

Cambridge Cove Homeowners' Association, Inc.

Purchasing and Contracting Policy

Purpose

Chapter 720 Section 3055, Florida Statutes establishes certain minimum requirements that homeowners' associations must follow when making purchases or contracting for services. This policy is intended to ensure that the Cambridge Cove Homeowners' Association's purchasing and contracting activities are in compliance with Chapter 720 and further are undertaken in a manner that seeks to maximize the value of monies expended by the association.

Policy

Purchases of materials or equipment and contracts for services made by, or on behalf of the Cambridge Cove Homeowners' Association, Inc. are subject to the following requirements;

1. All contracts for the purchase, lease, or renting of materials or equipment, and all contracts for the provision of services shall be in writing;
2. If a purchase or contract payment exceeds 10 percent of the total annual budget, including reserves, the association must obtain competitive bids;
3. Contracts with employees of the association, and contracts for attorney, accountant, architect, community association manager, engineering, and landscape architect services are not subject to the requirements;
4. If a contract awarded by the association under the competitive bid procedures of this policy contains a renewal option, any renewal of that contract is not subject to the competitive bid requirements, if the contract contains a provision that allows the board to cancel the contract on 30 days' notice;
5. Materials, equipment, or services provided to the association under a local government franchise agreement by a franchise holder are not subject to the competitive bid requirements;
6. Competitive bid requirements do not apply if the business entity with which the association desires to enter into a contract is the only source of supply within Hillsborough County;
7. This policy is not intended to limit the ability of the association to obtain needed products or services in a documented emergency.
8. The association will adopt written procedures for conducting the association's purchasing and contracting that are in compliance with this policy and Section 720.3055, Florida Statutes.

Purchasing and Contracting Procedures

Section 1: Contracts To Be In Writing

In general, it is preferred to use a contract form written by the purchaser rather than one provided by the vendor. Contracts written by the vendor will inevitably favor the vendor. Regardless of which party's form is used, all CCHOA contracts for purchases of materials or equipment or contracts for services should contain the following elements, if applicable;

- a) **The HOA and Vendor's Name and Addresses:** The contract should clearly state the names, addresses, email address, and phone numbers of all parties included in the contract.
- b) **Scope of Work:** The contract should specify exactly what product or service is expected from the vendor. It should include items such as quality requirements, material or equipment specifications or a complete description of needed services.
- c) **Specific Time Frame:** The contract should include the work schedule including the start and end date.
- d) **Length of the Contract:** For contracts for ongoing services the term of the contract must be clearly stated in the contract. For example "One year from commencement" or from July 1, 2021 through June 30, 2022
- e) **Renewal Terms:** If the parties have the option to renew the contract for additional periods, the terms of the renewal should be clearly spelled out.
- f) **Termination Clause:** The contract should include the right of the association to terminate the contract in the event of a breach by the contractor.
- g) **Pricing:** The contract should include a detailed listing for all items and services including any contingency cost. Costs should include deliver to the site.
- h) **Insurance Requirements:** The contract should list the types and limits of all insurance required to be provided by the contractor including any requirement that the association be named as an additional insured.
- i) **Required Licenses:** List any licenses needed by the vendor for providing services included in the contract.
- j) **Warranties:** The contract should list any warranties or other guarantees requested by the association or offered by the vendor.

- k) **Exhibits:** The contract should include a listing of all exhibits used as a basis for obtaining bids, provided by the vendor as a part of their bid or that otherwise apply to the contract. If the vendor lists any exhibits, be sure that copies of these documents are included in the contract.
- l) **Executed Contract:** The association should retain a completed copy of the contract executed by all parties.

Section 2: Purchasing Methods

- A) **Purchasing Limits:** Purchases and contracts, other than those exempted from the competitive bidding requirements or in the event of emergencies must follow the following procedures based on the estimated cost of the project. Nothing in these procedures require the association to award a contract to the lowest priced bidder. However, when an award is to other than the lowest bidder, the documentation should include the basis for award to a higher bidder.

- **Level 1: For Expenditures below \$1000 – Open Market Procedure**

The management agent shall use their best effort to ensure that expenditures are made at fair and reasonable market prices.

- **Level 2: For Expenditures from \$1000 up to \$4,999 – Informal Quotations Required**

The management agent shall attempt to obtain quotations from three qualified vendors or contractors for the items or work required.

- **Level 3: For Expenditures \$5,000 and above – Bids Required**

For purchases or services estimated to cost \$5,000 or more a sufficient number of qualified vendors will be invited to submit bids for the items or work so that at least three bids are received.

- B) **Sole Source Purchases:** When a business entity with which the association desires to enter into a contract is the only source of supply for the materials, equipment or services within Hillsborough County, the management agent will document that finding in its recommendation to the directors for approval of the purchase. Sole Source purchases are exempt from the requirement for competitive bids.

To qualify as a Sole Source Purchase the required material, equipment or service being obtained can only be obtained from one source and no other vendor or service provider makes or provides comparable products or services that will meet the association's requirements. Purchases for a unique item or brand that is available from multiple sources may not qualify as a sole source.

- C) **Emergency Purchases:** In an emergency situation, when an immediate purchase of materials, equipment or services are needed to protect persons and/or property from harm or damage, the Board of Directors may waive the requirement for competitive bids and exercise other emergency powers as necessary pursuant to Section 720.316, Florida Statute.

Section 3: Request for Quotations

Purchases subject to Level 2 above, should be made after the receipt of written quotations. Where feasible, at least three quotations should be obtained.

Vendor's quotations must be documented in writing and include a detailed description of the item or service to be provided or by a copy of the suppliers current catalog and price list.

If less than three quotations are received or if the purchase is from a sole source, the management agent must document that information when submitting the purchase to the board of directors for approval.

Section 4: Invitation for Competitive Bids

Invitations for bids will be in written form and will include a detailed description or specification for the work required along with the requirements for submitting bids to the association. The invitation for bids will be sent by email, fax or mail to a sufficient number of qualified vendors or contractors to obtain a least 3 bids. Vendors will be allowed a minimum of 7 calendar days to submit bids following the issuance of an invitation for competitive bids.

In addition, notice of the invitation for bids will be posted on the association website's *Cambridge Cove Events and Notices* calendar (www.cambridgecove.org).

The recommendation to the board of directors for the award of a competitive bids will include the names of all vendors invited to bid, a tabulation of bids received, copies of all bids, and documentation of the evaluation and recommendation of the best bid.

Section 5: Maintenance of Records

The association's management agent will maintain copies of all vendor lists, bid documents including amendments, bidder's responses, bid tabulations and board of director actions in a purchasing file for each purchase subject to Level 2 or Level 3 requirements above.

Section 6: Avoidance of Conflict of Interest

In order to avoid even an appearance of a conflict of interest, the association shall not make purchases from or enter into contracts for services with any entity, owned in whole or in part by a director of the association or their immediate family. Further should the association seek to purchase from or enter into a contract with an entity owned in whole or in part by any member of the association or their immediate family, the recommendation for award of the bids shall include a disclosure of the name of the member and their interest in such entity.