CAPITAL AREA TRANSPORTATION AUTHORITY

PROCUREMENT STANDARDS MANUAL

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CATA

PROCUREMENT STANDARDS MANUAL

CAPITAL AREA TRANSPORTATION AUTHORITY
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CHAPTER I: GENERAL
INTRODUCTION

The Procurement Standards Manual of the Capital Area Transportation Authority (CATA) is designed to set forth the minimum standards for processing third party contracts. These standards are furnished to ensure that materials and services are obtained timely, efficiently, and economically, adhering to principles of good administrative practices and sound business judgment. This manual is organized to allow the user maximum flexibility to initiate, develop, execute, and administer third party contracts within the parameters of federal, state, local and CATA requirements.

All procurement transactions, regardless of procurement method or dollar value shall be conducted in a manner that provides maximum open and free competition consistent with FTA Circular 4220.1E, "Third Party Contracting Requirements"; Department of Transportation 49 CFR Part 18; CATA’s Board Policy #209, Code of Conduct; CATA’s Board Policy #200, Purchasing & Contracting Policy; and CATA’s Human Resources Code of Conduct as enunciated in CATA’s Administrative Employee Guidebook.

Procurement procedures shall not in any way restrict competition. Examples of what is considered to be restrictive competition include, but are not limited to: (1) placing unreasonable requirements on firms in order for them to qualify to do business, (2) organizational conflicts of interest, and (3) unnecessary experience and bonding requirements. CATA will not implement any procurement practice which gives in-state or local geographical preferences in the evaluation of bids or proposals, except in those cases where federal statutes expressly mandate or encourage geographic preference. This policy does not preempt state licensing laws.

This manual recognizes four basic contracting methods:

- Small Purchases (Chapter IV);
- Sealed Bids (Chapter V);
- Requests for Proposal and Competitive Negotiation (Chapter VI); and
- Non-Competitive Negotiation (Sole Source)(Chapter VII).

These methods encompass every type of third party contract currently utilized by CATA in procuring supplies, services, equipment, and construction for CATA locally-funded and federally-assisted programs or projects. A procedure has been developed for each method from inception of a project to its finish. The procedure designates the party or office responsible for completing the specified action. The action column identifies a particular element of the procurement process which must be performed. Particular emphasis has been placed on certain aspects of the procurement process due to the importance of the subject matter.

Consistent with the plans and programs of CATA, including the Disadvantaged Business Enterprise Plan, purchases of goods and services costing less than $500. do not require competitive bidding but must be entered into the CATA’s purchasing system in the form of a purchase requisition before the purchase is made. Purchase requisitions for goods or services estimated to cost over $500. but less than $5,000. require that at least two
require that at least two competitive quotes be obtained. These quotes may be written or oral and must be documented by the individual initiating the request and be available to the Purchasing & Contract Department upon request. This documentation shall include: names of parties contacted; information & prices received; awardee and reason for award. Purchase requisitions for the purchase of goods or services estimated to cost over $5,000, but less than $25,000, require that at least three written price quotes be obtained. These quotes must be maintained until at least the completion of the next scheduled FTA Triennial Inspection. Purchase requisitions for goods or services estimated to cost more than $25,000, shall be competitively and formally procured and, where appropriate, formally advertised, with proposals on such items submitted in writing, opened, and evaluated prior to the award of a purchase order (P.O.), or contract.

Sole source procurements for goods and services shall be allowed only on an exception and fully documented basis and must meet the circumstances specified in Chapter VIII of this Manual.

I-2 AUTHORITY

These procurement policies and procedures are developed as required by the Capital Area Transportation Authority. At all times, particular attention to the standards and limitations of state, federal, and local law is necessary. Applicable state laws (and policies (see Michigan Department of Transportation website: www.michigan.gov.mdot) governing the procurement practices of CATA are as follows:

- CATA Board of Directors' Policies and Resolutions.
- Michigan Statutory and Case Law.

The applicable federal laws and regulations affecting the procurement practices of CATA are to be found at the Federal Transit Administration website, www.fta.dot.gov and include the following:

- Department of Transportation 49 CFR Part 18, "Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments".
- FTA Circular 4220.1F, "Third Party Contracting Requirements", as amended.
- FTA Circular 5010.1C, "Project Management Guidelines".
- "Participation by Disadvantaged Business in Department of Transportation Programs"; 49 CFR Part 26.
- 49 CFR Parts 661 and 663, Buy America.
To the extent local ordinance and regulations limit or restrict procurement practices of CATA and the development of technical specifications, they are incorporated herein.

I-3  DELEGATIONS OF AUTHORITY

3.1  GENERAL

The authority to award contracts rests with the Capital Area Transportation Authority Board of Directors. This authority is delegated, in part, to CATA's CEO/Executive Director who is CATA's Contracting Officer and who may further delegate purchasing responsibilities to subordinates to carry out daily operations.

The CATA procurement function is the responsibility of the Purchasing & Contracts Manager who is in charge of daily operations of the Purchasing & Contracts Department. By centralizing authority for purchasing, CATA ensures proper control of the procurement process and consistent application of CATA policies. The responsibilities of persons involved in the procurement process are described in following subsections.

3.2  CATA BOARD OF DIRECTORS

(1)  Sole contracting authority;

(2)  Establishes agency operating budget, the capital plan, and capital budget based on recommendations of CEO/Executive Director.

(3)  Appoints CEO/Executive Director of agency and delegates certain authority for procurement to CEO/Executive Director;

(4)  Causes to be published the CATA Purchasing and Contracting Policy, Board Policy #200.

(5)  May disapprove recommended purchases for valid business reason, except that the Board cannot change a recommended award to one that is not consistent with evaluation criteria and requirements set forth in the solicitation. In such cases, requirements may be resolicited;

(6)  Authorizes CEO/Executive Director to dispose of surplus materials, supplies, equipment, and personal property in accordance with Board Policies, FTA, and State of Michigan guidelines.
3.3 CEO/EXECUTIVE DIRECTOR

The Board of Directors of the Capital Area Transportation Authority has authorized and delegated to the CEO/Executive Director the authority and responsibility to:

(1) Approve and execute all purchase orders and contracts not exceeding $25,000 for operating expenditures, or $50,000 for capital expenditures (or amounts as established in current Board Policy) or which have received prior approval by the CATA Board of Directors;

(2) Approve and execute contract amendments and change orders as may from time to time be necessary.

(4) Approve and execute settlements of claims against CATA;

(5) Approve and execute time extensions which are included in the original purchase order or contract documents and which are less than $25,000 for operating expenditures and less than $50,000 for capital expenditures, (or amounts as established in current Board Policy) unless delegated by the Board;

(6) Execute time extensions

(7) Execute all contract documents including purchase orders, contracts, change orders, contract amendments and settlements after any necessary authorization by the CATA Board of Directors;

(8) Submit purchase orders, contracts, change orders, and contract amendments, in excess of the amounts set forth above for authorization to the CATA Board of Directors prior to execution;

(9) Ensure that procurements are consistent with established policies and approved projects of CATA Board of Directors.
3.4 CEO/EXECUTIVE DIRECTOR'S DELEGATION OF AUTHORITY:

3.4.1 Approval of Expenditures:

<table>
<thead>
<tr>
<th>Dollar Limit</th>
<th>Authority to Approve</th>
</tr>
</thead>
<tbody>
<tr>
<td>Up to $500.</td>
<td>CEO/Executive Director</td>
</tr>
<tr>
<td></td>
<td>Assistant Executive Director</td>
</tr>
<tr>
<td></td>
<td>Director of Finance</td>
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<tr>
<td></td>
<td>Department Directors</td>
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<tr>
<td></td>
<td>Department Managers</td>
</tr>
<tr>
<td></td>
<td>Managers</td>
</tr>
<tr>
<td>$501 to $25,000.</td>
<td>CEO/Executive Director</td>
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<tr>
<td></td>
<td>Assistant Executive Director</td>
</tr>
<tr>
<td></td>
<td>Director of Finance</td>
</tr>
<tr>
<td></td>
<td>(if expense is included in approved departmental budget)</td>
</tr>
<tr>
<td>$25,001. and above</td>
<td>CEO/Executive Director</td>
</tr>
<tr>
<td></td>
<td>Assistant Executive Director</td>
</tr>
<tr>
<td></td>
<td>Director of Finance</td>
</tr>
</tbody>
</table>

Note: Managers or Directors who will be absent for a prolonged period of time must delegate their signature authority to another party. Managers can delegate signature authority to their Director. Directors can delegate their authority to another Director. Signature authority also delegates to the next highest level of responsibility.

3.4.2 FTA-Funded Purchase Requisitions

All purchase requisitions for FTA-funded capital grant procurements must be reviewed by the Grants Administrator or designee for budget eligibility purposes.

3.4.3 Purchases Exceeding $25,000. in Operating Funds

Purchases for more than $25,000. in operating funds require the approval of the CATA Board except when initiated pursuant to an item or program already approved by the Board per Board Policy #200.

3.4.4 Purchases Exceeding $50,000. in Capital Funds
Purchases **exceeding $50,000. in capital funds** require the approval of the CATA Board except when initiated pursuant to an item or program already approved by the Board per Board Policy #200.

3.4.5 **Contracts or Purchase Orders**

All contracts must be executed by the CEO/Executive Director and Board Chair or designee.

All purchase orders must be executed by either the Purchasing & Contracts Manager or designee. Note: Purchasing & Contracts Manager's authority to approve is limited to contracts and purchase orders which have a purchase requisition approved by the CEO/Executive Director, Department Director, or Department Manager.

3.4.6 **Check Requests**

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

- Payroll reimbursement, taxes, deductions, and associated benefit payments pursuant to staffing plans and fringe benefit plans approved by the Board.
- Claim settlements and real property settlements when approved by CEO/Executive Director.
- Licenses and permits.
- Conference and registration fees.
- Refunds (returns of bid deposits, overpayments of bus passes, etc.).
- Reimbursement of legitimate employee expenses per existing CATA forms and procedures.
- Freight bills.
- Travel advances and employee expense reimbursement per existing CATA forms.

For some of these items, CATA will receive a bill or invoice. For others, CATA bears the responsibility for meeting a scheduled payment without an invoice or reminder from the payee.

Authorization of check requests is the same as prescribed in 1-3.4.5 **Contracts and Purchase Orders**.
3.4.7 Modifications to Construction Contracts

All amendments or change orders to contracts affecting time or money must comply with the following levels of approval authority:

(1) **Time Extensions:**

- **Time Limits**
  - Authority to Approve: CEO/Executive Director

(2) **Dollar Increases:**

- **Dollar Limit**
  - Authority to Approve:
    - Up to $25,000: CEO/Executive Director
    - Operating greater than $25,000: Board
    - Capital less than $:
    - Capital greater than $50,000: Board

(3) **General**

- All time extensions and dollar increases are cumulative.
- All contract amendments and change orders will be processed only by the Purchasing & Contracts Manager pursuant to existing procedures.
- All changes in project scope require the approval of the CATA Board and FTA/MDOT if applicable.

3.4.8 Modifications of Contracts Other Than For Construction

All contract modifications affecting time, money or scope of work will be processed only by the Purchasing & Contracts Manager pursuant to existing procedures and must comply with the following guidelines. All time and dollar increases are cumulative.

(1) **Performance Period**

- The performance period cannot be increased by more than 25% unless caused by unusual circumstances. The unusual circumstances must be justified by the responsible Department Manager/Project Manager and approved by the CEO/Executive Director.
- Contracts which include the option for a performance period extension require the approval of the CEO/Executive Director to execute the option period.
• Contract performance period for bus purchases cannot exceed a five-year period including options or extensions. Items requiring Board approval if specified in Board action.

(2) Increases in Cumulative Dollar Amount

• Increases of 10% or less require approval of the Department Manager unless original amount was approved by Board.

• Increases above 10% require written justification from Project Manager and written approval of Director of Finance and CEO/Executive Director.

(3) Changes in Scope of Work

Changes or modifications are permitted providing they are within the original general scope of work as identified in the original procurement document. Adding new work outside the original scope of the project is a major change to the contract. These changes require negotiations pursuant to sole source procedures, and the approval of the CEO/Executive Director. Board approval and/or FTA/MDOT approval is required where applicable.

3.5 PURCHASING & CONTRACTS DEPARTMENT

3.5.1 The authority and responsibility for the procurement and disposal of all material, equipment, vehicles, property and services for CATA rests with the Purchasing & Contracts Department. No department or employee may commit funds to potential or existing supplier or suppliers on CATA's behalf without coordinating the purchase through the Purchasing & Contracts Department.

3.5.2 The Purchasing & Contracts Department consists of a Purchasing & Contracts Manager who shall act as contracting officer in all procurements of goods and services for CATA. The Purchasing & Contracts Manager shall be responsible to ensure full and open competition, fair treatment of all suppliers, and good value to CATA in all procurements. This individual shall be responsible for all procurement activities including advance procurement planning, selection of solicitation and contract type, solicitation, negotiation, award, administration, close-out and documentation of procurements and contracts of CATA.

3.5.3 User departments are responsible for early involvement of the Purchasing & Contracts Department in planning for procurements in order that full and open competition be maximized. This early notification and involvement will range from sixty (60) to ninety (90) days before contract initiation for annual bids for routine materials procurements, to one (1) year or more for major capital purchases.
3.5.4 All purchases of goods and services shall be initiated by a user department through use of a purchase requisition except where noted herein.

3.5.5 Department Managers or designated Project Managers work with Purchasing & Contracts Manager to provide, in a manner as thorough and complete as possible, Scope of Work or technical specifications for their requirements. The Purchasing & Contracts Manager shall assist user departments to define their requirements when requested.

3.5.6 Project Managers may consult with suppliers concerning details of their products; however, for all but small purchases of less than $500., only Purchasing & Contracts Department personnel should discuss prices, quantities, or other bidding, proposal, or contractual matters with suppliers.

3.5.7 The Purchasing & Contracts Manager may question the quantity, kind, and quality of material or services requisitioned to avoid purchase of unnecessary or duplicative items or items of questionable value to CATA and to consider consolidating or breaking out procurements to obtain economical purchases.

3.5.8 The Purchasing & Contracts Manager shall be responsible for conducting all negotiations with bidders, vendors, prospective contractors, or contractors with assistance from the appropriate departments or legal counsel.

3.5.9 The Purchasing & Contracts Manager may consider and pursue the use of state and local intergovernmental agreements for procurements, agreements for the use of common goods and services, or the use of federal or state excess and surplus property when it is in the interest of economy and efficiency of CATA and complies with FTA requirements and guidelines.

3.5.10 It is the Purchasing & Contracts Department's responsibility to ensure that awards are made only to responsible contractors possessing the ability to perform successfully under the terms and conditions of a proposed procurement. To that end, it will consider such matters as contractor integrity, compliance with public policy, record of past performance, and financial and technical resources in determining whether a potential contractor is responsible.

3.5.11 All correspondence with a supplier regarding a matter of its contract with CATA, whether relating to the scope of work, specifications, quality of work, delivery, payment, etc., shall be by or through the Purchasing & Contracts Department.

3.5.12 The Purchasing & Contracts Manager shall be responsible for the settlement of all contractual and administrative issues arising out of procurements, including source evaluation, protests, disputes and claims. In dealing with protests, the Purchasing & Contracts Manager shall follow CATA's written protest procedure.
3.5.13 It is the Purchasing & Contracts Department’s responsibility to maintain records sufficient to detail the significant history of a procurement including, but not limited to: rationale for method of procurement; selection of contract type; selection or rejection of contractors; basis for contract price; single bid justification; price analysis; contract amendments or change orders; and contract close-out.

1-4 CONTRACT TYPES

4.1 GENERAL

There are two basic contract types: the fixed-price type and the cost reimbursement type. The fixed-price type is the only type of pricing arrangement that can be used in sealed bid procurements.

In negotiated procurements, either the fixed-price or the cost-reimbursement type contract can be used.

The primary difference between the two types of contracts is risk.

(1) In the fixed-price contract, the risk of performing the contract for a lump sum falls on the contractor. If there is an unanticipated cost overrun, the contractor -- not CATA -- must pay for it.

(2) In the cost-reimbursement contract, the burden of risk falls on CATA, who must pay the contractor a guaranteed fee and must pay costs -- whether they exceed or fall short of original estimates.

CATA shall not use a cost-plus-a-percentage-of-cost-contract. Such contracts are prohibited by law where federal funds are utilized and are prohibited where CATA funds are used.

The following list includes the most commonly used contract types. It is the responsibility of the Purchasing & Contracts Department to decide which contract type is most appropriate for a specific procurement. For other types of contracts and conditions for use, see Federal Acquisition Regulations (FAR) Part 16.

4.2 FIXED PRICE TYPE CONTRACT
The following are variations of fixed price type contracts:

4.2.1 Firm Fixed Price (FFP)

This contract type is characterized by a lump-sum price not subject to adjustment on the basis of the contractor's cost experience in performing the
contract. The risk of performance falls on the contractor. This type of contract should be used for buying commercial/commercial-type products or other supplies or services where reasonably definite functional or detailed specifications exist and fair and reasonable prices can be established at the outset, i.e.

(1) There is adequate price competition;

(2) There are reasonable price comparisons with prior purchases of the same or similar supplies or services made on a competitive basis or supported by valid cost or pricing data;

(3) Available cost or pricing data permits realistic estimates of the probable cost of performance; or

(4) Performance uncertainties can be identified and reasonable estimates or their cost impact can be made, and the contractor is willing to accept a firm fixed price representing assumption of the risks involved.

Examples of this type of contract include purchase of buses, office chairs, copy machines, etc. NOTE: Adjustment to the lump-sum price can be made if based on specific terms and conditions of the contract.

4.2.2 Fixed-Price with Escalation (FPE)

This contract type is characterized by a lump-sum price subject to upward or downward adjustment depending on contingencies specified in the contract. Economic price adjustments are of three general types:

- Adjustments based on established prices.
- Adjustments based on actual costs of labor or material.
- Adjustments based on cost indexes of labor or material.

(NOTE: Follow the guidelines set forth in FAR 16.203 for application, limitation, and recommended Contact clauses.)

4.3 COST REIMBURSEMENT TYPE CONTRACT

The following are variations of cost reimbursement type contracts:

4.3.1 Cost Reimbursement (CR)

The contractor is reimbursed for costs only and receives no fee. This type of contract is used for consultant services and research and development contracts with nonprofit organizations.
4.3.2 Cost Sharing (CS)

The contractor receives no fee and is reimbursed for only a portion of their costs. This type of contract is used where the benefits of the undertaking accrue to both parties.

4.3.3 Cost-Plus-A-Fixed Fee (CPFF)

The contractor receives a set fee and is reimbursed for all costs allowable under established cost principles.

This type should be used only when uncertainties involved in contract performance do not permit costs to be estimated with sufficient accuracy to use any type of fixed price contract. The CPFF contract is most often used for consulting and similar contracts.

No cost-plus-fixed-fee contract shall be awarded unless the following conditions are met:

(1) The contractor's accounting system is adequate for determining cost applicable to the contract; or

(2) Appropriate CATA surveillance during performance will provide reasonable assurance that efficient methods and cost controls are used.

4.3.4 Time and Material/Labor-Hour

Time and Materials Contracts provide for supplies or services on the basis of direct-labor hours at specified fixed hourly rates and materials at cost. **It is the least preferred method of contracting.** This type of contract shall be used with caution and only with approval of the Purchasing & Contracts Manager.

Time and Materials Contracts may be used only when it is not possible at the time of placing the contract to estimate accurately the extent or duration of the work or to anticipate costs with any reasonable degree of confidence. (NOTE: The Labor-Hour Contract differs from the Time and Materials Contract in that no materials are supplied by the contractor.)
4.3.5 Letter Contract

This is an interim type of contractual agreement which gives the contractor a NOTICE TO PROCEED for the manufacture of supplies or performance of services. It is used in negotiated procurements only when a definite fixed-price or cost-reimbursement contract cannot be negotiated in sufficient time to meet the requirement. It shall contain appropriate provisions to protect the expenditure of funds such as the following:

(1) The date that the contractor will have to commence performance;
(2) The extent and method of payment in the event of termination either for the convenience of CATA or for default;
(3) A provision that the contractor is not authorized to expend monies or incur obligations in excess of the stated amount which shall not exceed 40% of the estimated total unless approved by the Board;
(4) The type of contract anticipated to be written;
(5) As many definitive contract provisions as possible;
(6) The contractor's obligation to provide such price and cost information as may reasonably be required by CATA; and
(7) The prompt entry into good faith negotiations by the contractor and CATA to reach agreement and execute a definitive contract. Normally, this time period will be sixty (60) days and in no event longer than 90 days without approval of the CEO/Executive Director.

This type agreement shall not:

(1) Commit CATA to a definitive contract in excess of the funds available at the time of issue; or
(2) Be entered into without competition when competition is practicable; or
(3) Be amended to satisfy a new requirement unless that requirement is inseparable from the existing Letter Contract. Any such amendment shall be subject to the same requirements and limitations as a new Letter Contract.

(NOTE: See FAR 16.603, 52.216-23, 24, 25, and 26 for further guidance and rationale concerning Letter Contracts.)
4.4 PROFESSIONAL SERVICES CONTRACTS

4.4.1 General

A Personal Services Contract is a contract that, by its express terms and as administered, employs non-CATA personnel to perform functions that could be performed by CATA employees.

A Personal Services Contract is characterized by:

(1) The close relationship it creates between CATA and the contractor’s personnel;

(2) Relatively continuous supervision and control by CATA Department Manager or Human Resource Department personnel;

(3) Contract performance is accomplished at CATA’s facility;

(4) Principal tools, equipment, supplies, and administrative support are provided by CATA;

(5) The services are applied directly to the integral effort of CATA in furtherance of an assigned function or mission;

(6) Comparable services to meet the needs are not expected to last beyond one year; and

(7) The inherent nature of the service or the manner in which it is provided reasonably requires, directly or indirectly, CATA direction and supervision of contractor employees in order to:

- Adequately protect CATA’s interest;
- Retain control of the function involved; or
- Retain full personal responsibility for the function supported by a duly authorized CATA officer or employee.

Personal Services Contractors shall be selected on a competitive basis except when competition is not required or is waived pursuant to non-competitive procurement guidelines.

4.4.2 CEO/Executive Director's Approval

All Personal Services Contracts require the CEO/Executive Director’s approval regardless of dollar amount. If a Personal Services Contract for a period of one year or more is to be extended or renewed, that action also requires the CEO/Executive Director’s approval.
4.4.3 **Reason for Use of Personal Services Contracts**

Personal Services Contracts may be considered when one or more of the following factors apply:

1. Requirement of special expertise or unusual qualifications.
2. Nature, magnitude, or complexity of services required.
3. CATA lacks the personnel resources, support staff, specialized facilities, or equipment.
4. Lower cost.
5. Short-term need for the services.
6. Infrequent need for the services.

4.4.4 **Personnel Selection**

When possible, personnel seminars should be selected using a competitive negotiated procurement process. Recommendation to award a contract to the vendor(s) will be the most advantageous to CATA, qualifications, and other factors considered, using the evaluation criteria as the basis for the decision.

4.4.5 **Temporary Employee Duties**

Temporary employees do work that would ordinarily be done by regular CATA staff. Temporary employees can fill positions for projects where staffing costs have been approved by the Board. Temporary employees can also be hired to assist in a work overload situation where the task could be performed by a CATA employee if there were sufficient time available.

1-5 **PURCHASE OPTIONS**

5.1 **DEFINITION**

A Purchase Option Clause, if included in a contract, gives CATA the unilateral right to purchase additional equipment, supplies, or services covered by the terms of the contract at stated contract rates. Quantities of these additional purchases may be directly stated or may be stated as “up to X quantity”. In addition, CATA may elect to transfer any number of purchase options to another transit company.
5.2 USE OF OPTIONS

5.2.1 CATA shall not employ contractual option clauses if:

(1) The foreseeable requirements involve minimum economic quantities (i.e., quantities large enough to permit the recovery of start up costs and the production of the required supplies at a reasonable price) and delivery requirements far enough into the future to permit competitive acquisition, production, and delivery;

(2) The supplies or services are readily available on the open market;

(3) The contractor will incur undue risks; e.g., the price or availability of necessary materials or labor is not reasonably foreseeable;

(4) An indefinite quantity or requirements contract is appropriate (except that CATA may use options for extending the term of such contracts);

(5) Market prices for the supplies or services involved are likely to change substantially; or

(6) The option represents known firm requirements for which funds are available.

5.2.2 In recognition of (1) CATA’s needs in certain service contracts for continuity of operations and, (2) the potential cost of disrupted support, options may be included in service contracts if there is an anticipated need for a similar service beyond the first contract period and competition is infeasible.

5.3 OPTION PROVISIONS

5.3.1 The contract shall limit option quantities for additional equipment and supplies to not more than fifty percent (50%) of the initial quantity of the same contract line item.

5.3.2 The total of the basic and option periods shall not exceed five (5) years in the case of services and requirements contract.

5.4 EXERCISE OF OPTIONS

5.4.1 CATA may exercise an option only after making a written determination, signed by the Purchasing & Contracts Manager and Project Manager and placed in the contract file that the exercise of the option is the most advantageous method of fulfilling CATA’s needs, considering price and other factors.
5.4.2 CATA, after considering price and other factors, shall make the determination on the basis of one of the following:

(1) A new solicitation would fail to produce a better price or a more advantageous offer than that offered by the option or it is anticipated that the best price available is the option price or that this is the more advantageous offer. CATA should not use this method of testing the market;

(2) An analysis of prices or an examination of the market indicates that the option price is better than prices available in the market or that the option is the more advantageous offer; or

(3) The time between the award of the contract containing the option and the exercise of the option is so short that it indicates the option price is the lowest price obtainable or the more advantageous offer. CATA shall take into consideration such factors as market stability and comparison of the time since award with the usual duration of contracts for such supplies or services.

5.4.3 The determination of other factors should take into account CATA's need for continuity of operations and potential costs of disrupting operations.

5.4.4 Before exercising an option, CATA shall determine that action is in accordance with the terms of the option and any Board Approvals.
CHAPTER II: PROCUREMENT POLICIES
II-1 GRATUITIES, SUPPLIER RELATIONS, ETHICS

1.1 GENERAL

The importance of demonstrating constant and attentive sensitivity to ethical policies cannot be overemphasized. Special attention is directed to CATA's Code of Conduct as written in CATA's Employee Handbook, and CATA's Policy and CATA Board Policy No. 209, Code of Conduct.

1.2 CODE OF ETHICS

All CATA employees will comply with the following Code of Ethics which is described below:

1.2.1 Gifts, Entertainment, and Favors

No employee, officer, or agent may solicit or accept, directly or indirectly, any gift, gratuity, favor, entertainment, food, lodging, loan, or other thing of value if:

(1) It tends to influence the employee in the discharge of employee's official duties; or

(2) The employee recently has been, or is now, or in the near future may be, involved in any official act or action directly affecting the donor or lender; or

(3) In the employee's official capacity and/or area of responsibility, the employee has, or appears to have, influence over actions of CATA affecting the donor or lender.

Notwithstanding the above, this section shall not be applicable to:

(1) An occasional non-monetary gift of insignificant value such as accepting food or refreshment of nominal value on infrequent occasions in the ordinary course of a luncheon or dinner business meeting or other meeting; or

(2) Unsolicited advertising or promotional material such as pens, pencils, note pads, calendars, or other business-related items of nominal intrinsic value; or

(3) A gift, gratuity, favor, entertainment, loan, or other thing of value when the circumstances make it clear that an obvious long-standing social or family relationship rather than the business of the persons concerned is the motivating factor.

1.2.2 Personal Conflict of Interest
No CATA employee, officer, or agent, including any member of an evaluation committee for a CATA project, may participate in the selection, award, or administration of a CATA contract if a real or apparent conflict of interest would exist. Such a conflict would exist when any of the parties set forth below has a material financial or other interest in a firm selected for award:

- Any employee, officer, or agent of CATA,
- Any member of his/her immediate family,
- His/her partner, or
- An organization employing or about to employ any of the above.

Any interest as owner or stockholder of one percent (1%) or less in such a firm shall not be deemed to be a material financial interest, but serving as director, officer, consultant, or employee of such an organization would be deemed a material interest.

1.3 CONCURRENT EMPLOYMENT PROHIBITED

Any employee who is participating directly or indirectly in the procurement process is prohibited from becoming or to be, while a CATA employee, the employee of any person or firm contracting with CATA.

1.4 USE OF CONFIDENTIAL INFORMATION

Employees are prohibited from knowingly using confidential information for actual or anticipated personal gain or for the actual or anticipated personal gain of any other person.

1.5 SANCTIONS

Violation of CATA's ethics policy by any employee shall subject the individual to disciplinary action up to and including discharge as determined by the CEO/Executive Director of CATA. Violation of this policy by the CEO/Executive Director, a member of the Board, officer or agent of CATA shall subject the individual to disciplinary action or sanction as determined by the CATA Board. Violation of this policy by contractors or their agents may be considered a breach of contract and shall subject such contractor or agent to action up to and including cancellation of contract and suspension and debarment from contracting with CATA. Violation of this policy by bidders or
potential contractors may be considered to make such bidder or vendor ineligible to bid or render a bid or proposal non-responsive.

1.6 ORGANIZATIONAL CONFLICTS OF INTEREST

It is CATA's policy in soliciting and contracting for goods and services to prevent any real or apparent organizational conflicts of interest which could arise when the nature of work to be performed under a proposed contract would result in an unfair competitive advantage to the contractor in the award of future work. It shall not be a bid or proposal requirement that a prospective supplier or contractor have prior contracts with CATA.

II-2 SUPPLIER/CONTRACTOR CONTACTS

2.1 GUIDELINES

To avoid misunderstandings with suppliers and contractors, the following guidelines shall govern CATA staff contacts with suppliers and/or contractors.

2.2 CONTACTS BEFORE PROCUREMENT

Contacts by CATA personnel with vendors prior to solicitation of bids/proposals must not prejudice the procurement or give advantage to one vendor over others. Informational and market research contacts with prospective contractors/suppliers are a valuable source of data to CATA. These contacts are clearly necessary and should be guided by the exercise of good judgment. The primary pitfalls to be avoided are promises or implications of a future contract and requests for substantial complimentary services or supplies which may create the impression of an obligation on the part of CATA. Some specific services or assistance from potential suppliers which should be avoided are:

- Testing services
- Custom drawings
- Special investigations
- Demonstrations
- Furnishing significant samples
- Free trips to view products

If any of the above are required, coordinate the contact with the Purchasing & Contracts Manager.
2.3 CONTACTS DURING PROCUREMENT

All contacts with contractors/suppliers that relate to a procurement, whether in the solicitation, evaluation, negotiation, and award phase, must be conducted through the Purchasing & Contracts Department. Technical questions, such as those relating to "approved equals," will be directed by the Purchasing & Contracts Department to the requesting Project Manager for evaluation.

2.4 SUPPLIER ACCESS TO FACILITIES

With only a few exceptions, suppliers should not be allowed in the bus storage or maintenance areas of the facility. This includes suppliers who are already supplying materials to CATA as well as those who are seeking initial orders. Generally, suppliers should be referred to the Purchasing & Contracts Department at the CATA facility, unless the supplier has made a specific appointment to meet with a CATA staff member.

Except for suppliers representing the companies described below, employees should not volunteer any information to suppliers concerning their product, the product of a competitor, or the workings of CATA.

Suppliers who are allowed on the property are those who have a contractual responsibility to monitor their services or stocking levels at the facility, such as tires, bulk soap, fasteners, janitorial and fueling lane. All other suppliers should be referred to the Purchasing & Contracts Department.

2.5 COMMITMENTS TO INCUR COSTS/EMERGENCIES

Except under emergency situations, only authorized personnel (see Chapter I-3, Delegation of Authority) may obligate CATA to incur costs for the purchase of goods and services. Any other commitments are informal and expose whomever makes such a commitment to personal liability for costs thereby incurred. Genuine emergencies can arise at times when established purchasing procedures cannot be followed and emergency costs may be incurred. In these emergencies, the Purchasing & Contracts Department should be notified as soon as possible. A purchase requisition should be entered into the CATA Purchase Order system the next working day following the emergency.
EMERGENCY PURCHASES

3.1 EMERGENCY PURCHASE PROCEDURE

An emergency is defined as a real and present threat to CATA property, employee welfare, or the provision of transit service which cannot be reasonably alleviated without the purchase in question. In all cases, the Purchasing & Contracts Department will be involved.

During normal business hours the requirement will be addressed to the appropriate approval level and the requesting department will enter an appropriately document requisition into the purchasing system.

After normal business hours, the senior person present will determine whether the matter may be resolved during the next business day. If not, an attempt will be made to secure price quotations from two or more reputable sources and a purchase made. A requisition will be put into the purchase order system the next business day and appropriate signatures will be obtained. The procurement will be fully documented as to the nature of the emergency.

Emergency purchases exceeding the threshold requirement for Board approval will require prior approval of the CEO/Executive Director before a commitment to purchase is made. In such cases, quotes will be invited from two or more persons known to deal in the materials or services required, if possible. The Purchasing & Contracts Manager, assisted by the department head involved, will provide written justification for the emergency purchase in each instance of emergency purchase over the threshold and submit the purchase for approval by the Board of Directors of CATA at the first Board meeting following the emergency purchase.

3.2 NOTICE TO PROCEED

It is the policy of CATA to issue Notices to Proceed only after contract execution. However, in those situations where the CEO/Executive Director determines it is in the best interest of CATA, the CEO/Executive Director is authorized to execute a Notice to Proceed for a contract which is not yet fully executed, provided that the Notice to Proceed is limited to 90 days and 40 percent of the estimated contract cost. Whenever this action is required, the CEO/Executive Director will report such action to the CATA Board at its next meeting. If a contract cannot be fully executed within that 90-day period or should the Letter Contract require a funding increase, the CEO/Executive Director will request an extension of the Notice to Proceed or funding increase from the Board of Directors.
II-4 PROTESTS

4.1 GENERAL

Please see Attachment C, CATA Procurement Protest Procedures

II-5 PROPERTY ACQUISITION, CONTROL AND DISPOSAL

5.1 AUDITS/INVENTORY OF ASSETS

5.1.1 Real Property Acquisition and Management

CATA shall follow the requirements for acquisition and management of real property (e.g., land and buildings) specified in Federal Transit Administration Circular 5010.1C, Use and Disposition of Project Property. Concurrent with its biennial equipment certification, CATA will review all real property acquired with FTA assistance and prepare a certification of what property continues to be needed for project purposes. If excess real property exists, an excess real property utilization plan or plan for disposal shall be prepared and submitted to CATA. The certification will be retained in CATA’s files.

5.1.2 Equipment Management Standards

CATA shall follow the requirements for management of equipment purchased with federal funds specified in FTA Circular 5010.1C, Use and Disposition of Project Property. At least once every two (2) years, CATA will conduct a physical inventory and account for all equipment and other capital assets. The property record maintained for each item shall include:

(1) Description,
(2) Identification number,
(3) Grant number and percent federal participation,
(4) Purchase date,
(5) Purchase cost,
(6) Condition and use/location,
(7) Date of disposal, if disposed, and
(8) Sale price and method for determining fair market value.

In connection with the physical inventory of assets, a certification will be prepared regarding the existence, current use, and continued need for the FTA-funded equipment. The certification will be retained in CATA’s files. For those items identified as surplus, the Purchasing & Contracts Manager will provide a plan for disposal for approval by the CEO/Executive Director or designee.
5.1.3 Parts and Supplies Inventory

CATA will conduct an annual inventory of parts and supplies (or other method such as cycle counting) to reconcile items in stock versus record of those on hand. The Parts Manager shall prepare a variance report identifying discrepancies and their value.

5.2 DISPOSITION OF SURPLUS EQUIPMENT AND SUPPLIES/SCRAP

5.2.1 Identification of Surplus/Obsolete Materials, Supplies, Equipment and Scrap

The identification of surplus equipment, material, or scrap shall be the responsibility of each Department Manager. Equipment shall be scrapped only when it is non-functional and non-repairable or has little or no value for its intended purpose.

Parts are surplus when the part is no longer applicable to CATA's fleet or when stock on hand exceeds the maximum established by the usage history of the item for a period of over two (2) years. Stock levels and order levels will be reviewed for all stock items at least once annually by the Parts Manager.

All scrap metal and other scrap having recovery value shall be sold for the benefit of CATA.

5.2.2 Disposal of Surplus

It is the policy of CATA to dispose of surplus and scrap to ensure the highest possible return consistent with costs of disposal while conforming to requirements of FTA Circulars 5010.1C and 4220.1F and current State of Michigan Policies.

Pursuant to FTA Circular 5010.1C, when selling equipment exceeding its useful life with a fair market value over $5,000, or supplies sold for over $5,000, in aggregate, CATA shall reimburse FTA by the same percentage of net sales proceeds as the percentage of federal interest in the original grant for the equipment or supplies. As an alternative and with prior FTA approval, the grantee may use the proceeds of the sale of items that have reached their useful life to reduce the gross project cost of other FTA eligible capital transit projects. CATA is expected to record the receipt of the proceeds in the grantees accounting system, showing that the funds are restricted for use in a subsequent capital project, and reduce the liability as the proceeds are applied to one or more FTA approved capital projects.

CATA will secure prior FTA concurrence in selling equipment before the end of
of its useful life and shall reimburse FTA for its share of the unamortized value of the remaining service life based on straight line depreciation unless the unamortized value is $5,000 or less. As an alternative, equipment which has not reached its useful life may be transferred to another FTA funded agency with no cost liability with prior FTA approval.

Surplus materials or equipment which cannot be returned or sold shall not be sold as scrap while such material or equipment is still applicable to CATA vehicles or operation. The disposition of surplus materials, supplies and scrap must be authorized and approved by the CEO/Executive Director prior to disposition. All sales shall be by cashier's check or cash.

5.2.3 Disposal of Scrap

Materials, parts, or equipment identified as scrap and having recovery value shall be sold to the highest scrap dealer willing to make quotations. All sales shall be by cashier's check or cash, unless otherwise approved by the CEO/Executive Director.

II-6 DISADVANTAGED BUSINESS ENTERPRISE (DBE) POLICY

Please see Attachment D, CATA DBE Policy (CATA Board Policy #204)
CHAPTER III: PROCUREMENT REQUIREMENTS
ADVANCE PROCUREMENT PLANNING

1.1 GENERAL

CATA recognizes that advance procurement planning is a significant factor in providing and enabling full and open competition. Such planning, for large or complex procurements, will involve the efforts of all personnel responsible for a procurement to coordinate in planning the funding, technical specifications/scope of work, solicitation and award, contract administration and other matters far enough in advance to ensure adequate time to solicit maximum participation by prospective suppliers in meeting the requirement. Generally, planning for large or complex non-inventory procurements will begin with the annual budgeting and capital planning process. However, very complex procurements may require advance procurement planning to begin before the annual budget cycle in order to properly define a project scope and budget.

1.2 DEPARTMENTAL RESPONSIBILITIES

Department Managers, and/or Project Managers initiating a project are responsible to provide the Purchasing & Contracts Department with technical specifications and any necessary drawings for equipment or materials contracts, or a Scope of Work and suggested evaluation criteria for a service contract. Technical specifications or the Scope of Work will set forth the minimum essential characteristics or standards and will not include any features unduly restricting competition. "Brand name or equal" specifications will only be used when it is impractical to provide a clear and accurate technical description of the product and will, to the extent possible, describe the relevant functional characteristics of the items to be purchased.

In addition to a purchase requisition, Department Managers/Project Managers are responsible to furnish the following information to the Purchasing & Contracts Department if appropriate to the purchase:

(1) Product/service description;
(2) Desired delivery schedule;
(3) Technical evaluation criteria in order of merit;
(4) Special terms and conditions for contract;
(5) Progress reporting requirements; and
(6) List of potential suppliers (contact name, address and phone number) if Purchasing & Contracts Department list is incomplete.

Early coordination regarding department requirements with the Purchasing & Contracts Department will enable any required assistance to be given in developing the above information in a timely manner. The Purchasing & Contracts Department subsequently requires time to develop, advertise, and
issue a solicitation, and the proper amount of time must also be given to evaluation and award, including Board approval, before the product or service is needed.

Finally, FTA Circular 4220.1F requires that an independent cost estimate for all purchases of materials, equipment or services be provided before soliciting quotations, bids, or proposals. Department Managers/Project Managers initiating projects are responsible for providing an independent cost estimate to the Purchasing & Contracts Manager for the contract file prior to solicitation. Refer to Section V.8.3.1 on methods that may be used to generate Independent Cost Estimates (ICE).

1.3 PLANNING MAJOR PROCUREMENTS

In order to provide for a smooth flow of major procurement work, the CEO/Executive Director or designee will annually convene one or more meetings of Department Managers/Project Managers after annual budget approval for the purpose of advance procurement planning for the coming year. The expected result of such meeting(s) will be agreement as to responsibilities for and the general timing of procurement effort for major projects in order that consistency of procurement activity is achieved and timely solicitations are made.

1.4 PLANNING ROUTINE PROCUREMENTS

Periodically, but no less often than annually, the Purchasing & Contracts Manager will issue to Department Managers/Project Managers an advance schedule of contract expirations and requirements for solicitation for the coming twelve month period. This schedule will list the contract and its expiration date, person responsible for specifications/scope of work and due date to Purchasing & Contracts Manager. Planning routine procurements in such a manner enables the Purchasing & Contracts Department maximum opportunity to properly schedule non-routine procurement activity.

III-2 PURCHASE REQUISITION PROCEDURES

The purpose of this chapter is to outline the method by which materials, supplies, and services will be requested and to indicate the manner in which purchase requisitions will be prepared and controlled. Properly executed purchase requisitions are required by CATA to initiate procurement action for materials, supplies, and/or services. The most recent instructions for using the purchase order system are included as Attachment A to this Manual.
2.1 RESPONSIBILITIES

2.1.1 Requisitioner

The individual initiating the requisition is responsible for the accuracy and adequacy of information supporting the request. Requests should be submitted early enough to have a purchase order or contract prepared, reviewed, and issued in time for the material or service to be obtained when needed; requisitions must be issued prior to purchase. The initiator is responsible for getting the required number of quotes to ensure that competition is available. The requisitioner is also responsible for ensuring that an independent price estimate (ICE) is available for each procurement. The ICE form is included in Attachment B. The requisitioner is most often, but not exclusively, the Department Manager/Project Manager.

2.2 APPROVAL AUTHORITIES

The requisitioner is required to obtain approval from the appropriate Manager or Director. The approval authority is described in Chapter I, Section 3.4.

2.3 PURCHASE REQUISITION PREPARATION

2.3.1 General

The Project Manager is responsible for ensuring that the purchase requisition is entered in the CATA Purchase Order system.

2.3.2 Supplier

Suggested sources should be provided to the Purchasing & Contracts Department. Information from internet sites is also a source of supplier information. If a supplier is currently known to be under contract, the Project Manager should provide the name and address.

2.3.3 Delivery Requested

A realistic delivery date should be indicated on the purchase requisition. Special requirements for delivery should also be added to the purchase requisition and discussed with the Purchasing & Contracts Manager.

2.3.4 Supplier: Existing or New

If the supplier is not under contract, the Project Manager must provide vendor information to the Finance Department so that the vendor can be entered into the P.O. system. Information should minimally include: corporate name, address, phone number, fax number, email address and contact person.
2.4 SPECIAL REQUIREMENTS

2.4.1 Brand Name or Sole Source

If a specified Brand is required to complete a job, the requirement must be justified in writing (see Chapter VII, Sole Source Procurements).

2.4.2 Component Part

If the requirement is for a component part of a major assembly, special item, or piece of equipment, the make, model, and all other pertinent information for the assembly, item, or equipment should be indicated on the requisition.

2.4.3 Bus Parts

All requirements for bus parts must be routed through the Parts Department and approved by the Director of Maintenance or designee to preclude ordering items that are greater than inventory requirements. If the requirement is for a specific bus, the bus number should be indicated on the requisition to ensure expeditious handling.

2.4.4 Emergency Requirements

In situations where immediate action is necessary to preclude a damaging condition which affects the health or safety of the public or CATA employees or which places a revenue or critical support vehicle out of service, the individual responsible should take the necessary action and then ensure a requisition is initiated. **If the emergency occurs after business hours, a requisition should be entered no later than the next working day.** Under the comments section, the requisitioner should indicate the reason for the emergency.

2.4.6 Leasing Equipment

Generally, long term leasing of equipment is not as financially advantageous to CATA as purchasing equipment. Short term leases of specialized equipment are a notable exception. A purchase requisition for leasing equipment must be accompanied by an analysis addressing the economics of lease versus purchase. The extent of the analysis should be appropriate to the size and complexity of the procurement.
2.5 PROFESSIONAL OR CONSULTANT SERVICES

Requisitions for professional or consultant services shall have the following documentation attached or included in the Request For Proposal (RFP):

2.5.1 Statement of Work
2.5.2 Evaluation Criteria
2.5.3 Desired Delivery Schedule (milestones [if appropriate]).
2.5.4 Written approval by CEO/Executive Director

III-3 TECHNICAL SPECIFICATIONS/STATEMENTS OF WORK

3.1 POLICY

Technical specifications and/or statements of work for solicitation of competitively bid or negotiated procurements shall describe accurately and in clear, concise language the technical requirements to be met by a contractor in satisfying CATA's needs. These documents shall be in a format that describes, in logical steps, the complete service or item to be delivered for each milestone of the total requirement from inception to 100 percent completion.

Specifications/requirements shall not be slanted toward any particular prospective contractor. Descriptive literature from one prospective contractor shall not be used as the sole basis for writing specifications/requirements. These requirements are set forth in CATA’s Standard Request for Proposal (RFP) document. Descriptions shall not contain features that unduly restrict competition.

3.2 DEVELOPMENT OF TECHNICAL SPECIFICATIONS

3.2.1 Technical specifications should be prepared by in-house staff or, depending upon the type of equipment/materials, may be prepared by a consultant who will not be eligible to bid on the project. Technical specifications are not to be prepared by a current or potential supplier.

3.2.2 The originator or consultant shall coordinate closely with the Project Manager to determine the detailed requirements for the piece of equipment/material required. The description should:
(1) Include a statement of the qualitative nature of the equipment/material to be procured including form, fit, and function;

(2) Set forth those minimum essential characteristics and standards required to satisfy its intended use;

(3) Indicate reliability and testing requirements;

(4) Include quality control requirements needed to guarantee the required performance.

(5) Deliverables and/or milestones.

3.2.3 The technical specification shall be prepared for the equipment/material providing adequate detail to ensure that any potential source will be fully apprized of CATA’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 CATA requirements, but not 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 vendors shall be clearly stated. All brand names that are known to meet the "or approved equal" requirements shall be listed.

3.2.4 A market survey may be conducted to determine the source(s) that offer products which meet the requirements. Internet searches are an excellent source of this information. Extreme caution must be exercised to avoid discussions of estimated quantities and budgeted dollar amounts.

3.2.5 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.

3.3 DEVELOPMENT OF STATEMENTS OF WORK

Solicitation of offers for professional/consultant services shall clearly and accurately set forth all requirements which the vendors must fulfill, including the factors to be used in evaluating the bids or proposals. The Statement of Work shall be developed by the Project Manager and should contain the appropriate information in the following format:

3.3.1 General
Begin with a broad description of the services and project or 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.

3.3.2 Applicable Standards

This part contains a description of all standards the contractor must fulfill, including CATA, federal, state, and local standards that are applicable to the project.

3.3.3 CATA Furnished Data, Property, or Services

This part contains detailed lists of all data, property, and services which will be provided to the contractor by CATA for use in the performance of the contract.

3.3.4 Specific Task Breakdowns

This part shall contain, in detail, all tasks the contractor must perform and, where applicable, should specify step-by-step instructions, coordination requirements, and deliverables by task.

3.3.5 Data Submissions/Delivery Schedules

This part shall specify the items of data that must be submitted for approval and the schedule requirements for submission/approval to ensure the project progresses in a logical, expeditious manner.

3.3.6 Selection Criteria

III-4 FEDERAL/STATE REQUIREMENTS

4.1 FEDERAL CERTIFICATIONS

There are four key federal certifications that should be considered for every procurement valued at $100,000. or more. These four certifications are:

- Disadvantaged Business Enterprise (DBE) Certification,
- Lobbying Certification,
- Buy America Certification,
- Debarment and Suspension Certification.

4.1.1 DBE Certification

The DBE Certification is required on all procurements over $2,500. A separate form should be filled out for each certified DBE vendor involved in a
given project with the correct dollar amount for that sub-contract indicated on the form. Minority firms which are not certified through the Michigan Unified Certification Program (MUCP) cannot qualify for minority status until the certification process is complete. DBE's can be found on the MUCP website at http://mdot270.state.mi.us:8080/UCP.

If no DBE participation is possible, the vendor should still sign the form but state on the back why DBE’s were not utilized. Reasons for not utilizing a DBE firm could range from: no DBE opportunity (no sub-contract opportunity), price not competitive, DBE vendor couldn’t comply with production or delivery schedule, no local DBE’s who perform that type of work, etc.

4.1.2 Lobbying Certification

The lobbying certification is required on all procurements over $100,000 in value. The lobbying certification is required to ensure that vendors have not tried to influence the award of a contract by lobbying a member of Congress, an employee of the agency or anyone else who could influence the award of a contract.

4.1.3 Buy America Certification

The Buy America Certification is required on all procurements over $100,000. This certification requires that all steel or manufactured goods are made in the United States. This certification is crucial in construction contracts. It applies to the entire contract, and not merely the portion which may be steel. Refer to the FTA websites for exceptions to the Buy America Rule.

4.1.4 Certification of Primary Contractor Regarding Debarment, Suspension, and Other Responsibility Matters

The certification regarding debarment and suspension certifies that the vendor is not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from covered transactions by any federal department or agency. Any vendor that is debarred is not eligible for federal contracts. This certification applies to contracts over 100,000.

4.2 FEDERAL CLAUSES

In addition to the federal certifications requirements, the bidder or CATA is also required to include federal clauses (see www.fta.dot.gov) which will be part of any contract language. Not all of the clauses apply to every procurement.
4.3 CATA TERMS AND CONDITIONS

In addition to the required federal certifications and clauses, CATA requires certain contract clauses for major procurements. Clauses included, but not limited to are: termination, assignability, liquidated damages; and indemnification. Collectively CATA’s procurement requirements are referred to as CATA’s Standard Terms & Conditions of Procurement. The Purchasing & Contracts Department can advise Project Managers as to which clauses are appropriate. CATA’s Standard Terms & Conditions of Procurement are to be included with each award.
CHAPTER IV: SMALL PURCHASES
IV-1 INTRODUCTION

This chapter sets forth the procedure for the procurement of supplies, equipment, and services, the aggregate amount of which does not exceed $100,000. Federal Transit Administration (FTA) regulations contained in FTA Circular 4220.1F define small purchases as those relatively simple and informal procurement methods for securing supplies, services, or property that do not cost more than $100,000 in the aggregate. Circular 4220.1F requires that price or rate quotations will be obtained from an adequate number of qualified sources when small purchase procedures are used. These small purchases shall be made competitively except where it is clearly in the best interest of CATA to accomplish such purchases by less formal methods.

A purchase requisition is required to be completed and the necessary approvals secured prior to the commitment of CATA funds. The only exceptions to this rule are:

1. Petty cash purchases within stated limits;
2. Emergency purchases (see Chapter II-3);
3. Direct pay items under existing contracts or with proper prior approvals or authority for expenditure.

IV-2 PETTY CASH PURCHASES

The purchase of small-dollar value non-maintenance part or supply items, $25 or less, may be accomplished using petty cash by departments having petty cash expenditure authority. The petty cash account is intended to satisfy immediate small-dollar needs. Petty cash expenditures will only be approved when the issuance of a check is impractical. Petty cash expenditures must be approved by the Department Manager and Director of Finance and supported by appropriately detailed receipts.

IV-3 CREDIT CARD PURCHASES

Credit cards are to be used by employees as needed for travel and purchases in instances when the vendor will not invoice CATA and/or will not accept a CATA Purchase Order, or allow CATA to set-up a corporate account. For instance, credit card purchases are frequently the only method of purchase accepted for on-line purchases. However, the use of credit cards should be used infrequently; usage should be kept to a minimum.

The Finance Department has corporate credit cards available for use by employees on an as needed basis. When a credit card purchase is required, special form must be submitted in order to obtain permission to use the card. This form is called the "Visa Request" and is obtained from the Director of Finance. Once the form is obtained it must be completed by the requesting employee who must then obtain the approval and signature of the Executive Director/CEO. Once so approved, the Director of Finance will...
will issue a CATA credit card to the individual. The card will be issued for a specified length of time. After using the card for the specified period of time, the individual will return the card to the Director of Finance. The individual must also provide to the Director of Finance copies of all credit card receipts, if available, or in the case of Internet purchases a typed list of items purchased and prices paid. All documentation is to be turned in to Director of Finance within 10 working days of purchase.

All credit card use must conform to CATA Board Policy #213.

**IV-4  COMPETITION AND PRICE REASONABLENESS**

It will always be the goal of CATA procurements that purchases are made at the most reasonable price and competitively as required in Section I-1 of this procedure. Please note: All contracts, purchase orders or change orders in excess of $25,000. for operating expenses and $50,000. for capital expenses must be formally approved by the CATA Board. Purchases in excess of $100,000. require the use of competitive procurement procedures outlined in Chapters V and VI.

**3.1  DETERMINING REASONABLENESS**

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; and/or
6. Purchasing agent's/buyer's knowledge of the item being procured.

**IV-4  RESPONSIBILITIES FOR SMALL PURCHASES**

Responsibilities for small purchases are as follows:

<table>
<thead>
<tr>
<th>Responsibility</th>
<th>Action</th>
</tr>
</thead>
<tbody>
<tr>
<td>Project Manager</td>
<td>1. Develops requirement.</td>
</tr>
<tr>
<td></td>
<td>2. Processes appropriately approved purchase requisition.</td>
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<tr>
<td></td>
<td>3. Obtains required justification for sole-source justification, if applicable.</td>
</tr>
</tbody>
</table>
(1) If less than $500, and a non-recurring purchase, purchases item from appropriate source at a price determined as fair and reasonable.

(2) If less than $500, and a recurring purchase for an item or service, initiate a contract or sample bid for the item or service.

(3) If between $500, and $5,000, obtain a minimum of two informal quotations prior to award.

(4) If between $5,000, and $25,000, obtains a minimum of three written quotations and evaluates each quotation prior to award.

Purchasing/Contracts Department

5. If greater than $25,000, at least three competitive bids or proposals are to be solicited, and where appropriate, formally advertised, using the CATA Request For Proposal format. Approve or reject sole-source justification.

6. Prepares purchase order.

7. Makes award to appropriate supplier.

8. Transmits purchase order to supplier and makes internal distribution as required.

9. Performs required expedite and administrative actions.

Project Manager

10. Receives material or service.

11. Signs and dates packing slip or acknowledges service on supplier's service report.

12. Using the receiving function in the P.O. system software, matches packing slips to purchase order and receives items. Records are automatically stored in P.O. system for required length of time.

Finance (Accounts Payable)

13. Upon receipt of supplier's invoice, processes payment to supplier and files documentation in completed payments file by supplier.
CHAPTER V: SEALED BID PROCUREMENTS
GENERAL

1.1 POLICY

Pursuant to Board policy and FTA requirements, unless otherwise authorized by the Board, competitive bidding is required by contacting two or more responsible suppliers who are willing and able to compete effectively on all purchases under $25,000. Formally advertised, sealed bidding, when appropriate, shall be used for purchases that exceed $25,000.

In procuring goods, equipment, and services estimated to cost more than $500, but less than $5,000, personnel shall obtain at least two competitive quotations. Personnel making such purchases shall use CATA's Bidders' List, Minority Business Directory, local references, the Yellow Pages, internet searches and appropriate business registers to identify sources. When possible, CATA will purchase common goods and services using the State of Michigan MiDEAL Program (if compliant with FTA Regulations) or GSA agreements for pricing. This is particularly applicable for purchase of vehicles, service trucks, and office or computer equipment. When using state or federal price contracts, FTA solicitation provisions and contract clauses will be attached to the P.O.

This policy shall be used for procurements estimated to cost more than $25,000 when:

(1) A complete, adequate, and realistic specification is available;

(2) Reasonable certainty exists that two or more bidders are willing and able to compete effectively for the bid;

(3) The procurement lends itself to a fixed-price type contract and selection can be made principally on the basis of price; and

This policy is appropriate for all CATA purchases, whether CATA-funded, MDOT-funded and FTA-funded.

1.2 ROLLING STOCK REQUIREMENTS

CATA will utilize a competitive procurement process (sealed bid or competitive negotiation) for procurement of rolling stock.

1.2.1 Transit Vehicle Manufacturer (TVM) Certification

All vendors on transit vehicles purchased with FTA funds for the primary purpose of public transportation (this includes large buses, small buses, and vans) must certify compliance with Section 23.67 of DOT Minority Business
Enterprise Regulation (49 CFR Part 23, Subpart D). Vehicles purchased for use as support vehicles rather than for transport of passengers are excluded from certification requirements.

1.2.2 Bus Testing

CATA cannot purchase or lease a new model bus or van with any grants (including amendments) approved by FTA after September 30, 1989, unless such model bus or van has been tested at the FTA test facility in Alcoona, Pennsylvania (49 CFR Part 665).

1.2.3 Pre-Award and Post-Delivery Audit

All vendors on transit vehicles purchased with FTA funds for the primary purpose of public transportation must comply with 49 CFR Part 663, Pre-Award and Post-Delivery Audits of Rolling Stock Purchases. CATA cannot purchase or accept a new model vehicle which has not complied with audit requirements. These requirements are more fully discussed in FTA's Conducting Pre-Award and Post-Delivery Audits for Bus Procurements, November, 1993.

V-2 PUBLIC ADVERTISING REQUIREMENTS

Invitations for Bid for purchases over $100,000, in aggregate will be publicly advertised. At a minimum, publication will occur locally in the newspaper with the largest circulation in the Lansing, Michigan area. As appropriate to the purchase, publication may be placed in construction, equipment, or trade journals, or transit trade journals, etc., in lieu of newspaper publication.

The Purchasing & Contracts Manager will maintain lists of potential bidders for routine types of purchases containing current and prospective suppliers. Names of suppliers may be added at the request of Department Managers, or the Project Manager.

V-3 RESPONSIBILITIES - FORMALLY ADVERTISED PROCUREMENTS

Responsibilities for formally advertised sealed bid contracts are as follows:

<table>
<thead>
<tr>
<th>Responsibility</th>
<th>Action</th>
</tr>
</thead>
</table>
| Project Manager     | 1. Develops technical specifications which are complete, realistic, and do not restrict competition.  
                      | 2. Transmits technical specification, independent cost estimate, and/or other bid package input, as appropriate, including verification of fund availability to Purchasing & Contracts Department. |
Purchasing & Contracts Dept.  3. Reviews technical specification for completeness, clarity, competitiveness, and accuracy. Determines if specification is realistic and non-restrictive.

4. Develops procurement document in coordination with Project Manager.

5. Processes PROCUREMENT, unless other arrangements are made.

6. For FTA-funded procurements, ensures that procurement satisfies required FTA clauses and provisions.

7. Reviews procurement for accuracy and completeness, and adherence to instructions.

8. Advertises procurement, as appropriate, may include local newspaper, minority and/or trade journals, CATA website, national media such as Passenger Transport and/or other industry media outlets as appropriate.

9. Mail or email copy of advertisement directly to potential bidders, including sources listed in Minority Business Directory, those identified by requester, and any other known sources. Uses trade journal registers when possible.

10. Distributes solicitation to those requesting copies and records names and addresses of all recipients.

Purchasing & Contracts Dept.  11. Conducts pre-bid conference, when appropriate. Pre-bid conferences will not be mandatory conditions of bidding.

Purchasing & Contracts Dept.  12. Receives clarification requests or questions from prospective bidders regarding the procurement as well as requests for approved equals.


Project Manager  14. Performs technical evaluation of all requests for approved equals and informs Purchasing & Contracts Department in writing.

Purchasing & Contracts Dept.  15. Informs all prospective bidders in writing via addenda of any change to solicitation, including approved equals.

Project Manager and Evaluation Team  16. Conducts public bid opening as appropriate, recording price.

17. Reviews bids received for technical responsiveness and notifies Purchasing & Contracts Department in writing, of technical
<table>
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<tr>
<th>Purchasing &amp; Contracts Dept.</th>
<th>18. Reviews bids for responsiveness to general terms and conditions of procurement and reviews bidders' responsibility. <strong>Insures all required federal certifications are attached, completed, and signed by the appropriate person(s).</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Purchasing &amp; Contracts Dept. and Project Manager</td>
<td>19. Recommends award to CEO/Board</td>
</tr>
<tr>
<td>Purchasing &amp; Contracts Dept.</td>
<td>20. Prepares contract documents, letters to unsuccessful bidders, and Notice to Proceed.</td>
</tr>
<tr>
<td>Legal</td>
<td>21. Writes/reviews contract and approves as to legal form.</td>
</tr>
<tr>
<td>Board of Directors and/or CEO/Executive Director Project Manager</td>
<td>22. Approves contract award per Board Policy 200,</td>
</tr>
<tr>
<td>Purchasing &amp; Contracts Dept.</td>
<td>23. Enters purchase requisition with necessary approvals; creates purchase order/contract.</td>
</tr>
<tr>
<td>Contractor</td>
<td>24. Sends Award Letter and contract to contractor along with executed purchase order.</td>
</tr>
<tr>
<td>CEO/Executive Director and/or Board Chair as appropriate Purchasing &amp; Contracts Dept.</td>
<td>25. Returns bid bonds to unsuccessful bidders.</td>
</tr>
<tr>
<td></td>
<td>26. Executes (signs) contract.</td>
</tr>
<tr>
<td></td>
<td>27. Submits bonds and insurance certificates as appropriate.</td>
</tr>
<tr>
<td></td>
<td>28. Executes (signs) contract.</td>
</tr>
<tr>
<td></td>
<td>29. Transmits Notice to Proceed, purchase order, or fully executed contract to the contractor and makes internal distribution as necessary.</td>
</tr>
</tbody>
</table>

**V-4 PROCUREMENT PREPARATION**

**4.1 SUPPLY, SERVICE, & CONSTRUCTION PROCUREMENT**

For supply, service, and construction contracts, procurement documents should contain the following information if applicable to the procurement involved:

1. CATA address.
2. Date of issuance.
3. Date, hour, and place of bid opening (prevailing local time shall be used).
(4) A description of supplies or services to be furnished under each item in sufficient detail to permit full and free competition.

(5) The time of delivery or performance requirements.

(6) Permission, if any, to submit fax bids or e-mail bids. (Note: If procurement documents are distributed electronically by CATA, then paper copies of those procurement documents should be made available at CATA’s Office for those vendors who do not have access to electronic means of receipt.)

(7) Permission, if any, to submit alternate bids, including alternative material or design.

(8) Bid guarantee, performance, and payment bond requirements, if any.

(9) When considered necessary by the Purchasing & Contracts Manager, a requirement that all bids must allow a period for acceptance of not less than one hundred eighty (180) calendar days and that bids offering less than the minimum stipulated acceptance period may be rejected (unless otherwise specified in the procurement).

(10) In unusual cases, where bidders are required to have special technical qualifications due to the complexity of the equipment being procured or for some other special reason, a statement of such qualifications.

(11) Any special provisions, necessary for the particular procurement, relating to such matters as progress payments, patents, liquidated damages, etc.

(12) Except for construction contracts, a determination to allow prompt payment discounts to be considered in the evaluation of bids.

(13) Any additional contract provisions or conditions required by FTA, MDOT, local or other jurisdictions.

(14) All factors are to be considered in the evaluation of bids, including shipping costs where applicable. Care must be taken to ensure that the procurement informs suppliers not only what factors will be evaluated, but, when necessary, how each factor will be evaluated. Suppliers must know these factors to properly construct their bid prices, and it is also important to eliminate any appearance of possible arbitrary application of evaluation factors by CATA.

(15) Directions for obtaining copies of any documents, such as plans, drawings, and specifications, which have been incorporated by reference.
(16) Appropriate instructions regarding the receipt and handling of bids that are received after the exact time set for opening in the procurement document.

(17) The procurement must not include a ceiling or budget price; however, options may be specified that effectively limit the amount of funds that will be spent.

(18) Positive efforts should be made by CATA to allow small business and disadvantaged business, pursuant to CATA's DBE policy and DBE Regulations, 49 CFR Part 23, the maximum feasible opportunity to compete for contracts and subcontracts.

4.2 BIDDING TIME

4.2.1 Policy

Consistent with the need for obtaining the supplies or services, all purchases must allow sufficient bidding time (i.e., the period of time between the date of distribution of a procurement document and the date set for opening of bids) to permit prospective bidders to prepare and submit bids.

4.2.2 Minimum Bidding Time

As a general rule, bidding time should not be not less than twenty (20) calendar days when procuring standard commercial articles and services and not less than thirty (30) calendar days when procuring other than standard commercial articles or services. Shorter time periods may be more appropriate if the item or service to be procured is not complex in nature and is well understood by vendors. Also, this rule need not be observed in special circumstances or where the urgency of the need for the supplies or services does not permit such delay. On the other hand, complex procurements will require significantly longer bidding time. Only the Purchasing & Contracts Manager may modify the amount of time allowed for receipt of bids.
4.2.3 **Place and Method of Delivery of Supplies**

Purchases solicited F.O.B. origin (freight paid by CATA) must state that bids will be evaluated on the basis of bid price plus transportation cost to CATA from point of origin to one or more designated destinations. Whenever possible, it is preferable to specify delivery included to CATA.

4.3 **BID SAMPLES**

4.3.1 **Policy**

Bidders should not be required to furnish a bid sample of a product they propose to furnish unless there are certain characteristics of the product which cannot be described adequately in the applicable specification or purchase description, thus a sample of the product should be submitted. Samples shall be returned to the supplier as soon as they are no longer required for bid evaluation or contract award.

4.3.2 **Justification**

The reasons why acceptable products cannot be procured without the submission of bid samples will be set forth and filed in the procurement file. If a sample cannot be returned, the reasons shall also be set forth and filed in the contract file.

4.4 **DESCRIPTIVE LITERATURE**

4.4.1 **Policy**

Bidders are only required to furnish descriptive literature as a part of their bids when CATA deems that such literature is needed to enable it to determine before award whether the products offered meet the specification requirements of the procurement document and to establish exactly what the bidder proposes to furnish.

4.4.2 **Justification**

The reasons why acceptable products cannot be procured without the submission of descriptive literature will be set forth and filed in the procurement file.
5.1 ADVERTISING

Prior to mailing the procurement documents, the procurement shall be advertised, as appropriate and as required by regulation, and may include local newspapers, minority media trade journals, national media trade journals, etc.

5.2 MAILING OR DELIVERY TO PROSPECTIVE BIDDERS

Care should be taken to ensure that a sufficient number of vendors are solicited in all procurements in order to ensure adequate competition. Unnecessary restrictions on competition will not be used.

5.3 RECORDS OF PURCHASES AND RECORDS OF BIDS

The Purchasing & Contracts Department will retain a record of every procurement document issued by it and of each abstract or record of bids. This record can be kept electronically using the "bids" feature within P.O. system. This record should be reviewed at the time of each subsequent procurement action for the same and/or similar items to ensure that the information available in the file is utilized and updated in connection with the new procurement.

The file of the procurement document should show the distribution which was made and the date thereof. The names and addresses of prospective bidders requesting the procurement document, who were not included on the original solicitation list, should be added and made a part of the record.

5.4 AMENDMENT OF PROCUREMENT DOCUMENT

If, after issuance of procurement document but before the time set for opening of bids, it becomes necessary to make changes in quantities, specifications, delivery schedules, opening dates, etc., or to correct a defective or ambiguous specification, such changes will be accomplished by issuance of an addendum to the procurement document. The addendum will be sent to each prospective bidder to whom the procurement document was originally furnished.

Any information given to a prospective bidder concerning a procurement document must be furnished promptly to all other prospective bidders as an addendum to the procurement if such information is necessary to bidders in submitting bids or if the lack of such information would be prejudicial to
uninformed bidders. No award will be made on the procurement unless such addendum has been issued in sufficient time to permit all prospective bidders to consider such information in submitting or modifying their bids.

5.5 RESPONSIVENESS OF BIDS

To be considered for award, a bid must comply in all material respects with the procurement document, both to the method and timeliness of submission and to the substance of any resulting contract, so that all bidders may stand on an equal footing and the integrity of the formal advertising system may be maintained.

In the interest of expediency, fax bids or e-mailed bids will be permitted for a given procurement, but only with time stamps. Original signed offer sheets may be mailed for inclusion in the project files.

Bids should be filled out, executed, and submitted in accordance with the instructions which are contained in the procurement document. Bidders must use any procurement format that may be furnished by CATA to ensure uniformity in bids.

5.6 TIME OF BID SUBMISSION

Bids must be submitted so as to be received in the office designated in the procurement document not later than the exact time set in the solicitation and public notice for receipt of bids. The procurement document will set forth the manner in which sealed bids are to be marked and identified as sealed bids. Where faxed bids are authorized, a faxed bid received by the receiving fax office not later than the time set for opening of bids will be considered. Fax bids will be sealed by the Purchasing & Contracts Department until the time of bid opening. When sealed bids are received, they will be date stamped and the time will be noted.

5.7 LATE BIDS

Bids are "late bids" when they are received by the Purchasing & Contracts Department after the exact time for bid opening. Generally speaking, late bids will not be accepted. However, the Purchasing & Contracts Manager has sole discretion as to whether late bids will be accepted. Any late bids refused by CATA will be retained unopened at CATA or returned unopened to the bidder at the discretion of CATA.
5.8 MODIFICATION OR WITHDRAWAL OF BIDS

Bids may be modified or withdrawn in person by the bidder or their authorized representative provided their identity is made known and the modification or withdrawal is made prior to the exact time set for opening of bids. The person modifying or withdrawing a bid will be required to sign a receipt to receive the bid.

When permitted, withdrawal or modification requests made in writing will be accepted when (1) the request can be confirmed by telephone and (2) the request and confirmation is completed prior to the exact time set for opening of bid.

Written modification requests received by fax must be sealed in an envelope by the Purchasing & Contracts Manager, who should write thereon the date and time of receipt and by whom, the procurement number, and the Purchasing & Contracts Manager's signature. No information contained therein will be disclosed prior to the time set for bid opening.

If a bid is obviously in error, the bid will be rejected, and the bidder will be permitted to withdraw. The bidder will not be permitted to submit an alternate or modified bid after the time set for opening of bids.

5.9 LATE MODIFICATIONS AND WITHDRAWALS

Modifications of bids and requests for withdrawal of bids which are received in the office designated in the procurement document after the exact time set for opening are “late modifications” and “late withdrawals”, respectively. A late modification or late withdrawal will be subject to the rules and procedures applicable to late bids. A late modification of an otherwise successful bid will be opened at any time it is received. If, in the judgment of the Purchasing & Contracts Manager, it makes the terms of the bid more favorable to CATA, it will be considered.

V-6 BID RECEIPT AND OPENING

6.1 RECEIPT OF BIDS

As bids are received, the official designated to receive bids shall secure and safeguard the bids until the established time for bid opening.
6.2 OPENING OF BIDS

The official designated to open bids should decide when the time set for bid opening has arrived and will so declare to those present. All bids received prior to the time set for opening will then be publicly opened and, when practicable, read aloud to the persons present, and recorded. If it is impracticable to read the entire bid, as where many items are involved, the total amount of each bid will be read, if feasible.

6.3 RECORDING OF BIDS

The procurement number, bid opening date, general description of the item to be procured, names of persons opening and witnessing bids, names of bidders, prices bid, and any other information required for bid evaluation should be entered on a Tabulation of Bids form at the time the bid is read. When the items are too numerous to warrant the recording of all bids completely, an entry should be made of the procurement number, opening date, general description of the procurement items, and the total price bid where definite quantities are involved. If the procurement document is canceled before the time set for bid opening, this fact should be recorded.

6.4 CANCELLATION OF PROCUREMENT AFTER OPENING

Preservation of the integrity of the sealed bid system dictates that, after bids have been opened, award must be made to that responsible bidder who submitted the lowest responsive bid, unless there is a compelling reason to reject all bids and cancel the procurement. As a general rule, after opening, a procurement document should not be cancelled and re-advertised due solely to increased requirements for the items being procured. Award should be made on the initial procurement document and the additional quantity should be treated as a new procurement.

When a procurement must be canceled because (1) all bids were at unreasonable prices, (2) there is evidence of collusion or bad faith, or (3) competition was not adequate to ensure a reasonable price, the proper negotiation procedure (see Chapter VII, Non-Competitive Negotiation Contracts) will be followed. In such instances, thorough documentation to support the action taken must be included in the files.

Procurement documents may be canceled after opening, but prior to award, and all bids rejected, where CATA's CEO/Executive Director determines that circumstances justify such action. Complete written documentation of these cases must be placed in the contract files.
6.5 REJECTION OF INDIVIDUAL BIDS

Any bid which fails to conform to the essential requirements of the procurement document, such as specifications, delivery schedule, or to any alternatives to those or other requirements which may be specifically provided for in the procurement, shall be rejected as non-responsive.

Ordinarily, a bid will be rejected when the bidder imposes conditions which would modify requirements of the procurement document or limit his liability to CATA so as to give him an advantage over other bidders. A low bidder may be requested to delete objectionable conditions from his bid if these conditions do not go to the substance, as distinguished from the form, of the bid. A condition goes to the substance of a bid where it affects the price, quantity, quality, or delivery of the items offered.

Any bid may be rejected if the Purchasing & Contracts Manager determines in writing that it is unreasonable as to price and the determination is supported by review and analysis of the action. Where a bid guarantee is required and a bidder fails to furnish it in accordance with the requirements of the procurement document, the bid must be rejected.

The originals of all rejected bids, and any written findings with respect to such rejections, will be preserved with the papers relating to the procurement.

After submitting a bid, if a bidder transfers all of his assets or that part of his assets related to the bid during the period between bid opening and the award, the transferee may not take over the bid. Accordingly, the Purchasing & Contracts Manager will reject the bid. Low bids received from firms determined not to be responsible (or ineligible for any reason) by CATA will be rejected.

Bids containing significant defects may be rejected as non-responsive or not responsible depending on the nature of the defect. Examples of significant defects in a bid include but are not limited to the following:

- Unsigned bid bond or insufficient bid bond amount
- Unsigned bid (may be corrected)
- Insufficient quantities
- Pricing not in the prescribed manner
- Delivery not in the prescribed manner
- Failure to submit Buy America Certificate, when required, or other required certificate
- Failure to submit information on key subcontractors.

Any minor informalities or irregularities which do not significantly alter the substance of the bid may be waived by the Purchasing & Contracts Manager.
6.6 NOTICE TO BIDDERS OF REJECTION OF ALL BIDS

When it is determined to reject all bids, the Purchasing & Contracts Manager should notify each bidder that all bids have been rejected, stating the reasons for such action.

6.7 RESTRICTIONS ON DISCLOSURE OF DESCRIPTIVE LITERATURE

When a bid is accompanied by descriptive literature and the bidder imposes a restriction that such literature may not be publicly disclosed, such restriction renders the bid non-responsive if it prohibits the disclosure of sufficient information to permit competing bidders to know the essential nature and type of the products offered or those elements of the bid which relate to quantity, price, and delivery terms.

Descriptive literature restricted by a bidder against public disclosure will not be disclosed in a manner which would contravene the restriction without permission of the bidder.

6.8 ALL OR NONE QUALIFICATION

Unless the procurement document so provides, a bid is not rendered non-responsive by the fact that the bidder specifies that award will be accepted only on all, or a specified group, of the items included in the procurement document. However, bidders will not be permitted to withdraw or modify "all or none" qualifications after bid opening since such qualifications are substantive and affect the rights of other bidders.

6.9 MISTAKES IN BIDS

Mistakes in bids may be categorized in four basic categories. Each category follows the patterns of errors made in bids:

1. Minor informalities or irregularities;
2. Obvious or apparent mistakes of a clerical nature;
3. Mistakes other than the obvious or apparent mistakes of a clerical nature; and
6.9.1 Minor Informalities or Irregularities in Bids

CATA may permit the correction of minor informalities and irregularities in bids or may waive any such deficiency when time does not permit the curing thereof if the waiver does not work to the disadvantage of CATA. Correction of a "minor informality or irregularity" is not authorized when such action would affect the price, quality, quantity or delivery schedule of the articles to be furnished or the accountability or liability of a contractor or would prejudice the interests and rights of other bidders.

6.9.2 Obvious Clerical Mistakes

Any clerical mistake, obvious or apparent, on the face of a bid may be corrected prior to the award provided that the bidder verifies the fact that a mistake has been made. Usually these mistakes are discovered subsequent to the opening but prior to the award of a contract. The bidder may discover that an error has been made or CATA may find that the low bid is out of line with the other bids received or that it contains some other error which is so obvious as to place the bidder on notice that an error has been made. It is a well-established principle that an offeree cannot accept an offer in good faith when it is known, or there is reason to know, that a mistake has been made by the vendor. In the event CATA discovers an obvious error, it will usually request the bidder to verify the bid. This request to verify bids must be sufficient to reasonably ensure CATA that the bid as confirmed is without error, or to elicit the allegation of a mistake by the bidder. To ensure that the bidder is given adequate notice by CATA of a mistake suspected by CATA, the bidder should be advised as appropriate:

(1) That its bid is so much lower than the other bids or CATA's estimate as to indicate a possibility of error;

(2) Of important or unusual characteristics of the specifications;

(3) Of changes in requirements from obvious purchases of a similar item; or

(4) Of other data proper for disclosure that will put the bidder on notice of the suspected mistake.

6.9.3 Mistakes Other than Obvious or Apparent of a Clerical Nature

CATA is authorized to make the following administrative determinations in connection with mistakes in bids other than apparent clerical mistakes alleged after opening the bids and prior to award:
(1) Where the bidder requests permission to withdraw a bid and clear and convincing evidence establishes the existence of a mistake, a determination permitting the bidder to withdraw his bid may be made.

(2) If the evidence is clear and convincing both as to the existence of the mistake and as to the bid actually intended, and that the bid, both as uncorrected and as corrected, is the lowest received, a determination may be made to correct the bid and not permit its withdrawal.

(3) CATA reserves the right to request/accept changes to a bidders offer, based upon the best interests of CATA.

(4) Where the evidence is not clear and convincing that the bid as submitted was not the bid intended, a determination may be made requiring that the bid be considered for award in the form submitted.

6.9.4 **Mistakes Disclosed After the Award of the Contract**

The next category of mistakes are those which are disclosed after award. Once a contract is signed and the rights of CATA therein established, it becomes very difficult to correct an error. When a mistake in a contractor's bid is not discovered until after award, the mistake may be corrected by supplemental agreement if correcting the mistake would make the contract more favorable to CATA without changing the essential requirements of the specifications. In addition, CATA is authorized to make a determination (1) to rescind a contract; or (2) to reform a contract by deleting the items involved in the mistake or by increasing the price if the contract price, as corrected, does not exceed that of the next lowest acceptable bid under the original procurement document.

**V-7 EVALUATION OF BIDS**

**7.1 POLICY**

The Purchasing & Contracts Manager may conduct a public bid opening for all formally advertised sealed bids. Prices, however, need not be disclosed at the opening. Construction, materials, or equipment contracts for which either formal or informal bids are solicited shall be awarded to the responsive and responsible bidder whose bid conforms to the procurement and whose bid is most advantageous to CATA, considering price and other factors affecting price (such as transportation and delivery costs or life-cycle costs) as set forth in the solicitation.

**7.2 RESPONSIBLE BIDDER**
The term responsible refers to a bidder’s financial resources, judgment, skill, integrity, and ability to fulfill successfully the requirements of the contract. The five principal criteria used to determine a bidder's responsibility are the following:

(1) Technical status as a manufacturer, supplier or construction contractor (e.g., ability and capacity to provide the materials).

(2) Financial resources and status (e.g., Dunn & Bradstreet Report).

(3) Skill and experience.

(4) Prior conduct and performance of a contract.

(5) Contractor integrity and compliance with public policy.

As required, the Purchasing & Contracts Manager will make the determination as to whether or not a bidder is considered responsible. All responsible bidders will be considered; non-responsible bidders will not be considered.

7.3 RESPONSIVE BIDDER

The responsiveness of the bid itself is determined by its conformance with all technical and legal requirements of the bid documents and in all material respects with the bid specifications. Generally, a bid is not responsive and may not be considered for award when it contains a deficiency as to any material factor, defined as circumstance which affect price, quality, or quantity of the articles or services furnished or the failure to comply with specific requirements of the Instructions To Bidders, or the failure to comply with applicable statutes or regulations.
7.4 EVALUATION TEAM

Bids may be evaluated for responsiveness and acceptability of proposed costs by an ad hoc evaluation team, consisting of selected representatives from the following groups:

(1) Project Manager.
(2) Purchasing & Contracts Department.
(3) Department Director or Department Manager, if appropriate.
(4) Other affected departments, if appropriate.
(5) Outside consultants, if appropriate.

Results of the evaluation must be documented to provide clear justification for contract awards. If the procurement is other than a standard commercial item, a separate technical evaluation memorandum will be prepared for the procurement. It must be prepared by the evaluation team to determine whether the apparent low bidder is technically responsive. This memorandum should be supported by documentation, if appropriate.

V-8 AWARD PROCESS

8.1 AWARD

Unless all bids are rejected, award must be made by CATA by written notice within the time for acceptance specified in the bid or extension thereof to that responsible bidder whose bid, conforming to the procurement document, will be most advantageous to CATA, price and other factors considered. Award will not be made until all required Board and signature approvals have been obtained.

8.2 DELAY OF AWARD

Should administrative difficulties after bid opening threaten to delay award beyond bidders' acceptance period, bidders should be requested (before expiration of their bids) to extend the bid acceptance period (with consent of sureties, if any) to avoid the need for re-advertising.
8.3 AWARD TO A SINGLE BIDDER

CATA may award a contract to a single bidder provided that an analysis can be completed that documents the price is fair and reasonable. Price analysis will only be used when price reasonableness can be established based on catalog or market price of a commercial product sold in quantity or set by law or regulation. Price information based on experience of a procurement professional is also sufficient grounds for “price reasonableness.” A price analysis is required in all other cases of single bid evaluation.

FTA Circular 4220.1F specifies that single bids must be considered as non-competitive negotiations, and negotiated procurement procedures must be followed. Negotiated procurements are covered under Section VII of this document.

8.3.1 Price Analysis

A price analysis is the process of examining the bid and evaluating the price without evaluating the separate cost elements. Where price analysis alone is inadequate to determine if a price is fair and reasonable, a cost analysis is required. Price analysis is discussed in Chapter VI of this document.

8.3.2 Cost Analysis

Where it is impossible to obtain information necessary for a valid price analysis, a cost analysis shall be performed. The independent estimate for the item is not sufficient as a cost analysis. Cost analysis is discussed in Chapter VI of this document.
8.4 AWARD TO OTHER THAN LOW BIDDER

In all sealed bid procurements, the award of contracts shall generally be to the lowest responsive, responsible bidder. If the award is to be made to other than the apparent low, responsive and responsible bidder, a full justification must be prepared and put into the contract file.

8.4.1 Documentation for Award to Other than Low Bidder

The following documentation is required:

(1) A complete copy of the proposed contract (to include a copy of the bid/proposal of the awardee and, in the case of a procurement, the bids of all those whose prices are lower than the awardee's).

(2) A copy of the solicitation document.

(3) A procurement Summary explaining the basis for selection of the contractor, including the evaluation criteria; the technical evaluation; and, when appropriate, the negotiation memorandum.

(4) A statement that the price is fair and reasonable and the basis for that determination.

(5) The cost or price analysis used as a basis for determining that the price is fair and reasonable.

(6) A legal counsel opinion to the effect that the proposed award is in accordance with state and local law.

(7) A list of all bids received.

(8) A determination and finding which explains all pertinent facts surrounding the procurement and specific justification for the proposed award.

Determinations of award shall be based on consideration of responsiveness and responsibility. If the award is to be made to other than the apparent low, responsive and responsible bidder, the above documentation must explain in what ways the bidder was not responsive or responsible.

8.4.2 Information to Unsuccessful Bidders
Where award is made to other than the apparent low bidder, the Purchasing & Contracts Manager will notify the unsuccessful lower bidders promptly of the fact that their bids were rejected. The notification shall state the reason for rejection. In addition, notification that an award has been made to another firm should be given to all unsuccessful bidders.
CHAPTER VI: REQUEST FOR PROPOSAL (RFP)/COMPETITIVE NEGOTIATION
1.1 INTRODUCTION

This chapter outlines CATA's procedures for solicitation and award of procurements utilizing Requests for Proposals (RFP). It is applicable to all Professional Services Procurements as well as any other procurements over $100,000, when it is not possible to fully detail the specifications and/or quantity of the services or goods to be obtained so that a sealed bid could be received.

Responses to RFPs shall be solicited from an adequate number (normally a minimum of three) of potentially qualified vendors in order to obtain the greatest possible competition. Execution of any contract under this procedure is dependent upon appropriation by the CATA Board of Directors of the necessary funds and upon the negotiation of a mutually acceptable contract with the successful vendor. CATA reserves the right to reject all proposals and resolicit or cancel the procurement if deemed by CATA to be in its best interest. CATA also reserves the right to enter into a contract with any vendor based upon the initial proposal or on the basis of a best and final offer without conducting written or oral discussions if the solicitation specifically stipulates this reservation of CATA's rights.

Solicitations for professional services, other than Architect/Engineer (A/E), shall require submittal of both technical and cost proposals. After technical evaluations have been completed, negotiations may be entered into with all firms determined to be in the competitive range and shall include all vendors that have a reasonable chance of being selected for award. The final selection shall be made at the conclusion of formal negotiations and based upon the evaluation of best and final offers, unless the determination has been made to award on the basis of the initial proposals without conducting discussions with any of the competing firms.
1.2 CONDITIONS DETERMINING WHEN USE OF AN RFP IS APPROPRIATE

The following conditions should be present for an RFP to be considered:

(1) A complete, adequate and realistic specification or purchase description is infeasible, or a more general description is appropriate to ensure full and open competition;

(2) Factors other than price, or price-related, will be evaluated and weighed, with price, for award.

(3) Oral/written discussions may be needed with vendors;

(4) Reasonable certainty that two or more vendors are able and willing to compete with proposals; and

(5) It is appropriate if a cost-reimbursement contract must be used instead of a fixed-fee contract.

1.3 PUBLIC ADVERTISING

Request for Proposals/Qualifications shall be publicized as follows:

(1) Requests For Proposal for purchases over $25,000. will be publicly advertised. At a minimum, publication will occur locally in the general newspaper of largest circulation in the Lansing, Michigan area. As appropriate to the purchase, publication may be placed in trade journals or other media to foster maximum opportunity for competition, in lieu of or in addition to newspaper publication.

The Purchasing & Contracts Department will also establish and maintain lists of prospective vendors. Names of suppliers will be added at their request, or by Department Managers, the DBE officer, or the Purchasing & Contracts Manager.

(2) Exceptions to the above are:

(a) Requirements of an unusual or compelling urgency wherein CATA would be seriously injured if proposals were permitted to be made more than ten (10) days from date of advertising.

(b) Modifications to existing contracts that were advertised prior to award.
1.4 INDEPENDENT COST ESTIMATE

For purchases estimated to cost more than $25,000, the Project Manager shall provide to the Purchasing & Contracts Department a detailed independent cost estimate for the required services. The independent estimate shall be utilized as a basis to establish the competitive range for the resultant negotiations with potential contractors. See Attachment A for sample form.

1.5 ARCHITECT/ENGINEER CONTRACTS

Procurement of Architect/Engineer (A/E) services shall be accomplished utilizing a qualifications-based procurement (the "Brooks Act", P.L. 92-582) method where negotiations are limited to the most technically qualified firm, subject to subsequent negotiations of a fair and reasonable compensation. Price cannot be considered as an evaluation factor in determining the most qualified vendor. Negotiation is only conducted with the most qualified vendor, rather than all vendors.

The qualifications-based procurement method will also be used for A/E related services, such as program management, construction management, feasibility studies, preliminary engineering, design, surveying, mapping, or related services.

When using the qualifications-based method for contracting for A/E services, geographic location may be a selection criteria provided its application leaves an appropriate number of qualified firms, given the nature and size of the project, to compete for the contract.

1.6 RELEASE OF INFORMATION

With the exception of publicly obtained bids, all cost and pricing data received by CATA in negotiated procurements is to be treated as confidential.

All technical data received in response to RFP's is confidential except for data contained in the awarded contract.

VI-2 RESPONSIBILITIES FOR PREPARATION OF REQUESTS FOR PROPOSALS

Responsibilities for RFP preparation are as follows:

<table>
<thead>
<tr>
<th>Responsibility</th>
<th>Action</th>
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</table>
1. Prepares specification, scope of work, or statement of desired services in as much detail as possible.
2. Prepares suggested evaluation factors and their weights in suggested order of importance.
3. Prepares suggestions for evaluation team membership.
4. Prepares a detailed independent estimate of costs for the required services.
5. Draft Request for Proposal (RFP).
6. Develops additional evaluation criteria in coordination with Project Manager.
7. Develops a final description of the project and scope of work based on operational requirements and with the advice of other departments.
8. Reviews draft RFP for comments and corrections.
9. Prepares final RFP.
10. Advertises procurement, prepares mailing list with suggestions from Project Manager and mails RFP.
11. Schedules pre-proposal meeting if appropriate. Project Manager prepares responses to vendors' questions and forwards to Purchasing & Contracts.
12. Prepares and distributes Addendum to RFP with any applicable questions and answers and/or clarifications.
16. Sets schedule for evaluation meetings.
17. Receives and records proposals.
18. Review and evaluate proposals.
19. Determine winning proposal or listing of finalists based on likelihood firm has reasonable chance to be selected after interview or negotiation phase. Arbitrary numbers of qualified vendors are not acceptable. Note: CATA reserves the right to award a contract without the need for an interview process.
20. Notifies selected vendors of schedule for oral interviews. Note: CATA reserves the right to award a contract without the need for an interview process.
21. Hold oral interview with vendor finalists.
22. Finalize selection of vendors following any
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<tbody>
<tr>
<td>Purchasing &amp; Contracts Dept.</td>
<td>25. Make recommendation for award to CEO/Executive Director for transmittal to the Board of Directors.</td>
</tr>
<tr>
<td></td>
<td>26. Documents entire procurement.</td>
</tr>
<tr>
<td>Legal Counsel</td>
<td>27. Submits documentation to legal counsel for drafting of contract.</td>
</tr>
<tr>
<td>Purchasing &amp; Contracts Dept.</td>
<td>28. Prepares contract and conducts legal review.</td>
</tr>
<tr>
<td>Board of Directors/CEO</td>
<td>29. Forwards contract to contractor for review and signature.</td>
</tr>
<tr>
<td>CEO/Executive Director/Chair</td>
<td>30. Approves contract award as appropriate.</td>
</tr>
<tr>
<td>Purchasing &amp; Contracts Dept.</td>
<td>31. Executes (signs) contract.</td>
</tr>
<tr>
<td></td>
<td>Receives fully executed contract, forwarding one (1) original to the contractor; one (1) original to the contract files with copies of signed document to Department Director or Manager and Project Manager.</td>
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</table>

### VI-3 PREPARATION OF REQUEST FOR PROPOSALS

#### 3.1 GENERAL

All Requests for Proposals (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.

Project Manager is responsible for providing the in-house independent cost estimate, technical specifications, and drawings for equipment, materials, and service contracts. Preparation of technical requirements or Statements of Work for prime contracts shall be the responsibility of the Project Manager.

In addition to the technical requirements and Statements of Work, additional and special terms and conditions shall be prepared to cover such items as required or desired delivery schedule, progress reporting requirements and technical evaluation criteria in order of merit. Project Managers are responsible for providing this information, together with the purchase requisition, to the Purchasing & Contracts Department.

The Purchasing & Contracts Department is responsible for assembling the solicitation package. A solicitation package includes instructions to vendors, technical specifications, the Special Terms and Conditions recommended by the Project Manager, the contractual provisions required by the federal and
state government, the proposed Contract Terms and Conditions, and the evaluation criteria that will be utilized to determine contractor selection.

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

3.2 REQUEST FOR PROPOSAL (RFP) CONTENT

A Request for Proposal (RFP) is the complete assembly of related documents, either attached to or incorporated by reference, furnished to prospective bidders. CATA has a written RFP format document which is to be used when preparing an RFP. An RFP should include the following information if applicable to the purchase:

1. RFP (sequence) number;
2. Name and address of CATA;
3. Date of issue,
4. Date, hour, and place for receipt of proposals;
5. As complete a description of CATA's needs as possible, set forth clearly to promote understanding of those needs by an adequate number of qualified sources to promote reasonable competition;
6. Request for technical and cost proposals (ceiling price or budget will not be disclosed);
7. List of evaluation factors/criteria in descending order of importance;
8. Statement that CATA reserves the right to select and award based on original proposals with or without discussion or negotiation with vendors.
9. Proposal guarantee, performance and payment bond requirements, if any;
10. Minimum proposal acceptance period required of vendor;
11. Special contract provisions and contract provisions required by federal, state, and local law; and
12. How to obtain copies of documents incorporated by reference.
(13) Explanation regarding FTA requirements involving bus testing per 49 CFR Part 6765.

(14) A list of items which must be included in the proposal.

VI-4 GUIDELINES FOR THE EVALUATION OF PROPOSALS

Proposals for professional service shall be evaluated and ranked technically solely on the basis of criteria contained in the solicitation. Generally, emphasis will be placed on the technical expertise of the firm and the work to be performed. Price is a consideration; however, it is not normally the primary factor in the evaluation of responses to an RFP, except for manufactured products. The objective is to select the firm or individual that can best provide the services when technical ability, price, and other factors have been considered.

Following the receipt of proposals by the Purchasing & Contracts Department, several steps are normally completed prior to contract award by the Board of Directors of a firm to do the work. Those various steps are discussed below.

4.1 EVALUATION TEAM

In order to evaluate the proposals received, a team is formed with representatives from the department or departments involved in the project, as well as Purchasing. The team would typically consist of from two (2) to four (4) CATA employees. The team members are to have expertise or experience with the disciplines that will be involved with the project.

4.2 EVALUATION CRITERIA

Included in the RFP is a list of evaluation criteria which will be used by CATA evaluation team in reviewing the proposals. Typically, the evaluation criteria or factors will relate to the areas of technical expertise, project approach, references, as well as cost and price information.

4.2.1 Technical Expertise

CATA will identify for the vendor the types of technical expertise which are required for the particular job. The vendors will then be evaluated on their competence in those areas. For example, an RFP for A/E services might require expertise in the following areas:

- architectural
- structural
- mechanical
- electrical
- landscape
- civil engineering
- soils
- graphics
- acoustics
- traffic engineering
- environmental assessment

These areas may not be given equal value in the evaluation process, and may be weighted to reflect their relative contribution to the project. The technical criteria must be listed in the RFP so that the vendor is aware of the items and their relative emphasis.

4.2.2 Project Approach

The vendor will be evaluated on its understanding of the nature and scope of the work to be performed. The Evaluation Team will consider both organization and individual experience with attention to factors such as:

- experience and composition/type of the firm
- experience of key personnel assigned to the project
- experience with government agencies
- past achievements
- commitment of key personnel to the project
- cost realism
- innovative management techniques

4.2.3 Disadvantaged Business Enterprise

The extent to which the vendor meets or exceeds CATA's Disadvantaged Business Enterprise goals as set forth in the RFP may be an important consideration in meeting the responsiveness of the vendor if the procurement is a race based procurement. If the procurement is race neutral, while meeting the DBE goal is important, race cannot be used to determine contract award.

4.2.4 Cost and Price Information

The following criteria (not listed in order of relative importance) will be used in the evaluation of cost proposals.

(1) Clarity and visibility of proposed cost breakdown for the vendor and its subcontractors and sub-consultants.
(2) Credibility of labor hours and dollar cost estimates when related to the proposed project approach.
(3) Total price.
4.3. SOURCE SELECTION

All firms whose proposals are determined to be within the competitive range may be invited to participate in oral or written discussions. The competitive range will be composed of all firms whose proposals are determined to be technically acceptable or marginally acceptable, i.e., capable of being made acceptable through minor modification to the proposal. This determination will be made based on consideration of both technical and cost factors pursuant to the terms of the RFP unless the RFP was issued under the Brooks Bill method for selection. In no event, will the determination be made on the basis of a predetermined cutoff score.

4.4 ORAL INTERVIEWS/Written COMMUNICATION

The team members prepare lists of questions conforming to the valuation criteria that they may ask the vendors during the oral interviews. These questions generally address items that are not sufficiently covered by the vendors in the proposals. The vendor may be required to update his/her proposal in writing if clarification or additional information was provided.

The format of the oral interview is varied. Vendors are either asked to make formal presentations or to be prepared for a question and answer session. For each of the finalists, telephone interviews may be conducted with clients who have had experience with the vendors, who are listed as references in the proposals. This telephone information is distributed to the evaluation team and used in the final selection process.

The following list of questions is an example of what may be asked of clients who have had experiences with vendors:

(1) Did the vendor have a positive and innovative approach to the project?
(2) What did you think of the vendor in his/her role in the project?
(3) How well did their internal organization work; did they work well together?

(4) Did you use a team approach?
(5) How reliable were cost estimates when compared with the actual bids received?
(6) How well did the completed project come in compared to the original schedule?
(7) When project began to be over budget or behind schedule, was vendor up front with information and working on solution?
4.5 DEBRIEving of UnsuCCessful VendorS

When requested by an unsuccessful vendor, a debriefing will be conducted by the Purchasing & Contracts Manager.

4.6 SeleCtion of OffererS for neGoTitiaI and awaRd

CATa is not obligated to solicit from every firm which may be included in its source list, but only from the number of qualified sources necessary to ensure effective competition and to ensure that the procurement is made to the best advantage of CATa, price and other factors considered. The fact, however, that a firm has not received a Request for Proposal does not mean that it cannot participate in a particular procurement. Any firm can ask for information and the chance to participate. The burden of locating the procurement opportunity is on the contractor, not on CATa.

After proposals are received, CATa may negotiate with any number of interested vendors at any time prior to the award of the contract. After receipt of the initial proposals, separate negotiations may be conducted with any vendor submitting a fair offer.

Written or oral discussions shall be conducted with all responsible vendors who submit proposals within a competitive range, price and other factors considered (including technical quality where technical proposals are requested) except that this requirement need not necessarily be applied to the procurements:

1. Of $100,000. or less;
2. In which prices or rates are fixed by law or regulation;
3. In which date of delivery will not permit discussion;
4. In which it can be clearly demonstrated from the existence of adequate competition or accurate price cost experience with the product or service that acceptance of the most favorable initial proposal price; provided, however, that the solicitation notified all vendors of the possibility that award might be made without discussion and provided that such award is in fact made without any written or oral discussion with the vendor; or
5. The solicitation stipulated that award may be made on the basis of initial proposal received.

For the sole purpose of eliminating minor uncertainties or irregularities, an inquiry may be made to a vendor concerning his/her proposal. Such inquiries and resulting clarification furnished by the vendor shall not constitute
discussions. If the clarification prejudices the interest of other vendors, award may not be made without discussion with all vendors in the competitive range.

4.7.1 Competitive Range

The determination as to which proposals are in a competitive range shall be made by the CATA evaluation team. The competitive range shall be determined on the basis of price or cost, technical, and other salient factors and shall include all proposals which have a reasonable chance of being selected for award. When there is doubt as to whether a proposal is within the competitive range, that doubt shall be resolved by including the proposal for evaluation. The initial number of proposals considered as being within the competitive range may be reduced when, as a result of the written or oral discussions, any such proposal has been determined to no longer have a reasonable chance of being selected for award.

No unpriced proposal from a responsible source offering an acceptable technical proposal shall be rejected for failure to fall within a competitive range unless such a proposal includes a price proposal (except for procurement of architect/engineer services). When unpriced technical proposals are solicited, they shall be evaluated to determine those which are acceptable to CATA or which, after discussion, can be made acceptable. After necessary discussion of such technical proposals is completed, prices shall be solicited for all acceptable proposals.

4.7.2 Discussions with Vendors (to be conducted by Purchasing & Contracts Manager only)

(1) All vendors selected to participate in discussions shall be advised of deficiencies in their proposals and shall be offered a reasonable opportunity to correct or resolve the deficiencies and to submit such prices or cost, technical, or other revisions to their proposals that may result from the discussions.

(2) Discussions shall not disclose the strengths and weaknesses of competing vendors or disclose any information from any vendor's proposal which would enable another vendor to improve his/her proposal as a result thereof.

(3) Auction techniques are strictly prohibited. An example would be indicating to a vendor a price which must be met to obtain further consideration or informing him/her that his/her price is not low in relation to another vendor. On the other hand, it is permissible to inform a vendor that his/her price is considered by CATA to be too high.
At the conclusion of discussions, a final, common cutoff date which allows a reasonable opportunity for submission of written "best and final" offers shall be established and all remaining participants so notified. If oral notification is given, it shall be confirmed in writing.

The notification shall include information to the effect that (1) discussion has been concluded, (2) vendors are being given an opportunity to submit a "best and final" offer and, (3) if any such modification is submitted, it must be received by the date and time specified.

The final recommendation for award will be documented in writing and submitted to CEO/Executive Director along with a request for permission to submit to Board for approval.

VI-5 CONFIDENTIALITY OF PROPOSALS

Vendors may be required to submit corporate financial data and labor rates which are usually considered by the vendors to be privileged information. Therefore, all documentation received in response to Requests for Proposals 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 CATA should be controlled and restricted to those persons with a demonstrable "need to know".

VI-6 NEGOTIATION MEMORANDUM

Any negotiation regarding a particular procurement must be documented and included in the contract file. A Negotiation Memorandum will generally include:

(1) Background - covering the requirement, its purpose, special characteristics; statement of when and where negotiations were conducted, principal participants, and result; record of any unusual aspects such as changes in requirements, progress payments, major subcontracts.

(2) Justification for Type of Contract - summary justification for the type of contract chosen to be used (i.e., fixed fee, cost reimbursement plus fixed fee, time and materials, labor hours, etc.).

(3) Technical Evaluation of Cost Elements - an analysis of reasonableness of contractor's estimates of work to be performed under the proposal.

(4) Cost or Price Analysis - summary of cost or price analysis performed.
(5) Pre-Negotiation Position - statement of pre-negotiation position on cost elements, profit, price, delivery schedule, etc. Independent cost analysis may be used.

(6) Procurement History - including procurement authority, whether it is new or sole-source, change order of modification, number of RFP's issued, number of proposals received, discussion of proposals received.

(7) Negotiation of Costs - how final cost elements were determined, including profit.

(8) Signature, Title, Date.

VI-7 NEGOTIATED PROCUREMENT FILES

All negotiated procurement files will include the following documents, as required.

(1) RFP.
(2) Subcontractor approval.
(3) Notice To Proceed.
(4) Signed Contract
(5) Delegation of authority.
(6) Invoices and monthly reports.
(7) Contract correspondence.
(8) Purchase request.
(9) FTA/Board approval.
(10) RFP correspondence.
    - Initial mailing list.
    - Letter requests for RFP.
    - Formal vendors list.
    - CATA file copy of proposals received (transferred to separate folder after award).
(11) Proposal/Technical evaluation.
(12) Negotiation memorandum.
    - Cost and price analysis.
    - Statement of Work.
    - Delivery schedule.
    - Correspondence relative to negotiations.
(13) Procurement Summary and legal review sheet.
(14) Amendments (complete file with numeric tabs).
(15) Audits, final settlement and close out documents.
(16) Change orders and contract amendments.
CHAPTER VII: SOLE SOURCE PROCUREMENT
GENERAL

1.1 INTRODUCTION

Non-competitive, or sole source procurement, is accomplished through solicitation or acceptance of a proposal from only one source or when, after solicitation of a number of sources, competition is determined inadequate. A contract amendment or change order not within the original scope of a contract is considered a non-competitive procurement, as is exercise of an option clause in a contract.

1.2 LIMITATIONS

Sole source purchase will be used only when the award of a contract is infeasible under small purchase procedures, sealed bids (formal advertising), or competitive proposal methods, and at least one of the following circumstances exists:

(1) The item is only available from a single source;

(2) There is unusual or compelling urgency or an emergency not permitting delay from competitive processes;

(3) After solicitation of a number of sources, competition is determined inadequate;

(4) FTA authorizes non-competitive negotiations; or

(5) Pursuant to the Federal Transit Act, the item is an associated capital maintenance item that is procured directly from the original manufacturer or supplier as the only available source for such an item.

1.3 AUTHORIZATION

Procurements made using non-competitive means shall always be in compliance with existing CATA Board policy and approval levels.

1.4 PROCESSING NON-COMPETITIVE PROCUREMENTS

Department Manager/Project Manager responsible for a purchase is responsible for providing accurate and complete information necessary to support the recommendation for a non-competitive procurement.
The Purchasing & Contracts Manager will ensure that, before initiating a non-competitive purchase:

(1) Written justification is documented in the contract file (see next section);

(2) It is certified as accurate and complete by the Purchasing & Contracts Manager or other responsible official;

(3) Appropriate approvals are secured in accordance with required signature authority levels;

(4) Cost analysis is required and must be documented in the contract file; and;

(5) Non-competitive or sole-source procurements for capital goods over $100,000. (if not self-certified) or over $1 million or for 14 or more busses (if self-certified) must have been submitted to FTA for prior approval pursuant to FTA Circular 4220.1F.

Negotiated procurement procedures as outlined in Chapter VI, Competitive Negotiation contracts, must be followed for non-competitively negotiated procurements.
VII-2 JUSTIFICATION PROCEDURE

Each sole source procurement must be supported by documentation which justifies the selection of the five circumstances listed in Chapter VII, Section 1.2, and provides detailed information to support that citation. Specific conclusions and statements as to capability, experience, personal know-how, and so forth, are required.

If a claim is made that time requirements dictate a sole source, CATA will 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. If it is claimed that only one source can furnish a particular product or service, CATA will 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 is capable of performing the required effort. The justification statement must be signed by the Department Manager and approved by the CEO/Executive Director.

Additionally, the following must be provided if the procurement is greater than $100,000.

1. Cost Analysis;
2. A Negotiations Memorandum summarizing the negotiations with the contractor including subjects discussed and agreements reached;
3. The basis for determining that the price was fair and reasonable (price analysis, if possible).

VII-3 RESPONSIBILITIES FOR NEGOTIATED CONTRACTS

Responsibilities for negotiated contracts are as follows:

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<thead>
<tr>
<th>Responsibility</th>
<th>Action</th>
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<tbody>
<tr>
<td>Project Manager</td>
<td>1. Identifies requirements and prepares specification and processes appropriately approved purchase requisition.</td>
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<td>2. Prepares written sole-source justification and obtains required approvals.</td>
</tr>
<tr>
<td>Purchasing &amp; Contracts Dept.</td>
<td>3. Reviews and approves purchase requisition and sole-source justification.</td>
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<tr>
<td>Project Manager/</td>
<td>4. Develop pre-negotiation objectives.</td>
</tr>
<tr>
<td>Purchasing &amp; Contracts Dept</td>
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</tr>
<tr>
<td>Project Manager</td>
<td>5. Prepares specification, scope of work or statement of desired services in as much detail as possible.</td>
</tr>
<tr>
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<td>6. Prepares suggested evaluation factors.</td>
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</tbody>
</table>
7. Prepares suggestions for evaluation team membership.
8. Prepares a detailed independent estimate of costs for the required services.
9. Solicits price proposal from supplier.
10. Selects appropriate contract type (firm fixed price, cost-plus-fixed fee).
11. Performs technical evaluation of technical cost elements of supplier's proposal.
13. Performs cost and/or price analysis to determine reasonableness of supplier's price.
14. Documents procurement history with written procurement narrative.
15. Prepares contract documents.
16. Approves as to legal form.
17. Forwards contract to contractor for acceptance.
18. Approves contract award.
20. Where appropriate, confirms pricing data through contract audit (generally applicable to cost reimbursable contracts) and transmits to the Board of Directors.
CHAPTER VIII: CONTRACT ADMINISTRATION
1.1 PROJECT MANAGER RESPONSIBILITIES

The user Department Manager shall serve as, or designate, the Project Manager for every project. Generally, the Statement of Work in the negotiated contract defines specific tasks, milestones, and review procedures which vary depending on the specific project. The Project Manager shall provide technical direction to the contractor and respond to correspondence on technical matters from the contractor's designated representative. The Project Manager will be responsible for the Independent Cost Estimate (ICE). The Project Manager is also responsible for ensuring coordination with other departments. This will minimize confusion and allow for the project milestones to be met in a timely fashion. A copy of all correspondence shall be provided to the Purchasing & Contracts Manager and Project Manager. The Project Manager shall review the progress of the work on a periodic basis and initiate review by CATA staff, public agencies, and affected utilities as required.

The contractor is required to document the amount of time and money spent on the work on a periodic basis as specified in the contract. The Purchasing & Contracts Department encourages the use of Excel spreadsheets to track large and complicated projects. The Project Manager shall review the contractor's documentation and invoices in relation to the milestones, work expended to date, and budgeting information. The Project Manager shall also review invoices for accuracy and content and then process payment in accordance with Contract Terms and Conditions. A key role of the Project Manager is to monitor project budget expended versus work completed. This monitoring, along with close interaction with vendor or consultant staff, will ensure that project budgets and completion dates stay within approved parameters.

If, in the course of the work, it becomes apparent that a change in the Statement of Work is required, the Project Manager will initiate a request for a contract amendment and provide changes to the Statement of Work and required documentation to the Purchasing & Contracts Manager. The Statement of Work, change in schedule, and cost of the change, if any, are to be negotiated with the contractor by the Project Manager and the Purchasing & Contracts Manager before the contract amendment is processed in accordance with procedures and delegation of authority.

The Project Manager has a continuing responsibility to monitor the contractor's progress until the work, product, or service is accepted by CATA. The Project Manager should also review payment records to ensure that DBE firms
firms employed as sub-contractors are paid promptly.

1.2 PURCHASING & CONTRACTS MANAGER’S RESPONSIBILITIES

Immediately after full execution of the contract, the administration of the contract becomes the responsibility of the Project Manager Project Manager with the administrative assistance of the Purchasing & Contracts Manager. The Purchasing & Contracts Manager and Project Manager establish the methods and procedures to be utilized in the performance of the contract.

The following are the routine duties of the Purchasing & Contracts Manager:

(1) Maintains contract files complete with all pertinent documentation and provides Project Manager a copy of the final contract.

(2) Receives and transmits all correspondence with contractor regarding contractual matters. Monitors contract compliance and provides direction to the contractor on contractual matters, enforcing contract provisions as necessary;

(3) Coordinates proposed changes with contractors, obtains cost quotes, assesses impact, obtains necessary approvals, and initiates contract changes;

(4) Negotiates all changes to contracts he/she administers and prepares, with technical assistance from the Project Manager, all contract Amendments;

(5) Monitors progress of check request to ensure timely payment to contractor;

(6) Assures contractor insurance is maintained during the life of the contract;

(7) Reviews subcontracts submitted by the contractor for compliance with contract requirements; obtains the technical review from the Project Manager to ensure proper scope, level of effort, and subcontract price; and prepares and transmits appropriate response to the contractor either granting approval or requiring appropriate changes;

(8) Prepares contractual memoranda in cooperation with the Project Manager for presentation to CATA staff and Board of Directors;

(9) Attends, as required, project progress meetings between contractors and other CATA staff;
(10) Performs contract close-out in accordance with terms of the contract.

VIII-2 CONTRACT REQUIREMENTS

Contracts established by CATA should set forth each party's responsibilities and rights clearly and completely in order to minimize the potential for conflict, and should set forth the directions for resolutions of disputes, if any. Contracts should include the following elements, as appropriate to the specific purchase:

(1) Statement of Work/Scope of Work;
   (a) Contract Objectives.
   (b) Contract Scope.
   (c) Specifications/Purchase Descriptions.
   (d) Progress Report Requirements (consultant/professional services contracts and any contract containing progress payment provisions).

(2) Delivery Schedule.

(3) Contract Period.

(4) Pricing Schedule (should include description of each line item, quantity, unit of measure, unit price and total price for each item).

(5) Payment Schedule (including special terms such as progress payments and authorities to withhold payments).

(6) Inspection Provisions and Acceptance Criteria.

(7) FOB Point and Delivery Instructions.

(8) Other Requirements (if appropriate):
   (a) Identification of key personnel and facilities.
   (b) Extent of subcontracting and consulting.
   (c) Provision for changes by CATA within general scope of the contract.
   (d) Provision for termination by CATA for its convenience, default of the contractor, and where appropriate, suspension of the contractor's work under the contract.
(e) Provisions for resolution of protests (required in solicitation), contract claims and disputes.

(f) Sanctions or remedies, such as liquidated damages or performance bonds, for contractor's non-performance.

(g) Notice of any FTA or other federal requirements applicable to the contract.

VIII-3 CONTRACT AMENDMENTS/CHANGE ORDERS

3.1 CONTRACT AMENDMENTS

Contract amendments shall be used pursuant to the Changes 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 the Purchasing & Contracts Manager. Contract amendments over thresholds defined in Chapter 1, Section 3.4.8 require the CEO/Executive Director's approval.

Additions and/or increase in the Scope of Work constitute a new procurement and must be processed in the same manner. Such change orders or contract amendments are sole-source procurements and require negotiation and documentation as outlined in Chapter VII. The additional requirements will 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 Purchasing & Contracts Manager will maintain the original of the executed contract amendment in the contract file and provide a copy of the executed contract amendment to the Project Manager.

3.2 DOCUMENTATION

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, if appropriate.
3. Technical evaluation of contractor's proposal.
4. Procurement summary with price and/or cost analysis. A cost analysis is required unless price reasonableness can be established based on catalog or market price of a commercial product or is set by law or regulation.

5. Negotiation memorandum

3.3 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, CATA's Purchasing & Contracts Manager may issue directions by a unilateral "Change Order" pursuant to the Changes Article. If such direction causes an increase or decrease in the estimated cost 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 after appropriate approval by the Board and CEO/Executive Director.

VIII-4 SPECIAL CONTRACT PROVISIONS

The following provisions may be used as appropriate to the particular procurement:

4.1 BONDING REQUIREMENTS

4.1.1 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 the bidder's bid, execute such contractual documents as may be required within the time specified. Bid bonds are generally required for construction projects to ensure work is completed. A Letter of Credit shall be obtained.

4.1.2 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.

4.1.3 Payment Bond
A "payment bond" is one executed in connection with a contract to ensure payment as required by law of all persons supplying labor and material in the execution of the work provided for in the contract.

4.1.4 Disadvantaged Business Enterprise's

Requests from DBE firms to reduce specific bonding requirements will be given every consideration possible to ensure maximum participation of DBE firms.

4.1.5 Specific Requirements

The following table lists suggested bonding requirements by type of contract:

<table>
<thead>
<tr>
<th>Bond Type</th>
<th>Bid</th>
<th>Performance</th>
<th>Payment</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Construction</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>$50,000. to $100,000.</td>
<td>5%</td>
<td>25%</td>
<td>25%</td>
</tr>
<tr>
<td>$100,000. or more</td>
<td>5%</td>
<td>100%</td>
<td>100%</td>
</tr>
<tr>
<td><strong>Equipment</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>No Installation Required</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>$50,000. or more with Installation</td>
<td>0%</td>
<td>*25%</td>
<td>0%</td>
</tr>
<tr>
<td><strong>Services</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>All**</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
</tr>
</tbody>
</table>

* Percent may be adjusted on a case-by-case basis to adequately protect CATA's interest or to comply with additional FTA/MDOT requirements.

** Bid and performance bonds will not be required except in the rare case where the service is highly critical to CATA's operation or may have a negative impact on CATA which is highly critical to its public image.

4.1.6 Legal Status

Bonds will only be accepted from companies licensed to do business in the State of Michigan. Bids submitted with a bid bond issued by a company not licensed to do business in Michigan will be rejected as non-responsive.
4.2 LIQUIDATED DAMAGES PROVISIONS

CAT\(A\) shall determine whether or not the use of a liquidated damages provision is appropriate for a specific procurement. The amount of liquidated damages set forth must be reasonable to compensate CAT\(A\) for possible damages but not be so large as to be construed as a penalty. CAT\(A\) will not include such provisions in contracts unless:

1. The time of delivery is of such importance that CAT\(A\) can reasonably expect to suffer damage if the delivery is delinquent;

2. CAT\(A\) determines the delivery schedule is reasonable at the time of contract award; or

3. Damages would be difficult or impossible to establish.

If the Purchasing & Contracts Manager determines that a liquidated damages provision is necessary in a contract, he/she shall document the derivation of the rate of assessment and ensure it is reasonable, proper, and not arbitrary.

4.3 PROGRESS PAYMENT PROVISIONS

The following standards relate to CAT\(A\)'s use of progress payment provisions:

1. Progress payments may be appropriate if:
   
   a. The contractor won't be able to bill the first delivery of products or other performance milestones for a substantial time after work must begin; and

   b. The contractor will make expenditures for contract performance during the period prior to delivery having significant impact on its working capital.

2. Progress payments may be appropriate for small or DBE businesses if the contractor demonstrates actual financial need or unavailability of private financing.

3. When progress payments are used, CAT\(A\) will obtain title to property (i.e., materials, work in progress, and finished goods) for which progress payments are made. Such title must be free of all encumbrances, or CAT\(A\) will secure a priority lien pursuant to Article 9 of the Uniform Commercial Code and applicable state law and local ordinances.
4.4 INSURANCE PROVISIONS

The Purchasing & Contracts Manager should determine when insurance is required and include in any solicitation and contract document a clause informing contractors of the minimum coverage requirements required by federal or state statutes. The minimum requirements for Worker’s Compensation and Employer’s Liability Insurance; Commercial General Liability Insurance; and Automobile Liability Insurance shall be as written in the current version of CATA’s Standard Terms & Conditions of Procurement.

Insurance specifications shall provide that an insurance certificate be provided prior to contract work beginning and that no less than 60 days prior to expiration of the insurance policy date the contractor shall give notice to CATA of his/her intent to provide a new certificate.

The Purchasing & Contracts Manager shall ensure a current certificate is on file at all times during performance of the contract.

VIII-5 CONTRACT TERMINATION


The performance of work under a contract may be terminated in part or in whole when CATA’s Purchasing & Contracts Manager determines that such termination is in the best interests of CATA. Contracts may be terminated for CATA’s convenience; i.e., a reduced need, or for default; i.e., the contractor has failed to perform in accordance with the contractual requirements. Contractors will not be permitted to terminate for convenience.

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 interests of and minimize the liability of CATA.

When settlement cannot be made, CATA shall reserve the right to issue a determination of the amount due consistent with the termination clause, subject to appeal under the disputes provisions of the contract.
CATA will consider a no-cost settlement instead of issuing a termination notice when it is known the contractor will accept one, CATA's property was not furnished, and there are no outstanding payments, debts due CATA, or other contractor obligations to CATA.

VIII-6 SUSPENSION/DEBARMENT

6.1 GENERAL

Reference is made to DOT Final Rules on Debarment and Suspension 49 CFR, Part 29.

6.1.1 Suspension

This is an action to disqualify a person temporarily from participation in DOT financial assistance programs.

6.1.2 Debarment

Action taken after opportunity for a hearing to deny a person participation in DOT financial assistance programs generally not to exceed a period of three (3) years.

6.2 CATA RESPONSIBILITY

CATA must advise FTA of the existence of a cause to suspend or debar. Failure to do so may result in loss or impairment of DOT financial assistance.

6.3 SUSPENSION

6.3.1 Grounds for Suspension

A vendor may be suspended upon adequate evidence for any of the following causes:

(1) Commission of Fraud

Commission of fraud or any criminal offense as an incident to obtaining, seeking to obtain, or performing government business of a public contract.

(2) Commission of Criminal Offense
Commission of any criminal offense indicating a lack of business integrity or business honesty that seriously and directly affects the question of present responsibility including, but not limited to, embezzlement, theft, forgery, bribery, falsification or destruction of records, false statement, fraud, receiving stolen property, violation of the Organized Crime Control Act of 1970, or violation of federal or state antitrust statutes arising out of submission of bids or proposals.

(3) Violation of Agreement

Violation of any agreement for voluntary exclusion or any settlement made under this part.

(4) Violation of Law

Commission or omission of an act of such serious or compelling nature that the act indicates a serious lack of business integrity or honesty. Such commissions or omissions include, but are not limited to:

(a) The violation of any applicable law, regulation, or obligation relating to the performance of obligations incurred pursuant to an agreement with a recipient under a DOT financial assistance program; or

(b) Making, or procuring to be made, any false statements or using deceit for the purpose of influencing any action of the government.

(5) Suspected Criminal Conduct

An outstanding indictment or information is adequate evidence of suspected criminal conduct and may be the basis for the imposition of a suspension.

6.3.2 Notice of Suspension

Notice must be issued by a DOT official.

6.3.3 Hearing

Upon written request, a suspended person is entitled to a hearing on the suspension before a DOT hearing officer. A suspended person is entitled to a hearing within thirty (30) days of receipt of the written request by DOT.

6.4 DEBARMENT

6.4.1 Grounds for Debarment
Debarment may be imposed on any participant or affiliate for any of the following causes:

(1) Conviction for any cause which is a ground for suspension as set forth in 49 CFR Part 661;

(2) For any cause which is a ground for suspension as set forth in 49 CFR Part 661;

(3) Violation of a law or regulation relating to personal or organizational conflicts of interest as an incident to obtaining, attempting to obtain, or in the performance of a contract under a DOT financial assistance program;

(4) A willful or serious failure to perform or a record of unsatisfactory performance, in accordance with the terms of one or more agreements with a recipient of DOT financial assistance, provided that such failure or unsatisfactory performance has occurred within a reasonable period of time preceding the determination to debar;

(5) Violation of any contractual provision against receipt of contingent fees;

(6) Entering into an agreement with a person named on the DOT Unified List so as to cause the listed person to become, directly or indirectly, a participant in a DOT financial assistance program where it is known, or should have been known, that the person was on the list; or

(7) Disqualification from participation in direct or indirect contracting by any federal agency.

6.4.2 Decision to Debar

CATA may propose debarment for the causes set forth above after consultation with FTA legal counsel.

6.4.3 Period of Debarment

Period of debarment may be from three (3) years to indefinite based on cause and number of times the participant has been previously debarred.

6.4.4 Notice of Debarment

Notice must be by a DOT official.

6.4.5 Hearing
A request for a hearing must be filed within twenty (20) days of receipt of notice of debarment.

6.4.6 Review by DOT Administrator

A debarred person may, within fifteen (15) days after receipt of the notice of determination, file a request for review by the DOT Administrator.
CHAPTER IX: DOCUMENTATION
IX-1 TYPES OF DOCUMENTATION

This chapter defines the types of documentation necessary in specific contracting situations to substantiate the permanent contract files.

1.1 GENERAL

The documents listed below should be prepared as indicated. There is some redundancy inherent in any such type of effort which attempts to document important aspects of a procurement; however, all required documentation must be prepared and incorporated in the permanent contract files.

1.2 SOLE SOURCE (NON-COMPETITIVE PROCUREMENT) JUSTIFICATION

This document consists of statements concerning the requirements, its purpose, relation to the contract, and special characteristics or interest which warrant procurement from a sole source. This document must be a factually-supported justification (reference: Chapter VII).

1.2.1 Applicability

This document must be prepared for all sole-source procurements over $500. The sole-source justification is to be prepared by the Project Manager/Department Manager and submitted to the Purchasing & Contracts Manager for approval and retention with the procurement file.

1.7 COST OR PRICE ANALYSIS (Awards over $25,000.)

CATA is required to perform price and/or cost analysis in connection with all Procurements over $25,000, including contract modifications, amendments, change orders, and option awards.

It is required that CATA staff when submitting a procurement request, include a statement explaining the work or product desired, along with an estimated cost, and written approval of the CEO/Executive Director.

1.7.1 Price Analysis

This is an evaluation of the proposed price of all proposals offered. Price analysis is a broad term that includes whatever actions CATA management takes to reach a price decision. These actions should include not less than two of the following approaches:

- A comparison of competitive price quotations;
- A comparison of prior quotations and contract prices with current quotations for the same or similar end-items;
- The use of rough yardsticks such as dollar per pound, per horsepower, or other units to point up apparent gross inconsistencies;
- A comparison of prices or published price lists issued on a competitive basis, and published market prices of commodities, together with discount or rebate schedules;
- A comparison of proposed prices with independent estimates.
- Personal knowledge of an item's cost.

1.7.2 Cost Analysis

A cost analysis is a more detailed evaluation than a price analysis and addresses the specific cost elements in a potential contractor's offer. Cost analysis is appropriate under professional consulting and A/E services contracts when the vendor is required to submit the elements of his estimated cost. The objective is to form an opinion as to the degree to which the proposed cost represents what the performance of the contract should cost, assuming reasonable economy and efficiency. It involves an in-depth look at the contractor's cost and pricing data. A cost analysis is generally conducted to determine whether the contractor is applying sound management in proposing the application of resources to the contracted effort and whether costs are proper and allowable.

Cost analysis is the element-by-element examination of the cost accounting data furnished by a vendor. It involves:

- The verification of cost data;
- The evaluation of specific cost elements;
- The projection of the cost data to determine its effect on prices.

A cost analysis looks into such factors as:

- The necessity for certain costs;
- The reasonableness of amounts estimated for necessary costs;
- The basis for allocating overhead costs;
- Allowances for contingencies;
- The appropriateness of allocations of particular overhead costs to the contract; and
- The reasonableness of the profit factor.

Cost/price analysis may also be required when adequate price competition is lacking, and for non-competitive procurements, including contract modifications or change orders, unless price reasonableness can be established based on a catalog or market price of a commercial product sold
in substantial quantities to the general public or on prices set by law or regulation.

Cost/price analysis will be performed cooperatively by the Purchasing & Contracts Manager and the Project Manager prior to initiating any negotiation with vendors and will be used as a basis for negotiation of a fair and reasonable price. A memorandum will be prepared for the contract file reflecting how the cost analysis was conducted, the factors considered, including profit, and the judgments made.
GLOSSARY OF TERMS
**ACCEPTANCE:** The exercise of CATA's power to create a contract by compliance with the terms and conditions of an offer.

**ACTION ITEM:** A written document supporting the analysis of one or more vendor technical responses and presented to the CATA Board requesting approval of an award for goods or services.

**AMENDMENT:** The formal written interpretations or revision to purchases or Requests for Proposals issued by CATA before the bid or proposal opening.

**APPROVED EQUAL:** A substitute offered by a prospective bidder which is approved by CATA as equal to or better than a designated process or brand-name product.

**BID:** Offer of the bidder for the work when made out and submitted on the prescribed proposal form, properly signed and guaranteed, and which includes the schedule of the bid items.

**BID DOCUMENTS AND SPECIFICATIONS:** A set of documents issued by CATA for the intended work which includes, but is not limited to, the Advertisement of Procurement document; Instructions to Bidders; Proposal Form; Bidder's Certification; Index of Contract Drawings; Prevailing Wage Rate Schedule; Contract Provisions; General Conditions; Contract Drawings; Technical Specifications; and, Addenda if any.

**BID SAMPLE:** Sample required by CATA to be furnished by a bidder as part of its bid to show the characteristics of a product offered in its bid to ensure procurement of an acceptable product. These samples are required only when there are characteristics of the product which cannot adequately be described in the specifications.

**BID SECURITY:** A certified check or Bidder's Bond accompanying the bid submitted by the Bidder as a guarantee that the bidder will enter into a contract with CATA for the performance of the work and will file the required bonds and insurance if the contract is awarded.

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

**BIDDERS' FILES:** A compilation by CATA of prospective bidders, the names and addresses of which are recorded according to subject matter, obtained from requests for inclusion in the Bidder's Files, listings of bid package holders and bidders of previous procurements, Minority Business Directories, Yellow Pages, and sources suggested by technical staff and consultants.

**BILATERAL CONTRACT:** A contract containing mutual promises.

**BLANKET (OPEN) PURCHASE ORDER (BPO):** A simplified method of filling anticipated repetitive needs for small quantities of supplies or services by establishing "charge accounts" between a supplier and CATA for a specified period of time, with a specified dollar limitation as to both total amount and individual call amount, and with a
specific person or persons at CATA designated as the authorized ordering agent(s) to place orders or calls under the BPO.

**BOARD OF DIRECTORS:** The governing body of CATA, consisting of appointed representatives from member units of government.

**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 CATA only for the purpose of establishing identification and a general description of the item.

**BREACH:** Failure, without legal excuse, to perform any promise which forms the whole or part of a contract.

**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 CATA and issued to the contractor amending the contract documents. (A bilateral document for Construction Contracts.)

**CONTRACT:** Establishment of a binding legal relationship obligating the seller to furnish property or services (including construction) and the buyer to pay therefore. It includes all types of written commitments which obligate CATA to an expenditure of funds. 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 ensuring 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.

**CONTACT 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 CATA 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 CEO/Executive Director of CATA or such person(s) as he/she shall designate to act in his/her behalf in writing. Whenever the term "Contracting Officer" shall appear in this document, the term shall also include his/her designate(s).

CONTRACTOR: "Contractor" means any individual or other legal entity that (a) directly or indirectly (e.g., through an affiliate), submits offers for or is awarded, or reasonably may be expected to submit offers or be awarded, a CATA contract or subcontract under a CATA contract or (b) conducts business, or reasonably may be expected to conduct business, with CATA as an agent or representative of another contractor. 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 data and of the judgmental factors applied in projecting from the data to the estimated costs in order to form an opinion of the degree to which the 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, not exceeding six percent (6%) of the independent estimate of the construction costs of the project.

DELIVERY: Voluntary transfer of possession.

DESCRIPTIVE LITERATURE: Information that is furnished by the bidder such as catalogue cuts, illustrations, drawings, and brochures which show the characteristics or construction of a product or explain its operation as required only when CATA 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.

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 CATA.

FIRM OFFER: A written offer, signed by a vendor which states that the offer will stay open. Such an offer is not revocable for the time stated, up to a maximum period of three (3) months.

F.O.B.: "Free On Board" A delivery term which designates the point of passage of title and risk of loss from the seller to the buyer.

GOODS: In contracts, personal property including inanimate objects, but not realty. Tangible or moveable things which are the subject of a contract, except the money which was paid as the price of the goods.

CAPITAL AREA TRANSPORTATION AUTHORITY, (CATA), and the AUTHORITY: These terms all refer to the Capital Area Transportation Authority, a legal entity formed
under Michigan Public Act 55of 1963, as amended. Whenever used, the terms "CAPITAL AREA TRANSPORTATION AUTHORITY," "CATA," and "Authority" also mean its contracting Officer (C.O.).

INCIDENTAL DAMAGES: Certain economic losses resulting from breach of contract such as reasonable attorneys' fees and administrative ("incidental") expenses.

INDEPENDENT COST ESTIMATE (ICE): The proposed Scope of Work and detailed estimated project costs furnished to the Purchasing & Contracts Department by the Project Manager relative to a given procurement.

INSTRUCTIONS TO BIDDERS: A part of the contract documents. These clauses set forth the rights and responsibilities of the contracting parties.

PURCHASES (PROCUREMENT): 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 insuring payment as required by law of all persons supplying labor and material in the execution of the work provided for under a contract.

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 cause increased costs to CATA or FTA, the extent of which actual damages would be difficult or impossible to assess.

MICHIGAN DEPARTMENT OF TRANSPORTATION: State grantor agency referred to in the contract documents as "MDOT", under whose grants of financial assistance and grant contracts, work or services are performed or materials are provided by third parties.

NEGOTIATION MEMORANDUM: The required documentation of process and outcome of negotiations in a negotiated procurement.

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

NON-COMPETITIVE NEGOTIATION: (see Sole-Source Procurement)

OFFER: An act on the part of one person whereby he/she gives to another the legal power of creating a contract.

OFFEREE: The person who receives an offer.

OFFERER: The person who makes an offer.
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 Capital Area Transportation Authority (CATA) 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.

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

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

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

PROCUREMENT SUMMARY: A written record detailing the significant history of a procurement.

PROGRESS PAYMENTS: Reimbursement to a contractor for costs incurred at a percentage or stage of completion of the contract work when the contract requires long time periods for completion of contract performance.

PURCHASE ORDER: A legal, contractual document used as a written confirmation factually describing all aspects of an agreement reached between the CATA and the 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.

REQUEST FOR PROPOSAL (RFP): A procurement document used to solicit proposals for specific technical, specialized, or complex purchases; the entire collection of documents associated with an RFP.

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

RESPONSIVE BID: A bid which conforms to all technical and legal requirements of the bid documents.
SOLE SOURCE ACQUISITION: A contract for the purchase of supplies or services that is entered into or proposed to be entered into after soliciting and/or negotiating with only one source.

STATEMENT OF WORK: Complete description clearly defining the supplies or services being procured through performance specifications setting forth the minimum acceptable performance standards of the end product or through a description of tasks to be performed.

THIRD-PARTY CONTRACT: A contract or contract modification between CATA and another person or firm (see Contractor) to furnish materials, supplies, or services, or combinations thereof, in the course of a federally-funded project or portion thereof.

U.S. DEPT. OF TRANSPORTATION - FEDERAL TRANSIT ADMINISTRATION: Federal grantor agency referred to in the contract documents as "FTA", under whose grants of financial assistance and grant contract, work or services are performed or materials are provided by third parties.

WARRANTY: In a contract, a promise or undertaking given that a certain fact shall be as it is stated or promised to be.

WORK: The Work is comprised of the completed performance required by the contract documents performed to the complete satisfaction of CATA including all necessary labor, materials, and equipment incorporated or to be incorporated in such performance.
ATTACHMENT A

INDEPENDENT COST ESTIMATE

The development of an Independent Cost Estimate is critical to a successful procurement. Without a reasonable expectation of what the product or service will cost, it is unreasonable to think that a “fair and reasonable price” can be achieved.

Please fill in the appropriate information for the procurement file.

Independent Cost Estimate (ICE); ________________

Method used to generate ICE (please check all that are appropriate):

___ (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 experience of other transit or governmental agencies;
___ (7) Purchasing agent’s/buyer’s knowledge of the item being procured.

EXPLANATION OF COST ESTIMATE:

____________________________________________________________________________________
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________________________________________ Project Mgr.  ________________________________ Purchasing Mgr.
<table>
<thead>
<tr>
<th>ITEM</th>
<th>COMMENTS</th>
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</table>
| 1. Method and Rationale for Procurement  
RFP, PROCUREMENT, RFQ, TWO STEP, SOLE | |
| 2. Contract Type & Justification  
- Firm Fixed Fee  
- Fixed Price w/ Escalation  
- Cost Reimbursement  
- Cost Sharing  
- Time and Material | |
| 3. Availability of Funds/Site Grants | |
| 5. Independent Cost Estimate | |
| 7. Bid List (Incl. list. Denials?) | |
| 8. DBE Goal | |
| 9. Copy of Solicitation and Amendments | |
| 10. Vendors Bid or Proposal  
(All proposals incl. unsuccessful) | |
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<tr>
<th>ITEM</th>
<th>Signed Federal Certificates (winning bid)</th>
<th>Federal Clauses Included</th>
<th>Cost Analysis (circle one)</th>
<th>Price Analysis</th>
<th>Pre-Bid/Post-Proposal Mtg. (list of attendees)</th>
<th>Score Sheet</th>
<th>Score Summary</th>
<th>Determination and Findings or Board Item</th>
<th>Low Bid, Other than Low Bid Source, Single Bid</th>
<th>NotSuccessful Bidders Debriefing</th>
<th>Record of Negotiation</th>
<th>Record of Approved Equiva or Deviations/Qs and Answers</th>
<th>Bonds Required</th>
<th>Payment</th>
<th>Performance</th>
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