



**Harbor District, Inc.**  
**Procurement Policy**

**Adopted: September 1, 2020**

The policy set forth in this document establishes standards and guidelines for the procurement of supplies, equipment, construction, and services to ensure that they are obtained as economically as possible through an open and competitive process, that contracts are managed with good administrative practices and sound business judgment, and that practices are compliant with *2 C.F.R 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*.

## Code of Conduct

All directors, employees, or agents who participate in the selection or acceptance of a contract for equipment, materials, supplies, or services must comply with HDI's conflict of interest policy. No director, employee or agent will participate in the selection or acceptance of a contract involving a conflict of interest without the approval of the board. "Conflict of interest" includes situations in which the employee, family member, or board member has a financial interest in the business or individual selected for the contract.

No director, employee, or agent who participates in the selection or acceptance of a contract for equipment, materials, supplies or services shall use such items for personal use.

## Solicitation and Competition

Whenever possible, the Organization shall engage in affirmative efforts to utilize small businesses, Harbor District businesses, and minority- and women-owned firms.

## Micro-Purchases

Purchases under \$3,500 shall be subject to appropriate review as to necessity and cost-competitiveness of source, and in the case of purchases using federal funds, such review shall be documented. Vendors for routine purchases such as office supplies shall be reviewed for cost-competitiveness every three years, and results of the review shall be documented.

## Small Purchases

Procurement transactions between \$3,500 and \$150,000 will be conducted to provide free and open competition among suppliers to the maximum extent possible. The Organization must begin with an analysis of the need for the procurement to avoid the purchase of unnecessary items. Where appropriate this analysis will include an examination of lease versus purchase alternatives. The Organization shall identify and clearly specify standards for the goods or services desired, and seek competitive offers where possible to obtain the product that best meets its needs at the best possible price. If multiple bids are not obtained, the Organization shall justify the rationale for lack of competitive bidding.

## Purchases over \$150,000

For procurements that exceed the federal Small Purchase threshold of \$150,000, competitive bids will be utilized and requests for these bids will be written in a way that does not restrict competition. The Organization may utilize one of two bid methods, and shall document the rationale for its choice of method, criteria, and price.

### Construction Projects over \$150,000 with a Firm Fixed Price

The Organization shall procure by publicly solicited sealed bids. The contract must be awarded to the lowest price qualified bidder whose bid conforms to all material terms and conditions. Bids may be rejected if there is a sound documented reason.

### Competitive Proposals over \$150,000 Based on Either a Fixed Price or Cost Reimbursement

This method is used when conditions are not appropriate for the use of sealed bids. Contracts must be awarded to a qualified vendor whose proposal is most advantageous to the program, with price and other factors considered, i.e., price is one of several quantitative and qualitative factors. The basis for considering and selecting the vendor must be documented.

In all cases, bid requests must include a clear and accurate description of the technical requirements for the material, product or service to be procured; all requirements which offerors must fulfill; and all factors to be used in evaluating bids or proposals. Bid requests shall be marketed in a manner that encourages bidding by small, woman- or minority-owned, and/or Harbor District businesses, and marketing efforts shall be documented.

## Selection

Price shall be one of the factors in the evaluation of responses. The Organization is not required to take the lowest price if other factors are important to the decision; however, the selection process must follow an objective method for selection, with all factors for evaluation and selection clearly outlined in the procurement documents. Awards shall be made to the bidder or offeror whose bid is responsive to the solicitation and is most advantageous to the Organization (price, quality and other factors considered). A bid may be rejected when it is in the Organization's interest to do so, and the basis for rejection must be documented.

## Federal Debarment

Before purchasing goods using federal funds, HDI must review the Federal Government's "Excluded Parties List System" ([www.epls.gov](http://www.epls.gov)) and document that the bidder is neither debarred nor suspended from doing business with the federal government nor delinquent in a debt to the United States.

## Contract Administration

If a contract is competitively bid, HDI will enter into a contract with the winning bidder that specifies the equipment, materials, supplies, property, or services to be purchased and the payment terms. Contracts over \$10,000 require approval by the Board of Directors.

The Organization shall maintain a system of contract administration to ensure proper oversight and management of procurement actions.

Contracts shall be assigned a Contract Manager who shall:

- Evaluate contractor performance via progress inspections, interim products, inspection of goods delivered, or other relevant methods;
- Document whether contractors have met the terms, conditions and specifications of the contract;
- Ensure that activities are carried out and costs are incurred in compliance with applicable requirements; and

- Approve requests for payment as appropriate.

Records related to procurement and administration of contracts shall be maintained for five years after final payment is made.