

RESOLUTION OF THE SUMMIT LAKE PAIUTE COUNCIL
SUMMIT LAKE PAIUTE TRIBE
OF THE
SUMMIT LAKE PAIUTE RESERVATION, NEVADA

RESOLUTION NO.: SL - 24 - 2007

TITLE: Amending the Summit Lake Paiute Tribe Procurement Procedure Manual

WHEREAS, the Summit Lake Paiute Tribe, is a modern entity of the Northern Paiute People known, in English, as Lake Trout and Wild Onion Eaters who, for thousands of years, controlled 2,800 square miles of land in and around Summit Lake as a tribe with sovereign, unlimited, powers and laws (customs, traditions, usages, etc.); and,

WHEREAS, in 1964, and after much consideration, the members of the Lake Trout and Wild Onion Eaters organized pursuant to Section 16 of the Indian Reorganization Act of June 18, 1934 (48 Stat. 984) as amended, adopting, for certain sovereign purposes, the name "Summit Lake Paiute Tribe" with a tribal constitution titled "Articles of Association," the latter which was approved by the Secretary of the U.S. Department of the Interior on January 8, 1965; and,

WHEREAS, over time the members of the Summit Lake Paiute Tribe have regained a small fraction of their historic land base, including the Tribe's reserved lands (Reservation), and the Indian allotments outside the Reservation boundaries; and,

WHEREAS, the Summit Lake Paiute Tribe's Articles of Association grant to the Summit Lake Paiute Council (see Article II, Section 1) certain sovereign powers, including the power to seek funding from federal agencies like the U.S. Environmental Protection Agency (EPA) to improve the welfare and education of tribal members (see Article II, Section 1 (b), (k)); and,

WHEREAS, the Summit Lake Paiute Tribe received EPA General Assistance Program ("GAP") funding for the four (4) year Fiscal Year ("FY") periods from FY 2005 through FY 2009 and other EPA funding for other purposes; and,

WHEREAS, one of the requirements for spending EPA's GAP funding is that the Tribe's policies, including Procurement, must meet the requirements of Title 40, Code of Federal Regulations ("40 C.F.R."). See, GAP Work Plan Amendment #1 (September 27, 2007), Work Plan Component 1 (Financial/Administrative Capacity Building), Commitment 1.1 (requiring the Tribe to submit to EPA a completed Administrative Checklist and update as needed) and Commitment 1.2 (requiring Environmental

Coordinator to submit report to EPA identifying deficiencies in tribal policies relative to the requirements of 40 C.F.R.; and,

WHEREAS, 40 C.F.R. does not specifically address the sovereign right of tribes to have policies, like procurement, that not only further EPA's cause of ensuring business opportunities to minority, women, and small business enterprises but further the Summit Lake Paiute Tribe's procedures, like procurement, which further the cause of Indian Self-Determination; and,

WHEREAS, the Summit Lake Paiute Tribe's Environmental Coordinator has presented to this Council amendments to the Summit Lake Paiute Tribe Procurement Procedure Manual that further both EPA's cause and the Summit Lake Paiute Tribe's cause of Indian Self-Determination without infringing on either; and,

WHEREAS, if the changes noted to the Summit Lake Paiute Tribe Procurement Procedure Manual, which are appended to this Resolution, are adopted by the Council, the Environmental Coordinator is directed to finalize the noted approved changes, using Word's Track Features, and inserting this Resolution number in each section of Policy History (immediately following each added or amended policy section).

NOW THEREFORE, BE IT RESOLVED that the Summit Lake Paiute Tribal Council has reviewed and been briefed on the proposed changes to the Summit Lake Paiute Tribe Procurement Procedure Manual, which are appended to this Resolution, at a duly held meeting on November 3, 2007; and,

BE IT FURTHER RESOLVED that the Summit Lake Paiute Council hereby clarifies that in the revised text of the Procurement Procedure Manual all references made to "Tribal Secretary" will be changed to "Tribal Council Secretary/Treasurer"; and,

BE IT FURTHER RESOLVED that the Summit Lake Paiute Council hereby changes General Purchasing Authority for purchases of less than \$300 to purchases of less than \$500; and

BE IT FINALLY RESOLVED that the Summit Lake Paiute Council approves, and hereby amends the Summit Lake Paiute Tribe Procurement Procedure Manual as set forth in the appended Summit Lake Paiute Tribe Procurement Procedure Manual and with changes noted above.

CERTIFICATION

I, LORRAINE WATSON, Secretary/Treasurer of the Summit Lake Paiute Council, hereby certify that the above Resolution, No. SL - 24 - 2007, was brought before the Summit Lake Paiute Council at a duly held meeting on the 3rd day of November, 2007,

with 5 members present, constituting a quorum, with the following votes to enact the Resolution: 4 FOR, 0 AGAINST, and 0 ABSTAINING, with the Tribal Chairman presiding and 4 voting, and that this Resolution has not been rescinded, revoked or amended.

03 Nov 2007

Date



Lorraine Watson, Secretary/Treasurer
Summit Lake Tribal Council

GENERAL POLICY

It is the intent of this procurement procedure manual to provide a systematic means whereby the Summit Lake Paiute Tribe may obtain capital items in a fair and equitable manner while protecting the Tribe and its' officials.

AUTHORITY

The Summit Lake Paiute Tribal Council reserves the purchasing authority of the Summit Lake Paiute Tribe. This authority may be delegated to tribal officials or to selected employees. This delegation shall be of a general or specific nature. General purchasing authority shall be granted for a specific term and shall be restricted to purchases of less than \$300.00. Specific purchasing authority shall be granted by the Tribal Council for one time purchases of a specific item as described by the Tribal Council.

POLICY HISTORY

On November 3, 2007, General Purchasing Authority was increased from \$300.00 to \$500. See, Resolution No.: SL - 24- 2007

INDIAN PREFERENCE

To the greatest extent possible, all purchases by the Summit Lake Paiute Tribe for goods, supplies, services, etc., shall be made from members of the Summit Lake Paiute Tribe, other Indians or Indian or tribe owned business. If the cost of such goods, supplies, services, etc., is considerably more than can be purchased elsewhere, after documenting such price difference, tribal employees and officials shall make such purchases as set forth in this Manual.

POLICY HISTORY

This purpose of this section is to further the Summit Lake Paiute Tribe's cause of Indian Self-Determination which is not found in, for example, the U.S. Environmental Protection Agency's regulations in 40 C.F.R. 31.36(e) (Contracting with small and minority firms, women's business enterprise and labor surplus area firms). Self-Determination is an important aspect of the history of the People who became known as members of the Summit Lake Paiute Tribe. Before Euro-American and other contact, the People who became the Summit Lake Paiute Tribe controlled at least 2,800 square miles of land in and about Summit Lake. Prior to the creation of the Summit Lake Paiute Tribe, the land base was reduced significantly but over time, by Presidential Executive Order, the Tribe has been able to reserve a very small fraction of its important historical land base. If members of the Summit Lake Paiute Tribe or other Indians or tribes have businesses from which the Summit Lake Paiute Tribe can purchase goods, supplies, services, etc., then in the furtherance of the Tribe's cause of Indian Self-Determination purchases will be made from them. "Indian preference" is a U.S. Supreme Court approved federal policy. See e.g., *Morton v. Mancari*, 417 U.S. 535, 94 S.Ct. 2474, 41 L.Ed.2d 290 (1974) (hiring and promoting of Indians over non-Indians is permitted political discrimination). See also Equal Employment Opportunity Act, 42 United States Code section 2000e-2(i) (allowing Indian preference for Indians living on or near a reservation), *Livingston v. Ewing*, 601 F.2d 110 (10th Cir.), cert. denied 444 U.S. 870 (1979). See further *Regents of the University of California v. Bakke*, 438 U.S. 265, 304 n.42 (1978) (Indian preference is "an employment criterion reasonably designed to further the cause of Indian Self-Determination"). See Resolution No.: SL - 24-2007

BIDDING

Appropriate federal procedures shall be utilized for all contract and grant procurement. Formal advertising for at least 30 days, with adequate product description, sealed bids and public openings shall be the required method normally used for procurement at and above \$10,000.00. Any item purchased exceeding \$1,000.00 in cost but less than \$10,000.00 in cost shall be obtained only after formal bids have been received from three (3) or more bidders. Any item purchased exceeding \$300.00 in cost but at or less than \$1,000.00 shall be obtained only after informal bids and/or formal bids have been received from three (3) or more bidders. Informal bids are those made by telephone, person-to-person contact or by letter. Items purchased under \$300.00 in cost may be purchased without bids having been received. All bids will be kept confidential until award. Any break in this confidentiality may void the affected bids at the discretion of the Tribal Council. The Tribal Council shall award all bids and their discretion shall be final.

RESPONSIBLE CONTRACTORS

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

POLICY HISTORY

This policy addition was made to comply with the Tribe's commitment that its procurement policies would comply, to the greatest extent possible, with 40 CFR Part 31.36(b)(8). See, Resolution No.: SL - 24- 2007

AUTOMOBILE EQUIPMENT

No automobile equipment, either new or used, shall be purchased except by specific order of the Tribal Council. All automotive equipment shall be assigned to a specific program for inventory and maintenance purposes. This information shall be made available to the Tribal Council prior to any advertising for the equipment.

POLICY HISTORY

This policy section was originally titled "Automobile," however, because it only involves the purchase of "automobile equipment," the title was changed. See, Resolution No.: SL - 24- 2007

AWARDS

The Chairperson shall open all bids during a regularly scheduled meeting. The Secretary/Treasurer shall record all bids as they are read by the Chairperson. All bids will then be read by the Vice-Chairperson to confirm the correct bid amount. The Tribal Council shall hear all bids and they shall conduct an open discussion prior to awarding

the bid. All Council Members shall vote and make their opinions known. The award by the Tribal Council shall be final.

PURCHASE ORDERS

A purchase order shall be properly approved prior to the ordering of or the purchase of any item exceeding \$50.00 in cost. Failure to obtain an approved purchase order shall be sufficient cause for the Tribal Council Secretary/Treasurer to refuse payment of the obligation. In such case, it becomes the purchasers responsibility to correct the situation.

AVOIDING DUPLICATIVE OR UNNECESSARY PURCHASES

Every tribal employee or official who desires to initiate a purchase shall review all Purchase Orders for the last six (6) months of the proposed procurement to avoid purchase of unnecessary or duplicative items. Consideration should be given to consolidating or breaking out procurements to obtain a more economical purchase.

POLICY HISTORY

This policy addition was made to comply with the Tribe's commitment that its procurement policies would comply, to the greatest extent possible, with 40 CFR Part 31.36(b)(4). See, Resolution No.: SL - 24- 2007

LEASE VERSUS PURCHASE ANALYSIS REQUIRED

Where appropriate, before a purchase is made an analysis will be made of lease versus purchase alternatives, and any other appropriate analysis to determine the most economical approach.

POLICY HISTORY

This policy addition was made to comply with the Tribe's commitment that its procurement policies would comply, to the greatest extent possible, with 40 CFR Part 31.36(b)(4). See, Resolution No.: SL - 24- 2007

BONDING

The Chairperson, the Vice-Chairperson and the Secretary/Treasurer shall be bonded in an amount adequate to protect the interests of the Tribe. This amount shall be no less than 25% of the sum of the Tribe's current and intermediate assets. This amount may be reduced if there is an insufficient market for this type of bond.

PAYMENT

The Tribal Council Secretary/Treasurer shall acknowledge the receipt of the completed purchase order and the approved voucher prior to payment being made. The Tribal Council Secretary/Treasurer shall suspend payment for all incomplete purchase orders and/or disapproved vouchers until such time as the situation is corrected or the Tribal Council renders a decision.

FUNDS

No purchase shall be initiated unless sufficient funds are available in the appropriate line item of the programs approved budget. Budget modifications required to sufficiently fund a line item shall be completed prior to purchase initiation.

PROCUREMENT: FULL AND OPEN COMPETITION

(1) All procurement transactions will be conducted in a manner providing full and open competition consistent with the standards of Indian preference as set forth in this Manual, and applicable federal policies. Some of the situations considered to be restrictive of competition include but are not limited to:

- (i) Placing unreasonable requirements on firms in order for them to qualify to do business,
- (ii) Requiring unnecessary experience and excessive bonding,
- (iii) Noncompetitive pricing practices between firms or between affiliated companies,
- (iv) Noncompetitive awards to consultants that are on retainer contracts,
- (v) Organizational conflicts of interest,
- (vi) Specifying only a “brand name” product instead of allowing “an equal” product to be offered and describing the performance of other relevant requirements of the procurement, and
- (vii) Any arbitrary action in the procurement process.

POLICY HISTORY

This policy addition was made to comply with the Tribe’s commitment that its procurement policies would comply, to the greatest extent possible, with 40 CFR Part 31.36(b)(8). See, Resolution No.: SL - 24- 2007

PROCUREMENT: WHEN TIME IS OF THE ESSENCE, SINGLE SOURCE, ETC.

While every effort will be made to make planned purchases of goods, supplies, services, etc., to be as efficient as possible, there may be instances in which an unforeseen purchase is needed within a couple days or an item is available only from a single source or the funding agency or entity authorizes noncompetitive proposals, or after solicitation of a number of sources competition is determined inadequate. In those limited, occasional, circumstances where a planned purchase is not possible, the tribal employee or official making the purchase shall note on the front page of the Purchase Order or receipt, or both depending on available space on the latter, a simple statement why time

was of the essence in making the purchase. For example, “The above items were needed for an emergency department meeting called for tomorrow.”

POLICY HISTORY

This policy addition was made to comply with the Tribe’s commitment that its procurement policies would comply, to the greatest extent possible, with 40 CFR Part 31.36(b)(8). See, Resolution No.: SL - 24- 2007

PROCEDURES FOR PROCUREMENT TRANSACTIONS

The selection procedures for Summit Lake Paiute Tribe procurement transactions are as follows. All employees or officials of the Summit Lake Paiute Tribe shall:

(i) Incorporate a clear and accurate description of the technical requirements for the material, product, or service to be procured. Such description shall not, in competitive procurements, contain features which unduly restrict competition. The description may include a statement of the qualitative nature of the material, product or service to be procured, and when necessary, shall set forth those minimum essential characteristics and standards to which it must conform if it is to satisfy its intended use. Detailed product specifications should be avoided if at all possible. When it is impractical or uneconomical to make a clear and accurate description of the technical requirements, a “brand name or equal” description may be used as a means to define the performance or other salient requirements of a procurement. The specific features of the named brand which must be met by offerors shall be clearly stated; and

(ii) Identify all requirements which the offerors must fulfill and all other factors to be used in evaluating bids or proposals.

POLICY HISTORY

This policy addition was made to comply with the Tribe’s commitment that its procurement policies would comply, to the greatest extent possible, with 40 CFR Part 31.36(c)(3). See, Resolution No.: SL - 24- 2007

INVENTORY OF ALL PROPERTY AND EQUIPMENT EVERY TWO YEARS

Any property or equipment with an original cost of \$300.00 or more, purchased with federal grant funds, shall be inventoried every two years starting August 1, 2008. The form used for inventory purposes is to identify all of the following factors:

1. Description;
2. Serial number;
3. Source of property;
4. Location of property (several blank spaces for changed location shall be inserted);
5. Title;
6. Purchase date;
7. Cost (federal and non-federal costs identified);

8. Condition of property at each Inventory;
9. Disposition date requirements; and,
10. Method of procurement.

POLICY HISTORY

This policy addition was made to comply with the Tribe's commitment that its procurement policies would comply, to the greatest extent possible, with 40 CFR Part 31.36(c), (d). See, Resolution No.: SL- 24- 2007

STANDARDS OF CONDUCT IN THE AWARD AND ADMINISTRATION OF CONTRACTS, PURCHASES, ETC.

Except as permitted by the Indian Preference section in this Manual, no employee, officer or agent of the Summit Lake Paiute Tribe ("Tribe") shall participate in selection, or in the award or administration of a contract supported by Federal funds if a conflict of interest, real or apparent, would be involved. Such a conflict would arise when:

(i) The employee, officer or agent,

(ii) Any member of his immediate family,

(iii) His or her partner, or

(iv) An organization which employs, or is about to employ, any of the above, has a financial or other interest in the firm selected for award. The Tribe's officers, employees or agents will neither solicit nor accept gratuities, favors or anything of monetary value from contractors, potential contractors, or parties to subagreements. The Tribe may set minimum rules where the financial interest is not substantial or the gift is an unsolicited item of nominal intrinsic value. To the extent permitted by Tribal or federal law or regulations, such standards or conduct will provide for penalties, sanctions, or other disciplinary actions for violations of such standards by the Tribe's officers, employees, or agents, or by contractors or their agents.

POLICY HISTORY

This policy addition was made to comply with the Tribe's commitment that its procurement policies would comply, to the greatest extent possible, with 40 CFR Part 31.36(b). The membership of this Tribe is less than 200 members. As explained in the Indian Preference section, at the beginning of this Manual, Indian Self-Determination is an important policy that this Tribe must maintain. See, Resolution No.: SL – 24 – 2007.

ADDRESSING CONTRACTUAL ISSUES; JURISDICTION OF THE TRIBE; ETC.

Consistent with long standing decisions of the U.S. Supreme Court (e.g., *Williams v. Lee*, 358 U.S. 217, 79 S.Ct. 269, 3 L.Ed.2d 251 (1959)), the Summit Lake Paiute Tribe retains its exclusive jurisdiction over all, express or implied, contractual disputes, protests and claims involving the Tribe, its members, and those the Tribe has a contract or agreement

with. Consistent with its historical operation, and like the process used by the United States prior to the enactment of the federal Administrative Procedures Act (APA), the five member Summit Lake Paiute Tribal Council will hear all claims and decide all contractual dispute claims. The Summit Lake Paiute Tribe: retains concurrent criminal jurisdiction over any and all criminal acts which also constitute violations of the federal Major Crimes Act, and retains exclusive jurisdiction over all other criminal acts. In accordance with Nevada state law, the Summit Lake Paiute Tribe does not consent to the application of any state law within the exterior boundaries of the Summit Lake Indian Reservation or the traditional lands (2,800 square miles) where rights to hunt, fish, gather and practice spiritual and or religious practices remain, and the Summit Lake Paiute Tribe does not consent to be sued in any court, including state courts.

POLICY HISTORY

This policy addition was made to comply with the Tribe's commitment that its procurement policies would comply, to the greatest extent possible, with 40 CFR Part 31.36(b)(8). See, Resolution No.: SL -24 - 2007

PROCUREMENT RECORD RETENTION

In accordance with the time period set forth in the Summit Lake Paiute Tribe Record Retention Policy Manual, employees and officials of the Summit Lake Paiute Tribe will maintain records sufficient to detail the significant history of a procurement. These records will include, but are not necessarily limited to the following: rationale for the method of procurement, selection of contract type, contractor selection or rejection, and the basis for the contract price.

POLICY HISTORY

This policy addition was made to comply with the Tribe's commitment that its procurement policies would comply, to the greatest extent possible, with 40 CFR Part 31.36(b)(9). See, Resolution No.: SL - 24- 2007

[END]

POLICY HISTORY

Title 40, Code of Federal Regulations, Part 31 (2007) states:

§ 31.36 Procurement.

(a) *States.* When procuring property and services under a grant, a State will follow the same policies and procedures it uses for procurements from its non-Federal funds. The State will ensure that every purchase order or other contract includes any clauses required by Federal statutes and executive orders and their implementing regulations. Other grantees and subgrantees will follow paragraphs (b) through (i) in this section.

(b) *Procurement standards.* (1) Grantees and subgrantees will use their own procurement procedures which reflect applicable State and local laws and regulations, provided that the procurements conform to applicable federal law, the standards identified in this section, and if applicable, §31.38.

(2) Grantees and subgrantees will maintain a contract administration system which ensures that contractors perform in accordance with the terms, conditions, and specifications of their contracts or purchase orders.

(3) Grantees and subgrantees will maintain a written code of standards of conduct governing the performance of their employees engaged in the award and administration of contracts. No employee, officer or agent of the grantee or subgrantee shall participate in selection, or in the award or administration of a contract supported by Federal funds if a conflict of interest, real or apparent, would be involved. Such a conflict would arise when:

(i) The employee, officer or agent,

(ii) Any member of his immediate family,

(iii) His or her partner, or

(iv) An organization which employs, or is about to employ, any of the above, has a financial or other interest in the firm selected for award. The grantee's or subgrantee's officers, employees or agents will neither solicit nor accept gratuities, favors or anything of monetary value from contractors, potential contractors, or parties to subagreements. Grantee and subgrantees may set minimum rules where the financial interest is not substantial or the gift is an unsolicited item of nominal intrinsic value. To the extent permitted by State or local law or regulations, such standards or conduct will provide for penalties, sanctions, or other disciplinary actions for violations of such standards by the grantee's and subgrantee's officers, employees, or agents, or by contractors or their agents. The awarding agency may in regulation provide additional prohibitions relative to

real, apparent, or potential conflicts of interest.

(4) Grantee and subgrantee procedures will provide for a review of proposed procurements to avoid purchase of unnecessary or duplicative items. Consideration should be given to consolidating or breaking out procurements to obtain a more economical purchase. Where appropriate, an analysis will be made of lease versus purchase alternatives, and any other appropriate analysis to determine the most economical approach.

(5) To foster greater economy and efficiency, grantees and subgrantees are encouraged to enter into State and local intergovernmental agreements for procurement or use of common goods and services.

(6) Grantees and subgrantees are encouraged to use Federal excess and surplus property in lieu of purchasing new equipment and property whenever such use is feasible and reduces project costs.

(7) Grantees and subgrantees are encouraged to use value engineering clauses in contracts for construction projects of sufficient size to offer reasonable opportunities for cost reductions. Value engineering is a systematic and creative analysis of each contract item or task to ensure that its essential function is provided at the overall lower cost.

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

(9) Grantees and subgrantees will maintain records sufficient to detail the significant history of a procurement. These records will include, but are not necessarily limited to the following: rationale for the method of procurement, selection of contract type, contractor selection or rejection, and the basis for the contract price.

(10) Grantees and subgrantees will use time and material type contracts only—

(i) After a determination that no other contract is suitable, and

(ii) If the contract includes a ceiling price that the contractor exceeds at its own risk.

(11) Grantees and subgrantees alone will be responsible, in accordance with good administrative practice and sound business judgment, for the settlement of all contractual and administrative issues arising out of procurements. These issues include, but are not limited to source evaluation, protests, disputes, and claims. These standards do not relieve the grantee or subgrantee of any contractual responsibilities under its contracts. Federal agencies will not substitute their judgment for that of the grantee or subgrantee unless the

matter is primarily a Federal concern. Violations of law will be referred to the local, State, or Federal authority having proper jurisdiction.

(12) Grantees and subgrantees will have protest procedures to handle and resolve disputes relating to their procurements and shall in all instances disclose information regarding the protest to the awarding agency. A protestor must exhaust all administrative remedies with the grantee and subgrantee before pursuing a protest with the Federal agency. Reviews of protests by the Federal agency will be limited to:

(i) Violations of Federal law or regulations and the standards of this section (violations of State or local law will be under the jurisdiction of State or local authorities) and

(ii) Violations of the grantee's or subgrantee's protest procedures for failure to review a complaint or protest. Protests received by the Federal agency other than those specified above will be referred to the grantee or subgrantee.

(c) *Competition.* (1) All procurement transactions will be conducted in a manner providing full and open competition consistent with the standards of §31.36. Some of the situations considered to be restrictive of competition include but are not limited to:

(i) Placing unreasonable requirements on firms in order for them to qualify to do business,

(ii) Requiring unnecessary experience and excessive bonding,

(iii) Noncompetitive pricing practices between firms or between affiliated companies,

(iv) Noncompetitive awards to consultants that are on retainer contracts,

(v) Organizational conflicts of interest,

(vi) Specifying only a "brand name" product instead of allowing "an equal" product to be offered and describing the performance of other relevant requirements of the procurement, and

(vii) Any arbitrary action in the procurement process.

(2) Grantees and subgrantees will conduct procurements in a manner that prohibits the use of statutorily or administratively imposed in-State or local geographical preferences in the evaluation of bids or proposals, except in those cases where applicable Federal statutes expressly mandate or encourage geographic preference. Nothing in this section preempts State licensing laws. When contracting for architectural and engineering (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.

(3) Grantees will have written selection procedures for procurement transactions. These procedures will ensure that all solicitations:

(i) Incorporate a clear and accurate description of the technical requirements for the material, product, or service to be procured. Such description shall not, in competitive procurements, contain features which unduly restrict competition. The description may include a statement of the qualitative nature of the material, product or service to be procured, and when necessary, shall set forth those minimum essential characteristics and standards to which it must conform if it is to satisfy its intended use. Detailed product specifications should be avoided if at all possible. When it is impractical or uneconomical to make a clear and accurate description of the technical requirements, a “brand name or equal” description may be used as a means to define the performance or other salient requirements of a procurement. The specific features of the named brand which must be met by offerors shall be clearly stated; and

(ii) Identify all requirements which the offerors must fulfill and all other factors to be used in evaluating bids or proposals.

(4) Grantees and subgrantees will ensure that all prequalified lists of persons, firms, or products which are used in acquiring goods and services are current and include enough qualified sources to ensure maximum open and free competition. Also, grantees and subgrantees will not preclude potential bidders from qualifying during the solicitation period.

(5) Construction grants awarded under Title II of the Clean Water Act are subject to the following “Buy American” requirements in paragraphs (c)(5) (i)–(iii) of this section. Section 215 of the Clean Water Act requires that contractors give preference to the use of domestic material in the construction of EPA-funded treatment works.

(i) Contractors must use domestic construction materials in preference to nondomestic material if it is priced no more than 6 percent higher than the bid or offered price of the nondomestic material, including all costs of delivery to the construction site and any applicable duty, whether or not assessed. The grantee will normally base the computations on prices and costs in effect on the date of opening bids or proposals.

(ii) The award official may waive the Buy American provision based on factors the award official considers relevant, including:

(A) Such use is not in the public interest;

(B) The cost is unreasonable;

(C) The Agency's available resources are not sufficient to implement the provision, subject to the Deputy Administrator's concurrence;

(D) The articles, materials or supplies of the class or kind to be used or the articles, materials or supplies from which they are manufactured are not mined, produced or manufactured in the United States in sufficient and reasonably available commercial quantities or satisfactory quality for the particular project; or

(E) Application of this provision is contrary to multilateral government procurement agreements, subject to the Deputy Administrator's concurrence.

(iii) All bidding documents, subagreements, and, if appropriate, requests for proposals must contain the following "Buy American" provision: In accordance with section 215 of the Clean Water Act (33 U.S.C. 1251 *et seq.*) and implementing EPA regulations, the contractor agrees that preference will be given to domestic construction materials by the contractor, subcontractors, materialmen and suppliers in the performance of this subagreement.

(d) *Methods of procurement to be followed*— (1) *Procurement by small purchase procedures.* Small purchase procedures are those relatively simple and informal procurement methods for securing services, supplies, or other property that do not cost more than the simplified acquisition threshold fixed at 41 U.S.C. 403(11) (currently set at \$100,000). If small purchase procedures are used, price or rate quotations shall be obtained from an adequate number of qualified sources.

(2) *Procurement by sealed bids* (formal advertising). Bids are publicly solicited and a firm-fixed-price contract (lump sum or unit price) is awarded to the responsible bidder whose bid, conforming with all the material terms and conditions of the invitation for bids, is the lowest in price. The sealed bid method is the preferred method for procuring construction, if the conditions in 31.36(d)(2)(i) apply.

(i) In order for sealed bidding to be feasible, the following conditions should be present:

(A) A complete, adequate, and realistic specification or purchase description is available;

(B) Two or more responsible bidders are willing and able to compete effectively and for the business; and

(C) 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.

(ii) If sealed bids are used, the following requirements apply:

(A) The invitation for bids will be publicly advertised and bids shall be solicited from an adequate number of known suppliers, providing them sufficient time prior to the date set for opening the bids;

(B) The invitation for bids, which will include any specifications and pertinent

attachments, shall define the items or services in order for the bidder to properly respond;

(C) All bids will be publicly opened at the time and place prescribed in the invitation for bids;

(D) A firm fixed-price contract award will be made in writing to the lowest responsive and responsible bidder. Where specified in bidding documents, factors such as discounts, transportation cost, and life cycle costs shall be considered in determining which bid is lowest. Payment discounts will only be used to determine the low bid when prior experience indicates that such discounts are usually taken advantage of; and

(E) Any or all bids may be rejected if there is a sound documented reason.

(3) Procurement by *competitive proposals*. The technique of competitive proposals is normally conducted with more than one source submitting an offer, and either a fixed-price or cost-reimbursement type contract is awarded. It is generally used when conditions are not appropriate for the use of sealed bids. If this method is used, the following requirements apply:

(i) Requests for proposals will be publicized and identify all evaluation factors and their relative importance. Any response to publicized requests for proposals shall be honored to the maximum extent practical;

(ii) Proposals will be solicited from an adequate number of qualified sources;

(iii) Grantees and subgrantees will have a method for conducting technical evaluations of the proposals received and for selecting awardees;

(iv) Awards will be made to the responsible firm whose proposal is most advantageous to the program, with price and other factors considered; and

(v) Grantees and subgrantees may use competitive proposal procedures for qualifications-based procurement of architectural/engineering (A/E) professional services whereby competitors' qualifications are evaluated and the most qualified competitor is selected, subject to negotiation of fair and reasonable compensation. The method, where price is not used as a selection factor, can only be used in procurement of A/E professional services. It cannot be used to purchase other types of services though A/E firms are a potential source to perform the proposed effort.

(4) Procurement by *noncompetitive proposals* is procurement through solicitation of a proposal from only one source, or after solicitation of a number of sources, competition is determined inadequate.

(i) Procurement by noncompetitive proposals may be used only when the award of a contract is infeasible under small purchase procedures, sealed bids or competitive

proposals and one of the following circumstances applies:

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

(B) The public exigency or emergency for the requirement will not permit a delay resulting from competitive solicitation;

(C) The awarding agency authorizes noncompetitive proposals; or

(D) After solicitation of a number of sources, competition is determined inadequate.

(ii) Cost analysis, i.e., verifying the proposed cost data, the projections of the data, and the evaluation of the specific elements of costs and profits, is required.

(iii) Grantees and subgrantees may be required to submit the proposed procurement to the awarding agency for pre-award review in accordance with paragraph (g) of this section.

(e) *Contracting with small and minority firms, women's business enterprise and labor surplus area firms.* (1) The grantee and subgrantee will take all necessary affirmative steps to assure that minority firms, women's business enterprises, and labor surplus area firms are used when possible.

(2) Affirmative steps shall include:

(i) Placing qualified small and minority businesses and women's business enterprises on solicitation lists;

(ii) Assuring that small and minority businesses, and women's business enterprises are solicited whenever they are potential sources;

(iii) Dividing total requirements, when economically feasible, into smaller tasks or quantities to permit maximum participation by small and minority business, and women's business enterprises;

(iv) Establishing delivery schedules, where the requirement permits, which encourage participation by small and minority business, and women's business enterprises;

(v) Using the services and assistance of the Small Business Administration, and the Minority Business Development Agency of the Department of Commerce; and

(vi) Requiring the prime contractor, if subcontracts are to be let, to take the affirmative steps listed in paragraphs (e)(2) (i) through (v) of this section.

(f) *Contract cost and price.* (1) Grantees and subgrantees must perform a cost or price

analysis in connection with every procurement action including contract modifications. The method and degree of analysis is dependent on the facts surrounding the particular procurement situation, but as a starting point, grantees must make independent estimates before receiving bids or proposals. A cost analysis must be performed when the offeror is required to submit the elements of his estimated cost, e.g., under professional, consulting, and architectural engineering services contracts. A cost analysis will be necessary when adequate price competition is lacking, and for sole source procurements, including contract modifications or change orders, unless price reasonableness can be established on the basis of a catalog or market price of a commercial product sold in substantial quantities to the general public or based on prices set by law or regulation. A price analysis will be used in all other instances to determine the reasonableness of the proposed contract price.

(2) Grantees and subgrantees will negotiate profit as a separate element of the price for each contract in which there is no price competition and in all cases where cost analysis is performed. To establish a fair and reasonable profit, consideration will be given to the complexity of the work to be performed, the risk borne by the contractor, the contractor's investment, the amount of subcontracting, the quality of its record of past performance, and industry profit rates in the surrounding geographical area for similar work.

(3) Costs or prices based on estimated costs for contracts under grants will be allowable only to the extent that costs incurred or cost estimates included in negotiated prices are consistent with Federal cost principles (see §31.22). Grantees may reference their own cost principles that comply with the applicable Federal cost principles.

(4) The cost plus a percentage of cost and percentage of construction cost methods of contracting shall not be used.

(g) *Awarding agency review.* (1) Grantees and subgrantees must make available, upon request of the awarding agency, technical specifications on proposed procurements where the awarding agency believes such review is needed to ensure that the item and/or service specified is the one being proposed for purchase. This review generally will take place prior to the time the specification is incorporated into a solicitation document. However, if the grantee or subgrantee desires to have the review accomplished after a solicitation has been developed, the awarding agency may still review the specifications, with such review usually limited to the technical aspects of the proposed purchase.

(2) Grantees and subgrantees must on request make available for awarding agency pre-award review procurement documents, such as requests for proposals or invitations for bids, independent cost estimates, etc. when:

(i) A grantee's or subgrantee's procurement procedures or operation fails to comply with the procurement standards in this section; or

(ii) The procurement is expected to exceed the simplified acquisition threshold and is to

be awarded without competition or only one bid or offer is received in response to a solicitation; or

(iii) The procurement, which is expected to exceed the simplified acquisition threshold, specifies a “brand name” product; or

(iv) The proposed award is more than the simplified acquisition threshold and is to be awarded to other than the apparent low bidder under a sealed bid procurement; or

(v) A proposed contract modification changes the scope of a contract or increases the contract amount by more than the simplified acquisition threshold.

(3) A grantee or subgrantee will be exempt from the pre-award review in paragraph (g)(2) of this section if the awarding agency determines that its procurement systems comply with the standards of this section.

(i) A grantee or subgrantee may request that its procurement system be reviewed by the awarding agency to determine whether its system meets these standards in order for its system to be certified. Generally, these reviews shall occur where there is a continuous high-dollar funding, and third-party contracts are awarded on a regular basis.

(ii) A grantee or subgrantee may self-certify its procurement system. Such self-certification shall not limit the awarding agency's right to survey the system. Under a self-certification procedure, awarding agencies may wish to rely on written assurances from the grantee or subgrantee that it is complying with these standards. A grantee or subgrantee will cite specific procedures, regulations, standards, etc., as being in compliance with these requirements and have its system available for review.

(h) *Bonding requirements.* For construction or facility improvement contracts or subcontracts exceeding the simplified acquisition threshold, the awarding agency may accept the bonding policy and requirements of the grantee or subgrantee provided the awarding agency has made a determination that the awarding agency's interest is adequately protected. If such a determination has not been made, the minimum requirements shall be as follows:

(1) *A bid guarantee from each bidder equivalent to five percent of the bid price.* The “bid guarantee” shall consist of a firm commitment such as a bid bond, certified check, or other negotiable instrument accompanying a bid as assurance that the bidder will, upon acceptance of his bid, execute such contractual documents as may be required within the time specified.

(2) *A performance bond on the part of the contractor for 100 percent of the contract price.* A “performance bond” is one executed in connection with a contract to secure fulfillment of all the contractor's obligations under such contract.

(3) *A payment bond on the part of the contractor for 100 percent of the contract price.* A “payment bond” is one executed in connection with a contract to assure payment as required by law of all persons supplying labor and material in the execution of the work provided for in the contract.

(i) *Contract provisions.* A grantee's and subgrantee's contracts must contain provisions in paragraph (i) of this section. Federal agencies are permitted to require changes, remedies, changed conditions, access and records retention, suspension of work, and other clauses approved by the Office of Federal Procurement Policy.

(1) Administrative, contractual, or legal remedies in instances where contractors violate or breach contract terms, and provide for such sanctions and penalties as may be appropriate. (Contracts more than the simplified acquisition threshold)

(2) Termination for cause and for convenience by the grantee or subgrantee including the manner by which it will be effected and the basis for settlement. (All contracts in excess of \$10,000)

(3) Compliance with Executive Order 11246 of September 24, 1965, entitled “Equal Employment Opportunity,” as amended by Executive Order 11375 of October 13, 1967, and as supplemented in Department of Labor regulations (41 CFR chapter 60). (All construction contracts awarded in excess of \$10,000 by grantees and their contractors or subgrantees)

(4) Compliance with the Copeland “Anti-Kickback” Act (18 U.S.C. 874) as supplemented in Department of Labor regulations (29 CFR part 3). (All contracts and subgrants for construction or repair)

(5) Compliance with the Davis-Bacon Act (40 U.S.C. 276a to 276a-7) as supplemented by Department of Labor regulations (29 CFR part 5). (Construction contracts in excess of \$2000 awarded by grantees and subgrantees when required by Federal grant program legislation)

(6) Compliance with Sections 103 and 107 of the Contract Work Hours and Safety Standards Act (40 U.S.C. 327-330) as supplemented by Department of Labor regulations (29 CFR part 5). (Construction contracts awarded by grantees and subgrantees in excess of \$2000, and in excess of \$2500 for other contracts which involve the employment of mechanics or laborers)

(7) Notice of awarding agency requirements and regulations pertaining to reporting.

(8) Notice of awarding agency requirements and regulations pertaining to patent rights with respect to any discovery or invention which arises or is developed in the course of or under such contract.

(9) Awarding agency requirements and regulations pertaining to copyrights and rights in data.

(10) Access by the grantee, the subgrantee, the Federal grantor agency, the Comptroller General of the United States, or any of their duly authorized representatives to any books, documents, papers, and records of the contractor which are directly pertinent to that specific contract for the purpose of making audit, examination, excerpts, and transcriptions.

(11) Retention of all required records for three years after grantees or subgrantees make final payments and all other pending matters are closed.

(12) Compliance with all applicable standards, orders, or requirements issued under section 306 of the Clean Air Act (42 U.S.C. 1857(h)), section 508 of the Clean Water Act (33 U.S.C. 1368), Executive Order 11738, and Environmental Protection Agency regulations (40 CFR part 15). (Contracts, subcontracts, and subgrants of amounts in excess of \$100,000)

(13) Mandatory standards and policies relating to energy efficiency which are contained in the State energy conservation plan issued in compliance with the Energy Policy and Conservation Act (Pub. L. 94-163, 89 Stat. 871).

(j) *Payment to consultants.* (1) EPA will limit its participation in the salary rate (excluding overhead) paid to individual consultants retained by grantees or by a grantee's contractors or subcontractors to the maximum daily rate for a GS-18. (Grantees may, however, pay consultants more than this amount). This limitation applies to consultation services of designated individuals with specialized skills who are paid at a daily or hourly rate. This rate does not include transportation and subsistence costs for travel performed; grantees will pay these in accordance with their normal travel reimbursement practices. (Pub. L. 99-591).

(2) Subagreements with firms for services which are awarded using the procurement requirements in this part are not affected by this limitation.

(k) *Use of the same architect or engineer during construction.* (1) If the grantee is satisfied with the qualifications and performance of the architect or engineer who provided any or all of the facilities planning or design services for a waste-water treatment works project and wishes to retain that firm or individual during construction of the project, it may do so without further public notice and evaluation of qualifications, provided:

(i) The grantee received a facilities planning (Step 1) or design grant (Step 2), and selected the architect or engineer in accordance with EPA's procurement regulations in effect when EPA awarded the grant; or

(ii) The award official approves noncompetitive procurement under §31.36(d)(4) for reasons other than simply using the same individual or firm that provided facilities planning or design services for the project; or

(iii) The grantee attests that:

(A) The initial request for proposals clearly stated the possibility that the firm or individual selected could be awarded a subagreement for services during construction; and

(B) The firm or individual was selected for facilities planning or design services in accordance with procedures specified in this section.

(C) No employee, officer or agent of the grantee, any member of their immediate families, or their partners have financial or other interest in the firm selected for award; and

(D) None of the grantee's officers, employees or agents solicited or accepted gratuities, favors or anything of monetary value from contractors or other parties to subagreements.

(2) However, if the grantee uses the procedures in paragraph (k)(1) of this section to retain an architect or engineer, any Step 3 subagreements between the architect or engineer and the grantee must meet all of the other procurement provisions in §31.36.

[53 FR 8068 and 8087, Mar. 11, 1988, and amended at 53 FR 8075, Mar. 11, 1988; 60 FR 19639, 19644, Apr. 19, 1995; 66 FR 3794, Jan. 16, 2001]