

SAN LUIS OBISPO REGIONAL TRANSIT AUTHORITY
PURCHASING POLICY AND PURCHASING MANUAL

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CHAPTER I

RTA PURCHASING POLICIES, GOALS AND OBJECTIVES,

Policies, Goals, And Objectives

It is the responsibility of the Finance Department to coordinate, monitor, and record all phases of RTA purchasing of supplies, equipment, materials, services, and construction. The Finance Department is also responsible for the sale of RTA surplus and obsolete property.

In the course of performing its responsibilities, the RTA Staff is guided by certain policy objectives, broadly stated as follows:

- A. Conserve public funds through reduction in cost and improvement in quality of supplies, equipment, materials, services, construction procured, and reduce the overhead cost of contracting, buying, and selling.
- B. Achieve and promote cost-effective procurements by:
 - 1. Analyzing alternative approaches for each procurement, such as: purchase, time-share, lease, intergovernmental/interagency agreements.
 - 2. Structuring each procurement through consolidation of similar products and separation of dissimilar ones.
 - 3. Eliminating purchase of unnecessary or duplicative items and services.
 - 4. Encouraging price and quality competition among suppliers, vendors, contractors, and consultants.
- C. Reduce the volume and streamline the flow of paperwork; at the same time, maintain accurate documentation of transactions.
- D. Utilize competent technical expertise where needed in the initiation and administration of procurements and contracts.
- E. Adhere to participation goals and procedures incident to RTA's Disadvantaged Business Enterprise Policy.
- F. Follow the procedures of the Purchasing Manual, with the aim of furthering the goals and objectives that are the reason for such procedures.
- G. Perform all duties and responsibilities in compliance with local, state, and federal law, and consistent with applicable standards of conduct and ethics.

- H. Require that vendors present acceptable documentation evidencing the quality of the product and the accuracy of representations relative to the product.

Standards Of Conduct

- A. Duty to Disclose. RTA employees shall not be involved in any purchasing decisions, tasks, or procedures (including participation in initiation, award, or administration of a contract) in which they or persons related to them have a real or apparent conflict of interest, as more particularly defined in Subsection B, below. In cases where there may be such conflict of interest, employees have the responsibility to report in writing such conflict to the CFO/Director of Administration. Failure to make such disclosure is subject to discipline, as hereinafter defined.
- B. Conflict of Interest. The Political Reform Act of 1974 maintains a conflict of interest code, Section 87500 under which certain designated employees and corporate directors are required to disclose economic interests and are prohibited from participating in decisions which may have an effect on their financial interests.

For the purpose of these Purchasing Manual Standards of Conduct, it is further required that no employee, or corporate director of RTA shall participate in procedures, tasks, or decision relative to initiation, award, or administration of a contract if a conflict of interest, real or apparent, exists. Such a conflict of interest arises when: (a) the employee, or corporate director; (b) any member of his or her immediate family; (c) his or her business associate; or (d) an organization which employs, or which is about to employ, any of the above has a financial or other interest in a firm that participates in a RTA bidding process or that is selected for an award.

- C. Gratuities and Contingent Fees. No Board Member, Officer, or employee of RTA knowingly shall solicit, accept, or agree to accept gifts, gratuities, or favors in connection with actual or potential procurement and contracting activities.
- D. Confidential Information. No member of the RTA staff shall use confidential information for his or her actual, anticipated, or apparent personal gain, or for the actual, anticipated, or apparent personal gain of any person related to such employee as such relationship is defined in Subsection B, above. "Confidential Information" is defined to include any proprietary, privileged, or nonpublic information, coming to the employee's attention as a result of employment by RTA, the knowledge of which makes possible financial gain.
- E. Discipline for Violation. The violation of any of these Standards of Conduct will subject the violator to any disciplinary proceedings or action deemed appropriate by RTA, up to and including dismissal.

Delegation Of Authority

- A. The Board of Directors of RTA authorizes and delegates to the Executive Director the authority and responsibility to:
 - 1. Approve and execute all Purchase Requisitions.
 - 2. Approve and execute Purchase Orders and Contracts which do not exceed \$30,000.00.
 - 3. Approve and execute Change Orders and Contract Amendments as may from time to time be necessary, which do not exceed \$15,000.00 or 10% of the original total contract price, whichever is greater.

4. Approve and execute Blanket Purchase Orders whose estimated annual dollar amount does not exceed \$30,000.00.
5. Approve and execute settlements of claims against RTA in the amount not to exceed \$5,000.00 per claimant.
6. Execute all contract documents including purchase orders, blanket purchase orders, contracts, change orders, contract amendments, and settlements after any necessary approval by the Board of Directors of RTA.

All of the above is to be within the approved RTA official budget and consistent with the established policies and approved projects of RTA.

All Purchase Orders, Contracts, Blanket Purchase Orders, Contract Change Orders, Contract Amendments, and proposed claim settlements in excess of the amounts set forth above shall be submitted for approval to the Board of Directors of RTA prior to execution.

In those instances, where work must progress immediately, the Executive Director may approve any Purchase Order, Blanket Purchase Order, Contract, Change Order, Contract Amendment, or claim settlement within the budget and under an approved project. The facts and circumstances of such action shall be reported to the Board of Directors at its next meeting for ratification.

Consistent with the plans and programs of RTA, including the Disadvantaged Business Enterprise program, purchase requisitions for goods or services estimated to exceed \$10,000.00 shall be competitively bid and, where appropriate, formally advertised, with proposals on such items submitted in writing and opened and evaluated prior to the award of a Purchase Order or Contract. Purchase Requisitions for services or goods estimated to be less than \$10,000.00 may be competitively bid by contacting two or more qualified vendors or suppliers, documenting and evaluating their bids prior to the award of a Purchase Order or a Contract. Sole source procurements of over \$10,000.00 for goods and services shall be allowed only on an exceptional and fully documented basis, or if the public exigency will not permit the delay, incident to advertising.

- B. The Executive Director may delegate, in writing, any of the authorities granted to him under this Resolution; provided, however, that the said Executive Director shall retain overall responsibility for the control over all matters conducted by him or as a result of his delegation of authority hereunder.

CHAPTER II

PURCHASE REQUISITION PROCEDURES

General Requirements

The purpose of this chapter is to outline the method by which materials, supplies, equipment and services will be requested and to indicate the manner in which purchase requisitions will be prepared and controlled.

Properly executed Purchase Requisitions (PR's) are required to initiate procurement action.

The individual initiating the PR is responsible for the accuracy and adequacy of information supporting the request. Requests should be submitted early enough to have a purchase order and/or contract prepared, reviewed and issued in time for the material or service to be obtained when needed.

Requirements for the procurement of materials, supplies, equipment, and services, (not covered by the petty cash procedure) are submitted to the Finance Department, via computer, on a properly completed and approved Purchase Requisition before the Finance Department may proceed with procuring the requirement. Requisitions restricting competitive procurement shall be supported with an appropriate "justification memorandum".

The Purchase Requisition shall be completed, and a Purchase Order (PO) issued prior to the commitment of any RTA Funds. Exceptions will occur in emergency situations only.

Purchase Requisition Preparation - Direct

Complete the Purchase Requisition pursuant to RTA policy and with appropriate data on price, quantity, budget cost center, recommended supplier or manufacturer, and a detailed description of the product including any model numbers or part codes.

For a Service Contract, leave the Qty and Unit of Measure blank and enter the total dollars for the service in the Estimated Unit Price box.

Sole Source. If a sole source item is specified, the sole source must be justified in writing.

Development Of Technical Specifications For Equipment/Materials

A. Technical Specifications shall be prepared by in-house staff, or depending upon the type of equipment/materials, may be prepared by a consultant.

The originator shall coordinate closely with the requesting department to determine the detailed requirements for the piece of equipment/material required. The description should include:

1. A statement of the qualitative nature of the equipment/material to be procured including form, fit, and function.
2. Minimum essential characteristics and standards required to satisfy its intended use.
3. Reliability and testing requirements.
4. Quality control requirements needed to guarantee the required performance of the equipment/materials.

- B. The technical specification shall be prepared for the equipment/material, providing adequate detail to ensure that any potential source will be fully appraised of RTA's requirements. Where possible, the specifications, including performance, form, fit, and function, shall be broad enough to allow as many sources as possible to bid. Product specifications should be in sufficient detail to define requirements, but not to inhibit competition. When it is impractical or uneconomical to develop a clear, accurate description of the technical requirements, a "brand name or approved equal" description may be used to define the performance or other salient features of the requirement. When so used, the specific features which must be met by equipment/material shall be clearly stated. Brand names that are known to meet the "or approved equal" requirements shall be listed.
- C. A market survey may be conducted to determine the source(s) that offer products which meet the requirements. Extreme caution must be exercised to avoid discussions of budgeted dollar amounts.
- D. Where an equipment/material item can be procured from only one source because of patent or proprietary rights, the originator shall prepare a sole source justification, in accordance with the procedures in Chapter VI, in addition to the specification.

Technical Specifications and Statements Of Work (Prepared by Requestor)

Technical Specifications/Statements of Work for solicitation of offers, for competitively bid or negotiated procurements, shall describe accurately and in clear, concise language the technical requirements to be met by a contractor in satisfying RTA needs. These documents shall be in a format that describes, in logical steps, the complete service or item to be delivered for each portion of the total requirement from inception to 100% completion.

Technical Specifications/Statements of Work shall not be directed toward any particular prospective contractor. Descriptive literature from one prospective contractor shall not be used as the sole basis for writing specifications/statements of work. The requirements set forth in the instructions to Bidders/Proposers shall not contain features that unduly restrict competition.

Development Of Scope Of Work For Professional/Consultant Services

Solicitations of offers for professional/consultant services shall clearly and accurately set forth all requirements which the bidders must fulfill, including the factors to be used in evaluating the bids or proposals. The Scope of Work shall be developed by the requesting department and shall contain the appropriate information in the following format:

- A. General. A broad description of the services and project/program objectives. This section describes the contractor's specific responsibilities and the items i.e., property, materials, etc. that must be furnished by the Contractor.
- B. Applicable Standards. This part contains a description of all standards the Contractor must fulfill, including RTA, federal, state and local standards that are applicable to the project.
- C. RTA Furnished Data, Property or Services. This portion contains detailed lists of all data, property, and services which will be provided to the Contractor by RTA for use in the performance of the Contract.
- D. Specific Task Breakdown. This portion shall contain, in detail, all tasks the Contractor must perform, and where applicable, should specify step by step instructions and coordination requirements.

- E. Data Submission/Delivery Schedules. This portion shall specify the data that must be submitted for approval and the schedule requirements for submission/approval to assure the project progresses in a logical, expeditious manner.

Professional or Consultant Services Contract Requirements

Purchase Requisitions for professional or consultant services shall have the following documentation attached:

- A. A complete and comprehensive Scope of Work.
- B. An itemized listing of Evaluation criteria and their related point values.
- C. Desired delivery schedule (milestones).

Capital Purchase Requisitions shall contain the Grant Project Number and shall have pre-approval by the Grants Department prior to proceeding with the procurement.

Lease vs. Purchase Alternatives

A PR for leasing equipment must be accompanied by an analysis addressing the economics of lease vs. purchase. The extent of the analysis should be appropriate to the size and complexity of the procurement.

Changes To Purchase Requisitions

Problems may arise regarding changes made to PR's between the time they are initiated and the time they reach the Purchasing Department for purchase action. If any change in estimated dollar amounts or scope of work is made to the PR, the person making the change should inform previous signatories prior to forwarding the PR to the next level of approval. Purchase Requisitions that are questionable upon arrival at Purchasing will be returned to the originator for clarification prior to procurement action.

Exceptions

Certain expenses are routinely incurred without the issuance of purchasing documentation. These expenses typically include the following types of items:

- A. Emergencies coordinated through Finance Department - A procurement requisition shall be submitted as soon as possible.
- B. Payroll reimbursement, taxes, deductions, and associated benefit payments pursuant to staffing plans and fringe benefit plans.
- C. Reimbursement of petty cash.
- D. Non-Contract temporary help.
- E. Travel expenses, travel advances and employee expense reimbursements.
- F. Conferences, staff seminars and work shops.
- G. Utilities.
- H. Medical expenses.
- I. Return and re-stocking of bus parts to suppliers.
- J. Legal expenses.

K. Insurance.

Approvals Of Purchase Requisitions, Purchase Orders and Blanket Purchase Orders

A. **Purchase Requisitions** - (Other than for Bus Parts)

<u>Dollar Limits</u>	<u>Approval</u>
up to \$ 5,000	Managers
up to \$30,000	Executive Director
over \$30,000	Executive Director with Board of Directors approval.
Sole Source > \$10,000	Executive Director, Board of Dir. and if applicable FTA pre-approval

NOTE: Dues and subscriptions, office supplies and non-capital office equipment and furniture must be coordinated with the Administrative Assistant.

All capital procurements of office furniture and equipment must be coordinated through the Manager, Finance and Administration.

B. **Purchase Orders/Blanket Purchase Orders and Change Orders**

<u>Dollar Limits</u>	<u>Issued By</u>
up to \$10,000	Finance Department
up to \$30,000	Executive Director
over \$30,000	Executive Director, with approval from Board of Directors
Sole Source > \$10,000	Executive Director with Board of Director approval

* In the absence of the Executive Director, the CFO/Director of Administration and Administration is authorized to approve purchase orders over \$ 10,000 for board approved projects.

In rare cases, Purchase Orders below \$30,000 that did not require Board Approval, require Change Orders resulting from unforeseeable situations that cause the Original Purchase Order to reach or exceed \$30,000, shall be brought before the Board immediately.

CHAPTER III

METHODS OF PROCUREMENT

Methods Of Procurement

The following methods of procurement may be used as appropriate:

Procurement By Small Purchase Procedures

Small purchase procedures are those relatively simple and informal procurement methods for securing services, supplies, or other property that do not cost more than the simplified acquisition threshold currently set at \$2,500.00. If small purchasing procedures are used, price or rate quotations shall be obtained from an adequate number of qualified sources.

Procurement By Micro-Purchases

Procurement by micro-purchases are those purchases under \$2,500.00. Purchases below that threshold may be made without obtaining competitive quotations if RTA determines that the price is fair and reasonable. Such purchases are exempt from Buy America requirements. There should be equitable distribution among qualified suppliers (in the local area) and no splitting of procurements to avoid competition. The Davis-Bacon act applies to construction contracts between \$2,000.00 and \$2,500.00. Minimum documentation is required: A determination that the price is fair and reasonable and how this determination was derived.

Procurement By Sealed Bids/Invitation For Bid (IFB)

Bids are publicly solicited and a firm-fixed-price contract (lump sum or unit price) is awarded to the responsible bidder whose bid, conforming with all the material terms and conditions of the invitation for bids, is the overall lowest and best.

- A. In order for sealed bidding to be feasible, the following conditions should be present:
1. A complete, adequate, and realistic specification or purchase description is available;
 2. Two or more responsible bidders are willing and able to compete effectively for the business;
 3. The procurement lends itself to a firm fixed price contract and the selection of the successful bidder can be made principally on the bases of price.
 4. No discussion with bidders is needed.
- B. If this procurement method is used, the following requirements apply:
1. The invitation for bids will be publicly advertised and bids shall be solicited from an adequate number of known suppliers, providing them sufficient time to prepare bids prior to the date set for opening bids;
 2. The invitation for bids, which will include any specifications and pertinent attachments, shall define the items or services sought in order for the bidder to properly respond;
 3. A firm fixed-price contract award will be made in writing to the lowest responsive and responsible bidder. When specified in bidding documents, factors such as discounts,

transportation costs, and life cycle costs shall be considered in determining which bid is lowest;

4. Payment discounts will only be used to determine the low bid when prior experience indicates that such discounts are usually taken advantage of; and
5. Any or all bids may be rejected if there is a sound documented business reason.

C. The sealed bid method is the preferred method for procuring construction if the conditions in previous paragraphs apply.

Procurements by Competitive Proposal/Request For Proposals (RFP)

A. The competitive proposal method of procurement is normally conducted with more than one source submitting an offer i.e., proposal. Either a fixed price or cost reimbursement type contract is awarded. This method of procurement is generally used when conditions are not appropriate for the use of sealed bids. If this procurement method is used the following requirements apply:

1. Requests for proposals will be publicized. All evaluation factors will be identified along with their relative importance.
2. Proposals will be solicited from an adequate number of qualified sources.
3. RTA will have a method in place for conducting technical evaluations of the proposals received and for selecting awards.
4. Awards will be made to the most responsible firm whose proposal is most advantageous to RTA's program with price and other factors considered.

Procurement of Architectural And Engineering Services (A&E)

RTA will use competitive proposal procedures based on the Brooks Act when contracting for A & E services. Other types of services considered A&E services include program management, construction management, feasibility studies, preliminary engineering, design, surveying, mapping, and services which require performance by a registered or licensed architect or engineer. The Brooks Act requires that:

- A. All offeror's qualifications be evaluated;
- B. Price be excluded as an evaluation factor;
- C. Negotiations be conducted with only the most qualified offeror; and
- D. Failing agreement on price, negotiations with the next most qualified offeror be conducted until a contract award can be made to the most qualified offeror whose price is fair and reasonable to RTA.

This "qualifications based procurement method" can only be used for the procurement of A&E services. This method of procurement cannot be used to obtain other types of services even though a firm that provides A&E services is also a potential source to perform other types of services.

These requirements apply except to the extent any state adopts or has adopted by statute a formal procedure for the procurement of architectural and engineering services.

Procurement By Noncompetitive Proposals (Sole Source)

- A. Sole Source procurements are accomplished through solicitation or acceptance of a proposal from only one source, or after solicitation of a number of sources, competition is determined inadequate. A contract amendment or change order that is not within the scope of the original contract is considered a sole source procurement that must comply with this subparagraph.
1. Procurement by noncompetitive proposals may be used only when the award of a contract is infeasible under small purchase procedures, sealed bids, or competitive proposals and at least one of the following circumstances applies:
 - a. The item 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;
 - c. FTA authorizes noncompetitive negotiations;
 - d. After solicitation of a number of sources, competition is determined inadequate; or
 - e. The item is an associated capital maintenance item as defined, and can only be procured directly from the original manufacturer or supplier of the item to be replaced.
- B. RTA must first certify in writing:
1. That such manufacturer or supplier is the only source for such item; and
 2. That the price of such item is no higher than the price paid for such item by like customers.
 3. Obtain F.T.A. pre-approval on procurements of \$100,000.00 and above
- C. Cost analysis, i.e., verifying the proposed cost data, the projections of the data, and the evaluation of the specific elements of costs and profit, is required.
- D. Options: RTA may include options in contracts. An option is a unilateral right in a contract by which, for a specified time, a grantee may elect to purchase additional equipment, supplies, or services called for by the contract, or may elect to extend the term of the contract. If RTA chooses to use options, the requirements below apply:
1. Evaluation of options. If required in the solicitation, the option quantities or periods contained in the contractor's bid or offer must be evaluated in order to determine contract award. When options have not been evaluated as part of the award, the exercise of such options will be considered a sole source procurement.
 2. Exercise of Options.
 - a. RTA must ensure that the exercise of an option is in accordance with the terms and conditions of the option stated in the initial contract awarded.
 - b. An option may not be exercised unless RTA has determined that the option price is better than prices available in the market or that the option is the more advantageous offer at the time the option is exercised.

CHAPTER IV

CAPITAL PURCHASE PROCEDURES

Determination of Capital Purchases

Capital purchases consist of items that are:

- A. Non-expendable tangible property which costs at least \$500.00 and has a useful life of more than one (1) year. Includes: vehicles, office and shop equipment and major bus components valued at \$700.00 or more. (See Chapter VIII).
- B. Costs associated with the construction of buildings and facilities.
- C. Real property.
- D. Expendable incidentals, labor force account, overhead and other costs associated with a capital purchase.

All capital purchases should be included in the annual capital budget.

All capital expenditures which are not included in the capital budget must be approved by the Assistant General Manager prior to the commitment of funds.

Procedures for Capital Purchases

- A. Originating Department/Project Manager.
 - 1. Develops purchasing requirement and prepares a Capital purchase requisition using purchase requisition processing as outline in Chapter II.
 - 2. Obtains/creates support documents for the purchase requisition as necessary. (Technical specification, Scope of Work, Plans, etc.)
 - 3. Obtains required approval for the requisition via the Hierarchy of Approval (See Chapter II).
 - 4. The CFO/Director of Administration forwards the requisition to Grants Manager for verification of Funding availability and assignment of Authorization Code.
- B. Grants Administration:
 - 1. Receives hard copy of the Purchase Requisition for review.
 - 2. The Grants Manager reviews and approves/denies the purchase of the Capital requisition.
 - 3. When Approved, the Grants Manager assigns an Authorization Code and returns the requisition to Finance for processing.
- C. Finance.
 - 1. Receives and dates the purchase requisition.
 - 2. Reviews purchase requisition for completeness and proper approval.

3. Determines method of procurement based on RTA purchasing policies and requirements on the purchase requisition.
 - a. If less than \$2,500.00, purchases item from appropriate source at a price determined as fair and reasonable.
 - b. If between \$2,500.00 and \$10,000.00, obtains a minimum of two bids, documenting and evaluating each bid prior to award.
 - c. If greater than \$10,000.00, solicits competitive bids.
- D. Originating Department.
 1. Conducts Cost & Price Analysis.
 2. Requests Board approval if needed (Originating Department).
 3. Selects Vendor (with Finance Department)
- E. Purchasing Department.
 1. Prepares purchase order (PO).
 2. Obtains signatures on PO according to delegation of authority.
 3. Submits PO to Vendor/Project Manager.
- F. Originating Department/Project Manager/Receiving Department.
 1. Verifies services or goods have been received.
 2. Verifies merchandise or material to the corresponding PO.
 3. Receives goods or material into computer. If it is a service, verifies pricing/price sheet. The receiving person then signs and dates packing slip. Makes proper notation on the packing slip if it is only a partial delivery for a particular order.
 4. Signs and forwards packing slip/invoice to Accounts Payable.
- G. DBE Officer.
 1. Receives capital check register.
 2. Verifies DBE compliance and forwards to Grants Administrator.
- H. Finance Department – Accounts Payable.
 1. Processes Capital Grant check payments.

CHAPTER V

NON-CAPITAL PURCHASE PROCEDURE

Introduction

This chapter sets forth the procedure for the procurement of non-capital supplies, material, equipment and services. These purchases shall be made competitively except where it is clearly in the best interest of RTA to accomplish such purchases by less formal methods.

- A. Competition and Price Reasonableness. Purchases not exceeding \$2,500.00 may be accomplished without securing competitive quotations if the prices are considered to be fair and reasonable. Reasonableness of a proposed price may be determined by comparison of the proposed price with:
1. Prices found reasonable on recent previous purchases.
 2. Current price lists.
 3. Catalogs.
 4. Advertisements.
 5. Similar items in a related industry.
 6. Purchasing Agent's/Buyers knowledge of the item being procured.

Purchases greater than \$2,500.00 and not exceeding \$10,000.00 may be accomplished by obtaining two or more written quotations from qualified sources.

Purchases in excess of \$10,000.00 require formal competitive bidding.

Procedures For Non-Capital Purchases

- A. Originating Department/Project Manager.
1. Develops purchasing requirement and enters purchase requisition into computer.
 2. Obtains and forwards to Purchasing, support documents for the purchase requisition as necessary (Technical Specifications, Scope of Work, Plans, etc.).
 3. Verifies required approval for the requisition is obtained: reference approvals as set forth in Chapter 3.
 4. Verifies approved purchase requisition is furnished to Finance Department.
- B. Finance Department.
1. Receives hard copy of purchase requisition and assumes responsibility for processing.
 2. Reviews purchase requisition for completeness.
 3. Determines method of procurement based on RTA purchasing policies and requirements of the purchase requisition.
 - a. If less than \$2,500.00 purchases item from appropriate source at a price determined as fair and reasonable.

- b. If between \$2,500.00 and \$10,000.00 obtains a minimum of two bids, documenting and evaluating each bid prior to award.
- c. If greater than \$10,000.00 competitive bids are solicited.

C. Purchasing Department.

- 1. Prepares purchase order (PO).
- 2. Obtains authorized signature on PO.
- 3. Submits PO to Vendor/Project Manager.

D. Receiving Department.

- 1. Receives merchandise or material.
- 2. Verifies merchandise or material to the corresponding PO.
- 3. Signs and dates packing slip. Make proper notation on the packing slip if it is a partial delivery for a particular order.
- 4. Forwards record of receipt to the originator who then keys the receipt into the computer. Stock Parts are received and keyed by Stores.

E. Originating Department.

- 1. Verifies services or material received and enters receipt into computer. Forwards copy of invoice and packing slip/receiver to Accounts Payable.

F. Accounts Payable (After material/services received).

- 1. If not previously received in computer, stamps and forwards copy of original invoice to originating department for receipt.
- 2. Processes payment.

CHAPTER VI

SOLE SOURCE NON-COMPETITIVE NEGOTIATION

Policy

Consistent with the plans and programs of RTA purchase requirements for goods or services estimated to exceed \$25,000.00 should be competitively bid. Sole Source Non Competitive Negotiation for goods or services shall be allowed only on an exceptional and fully documented basis if: (1) an emergency situation exists requiring immediate action (in order for this authority to be used, the need must be compelling and of unusual urgency), or (2) only one vendor exists, (3) FTA authorizes after solicitation competition is determined inadequate, (4) the item is an associated capital maintenance item as defined in 49 U.S.C. §5307 (a) (1) that is procured directly from the original manufacturer or supplier of the item to be replaced. RTA must first certify in writing to FTA: (i) that such manufacturer or supplier is the only source for such item; and (ii) that the price of such item is no higher than the price paid for such item by like customers.

Justification Procedure

Each sole source selection decision exceeding \$10,000.00 must be supported by documentation which justifies the selection of the specified contractor. The following will guide the Originating Department in preparing the sole-source justification:

- A. It will not be sufficient merely to conclude in general that a certain source is uniquely qualified or is the only company that can meet a certain delivery requirement. If a unique capability is claimed, particulars and details must be furnished of how the source is solely qualified (merely preferring a specific model or make or desirability is not sufficient). General conclusions and statements as to capability, experience, personal know-how, and so forth, will not be acceptable.
- B. If a claim is made that time requirements dictate a sole source, RTA must factually demonstrate that the delivery schedule is critical and must furnish a precise statement of the damage that will be sustained if the delivery schedule is changed to allow competition. A mere recitation of an administratively established deadline, commissioning date, or implementation schedule is not enough. If it is claimed that only one source can furnish a particular product or service, RTA must also demonstrate why another product or service which is obtainable competitively cannot be procured in lieu of the sole source item. Finally, the summary statement must make the firm declaration that for the reasons listed only the proposed source is capable of performing the required effort.
- C. Additionally, the following must be provided to the Grants Administrator in order to obtain concurrence from FTA if the procurement is FTA funded and greater than \$100,000.00:
 1. Cost and/or price analysis.
 2. Legal opinion that the purchase will comply with state and local laws, if required.
 3. A summary of the negotiations with the contractor, including subjects discussed and agreements reached.
 4. The basis for determining that the price was fair and reasonable.

Procedures for Sole Source Non-Competitive Procurements

- A. Originating Department.
 - 1. Identifies requirements and prepares specifications and processes appropriate approved Purchase Requisition.
 - 2. Prepares written sole-source justification.
- B. Finance Department/DBE Officer.
 - 1. Reviews and approves Purchase Requisition and sole-source justification.
- C. Originating Department/DBE Officer/Finance Department.
 - 1. Develops pre-negotiation objectives.
- D. Finance Department.
 - 1. Solicits price proposal from vendor.
- E. Purchasing Department/Originating Department.
 - 1. Performs cost and/or price analysis determine reasonableness of vendor's price. Certifies that the price is fair and reasonable.
- F. Grants Administrator
 - 1. If FTA funded over \$100,000.00, requests FTA's concurrence.
- G. Finance Department/Originating Department.
 - 1. Prepares contract documents.
- H. Grants Administrator.
 - 1. If grant-funded, reviews for adherence to FTA Guidelines.
- I. Finance Department/Originating Department.
 - 1. Forwards contract to contractor for execution.

CHAPTER VII

NEGOTIATION AND SEALED BID PROCUREMENT REQUIREMENTS

Introduction

This chapter outlines RTA procedures for competitive bids and negotiated procurements. It is applicable to all Professional/Personal Services, equipment and construction procurements of RTA.

Policy

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

Unreasonable requirements placed on firms in order for the to qualify to do business;

Unnecessary experience and excessive bonding requirements;

Noncompetitive pricing practices between firms or between affiliated companies;

Noncompetitive awards to any person or firm on retainer contracts;

Organizational conflicts of interest. An organizational conflict of interest means that because of other activities, relationships, or contracts, a contractor is unable, or potentially unable, to render impartial assistance or advice to RTA; a contractor's objectivity in performing the contract work is or might be otherwise impaired; or a contractor has an unfair competitive advantage;

The specification of only a "brand name" product without listing its salient characteristics and not allowing "an equal" product to be offered.

Proposals or qualifications leading to a negotiated procurement or competitive bid should be formally advertised and solicited from at least three potentially qualified proposers in order to obtain the greatest possible competition. RTA technical personnel are responsible (with consultant assistance as required) for providing the technical specifications and drawings for equipment, materials and construction contracts.

Requesters are responsible for providing additional and special terms and conditions to cover such items as material delivery dates, progress reporting requirements and selective contract controls, together with the technical requirements, to the Finance Department.

Time and Material Contracts

RTA will use time and material contracts only:

After a determination that no other type of contract is suitable; and
If the contract specifies a ceiling in price that the contractor shall not exceed except at its own risk.

Procedures

Purchasing is responsible for assembling the Invitation For Bid (IFB) or Request For Proposal (RFP) package. An IFB package includes a bid form covering all items to be bid, technical specifications, the special terms and conditions recommended by the appropriate departments, and any contractual provisions or standard clauses required by the federal government (e.g., EEO compliance, minimum wage rates bid guarantees and bonding requirements). A RFP contains similar provisions plus a Statement of Work, the contract terms and conditions, and the evaluation criteria that will be utilized to determine Proposer selection.

All IFB's and RFP's shall be based on a clear and accurate description of the technical requirements for the material, product or service to be procured. Such requirements shall not contain features which unduly restrict competition.

All departments and groups involved in the preparation of the bid package, IFB or RFP shall review the portions for which they are responsible. When all reviews have been completed and approvals obtained, Purchasing will issue the final documents.

Procedures For Preparation Of Solicitation Documents

The CFO/Director of Administration or the Designated Employee is responsible for preparation of the IFB/RFP. The RFP will identify for the proposer the types of technical expertise which are required for the particular job. The proposers will then be evaluated on their competence in those areas. The technical criteria must be listed in the RFP so that the proposer is aware of the items and their relative emphasis.

A. Prepare a Draft IFB/RFP

1. Develop the Scope of Work and any required technical specifications, drawings, plans, photographs, etc. (Requestor)
2. Establish realistic procurement schedule. (Requestor)
3. Develop and incorporate the appropriate "boilerplate" of Terms and Conditions. (Finance)
 - a. If FTA funded, include required clauses and Forms.
 - b. Check for insurance or bonding requirements.
4. Specify number of proposals to be submitted. (i.e., An electronic copy, an original and four copies for an RFP Review Committee of four).
5. Specify evaluation criteria (RFP). (Requestor/Finance)

B. Develop a "Review and Concur" memorandum with the draft Bid/Proposal. (Finance)

1. Distribute for review as necessary to the following:
 - a. Originator.
 - b. Others as appropriate.

Pre-Bid/Pre-Proposal Conference

If a Pre-Bid or Pre-Proposal Conference is deemed necessary, Purchasing will include this information in the Bid or Proposal solicitation document and schedule a room for this meeting.

The meeting will be chaired by the Department responsible for the procurement and will cover at least the following issues:

- Instruction to offerors;
- Funding source;
- Contract type;
- Evaluation Criteria;
- Specific points that need to be addressed in Proposals;
- DBE goal if established;

- Critical dates;
- Bonding requirements;
- Answer questions regarding the Terms and Conditions of the Agreement/Contract. (Buyer)
- Answer questions regarding the Scope of Work, Technical Specs, Plans, etc. (Requestor and evaluation Team members)

Addenda

All changes to Bids or Proposals will be made by issuing written Addenda. This Addenda will be issued to all who attended the Pre-Bid or Pre-Proposal Conference or received a Bid or Proposal packet. Receipt of this Addenda must be indicated on the Bid or Proposal form.

Guidelines For The Evaluation Of Request For Proposals

Proposals for professional services contracts are evaluated in terms of responsibility and responsiveness by an evaluation team. Emphasis is placed on the technical expertise of the firm, both in terms of past efforts and proposed approach to the project. While price is a consideration, it is not necessarily the determining factor. The objective is to select the firm or individual that can best perform the services, or supply the material or equipment most suitable to RTA after price and other factors have been considered.

Following the receipt of sealed proposals by the Finance Department, several steps are normally completed prior to the selection of a firm to do the work.

- A. Proposals are opened privately. Strict confidentiality as to the nature and cost of the proposal are maintained throughout the negotiation process. Only after award of the contract is the successful firm revealed to the public and the terms and conditions made known.
- B. Evaluation Team. In order to evaluate the proposals received, a team is formed with representatives from the originating department as well as Purchasing. The team would typically consist of RTA staff members, and on an as needed basis representatives from other agencies. In some cases independent consultants may be retained to provide particular expertise to RTA as part of the review team. The team members are to have experience with and responsibility for the disciplines that will be involved with the project. The DBE Officer may also be a member of the team. The review team shall be approved by the Finance Manager.
- C. Evaluation Criteria. Included in the RFP is a list of the evaluation criteria which will be used by the evaluation team in reviewing the proposals. Criteria is listed numerically in order of importance (some criteria may have sub-criteria). Typically the evaluation criteria or factors will relate to the areas of technical expertise, project approach, experience of firms personnel and completeness of response. Project cost may or may not be evaluation criteria.
 1. Project Approach: The proposer will be evaluated on its understanding of the nature and scope of the work to be performed. The evaluation committee will consider both organization and experience with attention to factors such as:
 - a. Experience and make-up of the firm.
 - b. Experience of key personnel assigned to the project.
 - c. Experience with government agencies.
 - d. Experience with transit projects.
 - e. Past achievements.
 - f. Commitment of key personnel to the project.
 - g. Suitability of equipment/service to RTA.

2. Affirmative Action/Disadvantaged Business Enterprise: Bids or Proposals that do not meet or exceed established DBE goals and it is determined good faith efforts were not sufficient, the Bid/Proposal may be considered non-responsive.
3. Cost and Price Information: The following criteria will be used in the evaluation of cost proposals.
 - a. Clarity and visibility of proposed cost breakdown for the proposal and its subcontractors and sub-consultants.
 - b. Credibility of labor hours and dollar cost estimates when related to the proposed project approach.
 - c. Total price.

RTA will require finalists to submit evidence to ensure the proposer's financial capability to perform the effort required by the RFP.

- D. Evaluation Form. Purchasing will prepare an evaluation form to be used by team members in evaluating the proposals. The form must be based on the criteria listed in the RFP.

The evaluation team members, individually evaluate the proposals and fill out the evaluation form. The score is then totaled. A team meeting is held to verify the scoring process, reconcile individual scores, determine a "team" score, and decide how many proposers in the top ranking category are to be invited for oral interviews. The number of people interview varies depending on the size and importance of the project and the quality of proposals received.

The results are submitted to the Finance Department for further processing and it is the responsibility of the Finance Department to notify the finalists considered for oral interviews. Oral interviews are not mandatory.

- E. Oral Interviews. The team members prepare lists of questions that they may ask the proposers during the oral interviews. These questions generally address items that are not sufficiently covered by the proposers in the proposals, or that require further clarification.
- F. Selection. Upon completion of the interview, the evaluation team members re-evaluate their original recommendations and discuss the oral performance of the proposers and their previously submitted proposals. A final selection is then made by staff based on oral performance and proposal evaluation of responsiveness and responsibility and telephone reference information. The selection of the single source or several sources deemed within the competitive range is delivered to Purchasing for cost and/or price negotiations in the recommended order of selection. Evaluators will substantiate each rating with a brief narration explaining their evaluation.

Negotiation With Selected Proposer

The following activities are coordinated by the Finance Department.

- A. Establish initial meeting with selected Proposer.
- B. Provide detailed information to Proposer consisting of:
 1. Detailed schedule for negotiations and contract execution.
 2. Discuss proposed contract type.

3. Discuss and/or provide any new or additional information available regarding the project.
 4. Solicits "Best And Final Offer".
- C. Request the following information from the Proposer:
1. Name, address, and phone number of any federal or state agency which has audited the contractor's direct and indirect rates in the past two years. Provide a copy of any written approvals or agreements which may exist.
 2. Labor rates by job classification and the basis of the rates.
 - a. Full disclosure of proposed rates.
 - b. List of OH accounts and dollar amounts for each.
 3. Basis of application and allocation.
 - a. Identify and explain any recent changes or deviation in burden formulation
 4. Insurance certificates are required prior to contract execution.
- D. Determine the need, utility, and availability of a pre-contract audit. Company preference is in the order of the following list:
1. Use current, existing audit information from federal or state agency.
 2. Obtain new audit through a third party.
 3. Manager, Finance performs desk audit of information obtained from Proposer along with Originating Department.
 4. Debriefs unsuccessful proposers as needed.

Documentation (Procurement Summary)

Procurement Summary shall include but not be limited to the rationale for:

- A. Method of procurement rationale.
- B. Selection of contract type.
- C. Reason for contractor selection.
- D. Basis for the contract price.
- E. Cost and Price Analysis.
- F. Changes to standard terms and conditions.
- G. Unusual circumstances or agreements.
- H. Determination that the Contract Amount is fair and reasonable.
- I. RTA will use time and material type contracts only:
- J. After a determination that no other type of contract is suitable; and
- K. If the contract specifies a ceiling price that the contractor shall not exceed except at its own risk.

Contract Preparation

The Finance Department in coordination with the Originating Department will prepare the negotiated contract and review for accuracy and completeness. This review should verify the following:

- A. Placement of Insurance and Claims requirements on program sheet.
- B. Consistency of prices with:
 - 1. Award Page.
 - 2. Consideration Article.
 - 3. Cost and Price Analysis.
- C. Contract documents are complete and properly listed on the Award Page.
- D. Contractor's name is consistent on all pages.
- E. Period of Performance is consistent on Award page and performance Article.
- F. Index is completed to match the Articles.
- G. Contract must be signed by Contractor's authorized representative(s) and RTA's Executive Director.

In addition the Finance Department in coordination with the Originating Department shall:

- A. Prepare Purchase Requisition and verify amount is sufficient. (Requestor)
- B. Prepare two (2) duplicate originals of Contract and transmittal letter.
- C. Review final contract and letter.
- D. Mail to Contractor
- E. Follow up progress with Contractor.
- F. Prepare transmittal letter for the Manager, Finance and Admin signature.
- G. Mail fully executed contract, transmittal letter and delegation letter.
- H. Make internal distribution.

Confidentiality Of Proposals

Proposers may be required to submit corporate financial data and labor rates which are usually considered by the proposers to be privileged information. Therefore, all documentation received in response to RFP's is to be treated as confidential. If the need arises to share the contents of a proposal with another company or firm, the permission of a responsible official of the proposing firm must be acquired prior to such dissemination. **Furthermore, dissemination of proposals within RTA should be controlled and restricted to those persons with a demonstrable "need to know".**

Guidelines For The Evaluation Of Sealed Bids

An Invitation For Bid is formally advertised in local and/or national newspapers, magazines or trade publications. In addition, bid lists, DBE Directory and letters of interest are reviewed for qualified/interested vendors.

- A. Sealed bids are received and opened at time and place specified in IFB. Bids are opened publicly and bid amounts become knowledge of all bidders.

- B. Bidders may not modify bids after they have been opened. Bid price offered is a “best price offer”.
- C. Bid bonds, if required, must accompany bid.
- D. In awarding bid, consideration will be given to price, financial responsibility of the bidder, responsiveness to the IFB, suitability of the labor and/or material offered and DBE participation, if requested.
- E. In the event a single bid is received, RTA may conduct a price or cost analysis of the bid. A price analysis is the process of examining the bid and evaluating the separate cost elements. Where it is impossible to obtain a valid price analysis, it may be necessary for RTA to conduct a cost analysis of the bid price.
- F. Firm fixed price contract is awarded.

Contract Cost And Price Analysis For Every Procurement Action

RTA will perform a cost or price analysis in connection with every procurement action, including contract modifications. The method and degree of analysis is dependent on the facts surrounding the particular procurement situation, but as a starting point, RTA will make independent estimates before receiving bids or proposals.

- A. Cost Analysis. A cost analysis must be performed when the offeror is required to submit the elements (i.e., labor hours, overhead, materials, etc.) of the estimated cost, e.g., under professional consulting and architectural and engineering services contracts.

A cost analysis will be necessary when adequate price competition is lacking and for sole source procurements, including contract modifications or change orders, unless price reasonableness can be established on the basis of a catalog or market price of a commercial product sold in substantial quantities to the general public or on the basis of prices set by law or regulation.
- B. Price Analysis. A price analysis may be used in all other instances to determine the reasonableness of the proposed contract price.
- C. Profit. RTA will negotiate profit as a separate element of the price for each contract in which there is no price competition and in all cases where cost analysis is performed. To establish a fair and reasonable profit, consideration will be given to the complexity of the work to be performed, the risk borne by the contractor, the contractor’s investment, the amount of subcontracting, the quality of its record of past performance, and industry profit rates in the surrounding geographical area for similar work.
- D. Federal Cost Principles. Costs or prices based on estimated costs for contracts under grants will be allowable only to the extent that costs incurred or cost estimates included in negotiated prices are consistent with Federal cost principles. RTA may reference its own cost principles that comply with applicable Federal cost principles.
- E. Cost Plus Percentage of Cost Prohibited. The cost plus a percentage of cost and percentage of construction cost methods of contracting shall not be used.

Payment Provisions In Third Party Contracts

- A. Advance Payments. FTA does not authorize and will not participate in funding payments to a contractor prior to the incurrence of costs by the contractor unless prior written concurrence is obtained from FTA.

B. Progress Payments. RTA may use progress payments provided the following requirements are followed:

1. Progress payments are only made to the contractor for costs incurred in the performance of the contract.
2. When progress payments are used, RTA must obtain title to property (materials, work in progress, and finished goods) for which progress payments are made. Alternative security for progress payments by irrevocable letter of credit or equivalent means to protect the grantee's interests in the progress payments may be used in lieu of obtaining title.

C. Prompt Payment To Subcontractors. Contractor must pay subcontractors for satisfactory performance of their contracts no later than 10 days from the receipt of payment made to the contractor by RTA. Prompt return of retainage payments from the contractor to the subcontractor(s) will be made within 15 days after the subcontractor's work is satisfactorily completed.

Any delay or postponement of payment among the parties may take place only for good cause and with RTA's prior written approval. If the contractor determines the work of the subcontractor to be unsatisfactory, it must notify RTA's Finance Department immediately in writing and stating the reasons. Failure by contractor to comply with this requirement will be construed to be a breach of contract and subject to contract termination.

Liquidated Damages Provisions

RTA may use liquidated damages if it may reasonably expect to suffer damages (increased costs on project involved) from late completion and the extent or amount of such damages would be difficult or impossible to determine.

The assessment for damages shall be at a specific rate per day for each day of overrun in contract time; and the rate must be specified in the third party contract. Any liquidated damages recovered shall be credited to the project account involved unless the FTA permits otherwise.

Liquidated damages may be applied if a contractor fails to achieve Disadvantaged Business Enterprise (DBE) goal established by RTA at time of contract award or later modified, the contract payments will be reduced as liquidated damage and not as a penalty by an amount equal to the mathematical dollar difference between the total contract amount multiplied by the DBE percentage goal and the actual dollar amount of documented DBE participation in the contract.

Use Of GSA Schedules And Excess Or Surplus Federal Property

RTA may use Federal supply schedules (FSS) of GSA for the procurement of certain goods and services. Price lists are available from participating GSA contractors and may include an administrative fee for GSA in the price of items on the schedule. RTA must contact GSA for guidance on using the GSA supply schedules.

RTA is encouraged to use Federal excess and surplus property in lieu of purchasing new equipment and property, whenever such use is feasible and reduces project costs.

Intergovernmental Procurement Agreements

To foster greater economy and efficiency, RTA is encouraged to enter into State and local intergovernmental agreements for procurement or use of common goods and services. The requirements and standards of this apply to procurements entered into under such agreements using FTA funds.

Cargo Preference--Use Of United Stated-Flag Vessels

RTA agrees to comply with U.S. Maritime Administration regulations, "Cargo Preference - U.S. Flag Vessels in FTA funded projects, to the extent those regulations apply to procurement of equipment, materials, or commodities suitable for transport by ocean vessel.

Preference For Recycled Products

To the extent practicable and economically feasible, RTA agrees to provide a competitive preference for recycled products in FTA funded projects pursuant to U.S. Environmental Protection Agency guidelines.

Use Of Value Engineering In Construction Contracts

RTA may use value engineering clauses in contracts for construction projects of sufficient size to offer reasonable opportunities for cost reductions. Value engineering is a systematic and creative analysis of each contract item or task to ensure that its essential function is provided at the overall lowest cost.

Awards To Lowest Responsive, Responsible Contractor

RTA will make awards only to responsible contractors possessing the ability to perform successfully under the terms and conditions of a proposed procurement. Consideration will be given to such matters as contractor integrity, compliance with public policy, records of past performance, and financial and technical resources.

Advertisement of IFBs and RFPs

A notice of an Invitation For Bid or Request For Proposal will be prepared by the Purchasing Department and will be advertised as a public notice and mailed to an adequate number of known vendors listed in RTA's vendor file and other available directories.

Public notice must be published in a newspaper of general circulation in sufficient time prior to the date set for IFB/RFP closing. The notice must include the following minimum information:

- A. A general description of the service or goods to be purchased.
- B. The location of the bid forms and detailed specifications.
- C. Time and location of any Pre-Proposal or Pre-Bid Conference.
- D. The IFB/RFP submittal location and time and date.

CHAPTER VIII

ACQUISITION OF SPARE BUS PARTS

Acquisition Of Spare Bus Parts

The Urban Mass Transportation Act of 1964, as amended, defines associated capital maintenance items as "... any equipment, tires, tubes and materials, each of which costs no less than one-half (1/2) of one (1) percent of the current fair market value of rolling stock comparable to the rolling stock for which the equipment, tires, tubes, and materials are to be used". Under the Section 9 program, the acquisition of such items is a capital expense for which the Federal share is 80%, subject to the following provisions:

- A. Associated capital maintenance items relate to items for revenue rolling stock only and do not include facilities, facility equipment or non-revenue producing vehicles.
- B. This provision applies only to acquisition of items funded under Section 5307. Items funded under the other capital assistance programs will continue to be acquired under procedures in use currently for acquisition of new rolling stock, although it is expected that most rolling stock will be purchased under Section 5307 grants.
- C. The word "item" used herein refers to a specific unity which is customarily offered by a supplier such as an engine, transmission, generator, axle assembly, or compressor. This definition also includes repair or rebuild kits, and sets of like items such as seats or windows.
- D. In some instances, a grantee may have the personnel and facilities available to manufacture or reconstruct a replacement item in-house. Such activities are eligible for FTA capital assistance under the associated capital maintenance provisions provided that: manufacturing the item in-house, including the material, burden labor and overhead, is more cost effective than purchasing the item from a commercial source; or the required part is unavailable commercially or it has an excessively long lead time that cannot be tolerated by the grantee. Otherwise the acquisition of such items should be by contract.
- E. The cost of reconstruction or rebuilding of associated capital maintenance items is an eligible capital cost if the value of the item after reconstruction is at least 1/2 of one percent of the current value a comparable unit of rolling stock.

Under this provision, an eligible capital activity includes a grantees' rebuilding of any item of equipment, such as generators, starters, etc., for use on rolling stock provided that, after rebuild, the item meets the one-half of one percent threshold test.

- F. The threshold minimum cost of each item eligible for acquisition is one-half of one percent of the straight line depreciated value of the average fleet vehicle cost or the depreciated value of a comparable vehicle of the same age and type as the fleet average for which the equipment and material is being procured. This minimum threshold item cost principle applies equally to all rolling stock, either highway or rail vehicles.

For example, if a grantee desires to purchase associated capital maintenance items for a fleet of 40-foot, heavy duty transit buses with an average fleet age of six years, the cost of each item requested can be no less than one-half of one percent of the straight line depreciated value of an average fleet vehicle cost or comparable six-year-old bus.

Assuming that an average fleet bus or comparable six-year-old bus cost \$180,000 when new, then its depreciated value is \$90,000 ($6/12 \times \$180,000$) and the cost of each associated capital maintenance item must be equal to or exceed \$450 ($.005 \times \$90,000$).

- G. In order to simplify administration of this provision, it is reasonable to establish a value for each specific type of rolling stock based on recent average bid prices in the marketplace. The following table is offered by FTA as the baseline reference for this activity. These values may be revised in the future as prices change.

Threshold Value Tables

Transit Coaches
Approximate Recent

<u>Type</u>	<u>Bid Average*</u>	<u>½ of 1% Threshold Value</u>
35 - Ft. Length	\$ 470,000	\$ 2,350.00
40-Ft. Length	\$ 475,000	\$ 2,375.00
Articulated	\$ 575,000	\$ 2,875.00

*or current value of bus receiving part(s)

The same minimum threshold item cost principles apply to rail cars, whether rapid rail, light rail, or commuter rail, including specific models such as articulated light rail vehicles and double-deck commuter cars. The threshold is based on one-half of one percent of the total cost of a new rail car of the same type as that for which the associated capital maintenance item is being purchased. For many types of rail transit cars which currently cost about one million dollars, the one-half percent minimum threshold would be \$5,000.

- H. Repair, rebuild, or refurbishing kits that are readily available from suppliers are eligible for acquisition with FTA funding support under this provision if the cost of the complete kit meets one half of one per centum test.
- I. Acquisition of sets or groups of like items will be included under guidelines similar to those stipulated above for kits. Sets of seats, windows or other like items may be procured providing the total cost of the set meets the one half of one per centum test.
- J. Under the provisions of the STURRA, procurements of associated capital maintenance items may be initiated directly by a recipient of FTA funds through a sole source contract with the original supplier or manufacturer for the item to be replaced if the recipient certifies to FTA that: the manufacturer or supplier is the only source for the item; and the price of such items is no higher than the price of similar items. A certification of compliance with these provisions is contained in the Section 9 Certification.

CHAPTER IX

CONTRACT ADMINISTRATION

Role Of The CFO/Director of Administration

The CFO/Director of Administration shall be the authorized representative of RTA and shall assume the primary role for purposes of communicating with all vendors, suppliers, and contractors as to a commencement and progress of the contract. The CFO/Director of Administration may, depending upon the peculiarities of the specific procurement, assign this responsibility to the Project Manager or any other appropriate RTA employee, hereafter referred to as the Designated Employee. This delegation of authority shall be made known to the vendor, supplier, or contractor involved.

The role of the CFO/Director of Administration or Designated Employee in reference to contract administration can be divided into the following areas:

- A. Performance Monitoring – Ensure that the supplier provides the goods and services desired at the appropriate location and time.
- B. Financial Monitoring – Ensure that the supplier provides the product at the required price and component costs with all other financial considerations met.
- C. Compliance Monitoring – Ensure that the supplier complies with the terms and conditions of the agreement.
- D. Self Certification – Ensure that RTA “self certify” in the Annual Certification/Assurance Process.
- E. Master Agreement – Ensure that RTA refers to “Master Agreement” which contains a comprehensive list of the requirements applicable to the FTA program, including procurement.
- F. Forms Submittal – Ensure that the following forms are received before award of any contract over \$30,000.00:
 1. Debarment and Suspension – RTA will refrain from awarding any third party contract of any amount with a party included in the “U.S. General Services Administration’s (U.S. GSA) List of Parties Excluded from Federal Procurement or Non-procurement Programs”, implementing Executive Orders Nos. 12549 and 12689, “Debarment and Suspension”. Before entering into any sub-agreement with a sub-recipient, RTA agrees to obtain a debarment and suspension certification from each prospective sub-recipient containing information about the debarment and suspension status and other specific information about the sub-recipients and its “principals”. Before entering into any third party contract exceeding \$100,000.00, RTA agrees to obtain a debarment and suspension certification from each third party contractor containing information about the debarment and suspension status of that third party contractor and its “principals”. RTA will require each third party contractor to refrain from awarding any third party subcontract of any amount (at any tier) to a debarred or suspended subcontractor, and to obtain a similar certification from any third party subcontractor (at any tier) seeking a contract exceeding \$100,000.00.
 2. Interest of Members of or Delegates to the United States Congress – RTA will not admit any member of or delegate to the United States Congress to any share or part of the Project or any benefit derived there from.
 3. Bonus or Commission – RTA will affirm that it has not paid, and agrees not to pay, any bonus or commission to obtain approval of its Federal assistance application for a project.

4. Restrictions on Lobbying – RTA will not use Federal assistance funds to support lobbying. The FTA will not make any Federal assistance available to RTA until FTA has: (a) received RTA’s certification that RTA has not and will not use Federal appropriated funds to pay any person or organization to influence an officer or employee of any Federal department or agency, a member of Congress, an officer or employee of Congress, or an employee of a member of Congress in connection with obtaining any Federal grant, cooperative agreement, or any other Federal award from which funding for the project in originally derived, and (b) RTA’s statement disclosing any lobbying with non-Federal funds that has taken place in connection with obtaining any Federal financing ultimately supporting the project. RTA will provide FTA a copy of each lobbying disclosure statement with the accompanying lobbying certification provided by a prospective third party contractor at any tier or sub-recipient at any tier.
5. Buy America - RTA will comply with FTA’s Buy America regulations 49 C.F.R. Part 661, and any amendments thereto, and any implementing guidance issued by FTA, with respect to each third party contract financed by the Grant Agreement or Cooperative Agreement.
6. Bidders List of Participating Firms – RTA will maintain a bidders list to count all firms that are participating in, or attempting to participate in all DOT assisted contracts as required in 49 CFR Part 26 §26.11.

Maintenance Of Procurement Records

The Finance Department shall maintain a procurement contract file for each RTA contract. This file shall contain all records that sufficiently document the significant chronology of the contract, including all formal and informal communication between RTA and the vendor, supplier, or contractor. The file shall include but not be limited to the following records:

- A. Any and all documents evidencing the rationale for the method of procurement.
- B. Any and all documents relating to the selection of vendor, supplier, or contractor.
- C. Any rationale for selection of the contract type.
- D. The basis for the contract price.

Contract Amendments And Change Orders

- A. Contract Amendments. Contract amendments shall be used pursuant to any changed Article in the basic contract when it becomes necessary to change the contract cost and/or fee, Statement of Work, Period of Performance, or any other mutually agreeable change to the Contract. All Contract Amendments must be executed in writing by the authorized representative of the Contractor and RTA.

Additions and/or increases in the Scope of Work may constitute a new procurement and, as such, will be processed in the prescribed manner. Or the additional requirements may be formalized by Contract Amendment.

The Project Manager shall coordinate the requirement for a Contract Amendment as soon as the need is known and shall provide the necessary documentation to permit the Amendment to be processed in the most expeditious manner to prevent delays in the Project Schedule.

The minimum documentation required to formalize a Contract Amendment is as follows:

1. A properly executed Purchase Requisition (for changes to Contract Price).
 2. A revised Statement of Work, is appropriate.
 3. Technical Evaluation of Contractor's proposal.
 4. Procurement Summary with Cost and/or Price Analysis.
- B. Change Orders. Under certain unforeseeable conditions it may become necessary to redirect the Contractor's effort to prevent an adverse impact on the Project. In such instances, RTA may issue directions by a unilateral "Change Order." If such a direction causes an increase or decrease in the estimated cost and/or fee, a change in the Period of Performance, or affects any other provision of the Contract, the Change Order shall be incorporated into the Contract by formal Contract Amendment in the most expeditious manner possible.

Contract Closeout Procedures

- A. Non-Construction Contracts may include the following:
1. Insure that contract files are closed in a timely manner and the closeout actions are documented on the "CONTRACT CLOSEOUT CHECKLIST" (Appendix C).
 2. Prior to the contract completion date, contact the Project Manager to confirm that no contractor effort will be required after the specified contract completion date. Whenever possible, this action shall be initiated at least 60 days prior to the specified completion date. If the contract will be completed on schedule, proceed with contract closure, otherwise if necessary extend the contract.
 3. Upon completion of the work under the contract, send the "CONTRACTOR'S CLOSEOUT LETTER" (Appendix C), to the contractor. The contractor has 10 days after the receipt of the letter to respond.
 4. Upon return of the "CONTRACTOR'S CLOSEOUT LETTER" review for completeness and acceptability, if the documentation provided is not sufficient follow-up with the Contractor to obtain the required information.
 5. Cost and/or fees withheld in accordance with contract provisions shall not be released to the Contractor until the Contractor has completed the required closing documents, made final disposition of RTA property, and reached final agreement with RTA regarding the amount of final payment due. Withheld costs and/or fees shall be included in the final payment.
 6. Upon confirmation of pending contract completion, determination of whether a final contract audit is required. Final negotiations of indirect rates and disputed costs shall be based on the final audit.
- B. Construction Contract. RTA Project Manager (PM) shall assure the following:
1. The date of substantial completion with the contractor shall be established at the contract signing.
 2. The Architect/Engineer (A/E) PM, or Inspector of Record will be instructed by the RTA PM to prepare a Punch List. The Punch List will be transmitted to the RTA PM.
 3. RTA, PM reviews A/E Punch List and adds or deletes appropriate items.

4. RTA PM indicates which items on the Punch List require completion before “Notice of Substantial Completion” will be recorded. The Punch List is then transmitted to the General Contractor (GC) for action.
5. A/E PM or Inspector of Record to verify all Punch List items that have been addressed. RTA, PM to review and approve.
6. Upon completion of the above referenced items, RTA PM shall prepare a record of “Notice of Substantial Completion.” The contract time shall conclude as of this date and RTA may take occupancy of the premises.
7. The GC will complete administrative documents including items such as certified payrolls, as-builds, warranties, and lien releases. These documents will be transmitted to the A/E for review.
8. RTA PM to review the final change order, accounting data, administrative documents, completed Punch List prior to approval of final payment.
9. RTA PM to prepare and record “Notice of Final Acceptance.”

Responsibility For Settlement of Contract Issues/Disputes

RTA alone will be responsible in accordance with good administrative practices and sound business judgment for the settlement of all contractual and administrative issues arising out of procurements.

These issues include, but are not limited to, source evaluation, protests, disputes, and claims. These standards do not relieve RTA of any contractual responsibility under its contracts.

Contract Termination

The performance of work under a contract may be terminated in part or in whole when RTA determines that such termination is in the best interests of RTA. Contracts may be terminated for convenience, i.e., a reduced need or in the best interests of RTA, or for default, i.e., the Contractor has failed to perform in accordance with the contractual requirements.

When the decision to terminate a contract is made, a “Notice of Termination” shall be sent to the Contractor by Certified Mail, Return Receipt Requested. The Notice of Termination shall specify the reason for the termination, the extent to which the performance of work is terminated, i.e., in whole or in part, and the day upon which such termination becomes effective.

After issuance of a Notice of Termination, pursuant to the Termination/Default Article(s) of the Contract, settlement of claims, etc. shall be accomplished as soon as possible to protect the interest of and minimize the liability of RTA.

Contract Period of Performance limitation

RTA will not enter into any contract with a period of performance exceeding five (5) years inclusive of options for any procurements of rolling stock without prior written FTA approval. The FTA has lifted the five (5) year limit for contracts when sound and defensible reasons that justify extending a contract beyond five (5) years.

Prohibition Against Geographic Preferences

RTA shall conduct procurements in a manner that prohibits the use of statutorily or administratively imposed in-state or local geographical preferences in the evaluation of bids or proposals, except in those cases where applicable Federal statutes expressly mandate or encourage geographic preference. This does not preempt State licensing laws. However, geographic location may be a selection criterion in procurements for architectural and engineering (A & E) services provided its application leaves an appropriate number of qualified firms, given the nature and size of the project, to compete for the contract.

Contract Award Announcement

If RTA announces contract awards with respect to any procurement for goods and services (including construction services) using FTA funding having an aggregate value of \$500,000.00 or more, RTA will:

Specify the amount of Federal funds that will be used to finance the acquisition in any announcement of the contract award for such goods or services; and

Express the said amount as a percentage of the total costs of the planned acquisition.

Prompt Payment to Subcontractors

RTA will advise all Bidders/Proposers that they must pay all subcontractors for satisfactory performance of their contracts no later than 10 days from the receipt of payment made to them by RTA. Prompt return of retainage payments from the Bidder/Proposer to the subcontractor(s) will be made within 15 days after the subcontractor's work is satisfactorily completed.

Any delay or postponement of payment among the parties may take place only for good cause and with RTA's prior written approval. If the Bidder/Proposer determines the work of the subcontractor to be unsatisfactory, it must notify RTA immediately in writing and state the reasons. Failure to comply with this requirement will be construed to be a breach of contract and subject to contract termination.

CHAPTER X

BONDING REQUIREMENTS

Bonding

- A. Capital. For construction, and other contracts for less than \$100,000, the grantee is to follow its own requirements relating to bid guarantees, performance bonds, and payment bonds. For contracts for more than \$100,000, however, FTA has established certain minimum bonding requirements. FTA may accept the bonding policy of the grantee as long as these minimum requirements are met:
1. A Bid Guarantee Bond from each bidder equal to 5 percent of the bid price. The “bid guarantee” shall consist of a firm commitment such as a bid bond, certified check, or other negotiable instrument accompanying a bid as assurance that the bidder will, upon acceptance of his bid, execute such contractual documents as may be required within the time specified.
 2. A Performance bond for 100 percent of the contract price. A “performance bond” is one executed in connection with a contract to secure fulfillment of all the contractor’s obligations under such contract.
 3. A Payment bond, Materials & Labor bond are incorporated in connection with a contract to assure payment, as required by law, of all persons supplying labor and material in the execution of the work provided for the contract. Payment bond amounts required from contractors are as follows:
 - a. 50% of the contract price if the contract price is not more than \$1 million;
 - b. 40% of the contract price if the contract price is more than \$1 million but not more than \$5 million;
 - c. \$2.5 million if the contract price is more than \$5 million.
 4. A cash deposit, certified check or other negotiable instrument may be accepted by RTA in lieu of performance and payment bonds, provided RTA has established a procedure to assure that the interest of FTA is adequately protected.
- B. Bonding/Non-Capital. RTA may ask for bonds, anytime it is in the best interest to do so.

Types of Bonds

- A. Bid Guarantee. The “BID guarantee” shall consist of a firm commitment such as a bid bond, certified or cashier’s check, or other negotiable instrument accompanying a bid as assurance the bidder will, upon acceptance of his bid, execute such contractual documents as may be required within the time specified. As a general rule, the bidder’s security is in the amount of 5% of the total bid.
- B. Performance Bond. A “performance bond” is one executed in connection with a contract to secure fulfillment of all the contractor’s obligations under such contract.
- C. Payment Bond and Materials & Labor Bond. A “payment bond” is one executed in connection with a contract to assure payment as required by law of all persons supplying labor and material in the execution of the work provided for in the contract.

CHAPTER XI

RECEIVING

General

The receipt of goods and materials ordered from vendors will be the responsibility of the Stores Department. Where appropriate, goods and materials will be delivered directly to Receiving for distribution to the department which originated the Purchase Requisition (PR).

PROCEDURES FOR RECEIVING GOODS AND MATERIALS

Use RTA receiving form with entering employee name, purchase order number, receipt date, receipt reference number or shipping notice number or invoice number. For each item received, accept or change the Quantity Received. If the quantity received is less than ordered, note remaining quantity and date.

Receiving Discrepancies

(Shortages and overages, wrong items and damaged and substandard receipts).

- A. Stores completes a Discrepancy Report and informs the Finance of discrepancy.
- B. Finance shall inform Originating Department, and Vendor, by phone and letter as necessary.
- C. Purchasing buyer shall hold all paper work until the discrepancy has been settled.
- D. Forward paper work back to Stores for further processing.
- E. Copy of Discrepancy Report is sent to Accounts Payable if applicable.

CHAPTER XII

BID PROTEST PROCEDURES

Bid Protest Procedures/Policy Before Bid Opening

Each bid proposal shall set a timetable for filing a protest before a bid opening, (10 working days).

The most common types of protest that might be filed before a bid opening would include one based upon restrictive specifications, or alleged improprieties in any type of solicitation that is apparent prior to the scheduled bid opening.

RTA will grant the protesting firm a fair review, and allow up to 10 working days to review or appeal a decision provided no state or federal law or regulation has been violated.

It is the intent of RTA to resolve all protests at the local level.

When a protest is filed before a scheduled bid opening certain steps must be followed:

- A. The protest must be submitted in writing within the specified time frame and sent to the Executive Director for determination. (10 working days)

Regional Transit Authority
179 Cross Street Suite A
San Luis Obispo, CA 93401

- B. The protest must contain the reason(s) for the protest and should recommend a remedy.
- C. Where appropriate, RTA will hold an informal conference on the merits of a protest with all interested parties allowed to attend. Interested parties may include all bidders/offerors and subcontractors or suppliers provided they have a substantial economic interest in a portion of the IFB or RFP.
- D. All potential bidders will be advised of a pending protest.
- E. RTA shall not open bids prior to the resolution of the protest, unless it is determined that;
1. The items to be procured are urgently required, or;
 2. Delivery or performance will be unduly delayed by failure to make the award promptly, or;
 3. Failure to make prompt award will otherwise cause undue harm to RTA or the Federal Government.
- F. RTA will respond in writing within 10 working days after receipt of a properly filed protest. The response will be provided by the Finance Department and will include a response to each substantive issue raised in the protest.
- G. After the exhaustion of administrative remedies the protesting party will be given our final decision. The CFO/Director of Administration/Admin has the authority to make the final determination regarding all protests. If the protest is not resolved, and if FTA funded, a protest may then be filed with FTA within 5 working days after receipt of our final decision.

Note that FTA will only entertain a protest that the grantee failed to have or follow their protest procedures. A protest to FTA must be filed in accordance with FTA Circular 4220.1F.

Bid Protest Procedures/Policy After Bid Opening/Post Award

A protest filed after a bid opening or post award must be filed within 5 working days after the bid opening or notice of award.

The types of protests most commonly filed after bid openings are varied, e.g., one in which the award is made to other than the low bidder, changes to the criteria during bid evaluation, bid compliance, etc.

RTA will grant the protesting firm a fair review, and allow up to 10 working days to review or appeal a decision provided no state or federal law has been violated.

It is the intent of RTA to resolve all protests at the local level.

All protests, including FTA funded projects, must follow certain guidelines.

- A. The protest must be submitted in writing within the specified time frame and sent to the RTA for determination (unless otherwise specified, five working days).

Executive Director
Regional Transit Authority
179 Cross Street Suite A
San Luis Obispo, CA 93401

- B. The protest must contain the reason(s) for the protest and recommend a remedy.
- C. Where appropriate, RTA will hold an informal conference on the merits of a protest with all interested parties allowed to attend. Interested parties may include all bidders/offerors and subcontractors or suppliers provided they have a substantial economic interest in a portion of the IFB or RFP.
- D. RTA will respond in writing within 10 working days after receipt of the protest. The response will be provided by the CFO/Director of Administration will include a response to each substantive issue raised in the protest.
- E. After exhaustion of administrative remedies the protesting party will be given our final decision. The Executive Director has the authority to make the final determination regarding all protests. If the protest is not resolved, and if FTA funded, a protest may then be filed with FTA within 5 working days after receipt of our final decision.
- F. RTA will allow for a request for reconsideration (if data becomes available that was not previously known, or there has been an error of law or regulation).

Note that FTA will only entertain a protest that the grantee failed to have or follow their protest procedures. A protest to FTA must be filed in accordance with FTA Circular 4220.1F.

After a protest that has been rejected by the FTA the protesting firm may file with the Superior Court of the State of California, San Luis Obispo County, 1050 Monterey St, San Luis Obispo, CA 93408

CHAPTER XIII

SURPLUS EQUIPMENT AND SUPPLIES DISPOSAL STANDARDS

Purpose

When equipment or supplies are no longer needed for RTA services and are declared “surplus,” it shall be disposed of according to the policies and procedures outlined below. Disposal should follow competitive sales procedures (where applicable) to ensure the highest possible return. Service life of equipment is determined by acceptable industry standards for such equipment; the service life of FTA-funded rolling stock is determined in *FTA Circular 9030 Urbanized Area Formula Program*. All net local share proceeds from the sale of transit equipment or supplies shall be deposited in RTA’s subaccount in the San Luis Obispo County Investment Pool for future transit capital needs.

Background

Since its inception, RTA has used a combination of local, state and FTA funds to procure a variety of capital items. As such, RTA must ensure that its disposal policy meets FTA requirements as outlined in *FTA Circular 5010 Grants Management*.

Declaration of Surplus

In determining whether equipment or supplies shall be deemed surplus, the Executive Director, shall recommend to the RTA Board the following findings:

- A. RTA has or soon will have no practical, efficient or appropriate use for the equipment or supplies, nor will it have such a use for the equipment or supplies in the near future.
- B. The purpose served by the equipment or supplies can be accomplished by use of a better, less costly or more efficient alternative.
- C. The purpose served by the equipment or supplies or its use no longer exists as determined by a change of policy evidenced by a resolution of the Board.
- D. The equipment is or supplies are damaged, worn out or otherwise inoperable and the cost of repairing the same is unwise or impractical.
- E. All RTA markings and other agency-specific brands are removed from the equipment or supplies, and said items are ready for immediate transfer.

The Board will declare through resolution that said equipment or supplies are considered surplus and the method of proper disposal.

Assessment of Value and Related Procedures

The Executive Director will ensure that all items deemed surplus will be assigned a current fair market value using the methods described below:

- A. Original Purchase Price of \$5,000 or Greater. Any item for which RTA paid \$5,000 or greater, or unused supplies with a total aggregate purchase price of \$5,000 or greater, will require a formal pricing analysis. The Executive Director will conduct and document discussions with at least three sellers of like items to assess fair market value, or obtain sales prices of like items that were sold in the past 12 months. If this data is not available, a straight-line depreciation method will be used. The Executive Director will devise a written report that outlines the information obtained, whether or not FTA funds were used to originally procure the item(s), and make a recommendation on an appropriate sales price. This report will be presented to the RTA Board for recommended action on disposal method.
- B. Original Purchase Price of Less Than \$5,000. Any item for which RTA paid less than \$5,000, or unused supplies with a total aggregate purchase price of less than \$5,000, will require the Executive Director to inform the RTA Board at its next regularly-scheduled meeting of the action taken by the agency.

Disposal Standards

The standards below will be used when determining how surplus equipment or supplies will be disposed and if reimbursement to FTA would be required. Records of any disposal of equipment or supplies that were originally procured using FTA funds will be maintained according to the record-keeping requirements in Chapter IX above.

- A. Surplus Equipment Over \$5,000 Value. After the service life of equipment is reached, equipment with a current market value exceeding \$5,000 per unit, or unused supplies with a total aggregate fair market value of more than \$5,000, will be sold through public auction. If FTA funds were originally used to purchase the equipment or supplies, then RTA will reimburse FTA an amount calculated by multiplying the total aggregate fair market value at the time of disposal, or the net sale proceeds, by the percentage of FTA's participation in the original grant.
- B. Surplus Less than \$5,000 Value. Equipment with a unit market value of \$5,000 or less, or supplies with a total aggregate market value of \$5,000 or less, may be sold or otherwise disposed of with no obligation to reimburse FTA. All surplus equipment and supplies valued below this threshold may be auctioned, transferred to another organization or scrapped (as described in the *Surplus Vehicle Transfer Program* and *Unsalable Surplus Equipment and Supplies* sections below).
- C. Disposal before End of Equipment Service Life. Any disposal of equipment before the end of its service life is subject to Board and FTA (if originally FTA-funded) concurrence in the method of disposal. If FTA funds were originally used to procure the equipment, the reimbursement amount is the greater of the FTA share of the unamortized value of the remaining service life per unit, based on straight line depreciation of the original purchase price or the FTA share of the sales price, even if the unamortized value is \$5,000 or less.
- D. Unused Supplies. Disposal of unused supplies before the end of the industry standard life expectancy is determined in total aggregate fair market value and if found to exceed \$5,000, RTA shall compensate FTA for its share if FTA funds were used to originally purchase the supplies.

- E. Like-Kind Exchange Option. The FTA-approved “like-kind exchange” policy is a disposal initiative which adds the option of trading a vehicle or selling it and applying the proceeds to replacement vehicles. RTA may elect to use the trade-in value or the sales proceeds from a bus to acquire a replacement vehicle of like-kind. If RTA chooses to re-invest the proceeds, 100 percent of the net proceeds must be applied to future acquisition of replacement vehicles.

- F. Involuntary Removal. When equipment is involuntarily removed from revenue service (i.e., loss through fire, collision, etc.) prior to the expiration of its useful life, the substitution of capital assets purchased with local funds for acquired with FTA funds is permissible when:
 - 1. Substituted equipment is of equal or greater value;
 - 2. Substituted equipment was procured in accordance with guidance contained in *FTA Circular 4220 Third Party Contracting Guidelines*.
 - 3. Useful life criteria are adjusted to coincide with the original;
 - 4. Equipment is to be used in the programs or projects that are consistent with the purposes for which the original equipment was procured, as prescribed in this Policy;
 - 5. RTA amends its property records to include the equipment, as appropriate.

- G. Trade-In. Equipment may be used as a trade-in or be sold and the proceeds used to offset the cost of replacement property, subject to FTA approval.

Surplus Vehicle Transfer Program

Although RTA’s mission is to provide safe, reliable and efficient transportation services in San Luis Obispo County, the Board also recognizes that having a wide array of transportation options in the county improves quality of life and can enhance independence for some vulnerable members of our community. As such, the Board may declare through resolution that surplus vehicles can be transferred to organizations that the Board deems vital to improving transportation options for disabled, senior and low-income populations in the County. These organizations include, in the order of priority:

- A. Local governmental entities;
- B. Legal 501(c)3 non-profit organizations that provide transportation services in RTA’s service area; and
- C. Private for-profit transportation providers that serve elderly, disabled and low-income residents and visitors solely within RTA’s service area.

In order for surplus vehicles to be eligible for the Surplus Vehicle Transfer Program, the following criteria must be met:

- A. The receiving entity must declare in writing that it will use the vehicle(s) to enhance mobility options for elderly, disabled and low-income members of our community; and
- B. Surplus vehicles may or may not be in running condition; and
- C. RTA shall not perform any repairs to vehicles designated as surplus once the vehicle is removed from RTA revenue service; and

- D. Recipients of surplus vehicles assume full liability upon transfer of title; and
- E. Surplus vehicles are provided “As-Is, Where-Is” with no warranty expressed or implied as to condition or fitness of purpose.

Unsalable Surplus Equipment or Supplies

Surplus equipment or supplies which are unsalable because of obsolescence, wear and tear, or other reasons may be dismantled, if necessary, and sold as scrap. All net proceeds from the sale will be deposited in RTA’s subaccount in the San Luis Obispo County Investment Pool for future transit capital needs.

CHAPTER XIV

DEFINITIONS

ACCEPTANCE: The formal written acceptance by RTA.

ADDENDA: Written interpretations or revisions to Invitations for Bids or Requests for Proposals issued by RTA before the bid or proposal opening.

BID: Offer of the Bidder for the work when submitted on the prescribed Bid Form, properly signed and guaranteed, including the schedule of bid items.

BID DOCUMENTS AND SPECIFICATIONS: A set of documents issued by RTA for the intended work, which includes but is not limited to the Advertisement of Invitation for Bids; Instructions to Bidders; Bid Form; Contractor's Certification; Contract Form; Index to Contract Drawings; Prevailing Rate Schedule; Project Labor Agreement; General Conditions; Contract Drawings; Technical Specifications; and Addenda.

BID SAMPLES: Sample required by RTA to be furnished by a Bidder as part of its bid showing the characteristics of a product offered in its bid in order to assure procurement of an acceptable product. These samples are required only when there are certain characteristics of the product which cannot adequately be described in the Specifications.

BID SECURITY: The certified check of Bidder's Bond accompanying the bid submitted by the bidder, as a guarantee that the Bidder will enter into a contract with RTA for the performance of work and that it will file the required bonds and insurance if the Contract is awarded to the Bidder.

BIDDER: Any individual, firm, partnership, corporation, or combination thereof, submitting a bid for the work contemplated, acting directly or through a duly authorized representative.

BIDDER'S FILES: A compilation by RTA of prospective Bidders, the names and addresses of which are recorded according to subject matter, obtained from request for inclusion in the Bidder's Files, listing of bid package holders and bidders of previous procurements, Disadvantaged Business Directories, yellow pages, and sources suggested by technical staff and consultants.

BLANKET PURCHASE ORDER: A Purchase Order covering an extended period of time from one vendor.

BOARD OF DIRECTORS: The governing body of RTA consisting of seven directors who exercise and perform all powers, duties, functions, rights, and privileges vested in them pursuant to the Articles of Incorporation and By-Laws of the RTA.

BRAND-NAME PRODUCT: A commercial product described by brand name and make, model number, or other appropriate nomenclature by which the product is offered for sale to the public by the particular manufacturer, producer, or distributor. The brand name is used by RTA only for the purpose of establishing identification and a general description of the item.

CHANGE NOTICE: A notice issued to the Contractor specifying a proposed change to the Contract Documents (Construction Contracts only).

CHANGE ORDER: A written unilateral document authorized by RTA and issued to the Contractor amending the Contract Documents (it is a bilateral document for Construction Contracts).

CONTRACT: Establishment of a bidding legal relationship obligating the seller to furnish property or services (including construction) and the buyer to pay therefore. It includes all types of commitments

which obligate RTA to an expenditure of funds and which are in writing. It includes all actions resulting from acceptance of offers by awards, notices of award and purchase orders. The Contract becomes effective by written acceptance or performance.

CONTRACT ADMINISTRATION: A system for ensuring that Contractors conform within the terms, conditions, and specifications of the Contract and for assuring adequate and timely follow-up.

CONTRACT MODIFICATIONS: Any written alteration in the specifications, delivery point, rate of delivery, contract period, price quantity, or other contract provision of an existing contract, whether accomplished by unilateral action in accordance with a contract provision or by a mutual action of the parties to the contract. It includes: (a) bilateral actions, such as amendments and change orders, and (b) unilateral actions such as change notices, notices of termination, and notices of the exercise of an option.

CONTRACT DRAWINGS: The official plans, profiles, typical cross-sections, general cross-sections, elevations, and details listed or referenced in the Specifications or amendments thereto; and supplemental drawings approved by RTA, which show the locations, character, dimensions, and details of the work to be performed.

CONTRACT SCOPE: Brief narrative of the objectives of the contract.

CONTRACTING OFFICER: The “Contracting Officer” is the Executive Director of RTA or such person(s) as he shall designate to act in his behalf in writing. Whenever the term “Contracting Officer” shall appear in this document, the term shall also include his designate(s).

CONTRACTOR: The “Contractor” is the person or organization identified as such in the Contract Documents and is singular in number. The term “Contractor” means the Contractor or its authorized representative. The term “Contractor” also means the “third party” for purposes of these procedures which involve Federal Grant Contracts.

COST ANALYSIS: Review and evaluation of a Contractor’s cost or pricing data and of the judgmental factors applied in projecting from the data to the estimated costs. A cost analysis is performed in order to form an opinion of the degree to which Contractor’s proposed costs represent what performance of the Contract should cost.

COST LIMITATION: The total amount paid to the Contractor/Architect/Engineer for producing and delivering standard services, including designs, plans, drawings and specifications for a project should not exceed six percent (6%) of the independent estimate of the construction costs of the project.

DBE OFFICER: The DBE program shall be administered by the Company’s DBE Officer. The DBE Officer shall develop a referral system on managerial and technical assistance for interested DBE’s as well as disseminate information on available business opportunities to the disadvantaged business community to facilitate DBE bidding on company projects. The DBE Officer will work closely with other departments, consultants and others who are responsible for making management and other decisions relative to the Company’s procurement and construction contracts. This officer shall offer guidance to Company personnel regarding their DBE responsibilities.

DESCRIPTIVE LITERATURE: Information such as catalog cuts, illustrations, drawings, and brochures which show the characteristics or construction of a product or explain its operation, furnished by a Bidder as part of its Bid to describe the products offered in its Bid and required only when RTA deems such literature is needed to enable it to determine whether the products offered meet the specifications and to establish exactly what the Bidder proposes to furnish.

DETERMINATION AND FINDINGS (D&F): A document created for the Contract file to record all the facts that form the basis for an important decision affecting a procurement or contract action.

DISADVANTAGED BUSINESS ENTERPRISE (DBE): A disadvantaged business enterprise is a small business concern which is at least 51% owned and controlled by one or more socially and economically disadvantaged individuals. Socially and economically disadvantaged individuals are those individuals who are citizens of the United States who are Black Americans, Hispanic Americans, Native Americans, which includes persons who are American Indians, Eskimos, Aleuts, or Native Hawaiians, Asian-Pacific Americans, which includes persons whose origins are from Japan, China, Taiwan, Korea, Burma (Myanmar), Vietnam, Laos, Cambodia (Kampuchea, Thailand, Malaysia, Indonesia, the Philippines, Brunei, Samoa, Guam, the U.S. Trust Territories of the Pacific Islands (Republic of Palau), the Commonwealth of the Northern Marianas Islands, Macao, Fiji, Tonga, Kirbati, Juvalu, Nauru, Federated States of Micronesia, Hong Kong, Subcontinent Asian Americans, which includes persons whose origins are from India, Pakistan, Bangladesh, Bhutan, the Maldives Islands, Nepal, Sri Lanka, women, regardless of ethnicity or race any other minorities or individuals found to be disadvantaged by the Small Business Administration (SBA) pursuant to Section 8(a) of the SBA.

EVALUATION CRITERIA: Measurable skills, expertise and conditions used to equate Requests for Proposals.

EVALUATION FORM: A form used by the Evaluation Team to measure the Evaluation Criteria defined in the Request for Proposal.

EVALUATION TEAM: A group of individuals headed by RTA Finance Department and comprised of RTA staff and outside consultants as needed for evaluating a Request for Proposal.

FTA: Federal Transit Administration.

FINAL ACCEPTANCE: Final Acceptance of the Work occurs when the Work is fully, completely, and finally accomplished in full, absolute, and strict compliance with the Contract Documents to the satisfaction of RTA.

GENERAL TERMS AND CONDITIONS: A part of the Contract Documents. These clauses set forth the rights and responsibilities of the contracting parties.

INVITATION FOR BIDS (IFB): The complete assembly of related documents furnished to prospective Bidders for the purpose of bidding, based on a clear and accurate description of the technical requirements for the material, product, or service to be procured.

LABOR AND MATERIAL PAYMENT BOND: A bond assuring payment as required by law of all persons supplying labor and material in the execution of the Work provided for under a contract.

LEGAL COUNSEL: (Used as required.)

LIQUIDATED DAMAGES: An amount assessed a Contractor when it fails to complete delivery, installation, services, or the work specified in a contract within the contract period of performance or schedule which causes increased costs to RTA or FTA, the extent of which actual damages would be difficult or impossible to assess, or fails to achieve level of DBE participation contractually agreed upon

SAN LUIS OBISPO REGIONAL TRANSIT AUTHORITY: otherwise referred to herein as RTA.

NOTICE OF FINAL SETTLEMENT: A public notice required by State Law that final payment of a construction or construction-related contract is to be made, requesting that claims be filed by subcontractors or suppliers who have not been paid for work or materials provided to the contractor relating to the specific contract.

NOTICE TO PROCEED: Written direction to commence delivery, installation, services, or the Work provided for in the Contract.

OVERHEAD OR INDIRECT COSTS: The necessary costs which cannot be specifically identified by a Contractor as directly attributable to Contract work, usually the general costs of running the business.

OWNER: The “Owner” is the RTA or its authorized representative.

PERFORMANCE BOND: A bond securing fulfillment of all the Contractor’s obligations under a Contract.

PERIOD OF PERFORMANCE: The period of performance is the period of time allowed in the Contract Documents for completion of the Work from effective date through final date.

PREBID CONFERENCE/MEETING: A meeting of RTA and perspective bidders held before a bid opening to discuss any questions or clarifications in Invitation For Bid. This conference is not mandatory.

PRECONSTRUCTION MEETING: For a construction project, a meeting with representatives of the Contractor and the Owner before beginning the construction work.

PREPREPOSAL CONFERENCE/MEETING: A meeting of RTA and perspective proposers held before Request for Proposals are due to discuss any questions or clarifications. This conference is not mandatory.

PRICE ANALYSIS: Process of examining and evaluating the reasonableness of a bidder’s or proposer’s price without evaluation of the separate cost elements and proposed profit of the bidder/proposer.

PRIME CONTRACTOR PARTICIPATION: The minimum amount of work to be performed by the Contractor on site with its own staff.

PROCUREMENT DEPARTMENT: PD, Procurement or Purchasing.

PROGRESS PAYMENTS: Reimbursement to a Contractor for costs incurred by it at a percentage or stage of completion of the Contract Work when the Contract requires long time periods for completion of Contract performance.

PROGRESS REPORTS: Periodic reporting of progress. Specific requirements are set forth in the contract document.

PURCHASE ORDER: A legal, contractual document used as a written confirmation factually describing all aspects of an agreement reached between the buyer RTA and seller. The end product of a Purchase Order is an item purchase or a rental, maintenance, or office support agreement, or purchase of services.

PURCHASE REQUISITION: A form used to initiate procurement action for materials, supplies and/or services.

RESPONSIBLE BIDDER/PROPOSER: A bidder having the financial resources, judgment, skill, integrity and ability to fulfill successfully the requirements of the Contract.

RESPONSIVE BID: A bid, which conforms to all technical and legal requirements of the Bid Document.

SMALL DISADVANTAGED BUSINESS CONCERN: A small disadvantaged business “concern” shall mean an enterprise which is independently owned and operated which is not dominant in its field of operation and which further meets the criteria established by the Small Business Act (15 U.S.C.A. S632) and the implementing regulations (13 CFR 121) and FTA Regulations.

“Owned and Controlled” means a small business concern whose management and daily business operations are controlled by disadvantaged individuals and which is:

A sole proprietorship legitimately owned by individual/individuals who are disadvantaged;

a partnership or joint venture in which at least 51% of the beneficial ownership interest is legitimately held by disadvantaged individuals;

a corporation or other entity, including a publicly-owned business, in which at least 51% of the beneficial ownership interest (i.e., stock) legitimately are held and owned by disadvantaged individuals.

STATEMENT OF WORK (Or Scope of Work): Detailed description of project and performance requirements as defined in a Request for Proposal.

STURAA: The Surface Transportation and Uniform Relocation Assistance Act of 1987.

TECHNICAL SPECIFICATIONS: Detailed description of equipment specifications and project requirements as defined in Invitation for Bid.

CHAPTER XIV

LIST OF FTA CLAUSES

CLAUSES REQUIRED IN ALL THIRD PARTY CONTRACTS AND SUB-AGREEMENTS

FTA CLAUSES	COMMENTS
Drug and Alcohol Testing	Operational Service Contracts/Safety-Sensitive Functions
Cargo Preference	Equipment and Materials Transported by Ocean Vessels
Seismic Safety	Construction Only
Energy Conservation	
Bus Testing	Rolling Stock/Turnkey Only
Pre-Award and Post Award Delivery Audits	Rolling Stock/Turnkey Only
Lobbying	Construction/Architectural & Engineering/Acquisition of Rolling Stock/Professional Service Contracts/Operational Service Contracts/Turnkey Contracts
Access To Records and Reports	
Federal Changes	
Davis-Bacon Act	All Construction Contracts Over \$2,000.00
Contract Work Hours and Safety Standards	All Construction Contracts Over \$2,000.00
Copeland Anti-Kickback Act	All Construction Contracts Over \$2,000.00
No Government Obligation To Third Parties	
Program Fraud and False Or Fraudulent Statements	
Termination	Most Contracts Over \$10,000.00
Privacy Act	Only When Files Are Maintained
Civil Rights Requirements	
Patent and Rights in Data	Only Research Projects
Transit Employee Protective Agreements	Contracts For Transit Operations By Employees Of Transit Operators
Disadvantaged Business Enterprise	See RTA DBE Program
State and Local Law Disclaimer	
Incorporation Of Federal Transit Administration (FTA) Terms	

CLAUSES REQUIRED IN ALL THIRD PARTY CONTRACTS AND SUB-AGREEMENTS OVER \$100,000.00

Buy America	
Clean Water	
Bonding Requirements	
Clean Air	
Recycled Products	
Government-Wide Debarment and Suspension Breaches and Dispute Resolution	

CHAPTER XV
FORMS

CERTIFICATION OF LOWER-TIER PARTICIPANTS
Regarding Debarment, Suspension and Other Ineligibility and Voluntary Exclusion

The _____
(firm name/principal)

certifies by submission of this proposal, that neither it nor its principals are presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from participant in this transaction by any Federal department or agency.

If unable to certify to any of the statements in this certification, such participant shall attach an explanation to this proposal.

The _____
(firm name/principal)

certifies or affirms the truthfulness and accuracy of the statements submitted on or with this certification and understands that the provisions of 31 U.S.C. sections 3801 et seq. are applicable thereto.

Signature and Title of Authorized Official

The undersigned chief legal counsel for the _____ hereby certifies that the _____ has authority under State and local law to comply with the subject assurances and that the certification above has been legally made.

Signature of Attorney

Date

**CERTIFICATION
OF
RESTRICTIONS ON LOBBYING**

I, _____, hereby certify on behalf (name of proposer) of
_____ that:
(name of company)

- (1) No Federal appropriated funds have been paid or will be paid, by or on behalf of the undersigned, to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal contract, the making of any Federal grant, the making of any Federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any Federal contract, grant, loan, or cooperative agreement.
- (2) If any funds, other than Federal appropriated funds, have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this Federal contract, grant, loan, or cooperative agreement, the undersigned shall complete and submit Standard Form - LLL, "Disclosure of Lobbying Activities," in accordance with its instructions.
- (3) The undersigned shall require that the language of this certification be included in all subcontracts, and that all subcontractors shall certify and disclose accordingly.

This certification is a material representation of fact upon which reliance is placed when this transaction was made or entered into. Submission of this certification is a prerequisite for making or entering into this transaction imposed by section 1352, title 31, U.S. Code. Any person who fails to file the required certification shall be subject to civil penalty of not less than \$10,000 and not more than \$100,000 for each such failure.

Executed this _____ day of _____, 20_____

By _____
(signature of authorized official)

(title of authorized official)

CERTIFICATION OF DRUG FREE WORKPLACE

I, _____, hereby certify on behalf of
(name of authorized official)

_____ that
(name of company)

The CONTRACTOR named above, and all Sub-Contractors working on this contract, will comply with Government Code Section 8355 in matters relating to providing a drug-free workplace. The CONTRACTOR and all Sub-Contractors will therefore:

Publish a statement notifying employees that unlawful manufacture, distribution, dispensation, possession, or use of a controlled substance are prohibited, and that specified actions will be taken against employees for violation of these prohibitions, as required by Government Code Section 8355(a).

Establish a Drug-free Awareness Program, as required by Government Code Section 8355(b), to inform employees all of the following:

- The dangers of drug abuse in the workplace.
- The firm's policy of maintaining a drug-free workplace.
- Any available counseling, rehabilitation and employee assistance programs, and
- Penalties that may be imposed upon employees for drug abuse violations, including that no employee who tests positive for use of a controlled substance shall be permitted to work on this contract.

Provide, as required by Government Code Section 8355(c), that every employee who works on the proposed contract:

Will receive a copy of the firm's drug-free policy statement, and
Will agree to abide by the terms of the firm's statement as a condition of employment on the contract.

CERTIFICATION:

I, _____, hereby certify that the above-named company, which I am duly authorized to represent, will comply with the Drug Free Workplace requirements of this contract. I understand that this certification is made under penalty of perjury, under the laws of the State of California.

Executed this _____ day of _____, 20 _____

By _____
(signature of authorized official)

(title of authorized official)

“BUY AMERICA” PROVISION

This procurement is subject to the Federal Transit Administration “Buy America” Requirements in 49 CFR Part 66a, as amended.

A “Buy America” Certificate, as per attached format, must be completed and submitted with the bid. A bid which does not include the certificate will be considered non-responsive.

A waiver from the “Buy America” Provision may be sought by _____ if grounds for the waiver exist.

Section 165a of the Surface Transportation Assistance (STA) Act of 1982 permits FTA participation on this contract only if steel, iron, cement, and manufactured products used in the contract are produced in the United States.

“BUY AMERICA CERTIFICATE”

The bidder hereby certifies that it will comply with the requirements of Section 165a of the Surface Transportation Act of 1982 and the regulations in 49 CFR 661.

Signature _____

Title _____

Date _____

or

The bidder hereby certifies that it cannot comply with the requirements of Section 165a of the Surface Transportation Assistance Act of 1982, but may qualify for an exemption to the requirement pursuant to Section 165b of the STA Act and regulations in 49 CFR 661.7, as amended

Signature _____

Title _____

Date _____

DBE PARTICIPATION

The following stated dollar (\$) amount will be the compensation paid to DBE Firms certifiable or certified under the provisions of the "Regional Transit Authority Disadvantaged Business Enterprise Program".

\$ _____ Firm Name: _____

Firm Address: _____

Description of Work _____

\$ _____ Firm Name: _____

Firm Address: _____

Description of Work _____

\$ _____ Firm Name: _____

Firm Address: _____

Description of Work _____

Total DBE percentage participation _____%

Total dollar value of DBE participation \$ _____

The undersigned hereby certifies that the foregoing statements and information are true and correct.

Name of Bidder: _____

Company Name: _____

OFFERORS LIST OF PARTICIPATING FIRMS

Bidder/Proposer must submit with bid/proposal the following information for all participating firms:

Prime Contractor Information

Company Name _____

Age of Firm _____

Address _____

Annual Gross Receipts \$ _____

DBE Certified? _____, if yes: Date Certified: _____

Phone _____ Dollar amount of subcontract \$ _____ By (Agency) _____

Describe work _____

Subcontractor Information

Company Name _____

Age of Firm _____

Address _____

Annual Gross Receipts \$ _____

DBE Certified? _____, if yes: Date Certified: _____

Phone _____ Dollar amount of subcontract \$ _____ By (Agency) _____

Describe work _____

Company Name _____

Age of Firm _____

Address _____

Annual Gross Receipts \$ _____

DBE Certified? _____, if yes: Date Certified: _____

Phone _____ Dollar amount of subcontract \$ _____ By (Agency) _____

Describe work _____

(Copy for additional Subcontractors as needed)