

# STATEMENT OF PROCUREMENT POLICY

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## Established for the Housing Authority of the City of Erie by Board action on September 25, 1991 (Revised June 22, 2020)

This statement of Procurement Policy complies with the U. S. Department of Housing and Urban Development (HUD) Annual Contributions Contract (ACC), HUD Handbook 7460.8, *Procurement Handbook for Public Housing Agencies*, and the procurement standards of 24 CFR 85.36.

### I. GENERAL PROVISIONS

#### A. Purpose

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

#### B. Application

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

#### C. Public Access to Procurement Information

Procurement information shall be a matter of public record to the extent provided in the Pennsylvania Sunshine Act and shall be available to the public as provided in that statute.

### II. PROCUREMENT AUTHORITY AND ADMINISTRATION

A. All procurement transactions shall be administered by the Contracting Officer, who shall be the Executive Director or other individual he or she has authorized in writing. The Executive Director shall issue operational procedures to implement this Statement, which shall be based on HUD Handbook 7460.8. The Executive Director shall also establish a system of sanctions for violations of the ethical standards described in Section IX below, consistent with state law.

- B. The Executive director or his/her designee shall ensure that:
1. procurement requirements are subject to an annual planning process to assure efficient and economical purchasing;
  2. contracts and modifications are in writing, supported by appropriate documentation clearly specifying the desired supplies, services, or construction, as well as the method of procurement, selection of contract type, the rationale for selection or rejecting offers, and basis for the contract price;
  3. for procurement other than small purchases, public notice is given of each upcoming procurement at least ten days before a solicitation is issued; responses to such notice are honored to the maximum extent practical; a minimum of ten days is provided for preparation and submission of bids of proposals; and notice of contract awards is made available to the public;
  4. solicitation procedures are conducted in full compliance with federal standards stated in 24 CFR 85.36, or state and local laws that are more stringent, provided they are consistent with 24 CFR 85.36;
  5. an independent cost estimate is prepared before solicitation issuance and is appropriately safeguarded for each procurement above the small purchase limitation and a cost or price analysis is conducted of the responses received for all procurement;
  6. contract award is made to the responsive and responsible bidder offering the lowest price (for sealed bid contracts) or contract award is made to the offerer whose proposal offers the greatest value to the PHA, considering price, technical, and other factors as specified in the solicitation (for contracts awarded based on competitive proposals); unsuccessful firms are notified within ten days (or other time period required by state or local law) after contract award;
  7. there are sufficient unencumbered funds available to cover the anticipated cost of each procurement before contract award or modification (including Change Orders), work is inspected before payment, and payment is made promptly for contract work performed, and accepted;
  8. the PHA complies with applicable HUD review requirements, as provided in the operational procedures supplementing this Statement.
- C. This Statement and any later changes shall be submitted to the Board of Commissioners for approval. The Board appoints and delegates procurement authority to the Executive Director and is responsible for ensuring that any procurement policies adopted are appropriate for the PHA.

### III. PROCUREMENT METHODS

#### A. Selection of Method

If it has been decided that the PHA will directly purchase the required items, one of the following procurement methods shall be chosen, based on the nature and anticipated dollar value of the total requirement.

#### B. Small Purchase Procedures

1. General – Any contract not exceeding **\$21,000.00** may be made in accordance with the small purchase procedures authorized in this section. Contract requirements shall not be artificially divided so as to constitute a small purchase under this section (except as may be reasonably necessary to comply with Section VIII of this Statement).
2. Petty Cash Purchases – **Small purchases under \$45.00**, which can be satisfied by local sources, may be processed through the use of a petty cash account. The Contracting Officer shall ensure that: the account is established in an amount sufficient to cover small purchases made during a reasonable period, e.g., one week; security is maintained and only authorized individuals have access to the account; the account is periodically reconciled and replenished by submission of a voucher to the PHA finance officer; and, the account is periodically audited by the finance officer or designee to validate proper use and to verify that the account total equals cash on hand, plus the total of accumulated vouchers.
3. Micro purchases of **\$2,000.00** or less – For purchases below **\$2,000.00**, only one quotation may be solicited if the price received is considered reasonable. Such purchases must be distributed equitably among qualified sources. If practicable, a quotation shall be solicited from other than the previous source before placing a repeat order.
4. Small purchases between **\$2,000.00 and \$21,000** – For small purchases in excess of **\$2,000.00**, but not exceeding **\$21,000.00**, no less than three offerers shall be solicited to submit price quotations, which may be obtained orally, by telephone, or in writing, as allowed by state or local laws. Award shall be made to the offerer providing the lowest acceptable quotation, unless justified in writing based on price and other specified factors, such as for architect/engineer contracts. If non-price factors are used, they shall be disclosed to all those solicited. The names, addresses, and/or telephone number of the offerers and persons contacted, and the date and amount of each quotation, shall be recorded and maintained as a public record.

#### C. Sealed Bids

1. Conditions for use – Contracts shall be awarded based on competitive sealed bidding if the following conditions are present: a complete,

- adequate, and realistic specification or purchase description is available; two or more responsible bidders are willing and able to compete effectively for the work; the procurement lends itself to a firm fixed price contract; and the selection of the successful bidder can be made principally on the basis of price. Sealed bidding is the preferred method for construction procurement. For procurement under the Capital Grant Program (CGP), sealed bidding shall be used for all construction and equipment contracts exceeding the small purchase limitation, except for procurement under the Consolidated Supply Program described in paragraph III, G below. For professional service contracts, sealed bidding shall not be used.
2. Solicitation and receipt of bids – An invitation for bids shall be issued, including specifications and all contractual terms and conditions applicable to the procurement, including a statement that award will be made to the lowest responsible and responsive bidder whose bid meets the requirements of the invitation for bids. The invitation for bids shall state the time and place for both the receipt of bids and the public bid opening. All bids received shall be time-stamped, but not opened, and shall be stored in a secure place until bid opening. A bidder may withdraw his/her bid at any time prior to bid opening.
  3. Bid opening and award – Bids shall be opened publicly in the presence of at least one witness. An abstract of bids shall be recorded and the bids shall be available for public inspection. Award shall be made as provided in the invitation for bids by written notice to the successful bidder. If equal low bids are received from responsible bidders, award shall be made by drawing lots or similar random method, unless otherwise provided in state or local law, and stated in the invitation for bids. If only one responsive bid is received from a responsible bidder, award shall not be made unless a cost or price analysis verifies the reasonableness of the price.
  4. Mistakes in bids –
    - a. Withdrawal of inadvertently erroneous bids may be permitted, where appropriate, before bid opening by written or telegraphic notice received in the office designated in the invitation for bids prior to the time set for bid opening. Bidder must follow procedure at 76 P.S., 1601. After bid opening, corrections in bids shall be permitted only if the bidder can show by clear and convincing evidence that a mistake of a nonjudgmental character was made, the nature of the mistake, and the bid price actually intended. A low bidder alleging a nonjudgmental mistake may be permitted to withdraw its his/her bid if the mistake is clearly evident on the face of the bid document but the intended bid is unclear if the bidder submits convincing evidence that a mistake was made. Notice of claim must be made, in writing, within two (2) business days of bid opening.

- b. All decisions to allow withdrawal of bid mistakes shall be supported by a written determination signed by the Executive Director. After bid opening, no changes in bid prices or other provisions of bids prejudicial to the interest of the PHA or fair competition shall be permitted.
5. Bonds – In addition to the other requirements of this Statement, for construction contracts exceeding **\$21,000.00**, contractors shall be required to submit the following, unless otherwise required by state or local laws or regulations:
  - a. a bid guarantee of 10% of the bid price; and,
  - b. performance and payment bonds for 100% of the contract price; separate performance and payment bonds, each for 50% or more of the contract price; a 20% cash escrow; or a 25% irrevocable letter of credit.

D. Competitive Proposals

1. Conditions for use – Competitive proposals shall be used only if there is an adequate method of evaluating technical proposals submitted. For professional service contracts, the competitive proposal method of solicitation is preferred. The competitive proposal method shall not be used when sealed bidding is feasible. An adequate number of qualified sources shall be solicited.
2. Solicitation – The Request for Proposals (RFP) shall clearly identify the relative importance of price and other evaluation factors, including the weight given to each technical factor. A mechanism for fairly and thoroughly evaluating the technical and price proposals shall be established before the solicitation is issued. Proposals shall be handled so as to prevent disclosure of the number of offerers, identity of the offerers, and the contents of their proposals. The proposals shall be evaluated only on the criteria stated in the RFP.
3. Negotiations – Unless there is no need for negotiations with any of the offerers, negotiations shall be conducted with responsible offerers who submit proposals determined to have a reasonable chance of being selected for award, based on evaluation of technical and price factors as specified in the RFP. Such offerers shall be accorded fair and equal treatment with respect to any opportunity for negotiation and revision of proposals. The purpose of negotiations shall be to advise offerers of the deficiencies in their proposals on both technical and price factors so as to assure full understanding of and conformance to the solicitation requirements. No offerer shall be provided information about any other offerer's proposal, and no offerer shall be assisted in bringing its proposal up to the level of any other proposal. Offerers shall not be directed to reduce their proposal price to a specific amount in order to be considered for award. A common

- deadline shall be established for receipt of proposal revisions based on negotiations.
4. Award – After evaluation of proposal revisions, if any, the contract shall be awarded to the responsible firm whose qualifications, price, and other factors considered, are the most advantageous to the PHA.
  5. Architect/Engineer Services – Architect/Engineer services in excess of the small purchase limitation may be obtained by either the competitive proposal method of qualifications-based selection procedures. Sealed bidding, however shall not be used to obtain architect/engineer services. Under qualifications-based selection procedures, competitors' qualifications are evaluated, and the most qualified competitor is selected, subject to the negotiation of fair and reasonable compensation. Price is not used as a selection factor under this method. These procedures shall not be used to purchase other types of services, even though architect/engineer firms are potential sources.

E. Non-Competitive Proposals

1. Conditions for use – Procurement shall be conducted competitively to the maximum extent possible. Procurement by non-competitive proposals may be used only when the award of a contract is not feasible, using small purchase procedures, the consolidated supply program, sealed bids, or competitive proposals, and one of the following applies:
  - a. the item is available only from a single source, based on a good faith review of available sources;
  - b. an emergency exists that seriously threatens the public health, welfare, or safety, or endangers property, or would otherwise cause serious injury to the PHA, as may arise by reason of a flood, earthquake, epidemic, riot, equipment failure, or similar event. In such cases, there must be an immediate and serious need for supplies, services, or construction such that the need cannot be met through normal procurement methods, and the emergency procurement shall be limited to those supplies, services, or construction necessary to meet the emergency;
  - c. HUD authorized the use of non-competitive proposals; or,
  - d. after solicitation of a number of sources, competition is determined inadequate.

Each procurement, based on non-competitive proposals, shall be supported by a written justification for using such procedures. The justification shall be approved, in writing, by the Contracting Officer/Executive Director.

## 2. Price Reasonableness

- a. The reasonableness of the price for all procurement, based on non-competitive proposals, shall be determined by performing a cost analysis, as described in this section. A cost or price analysis shall be performed for all procurement actions, including contract modifications. The degree of analysis shall depend on the facts surrounding each procurement. The method of analysis shall be determined as follows:

If the procurement is based on non-competitive proposals, or when only one offer is received, or for other procurement as deemed necessary by the PHA, e.g., when contracting for professional, consulting, or architect/engineer services, the offerer shall be required to submit:

- ◆ a cost breakdown showing projected costs and profit;
  - ◆ commercial pricing and sales information, sufficient to enable the PHA to verify the reasonableness of the proposed price as a catalog or market price of a commercial product sold in substantial quantities to the general public; or,
  - ◆ documentation showing that the offered price is set by law or regulation.
- b. Cost analysis shall be performed if any offerer/contractor is required to submit a cost breakdown as part of its proposal when a cost breakdown is submitted: A cost analysis shall be performed of the individual cost elements; the PHA shall have a right to audit the contractor's books and records pertinent to such costs; and profits shall be analyzed separately. Costs shall be allowable only to the extent that they are consistent with applicable federal cost principles (for commercial firms, Sub-part 31.2 of the federal acquisition regulations, 48 CFR Chapter I). In establishing profit, the PHA shall consider factors such as the complexity and risk of the work involved, the contractor's investment and productivity, the amount of subcontracting, the quality of past performance, and industry profit rates in the area for similar work.
  - c. A comparison of prices shall be used in all cases other than those described in paragraph III, E-2 above.

## F. Cancellation of Solicitations

1. An invitation for bids, RFP, or other solicitation may be cancelled before offers are due if: the PHA no longer requires the supplies, services, or construction; the PHA can no longer reasonably expect to fund the procurement; proposed amendments to the solicitation would be of such magnitude that a new solicitation would be desirable; or similar reasons.

2. A solicitation may be cancelled and all bids or proposals that have already been received may be rejected if: the supplies, services, or construction are no longer required; ambiguous or otherwise inadequate specifications were part of the solicitation; the solicitation did not provide for consideration of all factors of significance to the PHA; prices exceed available funds and it would not be appropriate to adjust quantities to come within available funds; there is reason to believe that bids or proposals may not have been independently arrived at in open competition, may have been collusive, or may have been submitted in bad faith; or for good cause of a similar nature when it is in the best interest of the PHA.
3. The reasons for cancellation shall be documented in the procurement file and the reasons for cancellation and/or rejection shall be provided upon request to any offerer solicited.
4. A notice of cancellation shall be sent to all offerers solicited and, if appropriate, shall explain that they will be given a opportunity to compete on any re-solicitation of future procurement of similar items.
5. If all otherwise acceptable bids received in response to an invitation for bids are at unreasonable prices, or only one bid is received and the price is unreasonable, the PHA shall cancel the solicitation and either:
  - (i) re-solicit, using a RFP; or,
  - (ii) compete the procurement by using the competitive proposals method, following paragraphs III D-3 and III D-4 above (when more than one otherwise acceptable bid has been received), or by using the non-competitive proposals method and following paragraph III E-2 above (when only one bid is received at an unreasonable price); provided that the Contracting Officer determines in writing that such action is appropriate, all bidders are informed of the PHA's intent to negotiate, and each responsible bidder is given a reasonable opportunity to negotiate.

#### G. Cooperative Purchasing

The PHA may enter into state and local intergovernmental agreements to purchase or use common goods and services. The decision to use an intergovernmental agreement or conduct a direct procurement shall be based on economy and efficiency. If used, the intergovernmental agreement shall stipulate who is authorized to purchase on behalf of the participating parties and shall specify inspection, acceptance, termination, payment, and other relevant terms and conditions. Federal or state excess and surplus property shall be used instead of purchasing new equipment and property whenever such use is feasible and reduces project costs.

#### IV. CONTRACTOR QUALIFICATIONS AND DUTIES

##### A. Contractor Responsibility

Procurement shall be conducted only with responsible contractors, i.e., those who have the technical and financial competence to perform and who have a satisfactory record of integrity. Before awarding a contract, the PHA shall review the proposed contractor's ability to perform the contract successfully, considering factors such as the contractor's integrity (including a review of the list of Parties Excluded from Federal Procurement and Non-Procurement Programs published by the United States General Services Administration), compliance with public policy, record of past performance (including contacting previous clients of the contractor, such as other PHAs), and financial and technical resources. If a prospective contractor is found to be non-responsible, a written determination of non-responsibility shall be prepared and included in the contract file, and the prospective contractor shall be advised of the reasons for the determination.

##### B. Suspension and Debarment

Contracts shall not be awarded to debarred, suspended, or ineligible contractors. Contractors may be suspended, debarred, or determined ineligible by HUD in accordance with HUD regulations (24 CFR, part 24) when necessary to protect the PHA in its business dealings.

##### C. Qualified Bidders Lists

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

#### V. TYPES OF CONTRACTS AND CONTRACT ADMINISTRATION

##### A. Type of Contract

Any type of contract, which is appropriate to the procurement and which will promote the best interests of the PHA may be used, provided that the cost-plus-a-percentage-of-cost and percentage of construction cost methods are prohibited. All procurement shall include the clauses and provisions necessary to define the rights and responsibilities of the parties. A cost reimbursement contract shall not be used unless it is likely to be less costly or it is impracticable to satisfy the PHA's needs otherwise, and the proposed contractor's accounting system is adequate to allocate costs in accordance with applicable cost principles (for commercial firms, Sub-part 31.2 of the Federal Acquisition Regulation (FAR), found in 48 CFR Chapter 1). A time and material contract may be used only if a written determination is made that no other contract type is suitable, and the contract includes a ceiling price that the contractor exceeds at his own risk.

## B. Options

Options for additional quantities or performance periods may be included in contracts, provided that: (i) the option is contained in the solicitation, (ii) the option is a unilateral right of the PHA; (iii) the contract states a limit on the additional quantities and the overall term of the contract; (iv) the options are evaluated as part of the initial competition; (v) the contract states the period within, which the options may be exercised; (vi) the options may be exercised only at the price specified in or reasonably determinable from the contract; and (vii) the options may be exercised only if determined to be more advantageous to the PHA than conducting a new procurement.

## C. Contract Clauses

In addition to containing a clause identifying the contract type, all contracts shall include any clauses required by federal statutes, as provided in 24 CFR 85.36 (I), such as: termination for convenience, termination for default, Equal Employment Opportunity, Anti-Kickback Act, Davis-Bacon Act, Contract Work Hours and Safety Standards Act, reporting requirements, patent rights, rights in data, examination of records by Comptroller General, retention of records for three years after closeout, clean air and water, energy efficiency standards, and value engineering, bid protests and contract claims, and payment of funds to influence certain federal transactions. The operational procedures required by paragraph II, A of this Statement shall contain the text of all clauses and required certifications used by the PHA.

## D. Contract Administration

A contract administration system designed to ensure that contractors perform in accordance with their contracts shall be maintained. The operational procedures required by paragraph II, A above shall contain guidelines for inspection of supplies, services, or construction, as well as monitoring contractor performance, status reporting on construction contracts, and similar matters. For cost reimbursement contracts with commercial firms, costs are allowable only to the extent that they are consistent with the cost principles in FAR Sub-Part 31.2.

# VI. SPECIFICATIONS

## A. General

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

## B. Limitations

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

## VII. APPEALS AND REMEDIES

### A. General

It is the PHA's policy to resolve all contractual issues informally at the PHA level, without litigation. Disputes shall not be referred to HUD until all administrative remedies have been exhausted at the PHA level. When appropriate, the PHA may consider the use of informal discussions between the parties by individuals who did not participate substantially in the matter in dispute, to help resolve the differences. HUD will review protests only in cases of violation of federal laws or regulations and failure of the PHA to review a complaint or protest.

### B. Bid Protests

Any actual or prospective contractor may protest the solicitation or award of a contract for serious violations of the principles of this statement. Any protest against a solicitation must be received before the due date for receipt of bids or proposals, and any protest against the award of a contract must be received within ten days after contract award, or the protest will not be considered. All bid protests shall be in writing, submitted to the Contracting Officer or designees, who shall issue a written decision on the matter. The Contracting Officer may, at his or her discretion, suspend the procurement pending resolution of the protest, if warranted by the facts presented.

### C. Contract Claims

All claims by a contractor relating to performance of a contract shall be submitted in writing to the Contracting Officer or designee for a written decision. The contractor may request a conference on the claim. The Contracting Officer's decision shall inform the contractor of its appeal rights to the Board of the Housing Authority.

## VIII. ASSISTANCE TO SMALL AND OTHER BUSINESSES

### A. Required Efforts

Consistent with Presidential Executive orders 11625, 12138, and 12432, and Section 8 of the HUD Act of 1968, the PHA shall make positive efforts to ensure that small and minority-owned businesses, women's business enterprises, and labor surplus area businesses, and individuals or firms located in or owned in substantial part by persons residing in the area of a PHA project, are used when possible. Such efforts shall include, but shall not be limited to:

1. including such firms, when qualified, on solicitation mailing lists;
2. encouraging their participation through direct solicitation of bids or proposals whenever they are potential sources;
3. dividing total requirements, when economically feasible, into smaller tasks or quantities to permit maximum participation by such firms;
4. establishing delivery schedules, where the requirement permits, which encourage participation by such firms;
5. using the services and assistance of the Small Business Administration, and the Minority Business Development Agency of the Department of Commerce;
6. including in contracts a clause requiring contractors, to the greatest extent possible, to provide opportunities for training and employment for lower-income residents of the project area and to award subcontracts for work in connection with the project to business concerns which are located in, or owned in substantial part, by persons residing in the area of the project, as described in 24 CFR 135; and
7. requiring prime contractors, when subcontracting is anticipated, to take the positive steps listed in A 1 through 6 above.

Goals may be established by the PHA periodically for participation by small businesses, minority-owned businesses, women's business enterprises, and labor surplus area businesses and business concerns, which are located in, or owned in substantial part by persons residing in the area of the project in the PHA's prime contracts and subcontracting opportunities. The Housing Authority of the City of Erie Minority Enterprise Plan (including goals) adopted by the Authority on January 25, 1982, is incorporated herewith by reference.

### B. Definitions

1. A small business is defined as a business, which is: independently owned; not dominant in its field of operation; and not an affiliate or subsidiary of a business dominant in its field of operation. The size standards in 13 CFR

- 121 shall be used, unless the PHA determines that their use is inappropriate.
2. A minority-owned business is defined as a business which is at least 51%-owned by one or more minority group member; or, in the case of a publicly-owned business, one in which at least 51% of its voting stock is owned by one or more minority group member, and whose management and daily business operations are controlled by one or more such individuals. Minority group members include, but are not limited to, African Americans, Hispanic Americans, Native Americans, Asian Pacific Americans, Asian Indian Americans, and Hasidic Jewish Americans.
  3. A women's business enterprise is defined as a business that is at least 51%-owned by a woman or women who are United States citizens and who also control or operate the business.
  4. A labor surplus area business is defined as a business which, together with its immediate subcontractors, will incur more than 50% of the cost of performing the contract in an area of concentrated unemployment or underemployment, as defined by the United States Department of Labor in 20 CFR 654, Sub-part A, and in lists of labor surplus areas published by the Employment and Training Administration.
  5. A business concern located in the area or the project is defined as an individual or firm located within the relevant Section 3-covered project area, as determined pursuant to 24 CFR 135.15, listed on HUD's registry of eligible concerns, and meeting the definition of small business above. A business concern owned in substantial part by persons residing in the area of the project is defined as a business concern, which is 51% or more owned by persons residing within the Section 3-covered project, owned by persons considered by the United States Small Business Administration to be socially or economically disadvantaged, listed on HUD's registry of eligible business concerns, and meeting the definition of small business above.

## IX. ETHICS IN PUBLIC CONTRACTING

### A. General

The PHA shall adhere to the following code of conduct, consistent with applicable state or local law.

### B. Conflict of Interest

No employee, officer, or agent of this PHA shall participate directly or indirectly in the selection, or in the award or administration of any contract, if a conflict, real or apparent, would be involved. Such conflict would arise when a financial or other interest in a firm selected for award is held by:

1. an employee, officer, or agent involved in making the award;
2. his/her relative (including father, mother, son, daughter, brother, sister, uncle, aunt, first cousin, nephew, niece, husband, wife, father-in-law, mother-in-law, son-in-law, daughter-in-law, brother-in-law, sister-in-law, stepfather, stepmother, stepson, stepdaughter, stepbrother, stepsister, half brother, or half sister);
3. his/her partner; or,
4. an organization which employs, is negotiating to employ, or has an arrangement concerning prospective employment of any of the above.

**C. Gratuities, Kickbacks, and Use of Confidential Information**

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

**D. Prohibition against Contingent Fees**

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