposal was developed for the selection of companies to address fulfilling this requirement, according to established procedures and all applicable laws regarding public contracts; and

WHEREAS, the Request for Proposal was posted on PHA's website, advertised via local publications and chambers of commerce, mailed to qualified entities on PHA's Outreach List, and distributed to those who responded to the invitation; and

WHEREAS, the proposals were reviewed and evaluated by an evaluation committee and the supporting documents were reviewed by the Contracting Officer; and

WHEREAS, based upon the consensus evaluation and approval for presentation to the Board after additional review processes, including Board committee and resident leadership review, the Board approved awards of contracts to Philadelphia Towing & Transport, Inc., DMDA Auto Repair, A/C Auto Repair and Pacifico Ford, Inc., by Resolution No. 12150 on April 15, 2021; and

WHEREAS, it is now also recommended that a contract be awarded to DCS Auto Service Inc.; and

WHEREAS, work is to be assigned to each of the five (5) awardees at the discretion of the Contracting Officer based on need, performance and other legitimate business factors, and may be altered within the terms of the contracts at any time during the course of these contracts at the discretion of the contracting officer; and

WHEREAS, it is recommended that the aggregate amount to be expended under the five (5) contracts, combined, shall not exceed four million dollars (\$4,000,000.00) with a two-year base period and three (3) one-year option periods, as follows:

- 1) The aggregate not-to-exceed amount for the two-year base period is one million six hundred thousand dollars (\$1,600,000.00); and
- 2) The aggregate not-to-exceed amount for the first one-year option period is eight hundred thousand dollars (\$800,000.00);
- 3) The aggregate not-to-exceed amount for the second one-year option period is eight hundred thousand dollars (\$800,000.00);
- 4) The aggregate not-to-exceed amount for the third one-year option period is eight hundred thousand dollars (\$800,000.00);

BE IT RESOLVED, that the Board of Commissioners hereby authorizes the President & CEO and/or his authorized designee(s) to conclude and execute a contract with DCS Auto Service Inc. for a total aggregate amount, including the previously-approved contacts noted above, not to exceed four million four dollars (\$4,000,000.00), subject to the availability of funds therefor, as set forth above, and to take all necessary actions relating to such contract, including determining whether the options available under the contract shall be exercised.

I hereby certify that this was
APPROVED BY THE BOARD ON

James M. Keenan
ATTORNEY FOR PHA

APPENDIX 2 – RSM PPT PRESENTATION

THE POWER OF BEING UNDERSTOOD

PHILADELPHIA HOUSING AUTHORITY (PHA)

Audit Summary for Fiscal Year Ended March 31, 2021
Presentation to Board of Commissioners



September 17, 2021

Agenda

- Firm information 4
- RSM US LLP team 5
- Fiscal Year 2021 summary 6
- Scope 7
- Key audit areas 10
- Internal control recommendations 12
- Federal funds compliance testing 13

Firm information

RSM US LLP firm profile

- Assurance, tax and consulting provider
- Fifth largest accounting firm in U.S.
- Established in 1926; RSM US LLP and predecessor firms in Philadelphia since 1949
- Over 13,000 employees in 83 cities nationally, including Philadelphia and Blue Bell
- Public sector and real estate industry expertise

RSM US LLP team

RSM US LLP

- Colleen Williams, Lead Partner
- Marc Sewell, Concurring Advisory Partner
- Melanie Black, Assurance Senior Manager
- Mamiko Kondo, Assurance Manager
- Mike McCormick, Assurance Manager
- Nicholas Cerini, Supervisor

MBE (Milligan & Company, LLC)

- Anthony Chantharath
- Zachary Wilbank

WBE (Ludwig Business Consultants, PLLC)

- Velma Martinez

Summary

- Report covers PHA's fiscal year ended March 31, 2021
- Financial statements are management's responsibility
- Our audits were conducted in accordance with:
 - U.S. Generally Accepted Auditing Standards (GAAS)
 - GAO Government Auditing Standards (Yellow Book)
 - Single Audit Requirements (Uniform Guidance)

Report opinions

- Financial statement opinion is “Unmodified”
- Single Audit opinion on Major Program is “Unmodified”

Scope of services

RSM US LLP

- PHA primary government
- Single audit of federal funds
- Overall report and footnotes

Scope of services (continued)

Other Auditors for “Component Units”

- Philadelphia Housing Authority Development Corp. (PHADC)
- Philadelphia Asset and Property Management Corp. (PAPMC)
- Philadelphia Housing Authority Home-Ownership Corp. (PHAHC)
- Gordon Street, LLC
- Oakdale Street, LLC
- Philly Seeds, Incorporated
- PHA Plymouth Hall, LLC
- Suffolk Manor Apartments, L.P.
- Cambridge Plaza, L.P.
- Richard Allen Phase III L.P. and RA Phase 3 LLC
- Cambridge Plaza II, L.P. and CPLP 2 LLC
- Mt. Olivet, L.P. and Mt. Olivet SLP LLC
- Tasker I, L.P. and Tasker SLP LLC
- Limited Partnerships and Alternate Managed Units (42 in 2021)
- Employee Retirement Income Plan

Audit approach and procedures

- Financial reporting under GASB (Government Accounting Standards Board)
- Internal controls
- Compliance with HUD regulations and federal requirements
- General ledger completeness
- Journal entry testing
- Analytical procedures
- Independent confirmations of balances
- Interviews, review of processes, tests of transactions

Notes:

- Audit planning meeting was held with Audit Committee on June 15, 2021
- Audit results were discussed with Audit Committee on September 7, 2021

Key audit areas, FY 2021

- Cash and investments
- Receivables and revenues
- Capital assets
- Accounts payable and accrued expenses
- Claims payable (workers' compensation and litigation)
- Debt
- Net position
- Contract and grant compliance
- Tenant revenues, operating subsidiaries, and capital subsidiaries
- COVID-19 subsidies and other considerations
- Operating expenses
- Payroll
- Pension
- Housing assistance payments

Internal control matters

- Audit conducted to identify material misstatement in financial statements
- Considered internal control in order to express opinion on financial statements
- No opinion on internal control
- Three levels of internal control matters that could be reported:
 - Control deficiency – design or operation of internal control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct, misstatements on a timely basis
 - Significant deficiency – deficiency or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit the attention of those charged with governance
 - Material weakness – deficiency or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of an entity's financial statements will not be prevented, or detected and corrected on a timely basis

Internal control recommendations

- Purpose: to improve internal controls and safeguard assets
- Management has provided responses to each area

FY 2021 Areas

- Notes receivable
- Lease liability
- Workers' compensation

Federal funds compliance testing

- Source of procedures: OMB Compliance Supplement
- Moving to work demonstration program (98.2% of Federal awards)
 - Low rent public housing
 - Section 8 Housing Choice Voucher
 - Capital fund
 - COVID-19 funding
- Compliance testing
 - Tenant files, including component units
 - Capital expenditures
 - Disbursements
 - Payroll
 - Revenue

Other topics

- Component unit of City of Philadelphia
- Audit timeline
- PHA staff support during the audit
- Questions

THANK YOU FOR
YOUR TIME AND
ATTENTION

QUESTIONS AND ANSWERS

RSM US LLP

30 South 17th Street, Suite 710
Philadelphia, PA 19103
215 765 4600

+1 800 274 3978
www.rsmus.com

www.rsmus.com

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