

## Section 600 General Procurement Policies

### 600.65.20~~210408191212~~ – CDA Redevelopment Procurement Policy

#### **I. Purpose and General Statements of Intent**

This policy clarifies the procurement process for CDA Redevelopment. The intent of this policy is to provide for the fair and equitable treatment of all persons or firms involved in purchasing; to ensure that goods, commodities, and services are procured efficiently, effectively, and at the most favorable prices available; and to promote competition in contracting.

#### **II. Background and Related Policies**

The Redevelopment Authority of the City of Madison was created for the purpose of “carrying out blight elimination, slum clearance, and urban renewal programs and projects.” The powers and duties of the Authority are outlined in State statute, notably Wis. Stat. 66.1333(5).

Under state statute, the CDA is a separate body, corporate and politic, from the City of Madison. The City of Madison and the CDA have defined their administrative relationship in the Contract for Service.

As CDA Redevelopment operates under state statute, but uses City facilities and personnel under the Contract for Services, which, at times, requires following City ordinances and policy. As such, there is a need to clarify and standardize the procurement process for CDA Redevelopment. This policy also applies to purchases made by property management companies under contract with the CDA.

The CDA Housing Authority is subject to federal procurement guidelines. As such, this policy does not apply to the Housing Authority. Refer to the Housing Authority procurement policy for additional information.

CDA Redevelopment properties under a limited liability corporation (LLC) are included under this policy to the extent permitted and reasonable under the conditions of the Operating Agreement. For more information, see Policy 530.65.

#### **III. Definitions**

##### **A. CDA Redevelopment**

The division of the Community Development Authority of the City of Madison exercising the powers and duties of the Redevelopment Authority of the City of Madison.

##### **B. Contract for Services**

The CDA is authorized by Madison General Ordinance 3.17 to act as the housing and redevelopment authority for the City of Madison. The CDA is a separate body, corporate and politic, formed with approval of the City to carry out neighborhood and housing rehabilitation programs. The operational and financial relationship between the City and the CDA is outlined in the Contract for Services, Materials, and Equipment (Contract for Services).

##### **C. Major Object Code**

In the City of Madison financial system, which the CDA uses to administer its finances, similar purchase types are grouped into Major Object Codes. The two primary Major Object Codes for procurement are Supplies (53) and Purchased Services (54).

#### D. Class 2 Notice

Section 985.07, Wisconsin Statutes, generally provides for three classes of legal notices, distinguished by the number of “insertions,” which is the number of times a notice must be published. A Class 1 notice must be inserted or published once, at least a week before the applicable act or event takes place. A Class 2 notice must be published for two consecutive weeks, the second of which must be at least one week before the occurrence of the act or event about which notice is being given. A Class 3 notice requires three insertions, in three consecutive weeks, the final of which must be at least a week before the act or event. The designated number of insertions is the minimum required by law, and the frequency may be increased at the discretion of the governmental agency. (Wisconsin Legislative Reference Bureau, “Giving Notice: Publication of Government Activities in the Internet Age.” December 2015)

#### E. Ban the Box

Ban the Box policies remove questions about an applicant’s criminal and arrest record from job applications, and help ensure that an applicant’s criminal history is not considered until later in the hiring process. This policy is intended to address hiring disparities and barriers to employment faced by ex-offenders and people who have had police contacts but are qualified for the job. The City of Madison policy is General Ordinance 39.08.

#### F. Small Business Enterprise (SBE)

The City of Madison created a Small Business Enterprise program to encourage participation of small businesses in City-funded public works contracts.

#### G. Section 3

Section 3 is a means by which the U.S. Department of Housing and Urban Development (HUD) fosters local economic development, neighborhood economic improvement, and individual self-sufficiency. Section 3 is the legal basis for providing jobs for residents and awarding contracts to businesses in areas receiving certain types of HUD financial assistance. Under Section 3 of the HUD Act of 1968, wherever HUD financial assistance is expended for housing or community development, to the greatest extent feasible, economic opportunities will be given to Section 3 residents and businesses in that area. (HUD Section 3 Brochure)

#### H. Lowest Bidder

The lowest bidder is one whose bid contains the lowest total dollar amount when compared with other bids submitted for the same work. (Adapted from State of Wisconsin Department of Administration Administrative Code Chapter ADM21)

#### I. Qualified Bidder

A qualified bidder is one who 1) has completed one or more projects of similar size or value to the work being bid and 2) has access to all necessary equipment and has organizational capacity and technical competence necessary to enable performance of the work properly and expeditiously. (Adapted from State of Wisconsin Department of Administration Administrative Code Chapter ADM21)

## J. Competent Bidder

A competent bidder is one who meets the following conditions:

1. Maintains a permanent place of business.
2. Provides a sworn statement upon request, which evidences the bidder has adequate financial resources to complete the work being bid, as well as all other work the bidder is presently under contract to complete.
3. Is bondable for the terms of the proposed contract, if required.
4. Has a record of satisfactorily completing past projects.
5. Established and diligently maintained a satisfactory affirmative action program in accordance with the contract provisions. (Adapted from State of Wisconsin Department of Administration Administrative Code Chapter ADM21)

## K. Petty Cash

Petty cash is a small amount of cash kept on hand to make immediate payments for miscellaneous expenses.

## IV. Policy

### A. Statement of Ethics in Public Contracting

Per Madison General Ordinance 3.17(10), Commissioners and employees of the CDA are subject to the City of Madison Code of Ethics outlined in Madison General Ordinance 3.35.

With specific regard to procurement, no staff, officer, or agent of the CDA shall participate in the selection, award, or administration of a contract if it would involve a real or perceived conflict of interest. Such conflict would arise when a financial or other interest in a firm selected for award is held by:

1. A CDA employee or officer involved in making the award;
2. The relative of a CDA employee or officer including father, mother, son, daughter, brother, sister, uncle, 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, stepsister, half brothers, or half sisters;
3. The partner of a CDA employee or officer; or
4. An organization which employs, is negotiating to employ, or has an arrangement concerning prospective employment of any of the above.

CDA officers, staff, or agents shall not solicit or accept anything of value (e.g., gratuities, favors, or kickbacks) from contractors, potential contractors, or parties to sub agreements.

Questions regarding ethical conduct in CDA procurement shall be directed to the Executive Director and Office of the City Attorney. Concerns about ethical procurement conduct, waste, abuse, or fraud shall be directed to the Executive Director. In the event that the concern involves the Executive Director, the concern shall be directed to the CDA Board Chair and Office of the City Attorney for consideration and investigation.

### B. Statement of Intent

It is the intent of the CDA to align its procurement practices with those of the City of Madison. While state statutory requirements and differences in governance structures prevent full alignment, reasonable

effort should be made to consult and adopt City of Madison procurement principles. City of Madison procurement staff should be consulted on situations not addressed by this policy, and this policy should be updated as appropriate.

### C. Contract Execution

All contracts directly executed by the CDA must be signed by the Board Chair, or the Vice Chair in the absence of the Chair, and the Executive Director, or the Assistant Director in the absence of the Executive Director. Signing contracts shall not be delegated to CDA staff.

Contracts executed by a property management company in fulfillment of the duties and responsibilities delineated in the property management agreement do not require the signature of the Board Chair and Executive Director.

### D. Petty Cash

CDA staff shall not use petty cash for procurement on CDA redevelopment properties.

For property management companies, petty cash should be a payment method of last resort. When possible and practical, purchases are preferably made using a purchase card or by invoice. Petty cash purchases shall not exceed \$200.

Petty cash purchases require a receipt. When a receipt cannot be obtained (e.g., coin-operated parking meter), the expense should be documented by management company staff.

Petty cash funds shall not exceed \$500. Funds shall be stored in a secure location, like a locked box or drawer. Petty cash funds shall be reconciled and replenished monthly. Per Policy 510.10, the petty cash reconciliation shall be included in the monthly property management report.

### E. Delegation of Authority

The CDA Board delegates authority to the Finance Subcommittee for contract approvals as described in this policy.

### ~~D~~F. Goods and Commodities

Goods and commodities are generally tangible items, supplies, or software. In the financial system, these are identified in Major Object Code 53. The CDA relies on City of Madison purchasing guidance to define and categorize goods and commodities, as needed.

The requirements for purchasing goods and commodities vary in State statute and City policy by the value of the purchase. The following reconciles State and City requirements.

1. Less than \$3,000. Purchases of less than \$3,000 made through the City financial system may be made by purchase card or purchase order. Written quotes are recommended to inform a best value judgment in making a final decision. Purchases require delegated authorization from the Executive Director and appropriate budget authority.

For purchases made by property management companies, written quotes are recommended to inform a best value judgment in making a final decision. Purchases may be made by purchase card, purchase order, or petty cash.

2. \$3,000 to \$9,999. Purchases in this range follow the same guidelines as purchases for less than \$3,000. Written quotes are recommended to inform a best value judgment in making a final decision. Per Wisconsin Statute 66.1333(5)(a)(2), if a contract is required, a class 2 notice shall be completed before any contract is signed.

Property management companies shall comply with this paragraph.

As provided under Section 985.02, Wisconsin Statutes, Class 2 procurement notices in this price range are published to the CDA website and to a public bulletin board in the CDA Housing Office lobby.

3. \$10,000 to \$24,999. A purchase of goods from \$10,000 to \$24,999 made through the City financial system will be done by purchase order. A minimum of three written quotes will be obtained before deciding on a vendor. A class 2 notice shall be published before any contract is entered into. Purchases require approval by the Executive Director or delegate and appropriate budget authority.

Purchases made by property management companies require a minimum of three written quotes obtained before deciding on a vendor. If a contract is required, a class 2 notice shall be published before any contract is entered into. Proper budget authority is required for these purchases.

As provided under Section 985.02, Wisconsin Statutes, Class 2 procurement notices in this price range are published to the CDA website and to a public bulletin board in the CDA Housing Office lobby.

4. \$25,000 to \$49,999. A purchase of goods from \$25,000 to \$49,999 made through the City financial system shall require three written quotes. The solicitation of quotes shall be noticed with a class 2 notice. Purchases made through the City financial system will be done by purchase order with approval of the Executive Director and appropriate budget authority.

Per Wisconsin Statute 66.1333(5)(2), the contract shall be awarded to the lowest qualified and competent bidder. As such, contractors may be strongly encouraged to comply with the City of Madison Ban the Box ordinance, but may not be denied a contract on this basis.

Purchases made by property management companies need not require contractors to comply with the Ban the Box ordinance. Approval by the Executive Director and proper budget authority is required for these purchases.

As provided under Section 985.02, Wisconsin Statutes, Class 2 procurement notices in this price range are published to the CDA website and to a public bulletin board in the CDA Housing Office lobby.

5. \$50,000 or greater. A purchase of goods \$50,000 or greater shall require a bid following City of Madison guidelines. The bid shall also be advertised with a Class 2 notice. Purchases must comply with the City's Affirmative Action policy. Purchases made through the City financial system require approval of the Executive Director. Purchases require proper budget authority and will be done by purchase order.

Per Wisconsin Statute 66.1333(5)(2), the contract shall be awarded to the lowest qualified and competent bidder. As such, contractors may be strongly encouraged to comply with the City of Madison Ban the Box ordinance, but may not be denied a contract on this basis.

Purchases made by property management companies shall require a formal bid with technical assistance from CDA staff. Purchases require approval of the Executive Director. Purchases require proper budget authority. Contracts are not subject to the City of Madison's Ban the Box ordinance and Affirmative Action requirements.

Class 2 procurement notices in this price range are published to the CDA website, to a public bulletin board in the CDA Housing Office lobby, and to an appropriate newspaper.

## G. Services

In the financial system, these are identified in Major Object Code 54. The CDA relies on City of Madison purchasing guidance to define and categorize services, as needed.

The requirements for purchasing services vary in City policy by the length and value of the contract. Note that renewals in the contract are included when determining the length of the contract.

1. Less than one year and \$5,000. A purchase of services through the City financial system can be done by purchasing card or purchase order. Written quotes are recommended to inform a best value judgment in making a final decision. Delegated authorization of the Executive Director and proper budget authority are required for these purchases.

Property management companies may contract for services provided that appropriate budget authority is available. Written quotes are recommended to inform a best value judgment in making a final decision. Proper budget authority is required for these purchases.

2. One year and \$5,000 to \$9,999. A purchase of services through the City financial system follows the same requirements for a contract of less than one year and \$5,000. Written quotes are recommended to inform a best value judgment in making a final decision. In addition, a CDA Purchase of Services Contract is required.

Property management companies are not required to use a Purchase of Services Contract.

3. One year and \$10,000 to \$24,999. A purchase of services through the City financial system will be done by purchase order and will require a CDA Purchase of Services Contract. A minimum of three written quotes must be obtained before deciding on a vendor. Approval of the Executive Director and proper budget authority are required.

Property management companies may contract for services provided that appropriate budget authority is available. A minimum of three written quotes must be obtained before deciding on a vendor. Property management companies are not required to use a Purchase of Services Contract.

4. One year and \$25,000 to \$49,999. A purchase of services in the City financial system follows the same requirements for a contract of less than one year and \$10,000 to \$24,999. In addition, contracts must comply with the City of Madison Ban the Box policy.

Property management companies need not require Ban the Box compliance from contractors. Approval from the Executive Director is required.

5. One year and \$50,000 to \$149,999. A purchase of services through the City financial system meeting these criteria shall require a request for proposals (RFP) following City of Madison guidelines. The purchase shall be done by purchase order, use a CDA Purchase of Services Contract, comply with the City of Madison Ban the Box policy, and comply with City of Madison Affirmative Action policies.

Approval of the Executive Director and proper budget authority are required for these purchases.

Property management companies shall complete an RFP process with the technical assistance of CDA staff. A Purchase of Services Contract, City of Madison Ban the Box policy compliance, and City of Madison Affirmative Action compliance are not required. Proper budget authority and approval from the Executive Director are required for these purchases.

6. One year and \$149,000 to \$300,000. A purchase of services through the City financial system meeting these criteria shall require an RFP following City of Madison guidelines. The purchase shall be done by purchase order, use a CDA Purchase of Services Contract, comply with the City of Madison Ban the Box policy, and comply with City of Madison Affirmative Action policies. The CDA shall make all reasonable efforts to support the City's SBE policies. Approval by the CDA Finance Subcommittee and proper budget authority are required.

Property management companies shall complete an RFP process with the technical assistance of CDA staff. A Purchase of Services Contract, City of Madison Ban the Box policy compliance, and City of Madison Affirmative Action compliance are not required. Proper budget authority and approval from the CDA Finance Subcommittee are required for these purchases.

- ~~6.7.~~ Greater than \$3100,000 per year. A purchase of services for more than an average of \$3100,000 per year shall require an ~~an request for proposals (RFP)~~ following City of Madison guidelines. The purchase shall be done by purchase order, use a CDA Purchase of Services Contract, comply with the City of Madison Ban the Box policy, and comply with City of Madison Affirmative Action policies. The CDA shall make all reasonable efforts to support the City's SBE policies. Approval by the CDA Board and proper budget authority are required.

Property management companies shall complete an RFP process with the technical assistance of CDA staff. A Purchase of Services Contract, City of Madison Ban the Box policy compliance, and City of Madison Affirmative Action compliance are not required. Proper budget authority and approval from the CDA Board are required for these purchases.

- ~~7.8.~~ Greater than one year. A purchase of services lasting more than one year shall be approved by the CDA Board. The competitive process will be the same as for a contract of one year or less based on the total cost of the contract.

In general, contracts for services should not extend beyond five years.

## H. Mixed Goods and Services Contracts

If a contract includes both goods and services, the value of the contract used to determine the procurement process shall be the combined total of goods and services.

In repair, maintenance, and capital projects, there is usually a combination of goods and services. For example, painting includes both paint and the labor to apply the paint. Other common examples may include roof replacements, HVAC installations, and parking lot maintenance. In general, these projects should use the process outlined above for services.

The purchase of goods that will be installed by CDA or property management staff shall generally follow the process outlined above for services. For example, the purchase of paint that will be applied by the property maintenance team is a supply.

## G. Sole Source Contracting

The process of securing bids or requesting proposals, depending on the value of the purchase, is important to ensuring responsible stewardship of CDA funds. However, there are times when it is not possible to secure multiple bids or proposals:

- The service or good is available from only one vendor/contractor.
- An inadequate number of bids or proposals are received after all reasonable efforts to solicit vendors/contractors.
- A contractor has specialized knowledge, skills, or experience that are not broadly available (i.e., lawyers, architects).
- As specific vendor/contractor is required by a grant or funding source.

For contracts under \$50,000, the Executive Director may approve an exception to the number of bids or proposals required for goods or services.

For contracts over \$50,000, the CDA Board may approve an exception to the number of bids or proposals required for goods or services.

Except when following emergency purchase procedures, a desire to expedite the procurement process is not appropriate justification to seek a reduction to the bid or proposal requirements.

## H. Emergency Purchase Procedures

In the event of an emergency, the Executive Director, or designee in the event of the Executive Director's absence, may approve purchases up to \$50,000 without following the procurement considerations in the above policy. The Board shall be advised of the conditions constituting an emergency and the purchase by email at the time of purchase.

Emergency contracts for capital projects by CDA staff must be approved by the City of Madison Finance Director, or designee, and the CDA Executive Director, or designee in the event of the Executive Director's absence. There is no limit on the value of emergency contracts for capital projects. The Board shall be advised of the conditions constituting an emergency and the purchase by email at the time of purchase.

A property manager may approve emergency procurement purchases up to \$50,000 without following the procurement considerations in the above policy. Every reasonable effort shall be made to contact the Executive Director prior to signing a contract. The property manager shall communicate the conditions



warranting the emergency purchase and the contract to the Asset Manager and Executive Director within 48 hours. If necessary, budgets shall be amended after the emergency to reflect the purchase.

An emergency is a situation that is an immediate and credible threat to the life, health, or safety of property residents, tenants, and guests. Examples may include purchasing sand bags during a flooding event or space heaters during an extended heating system failure in the winter.

#### I. Limited Liability Corporations

The general operation of properties owned by an LLC are defined in the LLC documents and management agreement. In the absence of procurement guidance in those documents, the CDA shall use this policy for guidance in its role as a managing member and/or management agent.

For additional information on LLCs, see Policy 530.65

#### J. Auditing Contracts

Contracting with auditors for CDA finances and properties shall follow the policy for contracting for service. Recognizing that it is desirable for auditors to develop familiarity with an organization's finances over time, auditing contracts may extend beyond five years without being rebid. It is considered best practice to rebid auditing contracts after fifteen years.

#### K. Residential Property Management Companies

Contracting with residential property management companies is subject to Policy 510.10.

#### L. Changes in Laws and Regulations

This policy complies with applicable State and City procurement requirements. In the event a new requirement is adopted or an applicable requirement is modified, the new or modified requirement shall supersede this policy. The CDA shall update this policy to resolve any inconsistencies following Policy 500.10.

#### M. Public Access to Procurement Information

Procurement information shall be a matter of public record to the extent provided in Wisconsin Open Records Law and shall be available to the public as provided in those statutes.

## V. Examples

### A. Goods and Commodities

Value	Transaction System	Process	Approval	Purchase Method	Ban the Box	Affirmative Action	Guiding Policy
<b>Less than \$3,000</b>	City financial system	Written quote recommended	Delegation from Executive Director	Purchase card or purchase order	No	No	City of Madison
	Management company	Written quote recommended	Management agreement	P-Card, PO, or petty cash	No	No	City of Madison
<b>\$3,000 to \$9,999</b>	City financial system	Quote recommended, Class 2 notice for contracts	Delegation from Executive Director	P-Card or PO	No	No	State statute
	Management company	Quote recommended, Class 2 notice for contracts	Management agreement	P-Card or PO	No	No	State statute
<b>\$10,000 to \$24,999</b>	City financial system	Three quotes, Class 2 notice for contracts	Executive Director or delegate	PO	No	No	City of Madison
	Management company	Three quotes, Class 2 notice for contracts	Management agreement	PO	No	No	City of Madison
<b>\$25,000 to \$49,999</b>	City financial system	Quotes advertised with a Class 2 notice	Executive Director	PO	Strongly encouraged	No	State statute
	Management company	Quotes advertised with a Class 2 notice	Executive Director	PO	No	No	State statute
<b>\$50,000 or greater</b>	City financial system	Bid advertised with a Class 2 notice	Executive Director	PO	Strongly encouraged	Yes	City of Madison
	Management company	Bid advertised with a Class 2 notice	Executive Director	PO	No	No	City of Madison
<b>Emergency (\$50,000 limit)</b>	City financial system and Management company	None	Executive Director or designee when absent	PO	No	No	CDA policy
<b>Emergency for capital projects (No limit)</b>	City financial system	None	City Finance Director and Executive Director	PO	No	No	City of Madison

B. Services

Duration and Value	Transaction System	Process	Approval	Purchase Method	Ban the Box	Affirmative Action	SBE
<b>One year and less than \$5,000</b>	City financial system	Written quote recommended	Delegation from Executive Director	Purchase card or Purchase order	No	No	No
	Management company	Written quote recommended	Management agreement	P-Card or PO	No	No	No
<b>One year and \$5,000 to \$9,999</b>	City financial system	CDA Purchase of Services Contract	Executive Director or delegate	P-Card or PO	No	No	No
	Management company	Written quote recommended	Management agreement	P-Card or PO	No	No	No
<b>One year and \$10,000 to \$24,999</b>	City financial system	Three quotes, CDA Purchase of Services Contract	Executive Director	PO	No	No	No
	Management company	Three quotes	Management agreement	P-Card or PO	No	No	No
<b>One year and \$25,000 to \$49,999</b>	City financial system	Three quotes, CDA Purchase of Services Contract	Executive Director	PO	Yes	No	No
	Management company	Three quotes	Executive Director	P-Card or PO	No	No	No
<b>One year and \$50,000 to \$149,999</b>	City financial system	RFP and CDA Purchase of Services Contract	Executive Director	PO	Yes	Yes	No
	Management company	RFP	Executive Director	P-Card or PO	No	No	No
<b><u>One year and \$150,000 to \$300,000</u></b>	<u>City financial system</u>	<u>RFP and CDA Purchase of Services Contract</u>	<u>CDA Finance Subcommittee</u>	PO	<u>Yes</u>	<u>Yes</u>	<u>Yes</u>
	<u>Management company</u>	<u>RFP</u>	<u>CDA Finance Subcommittee</u>	PO	<u>No</u>	<u>No</u>	<u>No</u>
<b>Greater than \$310,000 per year</b>	City financial system	RFP and CDA Purchase of Services Contract	CDA Board	PO	Yes	Yes	Yes
	Management company	RFP	CDA Board	PO	No	No	No
<b>Greater than one year</b>	City financial system	Depends on value	CDA Board	Varies	Varies	Varies	Varies
	Management company	Depends on value	CDA Board	Varies	No	No	Varies

\* In an emergency, service purchases under \$50,000 through the city financial system or by management companies are exempt from standard procurement policies. Emergency capital projects through the City financial system are exempt from standard procurement policies with no limit. However, the City Finance Director and CDA Executive Director must approve emergency capital projects.

## **VI. References**

- Contract for Services, Materials, and Equipment
- Madison General Ordinance 3.17
- Madison General Ordinance 3.35
- Wis. Stat. 66.1333(5)
- Wisconsin Public Records Law Compliance Guide, March 2018
- [Bylaws of the Community Development Authority of the City of Madison](#)
- [Policy 500.10 CDA Financial Policies](#)

## **VII. Creation**

September 12, 2019

## **VIII. Last Review**

None.

## **IX. Next Review**

2023