



# **TACOMA HOUSING AUTHORITY**

## **BOARD OF COMMISSIONERS**

### **BOARD PACKET**

**June 27, 2018**



Michael Mirra  
*Executive Director*

# TACOMA HOUSING AUTHORITY

## BOARD OF COMMISSIONERS

Janis Flauding, Chair  
Minh-Anh Hodge, Vice Chair  
Dr. Arthur C. Banks  
Stanley Rumbaugh  
Derek Young

## REGULAR MEETING Board of Commissioners

**WEDNESDAY, June 27, 2018**

The Board of Commissioners of the Housing Authority of the City of Tacoma will hold its Regular Meeting on **Wednesday, June 27, 2018, at 4:45 pm.**

The meeting will take place at:

**2302 6<sup>th</sup> Avenue  
Tacoma, WA 98403**

The site is accessible to people with disabilities. Persons who require special accommodations should contact Sha Peterson (253) 207-4450, before 4:00 pm the day before the scheduled meeting.

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I, Sha Peterson, certify that on or before June 27, 2018, I faxed / EMAILED, PUBLIC MEETING NOTICE before:

City of Tacoma	747 Market Street Tacoma, WA 98402	fax: 253-591-5123 email: <a href="mailto:CityClerk@cityoftacoma.com">CityClerk@cityoftacoma.com</a>
Northwest Justice Project	715 Tacoma Avenue South Tacoma, WA 98402	fax: 253-272-8226
KCPQ-TV/Channel 13	1813 Westlake Avenue North Seattle, WA 98109	email: <a href="mailto:tips@q13fox.com">tips@q13fox.com</a>
KSTW-TV/Channel 11	1000 Dexter Avenue N #205 Seattle, WA 98109	fax: 206-861-8865
Tacoma News Tribune	1950 South State Tacoma, WA 98405	fax: 253-597-8274
The Tacoma Weekly	PO Box 7185 Tacoma, WA 98406	fax: 253-759-5780

and other individuals and organizations with residents reporting applications on file.

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Sha Peterson  
Executive Assistant



# TACOMA HOUSING AUTHORITY

## AGENDA

### REGULAR BOARD OF COMMISSIONERS MEETING

June 27, 2018, 4:45 PM

2302 6<sup>th</sup> Avenue, Tacoma, WA 98403

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1. **CALL TO ORDER**
2. **ROLL CALL**
3. **APPROVAL OF MINUTES**
  - 3.1 Minutes of May 23, 2018—Regular Meeting
4. **GUEST COMMENTS**
5. **COMMITTEE REPORTS**
6. **COMMENTS FROM THE EXECUTIVE DIRECTOR**
7. **ADMINISTRATION REPORTS**
  - 7.1 Administrative Services
  - 7.2 Property Management
  - 7.3 Real Estate Development
8. **OLD BUSINESS**
9. **NEW BUSINESS**
  - 9.1 2018-06-27 (1) Purchase Sale Agreement for Sale of 7 Lots at Salishan
  - 9.2 2018-06-27 (2) Procurement Policy
  - 9.3 2018-06-27 (3) Small Assets Disposition Policy
  - 9.4 2018-06-27 (4) Ethics Policy
10. **COMMENTS FROM THE COMMISSIONERS**
11. **EXECUTIVE SESSION, if any**
12. **ADJOURNMENT**



# **TACOMA HOUSING AUTHORITY**

## **MINUTES**



# TACOMA HOUSING AUTHORITY

## BOARD OF COMMISSIONERS MEETING MINUTES REGULAR SESSION WEDNESDAY, MAY 23, 2018

The Commissioners of the Housing Authority of the City of Tacoma met in Regular Session at 401 North G. Street, Tacoma, WA 98403 at 4:45 PM on Wednesday, May 23, 2018.

### 1. CALL TO ORDER

Chair Flauding called the meeting of the Board of Commissioners of the Housing Authority of the City of Tacoma (THA) to order at 4:47 PM.

### 2. ROLL CALL

Upon roll call, those present and absent were as follows:

PRESENT	ABSENT
<b>Commissioners</b>	
Chair Janis Flauding	
Vice Chair Minh-Anh Hodge	
	Commissioner Arthur Banks
Commissioner Stanley Rumbaugh (arrived late at 4:56 pm)	
Commissioner Derek Young	
<b>Staff</b>	
Michael Mirra, Executive Director	
Sha Peterson, Executive Assistant	
April Black, Deputy Executive Director	
Ken Shalik, Finance Director	
Toby Kaheiki, Human Resources Director	
Frankie Johnson, Property Management Director	
Kathy McCormick, Real Estate Development Director	
Sandy Burgess, Administrative Services Director	
Julie LaRocque, Rental Assistance Director	
Cacey Hanauer, Community Services Director	

Chair Flauding declared there was a quorum present @ 4:48 pm and proceeded.

### 3. APPROVAL OF MINUTES OF THE PREVIOUS MEETING

Chair Flauding asked for any corrections to, or discussion of the minutes for the Regular Session of the Board of Commissioners on Wednesday, April 25, 2018. Commissioner Young moved to adopt the minutes; Vice Chair Hodge seconded.

Upon roll call, the vote was as follows:

AYES: 4  
NAYS: None  
Abstain: None  
Absent: 1

**Motion approved.**

### 4. GUEST COMMENTS

#### **Terri Csonka**

Terri thanked the Board for the beautification of North G and for allowing her to garden. Property Management Director Frankie Johnson commented that Terri dedicates her time to the beautification of the property.

#### **Edna Baldwin**

- Edna thanked the maintenance crew (Leonard, Isaias, and Ron) for being polite and getting the work done.
- She can smell marijuana when she walks out of the building late in the evening. She thinks it is coming from the first floor of the west wing.
- There are a lot of strangers who come and go all evening. The building is not secured because doors are propped open with newspaper.

Director Frankie Johnson will confer with her after the Board meeting.

### 5. COMMITTEE REPORTS

#### ***Real Estate Development Committee—Commissioner Rumbaugh***

Nothing to report.

#### ***Finance Committee—Vice Chair Hodge and Commissioner Young***

Nothing to report.

#### ***Education Committee—Vice Chair Hodge***

Nothing to report.

#### ***Citizen Oversight Committee—Commissioner Banks***

Nothing to report.

## **6. COMMENTS FROM THE EXECUTIVE DIRECTOR**

Executive Director (ED) Michael Mirra announced Property Management's (PM) success in achieving a rate of turning units below 20 days for three months in a row. "This shows good leadership and planning."

ED Mirra introduced THA's new Director Cacey Hanauer, who will be overseeing a department which does not yet have a name but will be responsible for what we now call the Division of Community Services. Cacey comes to THA from the YMCA of King County where she ran youth services department. Her expertise in services to youth and young adults will fit well with THA's Arlington Drive Youth Campus project. Cacey will be responsible for arranging the services on that campus.

During the search for Cacey, ED Mirra explained, THA staff decided to split the Department of Client Services into two departments. Cacey will direct one of them. We will call the other the Department of Rental Assistance. Julie LaRocque will direct it. He asked Julie to come forward and so the Board can acknowledge her as the department's new director.

## **7. ADMINISTRATIVE REPORTS**

### **Finance**

Finance Department (FD) Director Ken Shalik directed the Board to the finance report. THA is still waiting for the RAD project to deliver its developer fees. Difficulty closing out the project is delaying matters so the income side of the budget is lower than anticipated.

HUD has announced the allocation to the housing authorities resulting from the recent 2018 Congressional appropriation. It appears that THA will receive about \$1 million more than we budgeted to receive.

ED Mirra distributed the House Appropriations Committee proposal for HUD's budget in 2019. The proposal would retain the increase that Congress provided in 2018. The Senate Appropriations Committee will reveal its proposal shortly. Traditionally, the Senate has proposed a higher amount than the House for HUD's budget. ED Mirra conveyed the caution he heard from the Congressional staff that 2020 will likely be a hard budget year. By then the two year budget deal will have expired.

Total operating expenses are significantly lower than budgeted but will go up at the end of the year. Surplus/Deficit Before Capital Expenditures shows a surplus even without the developer fees for Renew Tacoma.

Finance is working on making and providing a meaningful report to the Board that provides information on each tax credit property.

Vice Chair Hodge moved to ratify the payment of cash disbursements totaling \$4,886,511 for the month of April 2018. Commissioner Young seconded.

Upon roll call, the vote was as follows:

AYES:	4
NAYS:	None
Abstain:	None
Absent:	1

<b>Motion Approved.</b>
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## **Client Services**

Deputy Executive Director April Black directed the Board to the Client Services (CS) report. Staff will redesign the Board report to account for the department's split into two. She proposed and the Board approved to forego any report in June from the two new departments. That will help the new department directors to settle in.

Director Black recounted her negotiations with a new owner of an apartment building that the new owner is fixing up. THA is hoping for a long term deal that will have THA pay down the rents to affordable levels for very low income tenants. It is not a use of project based vouchers but it is similar. The Board expressed support for the arrangement and will await further details.

## **Property Management**

Property Management (PM) Director Frankie Johnson introduced her staff and thanked them for their hard work that resulted in a unit turn average of less than 20 days for the third month in a row. Director Johnson also noted the recent high REAC inspection scores: Hillside Terrace – 92; Sal 6 - 95, Sal 2 – 86. She noted that Sal 3's score was so high that HUD, by its internal procedures, will recheck the score to make it there is no mistake. That will take a while. Frankie introduced the Leasing team: Tonya Coleman, Marquis Jenkins, and Regina Rios. She introduced the Turn team: Justin Gonzales, Ryan Green, Mike Cox, Nick Real, and Dave Doty. Commissioners congratulated the staff. Frankie also informed the Board that all tenant concerns from the last meeting have been resolved.

## **Real Estate Development**

Real Estate Development (RED) Director Kathy McCormick directed the Board to her report. RED will be submitting an application for tax credits by the end of June for Arlington Drive Youth Campus. According to ED Mirra, THA also needs to confirm the City's commitment for another \$800K on top of the \$1M for Arlington Drive. He is meeting with the Mayor the following day to discuss it.



Kathy will present a resolution to the Board requesting to sell a portion of Hillsdale to the Korean Women's Association (KWA). KWA will commit to building a senior building as part of the inter-generational campus on the property. RED is also working with KWA on the inter-governmental transfer of Portland Community Center from Metro Parks to THA.

Kathy recounted that the owner has elicited THA's interest in buying a tax-credit property in southwest Tacoma with 166 units. Discussions will follow.

## **8. OLD BUSINESS**

None.

## **9. NEW BUSINESS**

### **9.1 RESOLUTION 2018-05-23 (1) (1800 Hillside Terrace A&E Services)**

A **RESOLUTION** of the Board of Commissioners of the Housing Authority of the City of Tacoma

**WHEREAS**, On March 20, 2018, Tacoma Housing Authority (THA) Staff issued a Request for Qualifications (RFQ) from firms interested in providing architectural and engineering services for the 1800 Hillside Terrace Redevelopment; and

**WHEREAS**, The RFQ was posted on the Washington Electronic Business Solutions and THA's websites; and

**WHEREAS**, Nine (9) firms submitted proposals by the deadline of April 17, 2018, all were deemed responsive and responsible; and

**WHEREAS**, An evaluation team, comprised of THA staff reviewed and scored the proposals according to evaluation criteria listed in the RFQ; and

**WHEREAS**, The evaluation team voted unanimously in favor of awarding a contract to the firm of SMR Architects; now, therefore, be it

***Resolved by the Board of Commissioners of the Housing Authority of the City of Tacoma, Washington as follows:***

Negotiate and award a Contract for the Architectural and Engineering Services for 1800 Hillside Terrace Redevelopment in an amount not-to-exceed of \$900,000 to SMR Architects. If staff is unable to negotiate a contract with the highest ranking firm of SMR Architects, authorize the Executive Director to negotiate and award a contract with the second highest ranking firm of GGLO Architects.

Commissioner Young motioned to approve the resolution. Commissioner Rumbaugh seconded the motion.

AYES: 4

NAYS: None

Abstain: None

Absent: 1

**Motion Approved:** May 23, 2018

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Janis Flauding, Chair

**9.2 RESOLUTION 2018-05-23 (2)**  
**(Arlington Youth Campus – Tax Credit Partnership)**

A **RESOLUTION** authorizing the Authority to form a limited liability limited partnership, and providing for other matters properly related thereto.

**WHEREAS**, The Housing Authority of the City of Tacoma (the “Authority”) seeks to encourage the provision of long-term housing for low-income persons residing within the City of Tacoma, Washington (the “City”); and

**WHEREAS**, The Authority owns approximately 3.5 acres of land on Arlington Drive, in Tacoma, Washington, upon which the Authority intends to develop a rental housing project for youth ages 18 to 24 experiencing homelessness (the “Project”), and a Crisis Residential Center for youth ages 12 to 17 experiencing homelessness; and

**WHEREAS**, The anticipated financing for the Project will come from various sources, including low-income housing tax credits, commercial loans, and state and local funds, and certain of these funding sources will require the formation of a limited liability limited partnership to maximize the benefits and minimize the risks to the Authority; and

**WHEREAS**, RCW 35.82.020 defines “housing project” to include, among other things, “any work or undertaking . . . to provide decent, safe and sanitary urban or rural dwelling apartments, mobile home parks or other living accommodations for persons of low income;” and

**WHEREAS**, RCW 35.82.070 authorizes the Authority, among other things, to “prepare, carry out, acquire, lease and operate housing projects; [and] to provide for the construction, reconstruction, improvement, alteration or repair of any housing project or any part thereof,” “lease or rent any dwellings . . . buildings, structures or facilities embraced in any housing project,” “make and execute contracts and other instruments, including but not limited to partnership agreements,” and “make . . . loans for the . . . acquisition, construction . . .

rehabilitation, improvement . . . or refinancing of land, buildings, or developments for housing of persons of low income;” and

**WHEREAS**, RCW 35.82.040 authorizes the Authority to “delegate to one or more of its agents or employees such powers or duties as it may deem proper;” and

**WHEREAS**, The Board finds and determines that both the Partnership (as defined below) and the Project will provide for the necessary support of the poor within the City, and that any financing provided by the Authority for the Project is important for project feasibility and is necessary to enable the Authority to carry out its powers and purposes under chapter 35.82 RCW; and

**WHEREAS**, Based on the consideration of funding sources available for the Project, the need for affordable housing in the City, and other matters, it is necessary that the Authority proceed with the transactions described in this resolution; now, therefore, be it

***Resolved by the Board of Commissioners of the Housing Authority of the City of Tacoma, Washington, as follows:***

1. The Authority is authorized to participate in the formation of, and become a partner in, a Washington limited liability limited partnership (the “Partnership”). The Board intends that the Partnership will acquire, construct, equip, operate and maintain the Project and receive low-income housing tax credits in connection therewith. The Authority’s Executive Director, the Authority’s Deputy Executive Director and their respective designees (each, an “Authorized Officer” and, collectively, the “Authorized Officers”), and each of them acting alone, are authorized on behalf of the Authority to: (i) execute, deliver and file (or cause to be executed, delivered and filed), to the extent required by law, a partnership agreement, a certificate of limited partnership and all such forms, certificates, applications and other documents that are necessary to form the Partnership; (ii) determine the name of the Partnership; and (iii) take any other action that they deem necessary and advisable to give effect to this resolution and the transactions contemplated herein. The Authority’s Executive Director is delegated the authority to cause, in his discretion, the Partnership to be created as a Washington limited liability company, in which case all references in this resolution to limited liability limited partnership, partnership agreement, general partner, limited partner, chapter 25.10 RCW, and certificate of limited partnership shall be deemed to be references to limited liability company, operating agreement, managing member, investor member, chapter 25.15 RCW and certificate of formation, respectively.
2. The Authorized Officers, and each of them acting alone, are authorized on behalf of the Authority (in its individual capacity and/or in its capacity as the Partnership’s general partner) to: (i) apply for, and enter into contracts relating

to, such funding for the Project as they deem necessary or desirable, including without limitation public and/or private sector financing, Community Development Block Grant(s), Washington State Housing Trust Fund grant(s) and/or loan(s), an allocation of private activity bond volume cap from the Washington State Department of Commerce (or the Washington State Housing Finance Commission, as applicable), and other federal, state and local funds; (ii) apply for any and all necessary approvals from the U.S. Department of Housing and Urban Development in connection with such funding; (iii) lend or grant all or any portion of the money derived from such funding sources to the Partnership, and/or cause any contracts relating to such funding to be assigned to the Partnership; (iv) apply to the Washington State Housing Finance Commission for an allocation of (or approval of the use of) low-income housing tax credits for the Project (depending on whether the Authorized Officers determine to pursue “9%” or “4%” tax credits), enter into such agreements (including a credit reservation and carryover allocation contract), provide such documents (including cost certifications) necessary to secure such allocation (or approval), and cause such allocation (or any portion thereof) to be assigned to the Partnership if the allocation initially is made to the Authority; (v) seek and approve investors to serve as subsequent limited partners in the Partnership in connection with the receipt of low-income housing tax credits for the Project; (vi) negotiate with potential investors regarding their acquisition of limited partnership interests in the Partnership and, if the Executive Director determines the same to be advisable, limited partner or member interests in limited partnerships and/or limited liability companies formed to finance other Authority tax credit projects; (vii) execute documents pursuant to which Authority funds (including amounts granted or lent to the Authority for the Project) may be lent to the Partnership; (viii) prepare all appropriate resolutions for Board review and approval; (ix) prepare all documents required so that the Authority and the Partnership comply with state and federal securities laws; (x) negotiate contracts relating to the use, management and naming of the Project; (xi) take all necessary and appropriate actions for the Partnership to acquire the Project by sale or lease from the existing owner thereof (including entering into any option to lease, or lease, necessary to provide the Partnership with control of the Project site); (xii) apply for bond insurance and other credit enhancement for any bonds to be issued by the Authority for the Project (but only if the Authority’s Executive Director determines such credit enhancement to be cost effective); (xiii) solicit investment banking firms to serve as the lead underwriter(s) and as members of a selling group (if any) for any bonds to be issued for the Project, and select such lead underwriter(s) and the members of any selling group (if the Executive Director determines that a selling group is desirable); (xiv) apply for ratings of any bonds to be issued by the Authority for the Project (but only if the Authority’s Executive Director determines such ratings to be desirable); (xv) assist in the preparation of any official statement to be used in connection with the offering of any bonds by the Authority for the Project;

and (xvi) otherwise execute the Authority's rights under the Partnership Agreement. Nothing herein shall commit the Authority to issuing bonds to finance the Project.

3. The Authority is authorized to expend such funds as are necessary to pay for all filing fees, application fees, registration fees and other costs relating to the actions authorized by this resolution. To the extent any fees or predevelopment costs are incurred and payable by the Partnership prior to the time the Authority enters into a formal loan agreement, the Authority may lend money to the Partnership to pay such costs, with the loan bearing interest at such rate that the Executive Director determines, in his discretion (which may be 0% per annum).
4. The Authorized Officers, and each of them acting alone, are hereby directed, and granted the discretionary authority, to execute and deliver any and all other certificates, documents, agreements and instruments that are necessary or appropriate in their discretion to give effect to this resolution and to consummate the transactions contemplated herein, including, but not limited to, a development services agreement between the Partnership and the Authority (and/or others) providing for the development of the Project, contracts with architects, engineers and other consultants, and construction contracts.
5. Any actions of the Authority or its officers prior to the date hereof and consistent with the terms of this resolution are ratified and confirmed.
6. This resolution shall be in full force and effect from and after its adoption and approval.

#### CERTIFICATE

I, the undersigned, the duly chosen, qualified and acting Executive Director of the Housing Authority of the City of Tacoma (the "Authority") and keeper of the records of the Authority, CERTIFY:

1. That the attached Resolution No. 2018-05-23(2) (the "Resolution") is a true and correct copy of the resolution of the Board of Commissioners of the Authority as adopted at a meeting of the Authority held on May 23, 2018, and duly recorded in the minute books of the Authority.
2. That such meeting was duly convened and held in all respects in accordance with law, and, to the extent required by law, due and proper notice of such meeting was given; that a quorum was present throughout the meeting and a majority of the members of the Board of Commissioners of the Authority present at the meeting voted in the proper manner for the adoption of the Resolution; that all other requirements and proceedings incident to the proper adoption of the Resolution have been duly fulfilled, carried out and otherwise observed, and that I am authorized to execute this Certificate.

IN WITNESS WHEREOF, I have hereunto set my hand on May 23, 2018.

HOUSING AUTHORITY OF THE CITY OF TACOMA

By: \_\_\_\_\_  
Michael Mirra, Executive Director

Commissioner Rumbaugh motioned to approve the resolution. Commissioner Young seconded the motion.

Upon roll call, the vote was as follows:

AYES: 4  
NAYS: None  
Abstain: None  
Absent: 1

**Motion Approved:** May 23, 2018

\_\_\_\_\_  
Janis Flauding, Chair

**9.3 RESOLUTION 2018-05-23 (3)**  
**(1800 Hillside Terrace – Project Based Section 8 Vouchers)**

A **RESOLUTION** of the Board of Commissioners of the Housing Authority of the City of Tacoma

**WHEREAS**, THA has been awarded 9% Tax Credits for the redevelopment of 1800 Hillside Terrace with approximately 70 affordable apartment units; and

**WHEREAS**, THA is seeking to subsidize fifty-three (53) 30% & 40% AMI units with Project Based Section 8 Vouchers and contract these vouchers to 1800 Court F LLLP; and

**WHEREAS**, through THA's Moving-to-Work (MTW) flexibilities, 1800 Court F LLLP is not required to compete for vouchers; and

**WHEREAS**, The effective date of the contracts will be up to the discretion of the Executive Director; and

**WHEREAS**, The contract(s) shall be negotiated with an investor and shall be in effect for up to fifteen years (15); now, therefore, be it

***Resolved by the Board of Commissioners of the Housing Authority of the City of Tacoma, Washington as follows:***

Authorize THA's Executive Director to execute an Agreement to Execute a Housing Assistance Payment (AHAP) and Housing Assistance Payment (HAP) contract with 1800 Court F LLLP to subsidize fifty-three (53) 30% & 40% AMI apartment units.

Vice Chair Hodge motioned to approve the resolution. Commissioner Young seconded the motion.

Upon roll call, the vote was as follows:

AYES: 4

NAYS: None

Abstain: None

Absent: 1

**Motion Approved:** May 23, 2018

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Janis Flauding, Chair

**9.4 RESOLUTION 2018-05-23 (4)**  
**(Update to Utility Allowance Schedule)**

A **RESOLUTION** of the Board of Commissioners of the Housing Authority of the City of Tacoma authorizing the THA Executive Director to update THA's utility allowances.

**WHEREAS**, Utility allowances must be reviewed annually; and

**WHEREAS**, Public Housing Authorities (PHAs) must revise utility allowances if they change more than ten percent; and

**WHEREAS**, Changes to the utility allowances must be approved by the Board of Commissioners; now, therefore, be it

**Resolved by the Board of Commissioners of the Housing Authority of the City Of Tacoma, Washington, that:**

Authorizes THA to adopt updates to the all bedroom size utility allowances effective October 1, 2018 as set forth in the accompanying memo.

**Comments:**

Chair Flauding inquired about the change in dollar amount. According to Director Black, there is no set budget change. She is asking the Board to adopt the utility allowance schedule. She added that when the utility allowance goes up, THA pays and when it goes down the tenant pays.

Commissioner Young motioned to approve the resolution. Vice Chair Hodge the motion.

AYES: 4

NAYS: None

Abstain: None

Absent: 1

**Motion Approved:** May 23, 2018

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Janis Flauding, Chair

**9.5 RESOLUTION 2018-05-25 (5)**  
**(Conversion of CHAP tenant based vouchers to project based vouchers)**

A **RESOLUTION** of the Board of Commissioners of the Housing Authority of the City of Tacoma

**WHEREAS**, THA has been providing tenant based voucher assistance to College Housing Assistance Program (CHAP) participants; and

**WHEREAS**, CHAP tenant based vouchers provides rental assistance to homeless and near-homeless TCC students, and is expanding to also serve recently incarcerated students; and

**WHEREAS**, Converting tenant-based vouchers to project based vouchers for CHAP participants would guarantee access to housing; and

**WHEREAS**, THA is committed to increasing access to housing for TCC students, including individuals with convictions histories; now, therefore, be it

***Resolved by the Board of Commissioners of the Housing Authority of the City of Tacoma, Washington as follows:***

Authorizes Tacoma Housing Authority to convert up to 50 HOP vouchers for the College Housing Assistance Program to be project based.

Commissioner Rumbaugh motioned to approve the resolution. Commissioner Young seconded the motion.

AYES: 4

NAYS: None

Abstain: None

Absent: 1

**Motion Approved:** May 23, 2018

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Janis Flauding, Chair



**9.6 RESOLUTION 2018-05-23 (6)**  
**(Option to Sell a Portion of Hillsdale Heights)**

A **RESOLUTION** of the Board of Commissioners of the Housing Authority of the City of Tacoma authorizing THA's Executive Director to finalize negotiations to sell up to three acres of the Hillsdale Heights parcel to the Korean Women's Association (KWA).

**WHEREAS**, THA owns and manages affordable rental housing in Tacoma; and

**WHEREAS**, THA has worked in partnership with the Korean Women's Association on its Senior Housing Development at Salishan; and

**WHEREAS**, Sale of the property will improve KWA's ability to secure financing to develop the project; and

**WHEREAS**, KWA has expressed an interest and support for working on an intergenerational housing campus; and

**WHEREAS**, KWA has agree that THA will be the developer of the Senior Housing; and

**WHEREAS**, Time is of the essence to prepare a response to a HUD 202 housing grant planned for release in spring of 2018; and

**WHEREAS**, KWA has agreed to pay fair market value for the property; now, therefore, be it

***Resolved by the Board of Commissioners of the Housing Authority of the City of Tacoma, Washington as follows:***

The executive director is authorized to negotiate, and if those negotiations are successful, to execute an agreement to sell to KWA approximately 3 acres of Hillsdale Heights for the development of senior housing on the terms set forth in the accompanying memo.

Vice Chair Hodge motioned to approve the resolution. Commissioner Rumbaugh seconded the motion.

AYES: 4

NAYS: None

Abstain: None

Absent: 1

**Motion Approved:** May 23, 2018

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Janis Flauding, Chair

**9.7 RESOLUTION 2018-05-23 (7)**  
**(Update to 2018 Payment Standards)**

A **RESOLUTION** of the Board of Commissioners of the Housing Authority of the City of Tacoma authorizing the THA Executive Director to increase THA's payment standards.

**WHEREAS**, HUD sets fair market rents annually; and

**WHEREAS**, The housing authority sets payment standards based on market and participant data; and

**WHEREAS**, New payment standards will go into effect July 1, 2018; now, therefore, be it

***Resolved by the Board of Commissioners of the Housing Authority of the City of Tacoma, Washington as follows:***

The Board authorizes THA's Executive Director to increase THA's payment standards to 105% of the 2018 HUD fair market rents for 0, 1, and 2 bedroom units and 100% for the remaining bedroom sizes effective October 1, 2018.

Commissioner Young motioned to approve the resolution. Vice Chair Hodge seconded the motion.

AYES: 4

NAYS: None

Abstain: None

Absent: 1

**Motion Approved:** May 23, 2018

\_\_\_\_\_  
Janis Flauding, Chair

**9.8 RESOLUTION 2018-05-23 (8)**  
**(Approval to Negotiate and Award a Contract for the Architectural and Engineering Services for James Center North Master Planning)**

A **RESOLUTION** of the Board of Commissioners of the Housing Authority of the City of Tacoma

**WHEREAS**, The Housing Authority of the City of Tacoma (the "Authority") approved resolution 2017-8-23 (4) authorizing the acquisition of property located at 1620 S. Mildred Street; and

**WHEREAS**, The Housing Authority of the City of Tacoma (the "Authority") seeks to encourage the provision of long term housing for low income persons residing in the City of Tacoma, Washington (the "City"); and

**WHEREAS,** On April 4, 2018 Tacoma Housing Authority (THA) Staff issued a Request for Qualifications (RFQ) from firms interested in providing architectural and engineering services for parcels comprising “the James Center North Master Plan”; and

**WHEREAS,** The RFQ was posted on the Washington Electronic Business Solutions, Bluebook and THA’s website on April 4, 2018; and

**WHEREAS,** Eight (8) firms submitted proposals by the deadline of May 4, 2018, seven (7) were deemed responsive; and

**WHEREAS,** An evaluation team, comprised of three THA staff reviewed and scored the proposals according to evaluation criteria listed in the RFQ; and

**WHEREAS,** An interview team comprised of three THA staff and two community representatives interviewed four firms; and

**WHEREAS,** The evaluation and interview team voted unanimously in favor of awarding a contract to the firm of Ankrom Moisan; now, therefore, be it

***Resolved by the Board of Commissioners of the Housing Authority of the City of Tacoma, Washington as follows:***

Negotiate and award a Contract for the Architectural and Engineering Services for James Center North in an amount not-to-exceed of \$250,000 to Ankrom Moisan Architects. If staff is unable to negotiate a contract with Ankrom Moisan, authorize the Executive Director to negotiate and award a contract with the second highest ranking firm of Hewitt.

Vice Chair Hodge motioned to approve the resolution. Commissioner Rumbaugh seconded the motion.

AYES: 4

NAYS: None

Abstain: None

Absent: 1

**Motion Approved:** May 23, 2018

\_\_\_\_\_  
Janis Flauding, Chair

## **9. COMMENTS FROM COMMISSIONERS**

None.

## **10. EXECUTIVE SESSION**

None.

## **11. ADJOURNMENT**

There being no further business to conduct, the meeting ended at 6:17 PM.

**APPROVED AS CORRECT**

**Adopted:** June 27, 2018

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Janis Flauding, Chair



# **TACOMA HOUSING AUTHORITY**

## **Real Estate Development Committee**

Commissioner Stanley Rumbaugh

## **Finance Committee**

Commissioner Minh-Anh Hodge

Commissioner Derek Young

## **Citizen Oversight Committee**

Chair Arthur C. Banks

## **Education Committee**

Commissioner Minh-Anh Hodge



**TACOMA HOUSING AUTHORITY**

**COMMENTS FROM THE  
EXECUTIVE DIRECTOR**



# TACOMA HOUSING AUTHORITY

**To:** THA Board of Commissioners  
**From:** Michael Mirra, Executive Director  
**Date:** June 17, 2018  
**Re:** Executive Director's Monthly Report

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This is my monthly report for June 2018. It supplements the departments' reports.

## 1. CONGRESSIONAL BUDGET NEWS FOR 2019

On June 7<sup>th</sup>, the Congressional Senate Appropriations Committee, by a unanimous vote of 31 – 0, approved its proposed HUD appropriation for 2019. Last month I reported on the proposed HUD budget from the House Appropriation Committees. Both are relatively good news for THA. I attach the updated CLPHA chart showing the proposals. The chart contrasts the proposals with each other, with the 2019 proposal of the Trump administration and with the actual appropriations of 2016, 2017 and 2018.

The chart shows the appropriations and proposed appropriations for various HUD programs. The two that most concern THA are the Housing Choice Voucher (HCV) Renewals and the HVC Administrative Fee. I highlighted them on the chart in **yellow**.

In 2018, the Administration proposed a 15% cut for HUD. Congress ignored the President and appropriated an increase in the voucher programs of about 6%. That gave THA about \$1 million more than we had budgeted. For 2019, the Administration proposed about a 5% cut in those programs. Both the House and Senate Appropriation Committees propose again to ignore the administration. The House committee proposes an increase in those programs of about 2.3% increase; the Senate committee proposed about a 5.2% increase. These would probably mean an additional amount for THA ranging from about \$300,000 to about \$800,000. And the \$1 million increase from 2018 would continue.

All this is good news. It results from the two year budget deal on increased expenditure caps that the Congressional leaders fashioned for 2018 and 2019. Our Congressional friends warn us that, after that deal expires in 2020, the budget for 2020 will likely be much harder. The 2020 budget will likely depend a lot on the 2018 Congressional election results.

## 2. NEW DEPARTMENT NAME

Last month I reported that we will split the Department of Client Services into two new departments. We now have a name for each:

- Department of Rental Assistance
- Department of Client Support and Empowerment

Choosing the name of the Rental Assistance Department was easy. The name of the Client Support and Empowerment Department emerged from some thoughtful staff discussions. Those discussions were a good chance to reflect on the new department's work and what we mean it to accomplish.

**3. ARLINGTON DRIVE YOUTH CAMPUS: CITY FUNDING**

I have good news to report on the funding commitments to build the Arlington Drive Youth Campus. The Board knows that the City and the County have agreed to fund THA's construction of the Crisis Residential Center (CRC) at Arlington Drive. The City had already committed \$1 million. Since then we have finished the design and received the updated construction cost estimates. We asked the City for another \$800,000 and the County for another \$250,000. The County had agreed to this increase. My news concerns the City.

We informed the City that we did not need its additional \$800,000 in 2018. Instead, we needed an adequate assurance in 2018 that the City will include the money in its 2019 budget. I attach a June 1<sup>st</sup> letter from the Mayor to the Washington State Housing Finance Commission. In the letter the Mayor reports that the \$800,000 for Arlington Drive Youth Campus is presently in the draft 2019 budget that the City Council will consider in November. In her letter, the Mayor also states that she "fully expect[s]" the money will stay in the budget.

At the Board meeting we will have more details about the application THA will submit this month to the Finance Commission for the crucial tax credits. I also attach the Mayor's letter of June 1<sup>st</sup> supporting that application.

**4. TENANT PROTECTION PROPOSAL FOR CITY COUNCIL: THA's PART IN THE DISCUSSION**

The City Council is scheduled to consider changing the city municipal code to include enhanced protections for residential tenants. Likely proposals include the following:

- requiring just cause to terminate a month to month tenancy or to refuse to extend a fixed term tenancy;
- longer notice than 20 days to terminate a month to month tenancy;
- longer notice to terminate a month to month tenancy because of demolition, substantial fix up, change of use or expiration of affordability;
- longer notice than 30 days for a rent increase;
- requiring landlords to give tenants a brochure that the city will publish describing tenant rights;
- adding source of income protection that is now part of state law to the city's code to make the city's administrative enforcement process available.



THA is speaking with both landlords and tenant representatives about these proposals. It is likely that the City Council will convene an advisory committee on the topic. It is also likely that the City will ask THA to serve on that committee. In all these discussions, THA explains and will explain that it brings five separate interests to the table:

- We are the City's largest landlord. We rent to about 1,500 households. This allows us to fully understand the concerns of landlords.
- We have been using many of proposed tenant protections, such as "just cause". This allows us to report that we find them manageable.
- The landlords are also our business partners. We need them to accept our housing vouchers. This means that we are very alert to any proposal that affects their willingness to do that. We presently have about 3,700 housing vouchers in use.
- We also have a social justice mission to speak up for the City's neediest households, especially on housing related topics, especially in this brutal rental market.
- It is also our job to provide advice and data to the City and the City Council.

THA also recognizes that these issues do not neatly split landlord interests from tenant interests. Tenants are indeed interested in enhanced protections, especially in this brutal rental market. This requires protection, for example, against arbitrary eviction and against eviction on short notice. Landlords are interested in their financial profits and the proper and smooth functioning of their properties. This can require an effective way to evict troublesome tenants. In this way, these issues do present a clear split between the interests of tenants and landlords. Yet important nuances also show in the discussion. For example, if a tenant is living next door to the neighbor from hell, that tenant would also favor the landlord's ability to evict that neighbor quickly.

It is likely that THA's participation in these discussions will disappoint all sides.

**5. TACOMA ART's LEVY PROPOSAL: PERTINANCE TO THA**

Arts groups in Tacoma are asking the City Council to place on the November ballot a proposal to increase the sales tax by one tenth of one percent to raise about \$5 million per year for the arts. These groups have asked THA to consider its interest in the proposal. State law does not permit a public organization like THA to express a position on a ballot measure once it is approved for the collection of signatures or once it gets on the ballot.

To determine the proposal's pertinence to THA's work, THA staff canvassed the research literature on the effect of the arts in ways that would further THA's mission. I attach a copy of our report. The report finds support for the expectation that the arts can indeed further THA's mission in the following ways if the arts are directed to our communities and the people we house and serve:

- **Helping People Recover from Trauma and Seniors Overcome Loneliness**  
THA houses children and adults who come from trauma, from disadvantage or from the community's margins. They need help to stabilize and heal and then to find a safe and nurturing part in their community's life. THA also houses a large number of elderly residents. They struggle with isolation and loneliness. The research literature describes how community arts can help in all these cases.
- **Helping People and Communities Prosper**  
THA's mission is also to help people succeed, not just as tenants but also as "parents, students, wage earners and builders of assets" and to help its communities be "safe, vibrant, prosperous, attractive, and just." The research literature reports that community arts can help do this.
- **Helping Diverse Communities Unite**  
THA's portfolio of properties and communities are the region's most diverse according to factors that in other parts of the real estate market are segregating factors. At THA's communities they are integrating factors: homeowner-renter, income, race, language, national origin, age, and ability and disability. The challenge, and the charm, for THA – and for the nation – is to help people live and learn across these lines. The research literature reports that community arts can help them do this as well.

I conveyed this information and a copy of that report to the City Council in its June 5<sup>th</sup> study session.

# Comparative Funding Chart for FY19

June 7, 2018

	FY 2016 Final	FY 2017 Final	FY 2018 HR 1625 - Omnibus (3-21-18)	FY 2019 CLPHA Request	FY 2019 HUD Request <sup>6</sup> (2-12-18)	FY 2019 House Committee (5-23-18)	FY2019 Senate Committee (6-7-18)
<b>Operating Fund</b>	\$4.5 billion	\$4.4 billion	\$4.55 billion	<b>\$5.269 billion</b>	<b>\$3.279 billion</b>	<b>\$4.55 billion</b>	<b>\$4.756 billion</b>
<b>Capital Fund</b> [Emerg'cy Capital Needs] [ROSS Grants] [Jobs Plus] [Demolition Grants]	\$1.9 billion [\$21.5 million] [\$35 million] [\$15 million]	\$1.942 billion [\$21.5 million] [\$35 million] [\$15 million]	\$2.75 billion [\$21.5 million] [\$35 million] [\$15 million]	<b>\$5.0 billion</b> [\$22 million] [\$35 million] [\$15 million]	<b>\$0</b> [\$10 million] <sup>7</sup> [\$0] [\$10 million] <sup>7</sup>	<b>\$2.75 billion</b> [\$25 million] [\$35 million] [\$15 million] [\$30 million] <sup>8</sup>	<b>\$2.775 billion</b> [\$25 million] [\$35 million] [\$15 million] [\$0 million] <sup>8</sup>
<b>Housing Choice Voucher (HCV) Renewals</b>	\$17.681 billion	\$18.355 billion	<b>\$19.6 billion</b>	<b>\$20.429 billion</b>	<b>\$18.749 billion</b>	<b>\$20.107 billion</b>	<b>\$20.520 billion</b>
<b>HCV Administrative Fees</b>	\$1.65 billion	\$1.65 billion	<b>\$1.76 billion</b>	<b>\$2.465 billion</b>	<b>\$1.55 billion</b>	<b>\$1.8 billion</b>	<b>\$1.957 million</b>
<b>HUD-VASH Vouchers</b>	\$60 million	\$40 million	\$40 million	<b>\$75 million</b>	<b>\$4 million<sup>2</sup></b>	<b>\$40 million</b>	<b>\$40 million</b>
<b>Family Self Sufficiency (FSS) Program</b>	\$75 million	\$75 million	\$75 million	<b>\$95 million</b>	<b>\$75 million</b>	<b>\$75 million</b>	<b>\$80 million</b>
<b>Tenant Protection Vouchers (TPV)</b>	\$130 million	\$110 million	\$85 million	<b>\$165 million</b>	<b>\$140 million</b>	<b>\$85 million</b>	<b>\$85 million</b>
<b>Choice Neighborhoods Initiative (CNI)</b>	\$125 million [\$75 million] <sup>1</sup>	\$137.5 million [\$50 million] <sup>1</sup>	\$150 million [\$75 million] <sup>1</sup>	<b>\$200 million</b> [\$133.3 million] <sup>1</sup>	<b>\$0</b>	<b>\$150 million</b> [\$75 million] <sup>1</sup>	<b>\$100 million</b> [\$50 million] <sup>1</sup>
<b>Rental Assistance Demonstration (RAD)</b>	\$0	\$0	\$0 <sup>3</sup>	<b>\$100 million<sup>5</sup></b>	<b>\$100</b>	<b>\$0</b>	<b>\$0</b>
<b>Project-Based Rental Assistance</b> [Contract Administration]	\$10.62 billion [\$215 million]	\$10.816 billion [\$235 million]	\$11.515 billion [\$285 million]	<b>\$11.927 billion</b> [\$285 million]	<b>\$11.147 billion</b> [\$245 million]	<b>\$11.747 billion</b> [\$200 million]	<b>\$11.747 billion</b> [\$245 million]
<b>Homeless Assistance Grants</b>	\$2.25 billion	\$2.383 billion	\$2.513 billion	n/a	<b>\$2.383 billion</b>	<b>\$2.546 billion</b>	<b>\$2.612 billion</b>
<b>Family Unification Program (FUP)</b>	n/a	\$10 million <sup>4</sup>	\$20 million	n/a	<b>\$0</b>	<b>\$0</b>	<b>\$20 million</b>
<b>CDBG</b>	\$3.0 billion	\$3.0 billion	\$3.3 billion	<b>\$3.3 billion</b>	<b>\$0</b>	<b>\$3.3 billion</b>	<b>\$3.3 billion</b>
<b>HOME</b>	\$950 million	\$950 million	\$1.362 billion	<b>\$1.2 billion</b>	<b>\$0</b>	<b>\$1.2 billion</b>	<b>\$1.362 billion</b>
<b>Mobility Demonstration</b>						<b>\$50 million<sup>9</sup></b>	<b>\$0</b>

<sup>1</sup> Not less than this amount shall be awarded to public housing authorities.

<sup>2</sup> HUD-VA Supportive Housing vouchers amount for Native American veterans only.

<sup>3</sup> Increased the cap to 455,000 units.

<sup>4</sup> New funding for incremental FUP vouchers.

<sup>5</sup> Eliminated RAD cap

<sup>6</sup> Amounts are post- OMB addendum

<sup>7</sup> Account transferred to Operating Fund

<sup>8</sup> New competitive grants to PHAs for demolition, relocation, and costs

<sup>9</sup> New HCV mobility demonstration program



## City of Tacoma

Mayor Victoria R. Woodards

June 1, 2018

Mr. Kim Herman  
Executive Director  
Washington State Housing Finance Commission  
1000 2nd Avenue, Suite 2700,  
Seattle, Washington 98104

RE: Tacoma Housing Authority's Tax Credit Application for Arlington Drive Youth Campus  
City of Tacoma funding

Dear Mr. Herman:

I have written you separately conveying the City of Tacoma's very strong support for Tacoma Housing Authority's application to the Commission for tax credits for the Arlington Drive Youth Campus. I write again to report on the City's funding commitment. The City has already committed \$1 million toward the construction of the campus's Crisis Residential Center.

The City is presently planning its budget for the 2019-2020 biennium. The draft budget includes a request for an additional \$800,000 for Arlington Drive Youth Campus. I attach a copy of the relevant portion of the budget request. The City Council will vote on that biennial budget by the end of November of this year. I fully expect the additional \$800,000 appropriation will remain in the adopted budget.

Sincerely,

Victoria R. Woodards

## 2019-2020 Budget Development

### Neighborhood & Community Services

Proposal Title	Youth Crisis Residential Center	Proposal Ranking	8
Proposal ID	NCS-00017	Proposal Type	Add/Redirection
Program	Temporary Housing for Unaccompanied Youth		
Proposal Summary	\$800K Mental Health Substance Use Disorder for the Crisis Residential center as last dollars in to support the development of the 12-bed facility for unaccompanied minors developed by Tacoma Housing Authority on the Arlington Campus.		
Council Priority	Homelessness		
Dept 10 Year Goal	NCS-Length of Shelter Stay and Returns to Homelessness		
Proposal Detail & Responsiveness to Goals	This investment represents the City of Tacoma's commitment to supporting youth and young adults experiencing homelessness by providing temporary housing for unaccompanied minors and is in addition to the current \$1M investment (\$700K MHSUD and \$300K CDBG). The City of Tacoma and Pierce County have an agreement to support the development of a 12-bed facility to provide a safe and structured environment for 12-17 year olds while case managers work on family reunification or permanent foster care placement. Providing this facility allows for a therapeutic approach to the trauma of homelessness. Youth who have dropped out of school, have unstable relationships with their families, and/or have MHSUD issues are at highest risk of prolonged homelessness. Black youth have an 83% higher risk of homelessness; LGBTQ youth have a 120% higher risk. Unaccompanied youth are more vulnerable to sex & drug predation. (Chapin Hall Study on Youth Homelessness; Pierce County Youth/Young Adult Coalition; Tacoma 2025; 2015-2019 Human Services Strategic Plan; 2016 Community Needs Assessment, 2018 SPARC Report)		
Equity Impacts	Provision of this facility interrupts the cycle of chronic homelessness by providing structured, stable housing for marginalized, at-risk homeless youth so that they will be able to receive support necessary to complete school and receive therapeutic supports.		

### Financials

Duration: One-Time

Net FTE Change: 0

Requires GF Support? No

Fund	Category	2019 Total	2020 Total	Biennium Total
N/A	Maintenance & Operat	\$400,000	\$400,000	\$800,000
N/A		\$400,000	\$400,000	\$800,000
<b>Grand Total</b>		<b>\$400,000</b>	<b>\$400,000</b>	<b>\$800,000</b>

One-Time Request:	\$0	Ongoing Request (Biennial)	\$0
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## City of Tacoma

Mayor Victoria R. Woodards

June 1, 2018

Mr. Kim Herman  
Executive Director  
Washington State Housing Finance Commission  
1000 2nd Avenue, Suite 2700,  
Seattle, Washington 98104

RE: Tacoma Housing Authority's Tax Credit Application for Arlington Drive Youth Campus  
City of Tacoma funding

Dear Mr. Herman:

The Tacoma Housing Authority (THA) is applying to the Washington State Housing Finance Commission for 9% tax credits to develop 58 units of housing for young adults experiencing homelessness. This housing will be part of THA's innovative Arlington Drive Youth Campus. I write to convey the City of Tacoma's very strong support for this application.

The City of Tacoma supports this application for many reasons. Here are four main ones:

**First**, the City of Tacoma has declared homelessness in our city to be a public health emergency. The homelessness of young people is particularly grievous. On any given night, we estimate that over 90 youth and young adults are on Tacoma's streets. We know quite a bit about them, and it is all alarming. In large numbers they trade sex for money, food and shelter. They are trafficked by others. They suffer from serious acute and chronic health problems. To a great extent, they are disproportionately young people of color and sexual minorities. The Arlington Drive Youth Campus will save them from the streets and give them a second chance at an adolescence and an adulthood without exploitation, poverty and fear.

**Second**, the City devised a three phase response to this emergency. The first two phases are intended to get people off the streets and into a safe transition area where they can camp with some measure of security and safety. That was the easy part. The hardest part is providing safe and supportive housing. The Arlington Drive Youth Campus and its rental housing in particular will be a critical part of Phase 3. In fact, the campus will have Tacoma and Pierce County show the nation how to do this work right at scale.

Mr. Kim Herman  
June 1, 2018  
Page 2

**Third**, the 9% tax credits will leverage the substantial investment that the City, the County, the State and THA have already committed. The City and the County are funding the construction of the 12-bed Crisis Residential Center (CRC). Annually, it will house, serve and save 500 homeless youth ages 12 to 17 years without families. The State has committed \$4.29 million toward the cost of the rental housing for young adults. THA has committed over \$700,000 annually for rental assistance for those young adults. This will give the housing a rental stream to support services. THA has also committed to providing each young adult with a housing voucher when he or she moves on. THA has also donated the land. You should consider the 9% tax credits as leveraging these commitments.

**Fourth**, THA is an exceptional developer and manager of affordable housing in Tacoma.

Sincerely,

A handwritten signature in black ink that reads "V Woodards". The signature is fluid and cursive, with the first letter of the last name being a large, stylized 'W'.

Victoria R. Woodards, Mayor

# COMMUNITY AND THE ARTS

**A literature review of the multi-dimensional  
impact of community-based arts programs**

“[A]rts programming is strongly correlated with demonstrable, positive effects on economic prosperity, educational outcomes, physical and mental health, multiracial social cohesion, civic and civil engagement, and the reinforcement of equity and social justice.”

**Micah Tucker**

University of Washington Tacoma

B.A. 2019

THA Executive Intern



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June 5, 2018



## Executive Summary

Over the past few decades researchers have compiled a body of work seeking to quantitatively and qualitatively measure the impact of arts programming across several dimensions of human and social life. This research literature reports that arts programming is strongly correlated with demonstrable, positive effects on economic prosperity, educational outcomes, physical and mental health, multiracial social cohesion, civic and civil engagement, and the reinforcement of equity and social justice. This report summarizes that literature.

## Economic Prosperity

Arts programming, particularly the performing arts and interactive arts, has a positive impact on a community's economic prosperity. A study of 91 communities, 2,988 arts organizations, and a total of 39,518 survey respondents calculated the economic impact of arts organizations. Cohen et al (2003). The study measured the effect on household incomes through employment, local spending, non-local spending, and local and state government revenue. The authors reported that “nationally, we estimate that America’s nonprofit arts industry generates **\$134 billion** in economic activity every year-**\$53.2 billion** in spending by arts organizations and an additional **\$80.8 billion** in event-related spending by arts audiences. This economic activity has a significant impact on the nation’s economy, supporting **4.9 million** jobs and generating **\$24 billion** in total government revenue.”<sup>1</sup> This study prompted the U.S. Conference of Mayors in 2002 to pass a resolution that urged Mayors across the U.S. to invest in the arts as a viable means to spur economic growth. Arts programming is an economic driver that attracts additional commerce and investment.

## Educational Outcomes

In a canvas of four national longitudinal studies of children and youth, [James Catterall et al. reported](#) a statistically significant correlation between high engagement with arts programming and academic outcomes. The U.S Department of Education conducted three of the studies. The U.S. Department of Labor sponsored the fourth study. They collectively follow the progress of

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<sup>1</sup> Randy Cohen, William Schaffer, and Benjamin Davidson, *Arts and Economic Prosperity: The Economic Impact of Nonprofit Arts Organizations and Their Audiences*, The Journal of Arts Management, Law, and Society 33, no. 1 (2003): 30.

children and youth from 1988 to 2008, and organized students in three categories by their engagement with the arts and their socioeconomic status (SES):

- low arts/low SES,
- high arts/low SES and
- overall sample (all SES).

Catterall found that “for many outcome areas, statistically significant differences favoring arts involvement were found exclusively in low-SES groups.”<sup>2</sup> Academic performance was one of these outcome areas. This study tracked test scores in math, science, and writing, as well as mean GPA. Across all these measures, students of low SES that were highly engaged in arts programming far exceeded their peers of low arts/low SES. In some cases, high arts/low SES students outperformed the overall population representing all SES levels. Some of the most promising data reveal that 71% of high arts/low SES students attended college. In contrast, their peers of the same SES but with low art programming engagement went on to college at a rate of 48%. Additionally, high arts/low SES students were decidedly more involved in extracurricular activities and volunteered in their communities at much higher rates than their peers. These impressive outcomes in educational performance may also indicate an effect on labor market outcomes. Of the high arts/low SES populations, 29.7% enrolled in professional majors, such as accounting, finance, and management. This is more than double the rate of the low art/low SES peers. In-fact, high arts/low SES students out-represented all SES groups in higher education across all areas of study.

## **Physical and Mental Health**

Engaging in physical, emotional and intellectual creative expression has long been understood as a vital element in the health of people across many cultures. The research literature confirms this understanding. For example, it demonstrates that the arts improve quality of life and significantly contribute in many ways to better outcomes for medical patients. Participation in creative self-expression, whether in the form of theater, dance, music, visual arts, or writing, have positive impacts on stress, immune functions, and emotional wellbeing. Health care practitioners and researchers have contributed substantial data showing a correlation between art

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<sup>2</sup> James S Catterall, *The Arts and Achievement in At-Risk Youth: Findings from Four Longitudinal Studies, Research Report #55*, National Endowment for the Arts,, (2012): 11.

therapy and better patient outcomes. Heather L. Stuckey, DEd, and Jeremy Nobel, MD, MPH<sup>3</sup> compiled a highlighted overview of studies measuring the impact of music, visual arts, writing, and performance-based arts on patient outcomes.

According to scholars (Guzzetta<sup>4</sup>, White<sup>5</sup>, Burns et al.<sup>6</sup>), music therapy contributes to reductions in heart rate, respiratory rate, myocardial oxygen demand, and anxiety for coronary artery disease patients. Further, Burns et al., found that cancer patients who engaged in music therapy showed distinct improvements in well-being and relaxation, and experienced reductions in tension and serum cortisol levels during music listening experiences. Creative writing also has meaningful impacts on health and well-being regarding patients' ability to cope with trauma, anger, fatigue, and feelings of depression during treatment. Broderick et al. (2005)<sup>7</sup> Graham et al. (2008)<sup>8</sup> also demonstrate the relationship between arts engagement and positive patient outcomes in their studies observing patients being treated for Fibromyalgia and chronic pain.

Movement-based arts used as a part of therapy and wellness programs also have positive physiological outcomes in elderly patients. Greenspan et al. (2007)<sup>9</sup> and Noice et al. (2004)<sup>10</sup> both studied the effects of movement-based arts engagement with elderly patients and found significant cognitive and physiological improvements compared to a control group of peers.

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<sup>3</sup> Heather Stuckey and Jeremy Nobel, *The Connection Between Art, Healing, and Public Health: A Review of Current Literature*, American Journal of Public Health 100, no. 2 (2010): 254-63.

<sup>4</sup> Cathie E Guzzetta, *Effects of Relaxation and Music Therapy on Patients in a Coronary Care Unit with Presumptive Acute Myocardial Infarction*, Heart and Lung 18, no. 6 (1989): 609-16.

<sup>5</sup> J M White, "Music Therapy: *An Intervention to Reduce Anxiety in the Myocardial Infarction Patient*, Clinical Nurse Specialist CNS 6, no. 2 (1992): 58-63.

<sup>6</sup> S J Burns, M S Harbuz, F Hucklebridge, and L Bunt, *A Pilot Study into the Therapeutic Effects of Music Therapy at a Cancer Help Center* Alternative Therapies in Health and Medicine 7, no. 1 (2001): 48-56.

<sup>7</sup> J E Broderick, D U Junghaenel, and J E Schwartz. *Written Emotional Expression Produces Health Benefits In Fibromyalgia Patients*, Psychosom Med. 2005; 67(2): 326-334.

<sup>8</sup> Graham-Pole J. *Illness and the Art of Creative Self Expression*. Oakland, CA: New Harbinger Publications; 2000.

<sup>9</sup> Greenspan AI, Wolf SO, Kelley ME, O'Grady M. *Tai Chi And Perceived Health Status In Older Adults Who Are Transitionally Frail: A Randomized Controlled Trial*. Phys Ther. 2007;87(5):525-535.

<sup>10</sup> Noice H, Noice T, Staines G. *A Short-Term Intervention To Enhance Cognitive And Affective Functioning In Older Adults*. J Aging Health. 2004;16(4):562-585.

Some of the most promising studies regarding the impact of art on human health outcomes have demonstrated its influence on mental and emotional health, particularly for at-risk youth, homeless, and elderly populations. In their 3-year study, Robin Wright Ph.D., Lindsay John Ph.D., Ramona Alaggia Ph.D., and Julia Sheel<sup>11</sup> observed the effects of arts programming on the behavioral and emotional development among children of low-income communities. Over the course of this study, participants were measured according to participation, social skill development, task completion, and art skills development. The youth that participated in arts programming had a statistically significant rate of improvement across all measures. When measuring for emotional and behavioral outcomes, youth participants in regular arts programs started with higher rates of negative conduct incidents than the control group, and at the end of the longitudinal study had significantly fewer such incidences compared with the very same control group.

### **Multiracial Social Cohesion**

Multicultural arts help people to express, observe and celebrate their own cultures and identities as well as to appreciate the different cultures and identities of others around them. Chavez and Weisinger (2008)<sup>12</sup> report that “the dimensions of representation, participation and access also relate to establishing a relational culture within which people feel proud of their own uniqueness, while becoming socially integrated into a larger group by celebrating the ‘me’ within the ‘we’” (p. 378). Many studies have concluded and reinforced the findings that community arts programming promotes social cohesion and also engages individuals in socializing activities. Interaction with culturally relevant arts programs both gives participants and audiences a chance to express their own culture while providing moments to learn about and admire the culture of others. In their study of community arts programs in 2002, observing and surveying 310

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<sup>11</sup> Robin Wright Lindsay John Ramona Alaggia Julia Sheel., *Community-based Arts Program for Youth in Low-Income Communities: A Multi-Method Evaluation*. *Child & Adolescent Social Work Journal* 23, no. 5-6 (2006): 635-52.

<sup>12</sup> Chavez CI and Weisinger JY (2008) *Beyond Diversity Training: A Social Infusion For Cultural Inclusion*. *Human Resource Management* 47: 331–350.

individuals across several communities in Chicago, [Wali, Severson and Longoni \(2002\)](#)<sup>13</sup> conclude, that community arts projects lead to greater social cohesion when they are both accessible and inclusive. These attributes of community arts programs also improve interracial and intergenerational communication and build a stronger sense of community across dispersed individuals. Similarly, [LeRoux & Bernadska \(2014\)](#)<sup>14</sup> studied the impact of art on social behavior and civil society. They “find strong evidence that the arts enhance civil society; individuals who have both direct and indirect exposure to the arts are more engaged in civic activities within their communities, have higher levels of social tolerance on some dimensions of the measure, and demonstrate higher rates other-regarding behavior” (p. 2).

### **Civic and Civil Engagement**

In the study mentioned earlier, Catterall reported statistically significant observations over the course of the four longitudinal studies regarding levels of civic engagement by low SES students who were highly engaged in arts programing. The measures of engagement were extracurricular activity, volunteering, reading news articles at least once a week, registering to vote, voting in local elections, voting in national elections, and participating in a campaign. Low SES students with high arts engagement significantly outperformed their peers of the same SES level in every area of measure. As observed by Galston, (2001)<sup>15</sup> civic engagement and participation have been declining among American youth for many years. This trend is most severe among communities of color. Kuttner (2016)<sup>16</sup> found a positive correlation between youth participation in arts programs and increased levels of activism and civic engagement. Kuttner (2016) states, “youth are encouraged to see themselves as cultural leaders, as individuals who

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<sup>13</sup> Wali A, Severson R, Langoni M. *Finding Cohesion, Capacity and Other Cultural Benefits in Unexpected Place*. Chicago Center for Ars Policy. Chicago, IL (2002).

<sup>14</sup> Leroux, Kelly, and Anna Bernadska. *Impact of the Arts on Individual Contributions to US Civil Society*, Journal of Civil Society, 2014, 1-21.

<sup>15</sup> Galston, William A. A. *Political Knowledge, Political Engagement, and Civic Education*, Annual Review of Political Science 4, no. 1 (2001): 217-34.

<sup>16</sup> Kuttner, Paul J. "Hip-Hop Citizens: Arts-Based, Culturally Sustaining Civic Engagement Pedagogy, Harvard Educational Review 86, no. 4 (2016): 527-55.

through storytelling, the arts, and other forms of cultural expression protect and guard the cultural life of their communities” (p. 543). It is the empowering nature of exploration, discovery and self-expression that builds efficacy.

### **Equity and Social Justice**

Art is a natural and widely-used social technology for achieving social justice. Mary Stone Hanley (2013)<sup>17</sup> argues, “imagination and creativity are the source of social justice and the arts. A just society and an art form must first be imagined, then media, whether paint, words, or culture, must be transformed. Imagination is the capacity to think of possibilities beyond what exists” (p. 2). The creative process is the essential genius of what defines our humanity. It is the force of our own agency. Agency is at the core of artistic expression. Agency is also the core of equity and social justice. Hanley (2013) explains::

“One of the social justice aspects of this work lies in the empowerment that comes with the clarification of internal voice and the creative agency that then can be used to transform the world through works of expression. Through the arts, we can study the known and the ubiquitous unknown on conscious and unconscious, intellectual, intuitive, and emotional levels; we can inform, empathize, envision possibilities and raise critical consciousness. No matter how deep the oppressive conditions, artists can reclaim humanity for themselves and their communities through their creative agency, and they model possibility for others who search for meaning and a way to empowerment” (p. 5).

### **Conclusion**

An extensive research literature examines how and why arts programming affects the health and well-being of individuals and communities. That literature confirms the common intuition, evident in all cultures, about the value of art. Art can bind people together while celebrating their different identities. Artistic expression strengthens efficacy and agency and fosters shared experiences. Art helps people learn and prosper. In these ways, art can promote individual and community well-being.

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<sup>17</sup> Mary Stone Hanley, Gilda L Sheppard, George W. Noblit, and Thomas Barone. *Culturally Relevant Arts Education for Social Justice: A Way Out of No Way*. Taylor and Francis, 2013

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### **Why the Tacoma Housing Authority is interested in art**

These research conclusions about the value of art interest the Tacoma Housing Authority (THA) for three main reasons. **First**, THA houses children and adults who come from trauma, from disadvantage or from the community's margins. They need help to stabilize and heal and then to find a safe and nurturing part in their community's life. THA also houses a large number of elderly residents. They struggle with isolation and loneliness. The research literature describes how community arts can help in all these cases. **Second**, THA's mission is also to help people succeed, not just as tenants but also as "parents, students, wage earners and builders of assets" and to help its communities be "safe, vibrant, prosperous, attractive, and just." The research literature reports that community arts can help do this. **Third**, THA's portfolio of properties and communities are the region's most diverse according to factors that in other parts of the real estate market are segregating factors. At THA's communities they are integrating factors: homeowner-renter, income, race, language, national origin, age, and ability and disability. The challenge, and the charm, for THA – and for the nation – is to help people live and learn across these lines. The research literature reports that community arts can help them do this as well.

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White, J.M. "Music Therapy: *An Intervention to Reduce Anxiety in the Myocardial Infarction Patient.*" *Clinical Nurse Specialist CNS* 6, no. 2 (1992): 58-63.

### **SUGGESTED READINGS:**

The Arts and Achievement in At-Risk Youth: Findings from Four Longitudinal Studies  
<https://www.arts.gov/publications/arts-and-achievement-risk-youth-findings-four-longitudinal-studies>

The Arts and Civic Engagement: A Field Guide for Practice, Research, and Policy  
[https://repository.upenn.edu/cgi/viewcontent.cgi?referer=https://www.google.com/&httpsredir=1&article=1001&context=siap\\_civic\\_engagement](https://repository.upenn.edu/cgi/viewcontent.cgi?referer=https://www.google.com/&httpsredir=1&article=1001&context=siap_civic_engagement)

Impact of the Arts on Individual Contributions to U.S. Civil Society  
<https://www.arts.gov/sites/default/files/Research-Art-Works-Chicago.pdf>

Arts & trauma informed care within homelessness services: the development of arts-based cooperatives as a route into employment  
<http://www.iimhl.com/files/docs/20170908.pdf>



**TACOMA HOUSING AUTHORITY**

**ADMINISTRATION  
REPORTS**



# **TACOMA HOUSING AUTHORITY**

## **FINANCE**



# TACOMA HOUSING AUTHORITY

## **Motion**

Adopt a consent motion ratifying the payment of cash disbursements totaling \$4,826,948 for the month of May, 2018.

**Approved: June 27, 2018**

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Janis Flauding, Chair

**TACOMA HOUSING AUTHORITY**  
**Cash Disbursements for the month of May 2018**

		Check Numbers			
		From	To	Amount	Totals
A/P Checking Account					
Accounts Payable Checks	Check #'s	91,750	-	91,933	
Business Support Center				435,344	Program Support
Moving To Work Support Center				35,376	
Moving To Work Buildings (used by Support Center)				340,997	
Tax Credit Program Support Center				11,259	
Section 8 Programs				149,101	Section 8 Operations
Hillside Terrace 1800 Court G				166	Properties
Hillsdale Heights				1,458	
James Center				2,253	
KeyBank Building				938	
Outrigger				7,421	
Salishan 7				43,516	
Salishan Common Areas				1,389	
THDG - General				2,780	THDG
Allenmore Brownstone Apts				5,248	Development
Highland Crest Apts				1,900	
James Center				557	
New Look/Alberta J Canada-Development				24,464	
Salishan Area 4 - Arlington				2,786	
Bay Terrace II				3,108	
Salishan Developer Fee				810	
Hilltop Redevelopment				1,500	
Bus Development Activity				2,793	
MTW Development Activity				76	
Community Services MTW Fund				14,045	Community Service
Education Private Grants (Gates, etc.)				300	
HUD-ROSS Svc Coord				40	
AMP 6 - Scattered Sites				8,369	Public Housing
AMP 7 - HT 1 - Subsidy				8,859	
AMP 10 - SAL 1 - Subsidy				27,429	
AMP 11 - SAL 2 - Subsidy				29,526	
AMP 12 - SAL 3 - Subsidy				24,787	
AMP 13 - SAL 4 - Subsidy				26,137	
AMP 14 - SAL 5 - Subsidy				30,701	
AMP 15 - SAL 6 - Subsidy				28,821	
THA SUBTOTAL				1,274,254	
Hillside Terrace 1 through 1500				3,698	Tax Credit Projects - Reimbursable
Bay Terrace I & II & Community Facility				2,500	
Alberta J Canada Bldg				25,626	
Renew Tacoma Housing				15,277	
Salishan I - through Salishan 6				8,881	
TAX CREDIT SUBTOTAL (Operations & Development - billable)				55,982	1,330,236
Section 8 Checking Account (HAP Payments)					
SRO/HCV/VASH/FUP/NED	Check #'s	482,385	-	482,422	33,369
	ACH				2,848,935
					\$ 2,882,305
Payroll & Payroll Fees - ADP					\$ 614,407
Other Wire Transfers					
					\$ -
TOTAL DISBURSEMENTS					\$ 4,826,948

TACOMA HOUSING AUTHORITY			
CASH POSITION - May 2018			
Account Name		Current Balance	Interest
HERITAGE BANK			
Accounts Payable		1,415,963	0.45%
Section 8 Checking		2,535,990	0.45%
THA Affordable Housing Proceeds-Salishan		3,437,775	0.45%
THA Scattered Sites Proceeds		3,671,565	0.45%
FSS Escrows		145,909	0.45%
CSA Escrows		100	0.45%
Note Fund Account		101	0.45%
Credit Card Receipts		124	0.45%
Key Bank Security Deposits		4,008	0.45%
THA Investment Pool		333	0.45%
THA LIPH Security Deposits		603	0.45%
THA Travel Advance Account		2,005	0.45%
THDG - Tacoma Housing Development Group		734,768	0.45%
Salishan 7		1,921,458	0.45%
Salishan 7 Security Deposit		27,562	0.45%
Salishan 7 Replacement Reserve		252,833	0.45%
Salishan 7 Operating Reserve		200,973	0.45%
Outrigger Operations		150,869	0.45%
Outrigger Security Deposit		26,911	0.45%
Outrigger Replacement Reserve		91,584	0.45%
Highland Crest Operations		268,231	0.45%
Highland Crest Security Deposit		40,861	0.45%
Highland Crest Replacement Reserve		200,079	0.45%
Prairie Oaks Operations		77,168	0.45%
Prairie Oaks Security Deposit		2,959	0.45%
Prairie Oaks Replacement Reserve		17,214	0.45%
Payroll Account		9,596	0.45%
WASHINGTON STATE			
Investment Pool		\$ 100	1.80%
<b>1. TOTAL THA CASH BALANCE</b>		<b>\$ 15,237,642</b>	
<b>Less:</b>			
<b>2. Total MTW Cash Balance</b>		<b>\$ 726,000</b>	
<i>Less Minimum Operating Reserves</i>			
2.01 Public Housing AMP Reserves (4 months Operating Exp.)			
2.02 S8 Admin Reserves (3 months Operating Exp.)		726,000	
2.10 Total Minimum Operating Reserves		\$ 726,000	
<b>3. MTW Cash Available (Lines 2-2.10)</b>		<b>\$ -</b>	
<b>3. MTW Cash Held By HUD</b>			
3.11 Undisbursed HAP Reserves Held by HUD		\$ -	
3.20 Total MTW Cash Held By HUD		\$ -	

TACOMA HOUSING AUTHORITY				
CASH POSITION - May 2018				
<b>4. Non MTW Cash Restrictions</b>				
<i>Other Restrictions:</i>				
4.01	Mod Rehab Operating Reserves	70,489		
4.02	VASH, FUP & NED HAP Reserves	118,820		
4.03	FSS Escrows	161,546		
4.04	Security Deposit Accounts	102,903		
4.05	Gates Foundation	266,774		
4.06	Highland Crest Replacement Reserves	200,079		
4.07	Outtrigger Reserves	91,584		
4.08	Prairie Oaks Replacement Reserves	57,214		
4.09	Salishan 7 Reserves	793,806		
4.10	THDG	734,768		
4.11	Area 2B Sales Proceeds (Afford Hsg)	3,437,775		
4.12	Scattered Sites Proceeds (Afford Hsg)	3,671,565		
4.13	BFIM Buyout LOC Collateral-Potential TC Loss	2,500,000		
4.20	Total - Other Restrictions		\$ 12,207,323	
<b>5. Agency Liabilities:</b>				
5.13	Agency Contracted or Budgeted Commitments <sup>1</sup>		\$ 1,557,672	
5.12	Development Draw Receipts for Pending Vendor Payments		\$ -	
5.14	Development Advances/Due Diligence Commitments		\$ (230,722)	
5.20	Total Agency Liabilities		\$ 1,326,950	
<b>6. Total Non MTW Cash Restrictions (Lines 4.20+5.20)</b>			<b>\$ 13,534,272</b>	
<b>7. THA UNENCUMBERED (Non-MTW) CASH (Lines 1-2-6)</b>			<b>\$ 977,370</b>	
<b>8. 2018 Board Reserve Commitments</b>				
8.01	Renovation/Remodel of Salishan FIC/Maintenance Shop		\$ 1,241,650	Under Contract
8.02	Software Conversion		300,000	Ongoing
8.03	Education Projects - McCarver & Others		310,000	Future
8.04	Childrens Savings Cohort payments		270,000	Ongoing
8.05	Development Projects (Hilltop)		2,500,000	Future
8.06	Bay Terrace 3 Funding Gap		2,500,000	2019
8.10	Total Reserve Commitments (Lines 8.01 through 8.06)		\$ 7,121,650	
<b>9. Agency Contracted or Budgeted Commitments remaini</b>		<b>Board Approval</b>	<b>Expended</b>	<b>Balance Remaining</b>
9.01	Salishan/Maintenance Shop remodel	\$ 1,473,301	\$ 1,143,053	\$ 330,248
9.02	902 Elevator Modernization	\$ 467,377	\$ 417,377	\$ 50,000
9.03	James Center North Capital	\$ 350,000	\$ 75,120	\$ 274,880
9.04	Alberta Canada Tenant Improvements	\$ 463,000	\$ 120,457	\$ 342,543
9.05	BFIM Buyout	\$ 560,000	\$ -	\$ 560,000
<sup>1</sup> Total Contracted or Budgeted Commitments outstanding				<b>\$ 1,557,672</b>
<b>Agency Advances for Current Development Projects</b>				
	Arlington Heights		\$ 230,722	
			\$ -	
<b>Total Agency Advances</b>			<b>\$ 230,722</b>	



**TACOMA HOUSING AUTHORITY**

**ADMINISTRATIVE SERVICES**





# TACOMA HOUSING AUTHORITY

**DATE:** June 27, 2018

**TO:** THA Board of Commissioners

**FROM:** Sandy Burgess  
Director of Administrative Services

**RE:** Administrative Services Monthly Board Report

## Asset Management **Update** [MM1][MM2][SB3]

The charts and graphs below represent an analysis of Tacoma Housing Authority's (THA) property expenses for 2017 and the first quarter (January-March) of 2018.

- **Graph 1:** Depicts the Per Unit Per Year (PUPY) expenses for 2017 (blue), measured against the First Quarter (Q1) PUPY expenses for 2018.
- **Chart 1:** Depicts this information in numerical terms, also listing the amount the Q1 2018 PUPY is under or over the 2017 PUPY.
- In general, the PUPY for 2018 has decreased from the previous year. There is a note of caution that these 2018 numbers could increase because of the timing of expenses that we cannot forecast with only one quarter of data. We will be monitoring expenses carefully over the next quarter, and throughout the year.
- **Graph 2:** This graph depicts Q1 PUPY expenses, actual and annualized, against the 2018 budgeted PUPY and shows that most properties are performing below budget. Those properties not performing at budget are noted in red. Property Management is investigating and monitoring the expenses in these three properties: Hillside Terrace II, Hillside Terrace 1500, and Salishan 5.
- Bay Terrace 2 is an anomaly in these charts and graphs because it was only operational for half of 2017, not all costs have been fully allocated, and Finance is making corrections going forward.

### *Other Notes:*

- **Graph 1:** Shows Salishan 5 as the highest cost building in the portfolio to operate. Property Management is analyzing the reason for this.
- **Graph 2:** Three buildings are set to exceed their budgets by year end. The buildings are Hillside Terrace 2, Hillside Terrace 1500, and Salishan 5. On the positive side, Salishan 1, Salishan 5 and Hillside 1 were budgeted to have a negative cash flow and are performing better than budget at the close of Q1, and are showing a positive annualized cash flow.
- **Graph 3:** Outrigger and Highland Crest are performing better than budgeted, and keeping expenses down.
- **Chart 2:** Both Outrigger and Highland Crest [MM4][SB5] are cash flowing and set to exceed cash flow expectations from the budget.

*Definitions:*

- **PUPY- Per Unit Per Year:** This is the operating expense of the building distributed across the number of units. The “Total Operating Expenses” line item is divided by the number of units in the property annualized to project forward to the close of Q4.

Graph 1

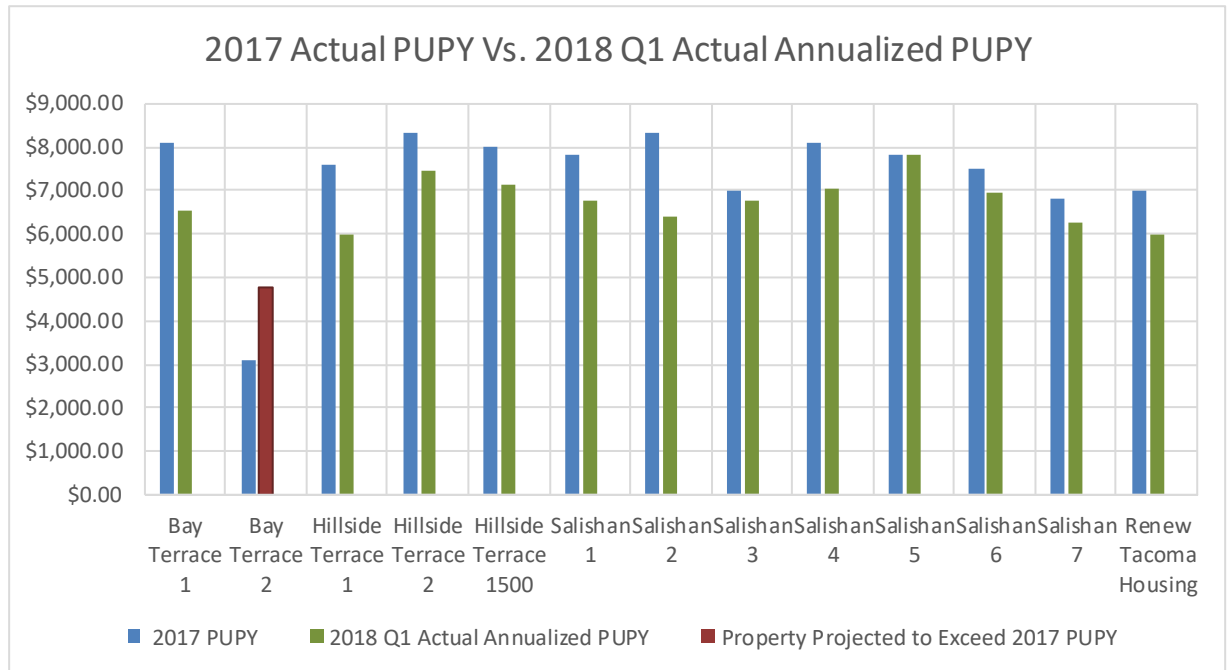
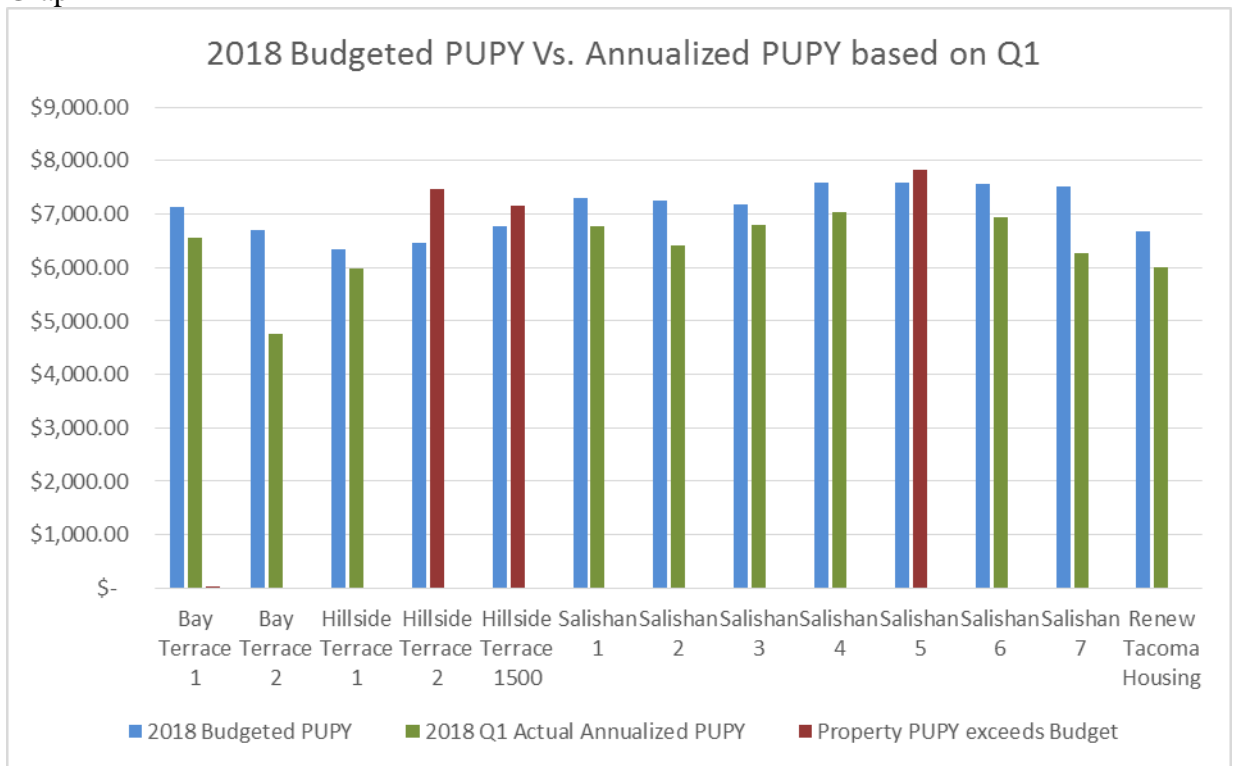


Chart 1 [MM6][SB7]

Property	2017 Actual PUPY	2018 Q1 Actual Annualized PUPY	Difference
Bay Terrace 1	\$8,086	\$6,561	-\$1,525
Bay Terrace 2	\$3,073	\$4,747	\$1,674
Hillside Terrace 1	\$7,609	\$5,992	-\$1,618
Hillside Terrace 2	\$8,311	\$7,463	-\$849
Hillside Terrace 1500	\$8,015	\$7,153	-\$863
Salishan 1	\$7,832	\$6,764	-\$1,067
Salishan 2	\$8,337	\$6,416	-\$1,922
Salishan 3	\$6,982	\$6,791	-\$191
Salishan 4	\$8,080	\$7,040	-\$1,040
Salishan 5	\$7,840	\$7,819	-\$21
Salishan 6	\$7,515	\$6,938	-\$577
Salishan 7	\$6,804	\$6,275	-\$529
Renew Tacoma Housing	\$6,980	\$6,007	-\$973

Graph 2



Graph 3

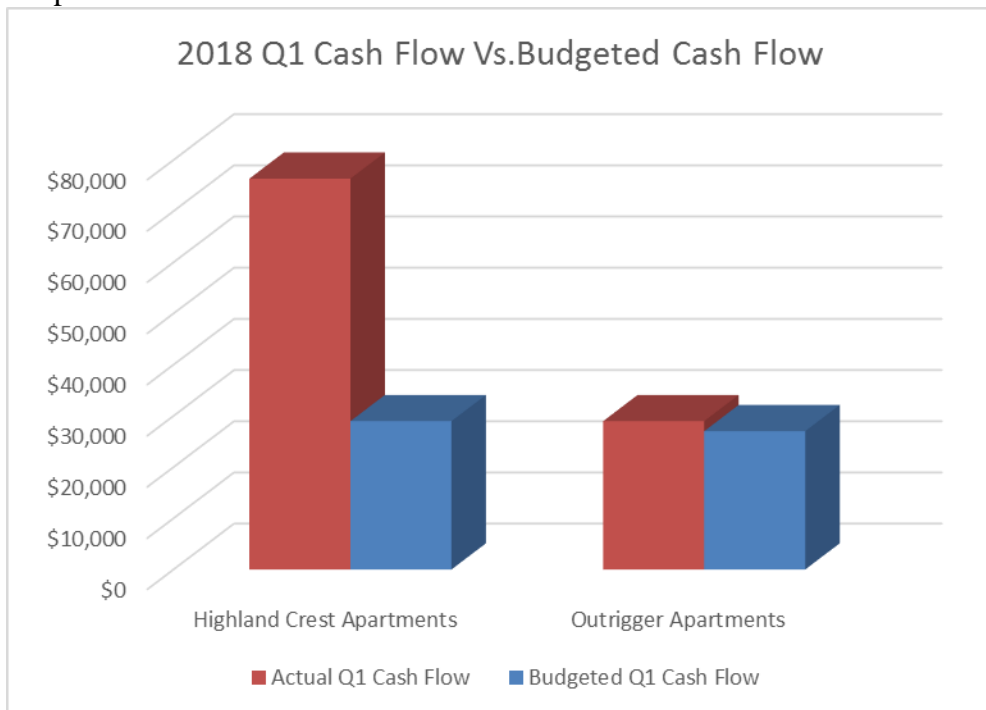


Chart 2

Property	Actual Q1 Cash Flow	Budgeted Q1 Cash Flow	Difference
Highland Crest Apartments	\$76,350	\$28,977	\$47,373
Outrigger Apartments	\$53,326	\$27,024	\$26,302

Property	Actual Q1 Annualized PUPY	Budgeted PUPY	Difference
Highland Crest Apartments	\$4,396	\$6,179	-\$1,783
Outrigger Apartments	\$4,832	\$5,414	-\$582



**TACOMA HOUSING AUTHORITY**

**PROPERTY MANAGEMENT**



# TACOMA HOUSING AUTHORITY

**Date:** June 27, 2018

**To:** THA Board of Commissioners

**From:** Frankie Johnson  
Director of Property Management

**Re:** Property Management Monthly Board Report

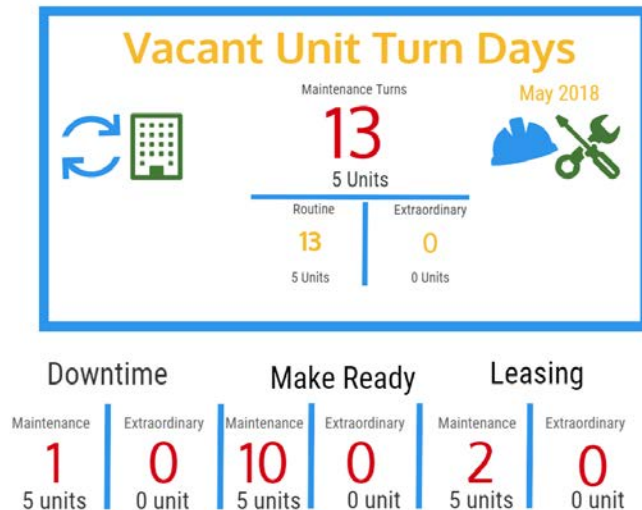
## 1. OCCUPANCY OVERVIEW

### 1.1 Occupancy

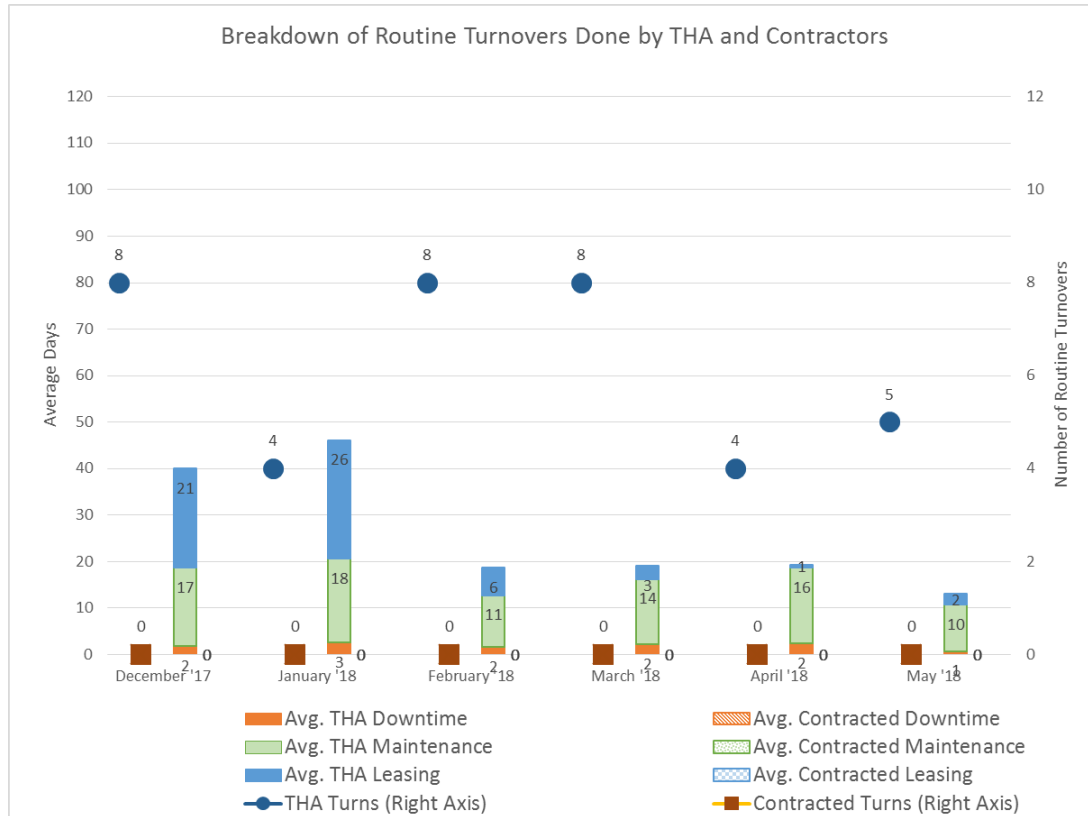
PROPERTY	UNITS AVAILABLE	UNITS VACANT	UNITS OFFLINE	UNITS OCCUPIED	% MONTH OCCUPIED	% YTD OCCUPIED
All Hillside/Bay Terrace	206	0	0	206	100%	99%
Family Properties	118	0	0	118	98%	99%
Salishan	631	2	0	629	99%	99%
Senior/Disabled	353	2	0	351	99%	99%
All Total	1,308	4	0	1,304	99%	99%

Unit occupancy is reported for the first day of the month. This data is for the month of May 2018. The chart above reflects THA's current portfolio of 1,308.

### 1.2 Vacant Unit Turn Status



June 2018 - Board of Commissioners Meeting  
PROPERTY MANAGEMENT DEPARTMENT MONTHLY REPORT  
Page 2



All Turns - Performed by THA and Contractors

Today's Date 6/13/2018

Select End Month & Year	May	5	2018
	April	4	2018
	March	3	2018
	February	2	2018
	January	1	2018
Beginning Month	December	12	2017

6-months - based on month and year selected from orange cell

		All THA Turnover Information						
Year	Month	Total Number of Turns	Total THA Turns	Total Meth Turns	Avg. Total Days	Avg. Downtime Days	Avg. Maintenance Days	Avg. Leasing Days
2018	May	5	5	0	13.0	0.6	10.0	2.4
2018	April	4	4	0	19.3	2.3	16.3	0.8
2018	March	8	8	0	19.0	2.1	14.0	2.9
2018	February	9	8	0	18.5	1.5	11.1	5.9
2018	January	4	4	0	46.0	2.5	18.0	25.5
2017	December	11	11	0	49.7	2.9	21.2	25.6
		All Contracted Turnover Information						
Year	Month	Total Number of Turns	Total Contracted Turns	Total Meth Turns	Avg. Total Days	Avg. Downtime Days	Avg. Maintenance Days	Avg. Leasing Days
2018	May	5	0	0	0.0	0.0	0.0	0.0
2018	April	4	0	0	0.0	0.0	0.0	0.0
2018	March	8	0	0	0.0	0.0	0.0	0.0
2018	February	9	1	0	50.0	1.0	48.0	1.0
2018	January	4	0	0	0.0	0.0	0.0	0.0
2017	December	11	0	0	0.0	0.0	0.0	0.0

The average unit turn time for the month of May was 13 days for five (5) routine unit turns by Tacoma Housing Authority (THA) staff.

**Routine** - units with repairs that fall under the category of normal wear and tear that can be repaired within 5-15 days.

**Extraordinary**- units with heavy damage as a result of the tenancy, including meth, extensive damage and casualty loss that cannot be repaired in less than 30 days.

**Exempt** - units with special circumstances, such as transfers, temporary hotel holds or moves relating to a Reasonable Accommodation.

**Proposed Changes for Improvement in Unit Turn Times:**

- **Downtime** - Start the unit turn process within 1 day of vacancy. Reduce downtime to 1 day.
- **Repair make ready**
  - ✓ Identify appropriate staffing levels needed to complete maintenance work during the move-out inspection.
  - ✓ Procure contractors who will respond to request for service if needed that have the appropriate staff to assign multiple units.
  - ✓ Increase inspections to deter heavy damage at move out.
  - ✓ Unit work every working day. Unit is the sole priority by assigned staff.
  - ✓ Use of tracking charts to monitor projected progress.
- **Leasing**
  - ✓ Prescreen to identify ready applicants.
  - ✓ Site-based leasing. Concentrated efforts on units. Each property staff will be responsible for the leasing efforts to fill their units.
  - ✓ THA staff will undergo training to better lease out units that are not subsidized. THA is competing with the open market in some cases. Having better tools and tactics will be helpful to attract applicants that will accept the units in a timelier manner.

**Proposed**

Downtime	Repair Make ready	Vacant	Total days
1	17	2	20

**1.3 THA Meth Data Trends**

Per July 2017 Board discussion, Meth information will be included only when there are updates to report.



## 1.4 Work Orders

### Completed WO's by Priority For Month Ending May 2018

Property Name	Priority			
	Routine	Urgent	Emergency	Grand Total
6th Ave Apartments	20			20
902 Admin Building	2	1		3
Bay Terrace Phase One	15	1		16
Bay Terrace Phase Two	10			10
Bergerson Terrace	31	8	1	40
Dixon Village	14	1	3	18
E.B. Wilson	22	1	1	24
Fawcett Apartments	13	1		14
Hillside Terrace 1500 Block	3			3
Hillside Terrace Ph 1	5			5
Hillside Terrace Ph II	6		1	7
Ludwig Apartments	22	3	1	26
North G St	14			14
North K St	14			14
Salishan Five	13			13
Salishan Four	7	1		8
Salishan One	8	1		9
Salishan Seven	10			10
Salishan Six	23			23
Salishan Three	29			29
Salishan Two	18			18
Wright Ave	25			25
<b>Grand Total</b>	<b>324</b>	<b>18</b>	<b>7</b>	<b>349</b>

In the month of May, 100% of emergency work orders were completed within 24 hours; maintenance staff completed 324 non-emergency work orders with a total of 1,894 for the

calendar year. The year-to-date average number of days to complete a non-emergency work order is 13 days.

Property Management (PM) continues to bring down the number of outstanding work orders and improve customer service.

**Open Work Orders by Priority BR  
For Month Ending May 2018**

Property Name	Priority			
	Routine	Urgent	Emergency	Grand Total
6th Ave Apartments	28	0	1	29
Bay Terrace Phase One	4	0	0	4
Bay Terrace Phase Two	25	1	0	26
Bergerson Terrace	59	0	0	59
Dixon Village	3	0	0	3
E.B. Wilson	1	0	0	1
Fawcett Apartments	1	0	0	1
Hillside Terrace 1500 Block	29	0	0	29
Hillside Terrace Ph 1	4	0	0	4
Hillside Terrace Ph II	7	1	0	8
Ludwig Apartments	26	0	0	26
North G St	16	0	0	16
North K St	23	0	0	23
Salishan Five	10	0	0	10
Salishan Four	8	0	0	8
Salishan One	17	0	0	17
Salishan Seven	12	0	0	12
Salishan Six	43	0	0	43
Salishan Three	33	1	0	34
Salishan Two	23	0	0	23
Wright Ave	40	1	0	41
<b>Grand Total</b>	<b>412</b>	<b>4</b>	<b>1</b>	<b>417</b>

**Processes that PM has implemented to improve customer service are as follows:**

- Make every attempt to address routine work orders within five (5) days. When this is not possible, contact the tenant and provide them an alternate date that they may expect service;
- Improve communication with the tenants when services will be delayed and/or when procurement is needed to service the request; and
- Close work orders within 48 hours of completion.

Property management has consistently met and exceeded the goal of 20 days from key to key for the last 4 months. In doing so, we reduced the number of leasing days from 29 days to 2 days or 93% reduction.

In the month of May, PM staff met and exceeded the goal of 20 days with an average turn time of 13 days, a 35% reduction on the established goal.



**TACOMA HOUSING AUTHORITY**

**REAL ESTATE DEVELOPMENT**



# TACOMA HOUSING AUTHORITY

**DATE:** June 27, 2018

**TO:** THA Board of Commissioners

**FROM:** Kathy McCormick  
Director of Real Estate Development

**RE:** Real Estate Development Department Monthly Board Report

## **1. SALISHAN/HOPE VI**

### **1.1 Phase II Construction**

#### **Area 2A, Community Core Development**

Discussions continue with Bates Technical College and Community Health Services regarding the Salishan Core. Staff also showed space at the Family Investment Center (FIC) to a local child care operator who expressed some interest in providing day care or before/after school programs at this location. These discussions are all in the very early stages.

### **1.2 Salishan Family Investment and Maintenance Shop Renovations**

The new roof and interior construction of the FIC building is complete. Staff moved back to their newly remodeled areas May 21<sup>st</sup>. The classrooms will be painted and regular programming will resume in June. Heritage Bank opened May 17<sup>th</sup>. The Maintenance Shop and Mezzanine are complete and staff expects to have equipment and appliances moved back in by mid-June.

## **2. NEW DEVELOPMENT**

### **2.1 1800 Hillside Terrace Redevelopment**

#### **Scope**

The redevelopment of 1800 Hillside Terrace will incorporate a single building with 4-stories of affordable housing. The housing units are programmed as one and two bedroom units serving individuals and small families earning less than 60% of Area Median Income (AMI) with 50% of the units @ 30% AMI, 25% of the units @ 40% AMI and 25% of the units @ 60% AMI.

Proposed Distribution by BR and Set Aside

	<b>1-BR</b>	<b>2-BR</b>	<b>TOTAL</b>
Low Income	22	20	42
Homeless	7	7	14
Disabled	7	7	14
<b>TOTAL</b>	<b>36</b>	<b>34</b>	<b>70</b>

A set-a-side of 20% of the units will serve individuals with disabilities and a 20% set-a-side will serve individuals and small families experiencing homelessness.

**Financing**

The project total development cost is currently budgeted at \$20,166,000 and is fully funded. On January 25, 2018, staff was informed THA's tax credit application was successful in receiving an allocation of annual tax credits of \$1,424,413 generating an estimated \$13,104,600 in equity. On March 23, 2018, staff was informed of an award of \$1,850,000 from the Washington State Department of Commerce Housing Trust Fund. The below table reflects all development sources.

<b>Residential Source Name</b>	<b>Residential Source Type</b>	<b>Committed Amount</b>
Permanent Tax-Exempt Loan	Private	\$3,040,000
Tax Credit Equity	Private	\$13,104,600
UDAG Grant	TCRA	\$300,000
HTF	State – Housing Trust Fund	\$1,800,000
Sponsor Financing	Sponsor	\$1,921,400
	Total	\$20,166,000

**Procurement**

The Architectural and Engineering (A&E) negotiations have been completed. Staff has accepted a fee proposal from SMR Architects in the amount of \$895,926 which is within the amount approved by the board in May 2018. Staff is recommending Tacoma Housing Authority's (THA) Executive Director to enter into a contract for services.

Staff is preparing a Request for Proposal (RFP) to solicit proposals for a Construction Manager/General Contractor (CM/GC). The RFP will be available to bidders during the week of June 18, 2018, and a recommendation will be presented to the board during the August 22<sup>nd</sup> board meeting.

### **3. OTHER PROJECTS**

#### **3.1 James Center North**

Staff is negotiating scope and cost with the master planning firm recommended by the board. A contract is expected to be executed by June 26, 2018.

##### **Background**

THA purchased James Center North because it offers a unique opportunity to acquire a property that is attractive for public and private developers. It is positioned in such a way to be redeveloped to provide both market rate and affordable rental housing in a mixed-use setting that is adjacent to a transit center and within walking distance of grocery stores, parks and Tacoma Community College (TCC).

##### **Capital Improvements**

Minor capital repairs are to be completed on an as needed basis in order to keep the property functioning yet limiting the capital investment into the buildings prior to redevelopment.

##### **Leasing**

CB Danforth continues to market the available property and provide tours to prospective tenants.

- A 3-year Triple Net Lease (NNN) has been executed for Tacoma's Best Piercing in unit 1614 -6. The tenant is completing their improvements and should open for business in June 2018.
- Month-to-month leases are being renegotiated with tenants to extend for two to three years at market rents to stabilize cash flow and allow for THA flexibility to redevelop. Healing Places Counseling is currently negotiating their lease and is expected to sign by the end of June.
- A 5-year lease is being negotiated with a prospective tenant in unit 1614-E. Additional details will be provided at a later date.

##### **Predevelopment**

The Urban Land Institute (ULI) report has been drafted and a final version is being edited. These recommendations have been reviewed by THA staff and are being incorporated into planning as applicable.

The Request for Qualifications (RFQ) for master planning, architectural and engineering services was issued and seven (7) responses were received. Interviews were held the week of May 14. A board resolution recommended negotiating a contract with Ankrom Moisan Architects. Scope and cost negotiations have commenced and a contract is expected to be executed in June.

Staff met with Vestar, the owner of James Center South. They have agreed to collaborate with the Master Planning work THA is undertaking for James Center North. Efforts are also underway to work with representatives from Fircrest and

University Place. City boundaries for these communities are within one-mile of James Center. These communities are evaluating redevelopment options and want to be sure planning efforts are coordinated.

### **Operating Performance**

Property cash flow is steady and work orders are minimal. Previously identified capital improvement repair items are being addressed regularly. Repair costs are consistent with feasibility estimates. A 2018 budget has been approved and Common Area Maintenance (CAM) costs have been calculated and will be charged to tenants.

### **Reporting and Compliance**

The first biannual report has been sent to Enterprise. They are satisfied with THA's progress and communication. Enterprise staff will be invited to the next presentation of recommendations by the Urban Land Institute from their evaluation of James Center.

## **3.2 Public Housing Scattered Sites**

Former Public Housing Scattered site homes are being rehabilitated and sold at market value. To achieve affordability for households earning 50% to 80% of the Area Median Income (AMI), THA will place a restriction for the difference between market value and the effective sales price on the property. The effective sales price is what a buyer earning 50% to 80% of the AMI can afford. The value of the difference between the market value and effective sales price will be captured in the restrictive covenant in the form of a forgivable loan of which 20% of the loan value will be forgiven every year.

3.2.1 Two homes have been purchased by residents of public housing. One of these buyers was a priority 1 buyer.

3.2.2 The following chart shows the number of units sold, listed, sold price and net proceeds.

Units Sold	Combined Market Value	Combined Sold Price	Combined Rehab Costs	Total Sales Costs	Net Proceeds
24	\$5,012,000.00	\$5,012,868.6	\$609,308.00	\$945,679.16	\$3,511,172.16
Units Listed	Market Value	List Price	Rehab Costs	Sales Costs Estimated	Projected Proceeds
4	\$865,000.00	\$1,053,000	\$150,220.40	\$142,900	\$804,879.60
Units in Construction	Scope Preparation	Occupied			
5	0	1			





5814 Swan Creek – Sold



### 3.2.3 Rehabilitation Work on Scattered Site Units and Sold:

- Work on the last 5 remaining scattered sites is in progress. 6750 East B, 4909 35th St NE, 618 Prospect, and 3008 S 13th St houses are complete and on the market. We have received offers on 6750 East B and 4909 35<sup>th</sup> St NE. Twenty-four houses sold, 9 houses remain.
- All houses are expected to be completed and on the market by the end of June.
- Community Youth Services (CYS) is occupying 120 Bismark to temporarily house homeless youth. They are consistently at capacity. Staff have been asked to research selling this house to CYS for a permanent Crisis Residential Center.
- 2225 East George, 4823 East M Street, and 5814 Swan Creek have sold.

### 3.3 Consulting and Community Engagement

Staff is working with the Korean Women's Association (KWA). The joint response to Metro Parks for repurposing of the Portland Community Center was submitted in April and interviews held in early June. KWA plans to relocate their senior programs to the Center and update the facility to support this work. KWA will also offer a host of community-based services and continued programming at the property. THA would enter into an inter-governmental agreement with Metro Parks and then lease the building to KWA.

### 3.4 New Look (aka Alberta J. Canada) Capital Planning and Resyndication

#### **Construction**

Rehabilitation work is underway, with few issues encountered so far. Construction is currently 41% complete. The contractor has been focusing on exterior cladding, Americans with Disabilities Act (ADA) unit conversions and community space construction. The contractor has also been wrapping up the installation of new windows and store fronts.

### **3.5 Arlington Drive Property**

The City of Tacoma allocated \$700,000 to the Tacoma Community Redevelopment Authority (TCRA) and \$300,000 in Community Development Block Grant (CDBG) funds for the development of the Crisis Residential Center (CRC). The COT's 2019-2020 budget includes a request for \$800,000 additional funding for Arlington. The vote for formal confirmation of the intended funding will occur in November, 2018. Pierce County is contributing \$250,000. Staff submitted a proposal request for another \$500,000 in capital from Pierce County and has been recommended for \$435,945 in CDBG funds. Some of the CDBG requirements could significantly affect the established timeline for groundbreaking on the CRC. Staff are evaluating options to meet a fall groundbreaking date.

The state legislature has allocated \$4.29M to support the development of the Arlington Drive Project. At this time, staff expects to devote a majority of these funds to the rental housing component of the project.

SMR Architects has completed the master site planning and related preliminary work. A portion of the SMR work will be reimbursed as part of the City of Tacoma/Pierce County agreement for building the CRC and THA will fund the balance associated with the larger master planning process. THA will also develop a portion of the site for rental housing for homeless young adults ages 18-24. THA will fund this development with Low-Income Housing Tax Credit (LIHTC) and related sources. The design development is complete and an initial cost estimate for the CRC has been completed. The cost estimate is significantly higher than anticipated because this project has to meet commercial codes and specific licensing requirements. Staff continue engaging in conversations with the City of Tacoma, Pierce County and others about covering these additional costs, as necessary.

THA has engaged the Corporation for Supportive Housing (CSH) to assist with issuing an RFP for a service provider for the rental housing component of the Arlington Campus. On March 29 and May 18, 2018, CSH conducted sessions with THA staff and external partners to seek input on critical considerations to be included in the RFP. Additionally, on May 18, 2018, BDS conducted a session with the Youth Advisory Group to seek additional input. An executed agreement with a service provider is an important factor in obtaining state and local funding, including 9% low income housing tax credits. Services to be offered to homeless young adults are a core component of long term success for this project. THA will apply for an allocation of 2019 tax credits for the rental housing component of this project in June 2018.

The firm of BDS Planning and Urban design was selected as the consultant for the community engagement and consultation effort. The fifth Community Advisory Committee meeting was held June 12th at the FIC.

### **3.6 Colored Women's Club**

THA and the Colored Women's Club (CWC) have resumed conversations regarding the redevelopment of CWC's property located at 2316 Yakima. CWC would like to create a mixed use building that has new office space for them plus a social hall with a commercial kitchen and office space for other African American organizations on the first floor and residential units for seniors on floors 2-6. The parcel next to the CWC was recently sold. THA and CWC met with the new owner and he was receptive to a collaboration. His architect has done a draft massing study to give an idea of what a jointly developed project might look like. Conversations among the three parties continue. THA's role is to be determined based on the outcome of the conversations with the adjoining property owner.

## **4. DEVELOPMENT PIPELINE PROJECTS**

### **4.1 Intergenerational Housing at Hillsdale Heights**

Staff will present a recommendation to the board for their consideration to sell a portion of the Hillsdale Heights property to KWA so they may develop a senior housing project. KWA is supportive of an inter-generational housing community and has agreed to use THA as its developer for the senior housing project.

### **4.2 Hilltop Lofts and THA Owned Properties' Master Development Plan**

THA and the City extended the timeline by two years for THA to develop the Hilltop Lofts project. The Council approved the extension request at its November 3, 2015, meeting. The Quit Claim deed was recorded January 18, 2018. According to the covenants recorded the same day, financial feasibility needs to be determined by April 30, 2018, and permanent financing needs to be in place by June 1, 2020. Staff are reviewing financing options for this site and need to confer with the City regarding the timetable. Staff anticipate issuing an RFQ for architecture services by the end of June. THA is now managing the lease for the Mr. Mack store. The new owner of the business is trying to sell. If that is not successful they may liquidate.

#### **4.2.1 City of Tacoma 311 Mobilization**

RED, in partnership with the Hilltop Action Coalition, will facilitate the outreach and mobilization so that residents of the Hilltop understand and use the City's 311 customer service line. This will be completed through a series of workshops, events, canvassing and literature creation. The agreement with the City has been executed and planning work initiated. One of the deliverables is a short documentary. The final filming of the documentary was done Thursday March 22<sup>nd</sup> at Tacoma Community Arts. We have received the final version of the video. We are awaiting some direction from the City of Tacoma staff before the final touches can be added and we can show the video to the general public. Additional events for the balance of the year include participation in the Hilltop Street Fair, a rummage sale (moved to

September), Design the Sign contest (positive community messaging) and oral history project.

#### 4.2.2 Housing Hilltop

THA has begun conversations with external partners for development of the THA parcels on the Hilltop. The Greater Tacoma Community Foundation (GTCF) is interested in locating on the Hilltop. GTCF is working with Forterra and THA to determine feasibility. The group will be meeting monthly.

THA has also commenced conversations with external partners to develop a homeownership program to help those displaced, or at risk of being displaced to purchase homes at an affordable price and address some of the homes in need of rehabilitation. This group will also be meeting monthly.

### 5. Renew Tacoma Housing, LLLP

#### 5.1 Construction

2

Property	Construction start	Construction schedule complete	Units complete	Units underway	Units remaining
Bergerson	5/4/2016	12/27/2016	72	0	0
E.B. Wilson	5/4/2016	12/27/2016	77	0	0
Dixon Village	9/16/2016	12/27/2016	31	0	0
Ludwig	6/23/2016	3/15/2017	41	0	0
Fawcett	1/9/2017	5/24/2017	30	0	0
K Street	10/11/2016	3/27/2017	43	0	0
Wright Street	2/6/2017	10/5/2017	58	0	0
6 <sup>th</sup> Avenue	4/1/2017	9/26/2017	64	0	0
G Street	3/7/2017	9/7/2017	40	0	0

#### 2016 Projects: Bergerson, Dixon and E.B. Wilson

The *Certificates of Substantial Completion* were issued on December 27, 2016, for Bergerson, Dixon and E.B. Wilson sites required to be delivered in 2016 and the tax-exempt bond “50% test” was met for each site.

#### 2017 Projects: Ludwig, Fawcett, K Street, 6<sup>th</sup> Avenue, Wright, G Street

The *Certificates of Substantial Completion* were issued on December 21, 2017, for Ludwig, Fawcett, K Street, 6<sup>th</sup> Avenue, Wright and G Streets and the tax-exempt bond “50% test” met for each site.

#### Project Close-out/Conversion:

It is now anticipated that all the close-out requirements and approvals necessary to release the second equity installment will be completed by September, 2018. Key variables that impact the timeframe are resolution/close-out of the environmental escrow and L&I’s release of retention.

## **5.2 Watch list**

### ***Environmental***

#### 6<sup>th</sup> Avenue:

The Department of Ecology (DOE) issued a *No Further Action* letter for 6<sup>th</sup> Street.

#### K Street:

We continue to wait for DOE to issue the *No Further Action* letter for K Street. We have reinforced the critical nature of getting this issued as soon as possible and work with our consultant to get DOE to get this done. There is the possibility that the original long-term monitoring requirements for K Street may be waived.

#### Wright Street:

DOE staff stated that removal of contaminated dirt is not required because of the cost. DOE anticipates requiring an Environmental Restrictive Covenant to be filed, issuing of a *No Further Action* letter and long-term monitoring. As stated above, we continue to wait for DOE to issue the *No Further Action* letter for Wright Street. We have reinforced the critical nature of getting this issued as soon as possible and work with our consultant to get DOE to get this done. DOE is considering lengthening the testing intervals of the required long-term monitoring.

#### Wright Street Neighboring Property:

The environmental condition exists only on the edge adjoining THA property. Of two test bores, one tested clean and the other dirty. The toxic dirt is so far below the surface that no risks for gardening exist right now.

Depending on the DOE's final requirements, THA may buy the neighbor's entire property versus encumbering a portion of the property by filing an Environmental Restrictive Covenant on the contaminated portion of the property. Most likely, the property owner and/or lender will object to the encumbrance.

THA staff made the decision that it will not pursue further legal action against Superior Linen. THA will continue to pursue grants that may reimburse some of the environmental cost.

## **5.3 Issues Encountered/Status**

None at this time, with the exception of close-out.

The following information provides a status as of Draw #19.

<b>Budget</b>	<b>Total budget</b>	<b>Expended</b>	<b>Outstanding</b>
Soft Costs*	\$24,023,498	\$10,533,299	\$13,490,199
Construction (includes owner's contingency)	\$33,155,555 (includes \$500,000 reallocation from Environmental Escrow + \$100,000 seismic bracing release)	\$34,067,779	***(\$312,224)
Environmental Escrow	\$3,500,000	**\$1,100,000	\$2,400,000

\*Excludes \$30,640,000 Site/Building Acquisition expended at closing draw.

\*\*\$600,000 reallocated to construction budget due to 6<sup>th</sup> Avenue "No Further Action Letter" issued by DOE. \$500,000 reallocated to construction due to significant progress on K and Wright Street remediation.

\*\*\*Excess "soft cost" budget will cover the \$312,224. Extra construction work was required to meet the 50% test.

#### 5.4 Walsh Construction - MWBE and Section 3 Reporting

	<b>GOAL</b>	<b>ACTUAL AS OF 5/31/2017</b>
<b>MBE</b>	14%	8.78%
<b>WBE</b>	8%	.29%
<b>Section 3 Business</b>	----	7.41%
<b>Section 3 New Hires</b>	30%	27.78% (20 new hires)

#### Section 3 New Hires:

- The above information represents a combination of Section 3 hires that were hired by Walsh prior to the start of Rental Assistance Demonstration (RAD) and subsequently assigned to RAD and new Section 3 hires in which their initial assignment is the RAD project.

Also please note that the above information is a computation of the % of new hires that meet the Section 3 guidelines under RAD. There were 70 hires total for the RAD project.

#### Walsh provided some context for why meeting the Minority and Women Business Enterprise (MWBE) goals is a challenge:

- The small work scope is such that it is difficult to package scopes into smaller packages to achieve minority and MWBE results. This is easier to do on larger, single purpose projects;

- The RAD project is complex and maintaining the aggressive schedule is critical. There are significant consequences to any delays in the work. For example, the investor is expecting delivery of 3 projects by the end of 2016. If any one of the projects is not delivered, there is a serious financial and reputational risk. Also, if there are delays in the work, the project will face increased relocation costs;
- AVA Siding is a Section 3 business; however, due to market conditions and their work load, RDF Builders has had to step in and take over some of the siding scope simply to finish the project on time;
- Cerna Landscaping, WCC's go-to MBE landscape subcontractor failed on the Bergerson project, again due to an excessive amount of work that they could not complete;
- There has been difficulty identifying MWBE subs; unfortunately Walsh's outreach results were not what they had hoped; and,
- Walsh's outreach efforts, such as town hall meetings, advertising, speaking at National Association of Minority Contractors (NAMC) meetings, and phone calls were outstanding. We simply had trouble finding MWBE subcontractors. It is possible that this can be attributed to the significant amount of work underway in the South Sound.



**TACOMA HOUSING AUTHORITY**

**NEW BUSINESS**



# Resolution 1



# TACOMA HOUSING AUTHORITY

## RESOLUTION 2018-06-27 (1)

**Date:** June 27, 2018

**To:** THA Board of Commissioners

**From:** Michael Mirra  
Executive Director

**Re:** Purchase & Sale Agreement for Sale of 7 Lots at Salishan

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*This resolution will allow Tacoma Housing Authority (THA) to enter into Purchase and Sale Agreement to sell 7 Lots at Salishan.*

### Background

THA's Salishan HOPE VI redevelopment project is nearing complete build-out. The remaining areas that need to be developed include (a) the Salishan Core; (b) Arlington Road site; and (c) the remaining seven (7) lots in Area 2B. THA received a very competitive offer from TAC Build LLC to purchase those seven (7) lots.

The infrastructure is in place for these lots. Five (5) lots are zoned for duplex units and two (2) lots are zoned for four-plex units. High construction and property management costs, along with the small scale of the project, makes it hard for THA to develop these lots on its own for affordable housing purposes. THA is also busy with other projects.

### Buyer Proposal

THA received an unsolicited offer for the purchase of these lots from TAC Build LLC. TAC Build LLC is a minority owned company. Michael G. Hopkins is its principal owner. Michael has been a builder in the Pierce County area for the past 10 years. He describes his company this way: "TAC Build LLC strives to build quality homes that are affordable delivering the best possible home value to each new homeowner. In the last few years Tac Build LLC has built, remodeled and sold over 30+ homes. We are a builder committed to Pierce County and we are dedicated to improving the local community."

### Sales Analysis

A third party comparable sales analysis has determined these five (5) duplex parcels to be worth \$75,000 to \$80,000 each, or \$375,000-\$400,000 in aggregate and the two (2) four-plex parcels may be worth \$95,000 to \$105,000 each, or \$190,000-\$210,000 in aggregate. The total gross value for all lots range from \$565,000-\$610,000.

### **Details of the Proposed Sale**

- *Purchase Price*  
\$575,000.
- *Earnest Money*  
3% (\$17,250.00) delivered to THA within 3 days.
- *Broker Fee*  
THA will pay the broker a fee totaling 5% of the purchase price.
- *Feasibility Contingency*  
Buyer shall have 45 days for due diligence.
- *Ownership Structure and Use of the Units to be Built*  
Tac Build LLC will own the units and rent them at market rate. The buyer will notify THA if the buyer will ever sell the units and give THA a right of first refusal.
- *Unit Mix*  
Five (5) duplexes and two (2) four-plexes for a total of 18 units.
- *Proposed Development Schedule and THA's Recovery in the Event of Default*  
After the purchase of the land and title transfer is complete, the builder anticipates that he will complete construction of the two (2) four-plex units within 9-13 months. He will complete the two (2) duplex buildings 8-11 months after that and the remainder three (3) duplex buildings will be completed 8-11 months after that. Total build out is expected 36 months after the property sale closes. THA will recover the property if the owner does not perform.
- *Affordability*  
The owner will rent the units at market rate.
- *Design Approval*  
The owner must get approval for design from THA and the Salishan Association.
- *No Assignment*  
The buyer will not be able to assign the PSA or to sell the properties to another builder without THA consent.
- *Affirmatively Further Fair Housing*  
The buyer must make meaningful efforts for a racially diverse pool of renters.

**Staff believe that selling all of the lots at this time is warranted given the following**

- THA does not have the time or the money to develop these parcels on its own.
- THA needs the money from the sale to finish the Salishan Core.
- The sale will eliminate the annual holding costs associated with these lots.
- This development will complete the build-out of Area 2B.
- The sale of the lots will mitigate future market risk. While it may be possible to receive more money in the future, it is also possible that the value will drop.
- TAC Build LLC is believed to be a reliable and considerate partner

**Recommendation**

Approve Resolution 2018-06-27 (1) authorizing THA's Executive Director to negotiate, and if those negotiations are successful, to execute the Purchase and Sale Agreement with TAC Build LLC for the purchase of 7 lots in Salishan Area 2B to be developed as duplexes and four-plexes. The terms of the PSA are to be substantially as outlined above.



# TACOMA HOUSING AUTHORITY

## **RESOLUTION 2018-06-27 (1)** **(Purchase & Sale Agreement for Sale of 7 Lots at Salishan)**

A **RESOLUTION** of the Board of Commissioners of the Housing Authority of the City of Tacoma

**WHEREAS**, The Housing Authority of the City of Tacoma (the “Authority”) seeks to encourage the provision of long-term housing for low-income persons residing within the City of Tacoma, Washington (the “City”); and

**WHEREAS**, The RCW 35.82.070(2) provides that a housing authority may “prepare, carry out, acquire lease and operate housing projects: and “provide for the construction, reconstruction, improvement alteration or repair of any housing project or any part thereof...”; and

**WHEREAS**, RCW 35.82.020 defines “housing project” to include, among other things, “any work or undertaking...to provide decent, safe and sanitary urban or rural dwellings, apartments, mobile home parks or other living accommodations for person of low income”; and

**WHEREAS**, The Authority is authorized by the Housing Authorities Law (chapter 35.82 RCW) to, among other things: (i) “prepare, carry out, acquire, lease and operate housing projects; to provide for the construction, reconstruction, improvement, alteration or repair of any housing project or any part thereof” (RCW 35.82.070(2)); (ii) “lease or rent any dwellings . . . buildings, structures or facilities embraced in any housing project” (RCW 35.82.070(5)); (iii) “make and execute contracts and other instruments, including but not limited to partnership agreements” (RCW 35.82.070(1)); (iv) “delegate to one or more of its agents or employees such powers or duties as [the Authority] may deem proper” (RCW 35.82.040); and (v) “make ... loans for the ... acquisition, construction, reconstruction, rehabilitation, improvement, leasing, or refinancing of land, buildings, or developments for housing persons of low income.”; and

**WHEREAS**, The Executive Director and the Board of Commissioners find the terms of the Purchase and Sale Agreement acceptable to THA; now, therefore, be it

***Resolved by the Board of Commissioners of the Housing Authority of the City of Tacoma, Washington as follows:***

1. The Executive Director has the authority to negotiate, and if those negotiations are successful, to execute a Purchase and Sale Agreement with TAC Build LLC.
2. Acting Officers Authorized. The proper officers of the Authority are and are hereby authorized, empowered, and directed to take such further action on behalf of the Authority as they deem necessary to effectuate the foregoing sections of this resolution. Any action required by this resolution to be taken by the Executive Director of the Authority may in

his absence be taken by the duly authorized acting Executive Director of the Authority.

3. This resolution shall be in full force and effective from and after its adoption and approval.

**Approved: June 27, 2018**

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Janis Flauding, Chair

# **Resolution 2**



# TACOMA HOUSING AUTHORITY

## RESOLUTION 2018-06-27 (2)

**DATE:** June 27, 2018

**TO:** THA Board of Commissioners

**FROM:** Michael Mirra  
Executive Director

**RE:** Authorization to Adopt New Version of THA Policy PCI – 01: Procurement

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### Purpose

*This resolution would approve the attached new version of THA Policy PCI-01 governing procurement.*

### Background

THA has a policy governing its procurement of goods and services. THA Policy PCI-01 – Procurement. It needs a thorough overhaul for the following reasons:

- (1) to address changes in Washington law and federal rules governing procurement;
- (2) to address ongoing questions regarding the payment of state prevailing wages, Housing and Urban Development (HUD)-determined wages, and federal Davis-Bacon wages, and to provide that, when feasible, at a minimum THA will pay residential prevailing wages on all new construction projects;
- (3) to provide guidance when THA procures for other entities, such as tax-credit LLCs of which THA is a managing members; and,
- (4) to make it easier for staff to understand.

The new proposed policy is attached. Because it is completely re-organized, it is not redlined.

Section 4 of the new draft policy states its governing principles:

*“This policy seeks to infuse THA procurement with the following principles. THA shall consult them when interpreting this policy.*

*“4.1 THA’s procurement practices will further its mission:*

*THA provides high quality, stable and sustainable housing and supportive services to people in need. It does this in ways that help them prosper and help our communities become safe, vibrant, prosperous, attractive and just.*



*“4.2 The following parts of THA’s Statement of Values have a special pertinence to procurement:*

*Service*

*Work in service to others is honorable. We will do it honorably, effectively, efficiently, with pride, compassion and respect.*

*Integrity*

*We strive to uphold the highest standards of integrity and ethical behavior.*

*Stewardship*

*We will be careful stewards of the public and private financial and environmental resources entrusted to us.*

*“4.3 THA does not discriminate and does not do business with people or firms that discriminate on the basis of race, color, ethnicity, national origin, sex, gender identity, sexual orientation, disability, marital status, familial status or veteran status.*

*“4.4 THA seeks a procurement system that does the following:*

- promotes work of high quality and integrity.*
- provides for the fair and equitable treatment of all persons or firms involved in purchasing or procuring by THA;*
- procures supplies and services (including construction) efficiently, effectively, and at the most favorable and valuable prices available to THA;*

*“4.5 THA seeks to promote competition in contracting. Practices that unduly restrict competition include the following:*

- placing unreasonable requirements on firms in order for them to qualify to do business;*
- requiring unnecessary experience and excessive bonding;*
- noncompetitive or collusive pricing practices between firms or between affiliated companies;*
- noncompetitive contracts to consultants that are on retainer contracts;*
- organizational conflicts of interest;*
- specifying only a “brand name” product instead of allowing “an equal” product to be offered and describing the performance or other relevant requirements of the procurement;*

- *any arbitrary action in the procurement process.*

*“4.6 To the extent feasible for any project and consistent with this policy and governing laws, THA will procure in a way that makes Tacoma’s community stronger and that furthers THA’s mission to promote the prosperity of the Tacoma area’s low-income residents and the equitable economic development of the Tacoma area through the use of (i) firms owned by persons or color or women; (ii) firms owned by low-income persons, (iii) firms that for the project in question hire participants in THA’s housing programs or other low-income persons in the Tacoma area, and (iv) firms owned locally and that hire people within the Tacoma area.*

*“4.7 THA seeks by its procurement to fully comply with applicable federal standards, HUD regulations, state, and local laws.”*

This new policy complies with the following:

- 12 U.S.C. § 1701u (Section 3 Requirements)
- 40 U.S.C. § 3141 et seq. (Davis-Bacon)
- Section 3 of the HUD Act of 1968
- Annual Contributions Contract (ACC) between THA and the United States Department of Housing and Urban Development (HUD)
- 2 C.F.R. § 200.317 through § 200.326, *Procurement Standards*
- Presidential Executive Orders 11625, 12138, and 12432
- HUD Handbook 7460.8, REV 2
- Chapter 35.82 RCW (THA Law)
- Chapter 39.04 RCW (Public Works/Procurement);
- Chapter 39.08 RCW (Performance and Payment Bonds)
- Chapter 39.10 RCW (Alternative Public Works/Procurement)
- Chapter 39.12 RCW (Washington Prevailing Wage)
- Chapter 39.24 RCW (Interlocal Cooperation Agreements) (“Piggybacking”)
- Chapter 39.26 RCW (Goods and Services); Chapter 30.30 RCW (Identification, Substitution of Subcontractors)
- Chapter 39.35A RCW (Performance Based Contracts for Water Conservation, Solid Waste Reduction and Energy Equipment)
- Chapter 39.80 RCW (Design Professionals)
- Chapter 42.56 RCW (Public Records Act)
- Chapter 49.28 RCW (Wage and Hour)
- Chapter 49.60 RCW (Discrimination Law)
- Chapter 49.70 (Right to Know Act)
- Chapter 60.28 RCW (Retainage)

THA’s lawyer from Foster Pepper provided important advice on this redrafting.

## **Recommendation**

Approve Resolution No. 2018-06-27 (2) adopting a new version of THA Policy PCI-01 – Procurement in substantially the form set out in the attached draft. Staff may further amend the policy without Board review for purposes of minor clarification, formatting changes and the addition or modification of flow charts and other visualizations, and forms.



# TACOMA HOUSING AUTHORITY

## **RESOLUTION 2018-06-27 (2)** **(Authorization to Adopt New Procurement Policy)**

A **RESOLUTION** approving amendments to the Tacoma Housing Authority's Procurement Policy.

**WHEREAS**, The Housing Authority of the City of Tacoma (the "Authority") intends has a policy governing its procurement of goods and services, THA Policy PI-01. It needs amendment to conform to state and federal law, to govern THA's procurements for other entities and to make it easier for staff to understand; now, therefore, be it

***Resolved by the Board of Commissioners of the Housing Authority of the City of Tacoma, Washington, as follows:***

1. THA adopts as new THA Policy PCI-01 – Procurement in substantially the form set out in the attached draft. Staff may further amend the policy without Board review for purposes of minor clarification, formatting changes and the addition or modification of flow charts and other visualizations, and forms.
2. Any actions of the Authority or its officers prior to the date hereof and consistent with the terms of this resolution are ratified and confirmed.

**Approved: June 27, 2018**

---

Janis Flauding, Chair

## CERTIFICATE

I, the undersigned, the duly chosen, qualified and acting Executive Director of the Housing Authority of the City of Tacoma (the “Authority”) and keeper of the records of the Authority, CERTIFY:

1. That the attached Resolution No. 2018-06-27 (2) (the “Resolution”) is a true and correct copy of the resolution of the Board of Commissioners of the Authority as adopted at a meeting of the Authority held on June 27, 2018, and duly recorded in the minute books of the Authority.

2. That such meeting was duly convened and held in all respects in accordance with law, and, to the extent required by law, due and proper notice of such meeting was given; that a quorum was present throughout the meeting and a majority of the members of the Board of Commissioners of the Authority present at the meeting voted in the proper manner for the adoption of the Resolution; that all other requirements and proceedings incident to the proper adoption of the Resolution have been duly fulfilled, carried out and otherwise observed, and that I am authorized to execute this Certificate.

IN WITNESS WHEREOF, I have hereunto set my hand on June 27, 2018.

HOUSING AUTHORITY OF THE CITY OF  
TACOMA

By: \_\_\_\_\_  
Michael Mirra, Executive Director



## TACOMA HOUSING AUTHORITY

<b>Policy No.</b>	<b>PCI-01</b>
<b>Policy</b>	<b>PROCUREMENT POLICY</b>
<b>Date</b>	<b>June 20, 2018</b>

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Appendix 1 – Required Federal Clauses

Appendix 2 – Required Washington State Clauses

## **1.0 SOURCES OF AUTHORITY AND COMPLIANCE WITH LAWS; SELF-CERTIFICATION OF COMPLIANCE**

This policy derives its authority from and complies with the following laws and directives:

### **1.1 THA Board of Commissioners Resolutions**

THA Resolution 2018-06-27 (2)

### **1.2 Laws and Directives:**

- 12 U.S.C. § 1701u (Section 3 Requirements)
- 40 U.S.C. § 3141 et seq. (Davis-Bacon)
- Section 3 of the HUD Act of 1968
- Annual Contributions Contract (ACC) between THA and the United States Department of Housing and Urban Development (HUD)
- 2 C.F.R. § 200.317 through § 200.326, *Procurement Standards*
- Presidential Executive Orders 11625, 12138, and 12432
- HUD Handbook 7460.8, REV 2
- Chapter 35.82 RCW (THA Law)
- Chapter 39.04 RCW (Public Works/Procurement);
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- Chapter 39.10 RCW (Alternative Public Works/Procurement)
- Chapter 39.12 RCW (Washington Prevailing Wage)
- Chapter 39.24 RCW (Interlocal Cooperation Agreements)(“Piggybacking”)
- Chapter 39.26 RCW (Goods and Services); Chapter 30.30 RCW (Identification, Substitution of Subcontractors)
- Chapter 39.35A RCW (Performance Based Contracts for Water Conservation, Solid Waste Reduction and Energy Equipment)
- Chapter 39.80 RCW (Design Professionals)
- Chapter 42.56 RCW (Public Records Act)
- Chapter 49.28 RCW (Wage and Hour)
- Chapter 49.60 RCW (Discrimination Law)
- Chapter 49.70 (Right to Know Act)
- Chapter 60.28 RCW (Retainage)

### **1.3 State Law, Federal Law, and the Stricter Standard Principle.**

*1.3.1* When a project uses both federal and non-federal funds, the project, if feasible, should separate the work by funds to be used prior to procurement so the project can apply requirements appropriate to each fund source, if necessary.



1.3.2 If it is not feasible to separate the funds, federal procurement regulations shall govern the total project unless state law requirements impose stricter requirements on THA, in which case the stricter state law requirements to the whole project must apply unless the federal requirements pre-empt them.

#### **1.4 Self-Certification of Compliance**

Tacoma Housing Authority (THA) self-certifies that this Procurement Policy and THA's procurement system comply with all applicable Federal regulations and, as such, THA is exempt from prior HUD review and approval of individual procurement action.

#### **1.5 Changes in Laws and Regulations.**

In the event an applicable law or regulation is modified or eliminated, or a new law or regulation is adopted, the revised law or regulation shall, to the extent inconsistent with these Policies, automatically supersede these Policies.

### **2.0 FORMS ASSOCIATED WITH THIS POLICY**

*[to be added]*

### **3.0 SCOPE OF THE POLICY (THA AND SEPARATE ENTITIES)**

#### **3.1 Definition of Procurement**

The term "procurement," as used in this Policy, includes the procuring, purchasing, leasing, or renting of: (1) goods, supplies, equipment, materials, and services (except A/E); (2) Building Engineering Systems; (3) Electronic Data Processing and Telecommunications; (4) Architectural and Engineering (A/E) services; and (5) construction and maintenance.

#### **3.2 Procurements by THA**

This Policy applies to all procurement THA does in its own name regardless of the source of funds. The type of availability procurement under this policy may depend on the source of funds. However, nothing in this Policy shall prevent THA from complying with the terms and conditions of any grant, contract, gift or bequest that is otherwise consistent with the law.

#### **3.3 Procurements by Separate Entities Affiliated with THA**

THA holds interests in other entities and sometimes acts on their behalf, including tax credit LLLPs ("Separate Entities"). This policy does not govern procurements THA does for Separate Entities unless the project uses funds from the federal government, the state, from any municipality, or from THA. In those cases, the procurement requirements of those funding sources shall govern as follows:

##### **3.3.1 State Funds**

THA, acting for a Separate Entity that is conducting a "public work" (as defined in this Policy) must follow this policy, including pre-procurement planning and pricing, prevailing wages, the public works requirements of section 7.4, and general procurement requirements.

### 3.3.2 Federal Funds

THA, acting for a Separate Entity that is conducting a construction project using federal funds, must follow this Policy, including pre-procurement planning and pricing, prevailing wages, public works procurement rules, and general procurement requirements. While a construction project funded without any state dollars, but with federal dollars, does not fit the definition of a “public work,” such a project must follow the public work requirements of this Policy (except where expressly stated otherwise). Other non-construction-related procurements by Separate Entities using federal funds must comply with the rules governing the funding.

In any case, when THA procures for a Separate Entity and even if this policy does not apply, THA shall ensure an appropriate level of competition. It shall use this Policy as a guideline for that purpose.

### 3.4 Exclusion

This Policy does not govern procurements using administrative fees earned under the Section 8 voucher program, the award of vouchers under the Section 8 program, the execution of landlord Housing Assistance Payments contracts under that program, or non-program income, e.g., fee-for-service revenue under 24 C.F.R. § 990. These excluded areas are subject to applicable State and local requirements.

## 4.0 PRINCIPLES IN PROCUREMENT

This policy seeks to infuse THA procurement with the following principles. THA shall consult them when interpreting this policy.

### 4.1 THA’s procurement practices will further its mission:

*THA provides high quality, stable and sustainable housing and supportive services to people in need. It does this in ways that help them prosper and help our communities become safe, vibrant, prosperous, attractive and just.*

### 4.2 The following parts of THA’s Statement of Values have a special pertinence to procurement:

#### **Service**

*Work in service to others is honorable. We will do it honorably, effectively, efficiently, with pride, compassion and respect.*

#### **Integrity**

*We strive to uphold the highest standards of integrity and ethical behavior.*

#### **Stewardship**

*We will be careful stewards of the public and private financial and environmental resources entrusted to us.*

- 4.3** THA does not discriminate and does not do business with people or firms that discriminate on the basis of race, color, ethnicity, national origin, sex, gender identity, sexual orientation, disability, marital status, familial status or veteran status.
- 4.4** THA seeks a procurement system that does the following:
- promotes work of high quality and integrity.
  - provides for the fair and equitable treatment of all persons or firms involved in purchasing or procuring by THA;
  - procures supplies and services (including construction) efficiently, effectively, and at the most favorable and valuable prices available to THA;
- 4.5** THA seeks to promote competition in contracting. Practices that unduly restrict competition include the following:
- placing unreasonable requirements on firms in order for them to qualify to do business;
  - requiring unnecessary experience and excessive bonding;
  - noncompetitive or collusive pricing practices between firms or between affiliated companies;
  - noncompetitive contracts to consultants that are on retainer contracts;
  - organizational conflicts of interest;
  - specifying only a “brand name” product instead of allowing “an equal” product to be offered and describing the performance or other relevant requirements of the procurement;
  - any arbitrary action in the procurement process.
- 4.6** To the extent feasible for any project and consistent with this policy and governing laws, THA will procure in a way that makes Tacoma’s community stronger and that furthers THA’s mission to promote the prosperity of the Tacoma area’s low-income residents and the equitable economic development of the Tacoma area through the use of (i) firms owned by persons or color or women; (ii) firms owned by low-income persons, (iii) firms that for the project in question hire participants in THA’s housing programs or other low-income persons in the Tacoma area, and (iv) firms owned locally and that hire people within the Tacoma area.
- 4.7** THA seeks by its procurement to fully comply with applicable federal standards, HUD regulations, state, and local laws.

## **5.0 ETHICS IN PUBLIC CONTRACTING**

THA's procurement activities shall comply with THA Policy G-10 Ethics and Conflicts of Interest.

## **6.0 PRE-PROCUREMENT PLANNING AND PRICING**

### **6.1 Independent Cost Estimate (ICE)/Specifications**

#### *6.1.1 Independent Cost Estimate (ICE)*

For all procurements above the Micro Purchase threshold (\$3,000), THA shall prepare an ICE prior to solicitation. The level of detail shall be commensurate with the cost and complexity of services to be purchased. Specific requirements for public works projects are discussed below. THA shall conduct a wage determination analysis (see Prevailing Wages, Section 7) to prepare an ICE for all construction, maintenance and repair work.

#### *6.1.2 Specifications and Limitations on Specifications*

- (a) THA shall draft all specifications to promote overall economy for the purpose intended and to promote the procurement principles in section 4. THA shall review specifications prior to issuing any solicitation to ensure that they are not unduly restrictive or represent unnecessary or duplicative items. Function or performance specifications are preferred. THA shall consider consolidating or breaking out procurements to obtain a more economical purchase. For equipment purchases, THA should analyze whether a lease or purchase would be more economical. Specific requirements for public works projects are discussed in section 8.1.
- (b) THA should avoid the following types of specifications in its bid solicitations:
  - (1) detailed product specifications;
  - (2) brand name specifications (the specifications should list the minimum essential characteristics and standards to which the item must conform to satisfy its intended use);
  - (3) geographic restrictions not mandated or encouraged by applicable federal law: Except geographic preferences may be allowed in the following instances: (1) for A/E contracts, which may include geographic location as a selection factor if adequate competition is available; (2) under section 10 for purposes of Section 3 contracting goals; and (3) geographic preferences for in-state bidders on public works in certain instances as allowed or required under section 7.5.1(h).

Nothing in this procurement policy shall preempt any state licensing laws.

## 6.2 Cost and Price Analysis (CPA)

### 6.2.1 General

THA shall assure itself that, before entering into a contract, the price is reasonable. It shall seek this assurance in the following ways:

- (a) Petty Cash and Micro Purchases ( $\leq$ \$3,000).  
No formal cost or price analysis is required for purchases costing \$3,000 or less. Rather, the Contracting Officer shall judge that the price is reasonable. He or she may judge this by relying on his or her experience or other factors. His or her execution of the contract Purchase Order or other documentation shall serve as his or her attestation that the price is reasonable.
- (b) Small Purchases Below Simplified Acquisition Threshold ( $\leq$ \$150,000)  
For purchases \$150,000 or less a comparison with other offers shall generally be a sufficient determination of the reasonableness of price and no further analysis is required. If THA does not get a reasonable number of quotes to establish reasonableness through price competition, the Contracting Officer shall document price reasonableness through other means, such as prior purchases of this nature, catalog prices, the Contracting Officer's personal knowledge at the time of purchase, comparison to the ICE, or any other reasonable basis.
- (c) Contracts Above the Simplified Acquisition Threshold ( $>$ \$150,000).  
For contracts, including contract modifications, costing more than \$150,000, THA must perform a cost or price analysis. The method and degree of analysis depends on the facts surrounding the particular procurement situation, but as a starting point, THA must make independent estimates before receiving bids or proposals.
- (d) Profit and Costs.
  - (1) **Profit**  
THA must 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 must 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.
  - (2) **Costs**  
For federally-funded projects, costs or prices based on estimated costs are allowable only to the extent that costs incurred or cost estimates included in negotiated prices would be allowable for the non-federal entity under 2 C.F.R. § 200, Subpart E—Cost Principles.

- (e) Contract Modifications.  
THA shall analyze costs, consistent with federal guidelines, for all contract modifications for projects procured through sealed bids, competitive proposals, or non-competitive proposals, or for projects originally procured through small purchase procedures and the amount of the contract modification results in a total contract price in excess of the Simplified Acquisition Threshold.
- (f) Credit (or Purchasing) Cards  
Credit card usage should follow the rules for all other small purchases. For example, the Contracting Officer may use a credit card for Micro Purchases without obtaining additional quotes provided the price is considered reasonable. However, for amounts above the Micro Purchase level (\$3,000), the Contracting Officer should obtain a reasonable number of quotes before purchasing via a credit card. When using credit cards, THA shall adopt reasonable safeguards to assure that they are used only for intended purposes (for instance, limiting the types of purchases or the amount of purchases that are permitted with credit cards).

## **7.0 METHODS OF PROCUREMENT**

### **7.1 Petty Cash Purchases (<\$150)**

THA may make purchases under \$150 through the use of a petty cash account. THA may establish petty cash accounts in an amount sufficient to cover small purchases made during a reasonable period, *e.g.*, one month. THA shall maintain the security of all petty cash accounts. Only authorized individuals shall have access to them. THA shall reconcile and replenish the account periodically by submitting a voucher to THA's Director of Finance or the Director's designee. The Director of Finance or his or her designee shall audit the accounts to validate proper use and to verify that the account total equals cash on hand plus the total of accumulated vouchers according to the agency's established petty cash procedures.

### **7.2 Micro Purchase Procedure ( $\leq$ \$3,000)**

For purchases of less than \$3,000, also known as Micro Purchases, only one quote is required, provided THA considers the quote to be reasonable.

### **7.3 Small Purchase Procedure ( $\leq$ \$150,000)**

For purchases between \$3,000 and \$150,000, THA should get or attempt to get quotes from three different qualified sources from the List of Qualified Vendors or other vendors.

#### **7.3.1 *List of Qualified Vendors***

THA may maintain a list of qualified vendors for specific types of purchases or services. If it does this, it shall, at least twice per year, publish in The News Tribune a notice of the existence of such vendor lists and solicit the names of vendors for the lists. THA may also add or remove vendors to or from the list at other times of the year.

### 7.3.2 *Solicitation*

Whenever possible, THA may solicit at least three vendors to submit price quotations and other information related to qualifications. THA may obtain these submissions orally, by telephone, in writing, or by any combination thereof. THA may solicit vendors from the List of Qualified Vendors that THA may maintain pursuant to this Section. THA, however, may also solicit quotations from qualified vendors that are not listed on any such vendor list in order to assure price competition or an adequate array of qualifications or to further the purposes of this policy. THA may select from the respondents those it adds to the list. It shall make its selection based upon factors set forth in the solicitation.

#### *Award of Contract*

THA shall award the contract to the vendor that THA determines, in its sole discretion, will provide the greatest overall value to THA. If THA uses non-price factors to determine the greatest overall value, it shall disclose such factors to all those solicited. THA shall consider any preferences provided by law to Washington products and vendors and may take into consideration the quality of the articles proposed to be supplied, their conformity with specifications, the purposes for which required, and the times of delivery. Further, in addition to price, THA must consider the following factors:

- (a) the ability, capacity, and skill of the vendor to perform the contract or provide the service required;
- (b) the character, integrity, reputation, judgment, experience, and efficiency of the vendor;
- (c) whether the vendor can perform the contract within the time specified;
- (d) the quality of performance of previous contracts or services;
- (e) the previous and existing compliance by the vendor with laws relating to the contract or services;
- (f) which bid will best further the purposes of this policy;
- (g) the extent to which the bid furthers THA's procurement principles set forth in section 4;
- (h) such other information or factors as THA may deem to have a bearing on the decision to award the contract.

#### 7.3.3 *Life Cycle Costs.*

THA may judge that it can save money by using a “life cycle costing” technique when considering quotes for purchase, manufacture, or lease, and in determining the greatest overall value. In this technique, THA shall give first consideration to the quote or bid with the lowest life cycle cost which complies with the specifications. Nothing in this section shall prohibit THA from allowing for preferential purchase of products made from recycled materials or products that may be recycled or reused.

#### 7.3.4 *Record Keeping*

THA shall record and maintain the names, addresses, and/or telephone numbers of the vendors and persons contacted, and the date and amount of each quotation. This information shall be open to public inspection, and available by telephone inquiry.

#### 7.3.5 *Unbundling Prohibited*

THA shall not break down requirements aggregating more than the Simplified Acquisition Threshold (or the Micro Purchase threshold) into several purchases that are less than the applicable threshold merely to: (1) permit use of the small purchase procedures or (2) avoid any requirements that applies to purchases that exceed the Micro Purchase threshold.

### 7.4 **Small Works/Limited Works Roster**

The Small Works or Limited Works Roster is a method for procuring certain smaller public works and non-public works projects, consistent with the restrictions below. It is generally faster and administratively easier to follow than other procurements. A small works roster is available for contracts worth up to either \$150,000 for federally funded contracts and up to \$300,000 for non-federally funded contracts. A limited works roster is available for contracts up to \$35,000, federally funded or not.

#### 7.4.1 *Two Ways to Create a Small Works/Limited Works Roster.*

THA has two ways to use a Small Works/Limited Works Roster. (i) It may create its own roster, as provided in the very next subsection; or (ii) THA may enter into a piggyback agreement with another agency to use the other agency’s roster. THA has a host agreement with The Municipal Research and Services Center (MRSC).

#### 7.4.2 *Creating the Roster*

THA may establish a general Small Works/Limited Works Roster or multiple rosters for different specialties or categories of anticipated work. These rosters would list qualified contractors who have requested to be included on the roster and are properly licensed or registered to perform such work in the State of Washington. The following rules and guidelines apply to such a roster:

- (a) The roster may distinguish among contractors based on the nature of the work the contractor is qualified to perform and the geographic areas to be served.



- (b) THA may require eligible contractors desiring to be placed on the roster to keep current records of any applicable licenses, certifications, registrations, bonding, insurance, or other appropriate matters on file with THA as a condition of being placed on the Small Works Roster.
- (c) At least once every year, THA shall advertise in The News Tribune the existence of the Small Works Roster and may add to the roster(s) those contractors who request to be included on the roster(s). In addition, eligible contractors may be added to an appropriate roster(s) at any time they submit a written request and necessary records.
- (d) Prequalification onto the Small Works Roster  
THA shall use the following procedures to prequalify contractors for inclusion on the Small Works Roster and for securing telephone or written quotations from contractors on the Small Works Roster to assure establishment of a competitive price and for awarding contracts to the lowest responsible bidder:
  - (1) THA shall check the background of each contractor requesting to be included on the roster. The purpose of checking is to verify that all license, bonding, and other applicable legal qualifications for conducting business with THA are current and unimpaired.
  - (2) Contractors shall provide a current financial statement demonstrating the solvency of the business, and certify that the statement is accurate and complete;
  - (3) Contractors shall provide references for previous contracts similar to the contracts to be sought from THA; THA shall verify these references; and,

THA will add to the roster those contractors who demonstrate legal compliance, fiscal solvency, and performance capability.

#### *7.4.3 Restrictions on Using the Small Works/Limited Works Roster*

- (a) Non-Federal Funding: (≤\$300,000):  
For public work projects funded entirely by non-federal dollars, THA may use the Small Works Roster for contracts less than or equal to **\$300,000** and the Limited Works Roster for contract less than or equal to \$35,000.
- (b) Federal Funding: (≤\$150,000)  
For any projects funded in whole or in part by federal dollars, THA may only use the Small Works Roster for public works contracts less than or equal to **\$150,000**. The Limited Works Roster may be used for contracts less than or equal to \$35,000.

#### 7.4.4 *Process to Procure from the Small Works Roster: >\$35,000*

- (a) THA will use the following process to select from a Small Works Roster for dollar values below the caps showing in the previous section but above \$35,000:
  - (1) Whenever possible, THA shall solicit at least five quotations, confirmed in writing, from contractors in a manner that will equitably distribute opportunities among contractors on the Small Works Roster for the category of job type involved. In the event that there are not at least five contractors on the applicable roster, THA shall solicit quotations from each contractor on the applicable Small Works Roster. “Equitably distribute” means that THA may not favor certain contractors on the appropriate Small Works Roster over other contractors on the appropriate Small Works Roster who perform similar services.
  - (2) If the estimated cost of the work is from **\$150,000** to **\$300,000** and THA chooses to solicit bids from less than all the appropriate contractors on the appropriate Small Works Roster, THA must also notify the remaining contractors on the appropriate Small Works Roster that quotations on the work are being sought. THA has the option of determining whether this notice to the remaining contractors is made by: (i) Publishing notice in The News Tribune; (ii) mailing a notice to these contractors; or (iii) sending a notice to these contractors by facsimile or other electronic means.

#### 7.4.5 *Limited Small Works Roster Procurement: < \$35,000*

THA will use the following process to select from a Small Works Roster for dollar values below \$35,000:

- (a) For limited public works and non-public works projects, which are estimated to cost less than or equal to \$35,000, THA must solicit electronic or written quotations from a minimum of three contractors from the appropriate Small Works Roster and shall award the contract to the lowest responsible bidder as defined under RCW 39.04.010.
- (b) After an award is made, the quotations shall be open to public inspection and available by electronic request.
- (c) THA shall attempt to distribute opportunities for limited public works and non-public works projects equitably among contractors willing to perform in the geographic area of the work.

- (d) THA shall maintain a list of the contractors contacted and the contracts awarded during the previous twenty-four months under the limited public works and non-public works process, including the name of the contractor, the contractor's registration number, the amount of the contract, a brief description of the type of work performed, and the date the contract was awarded.

#### 7.4.6 *MWBE/Section 3*

Whenever possible, THA shall invite at least one quotation from qualified contractor(s) that either (1) is a certified-minority or a certified-woman contractor; or employs, or (2) commits to employ, residents of housing owned or managed by THA. See Section 10. Assistance to Small and other Businesses (MWBE).

#### 7.4.7 *Unbundling*

The breaking of any project into units or accomplishing any projects by phases is prohibited if it is done for the purpose of avoiding the maximum dollar amount of a contract that may be let using the Small Works Roster process or limited small works process.

### 7.5 **Invitation For Bids (IFB) (also known as Sealed Bidding)**

#### 7.5.1 *Invitation for Bids (IFB)*

- (a) The Invitation to Bid  
Public works sealed bidding is used for Invitations for Bids (IFB). Under sealed bids, THA publicly solicits bids and awards a firm fixed-price contract (lump sum or unit price) to the responsive and responsible bidder whose bid, conforming with all the material terms and conditions of the IFB, is the lowest in price.
- (b) Publication of IFB  
THA shall publish the IFB not less than once a week for at least two consecutive week in the follow places:
  - (1) The News Tribune;
  - (2) THA's web site;
  - (3) other places likely to elicit responsive and responsible proposals, including proposals likely to further THA's principles set forth in section 4.
- (c) Content of IFB  
The IFB shall state at least the following:
  - (1) a number or another unique identifier for the IFB;

- (2) the place, date, and time that the proposals are due. A minimum of 14 days shall generally be provided for preparation and submission of competitive proposals. However, the Executive Director may allow for a shorter period under extraordinary circumstances;
- (3) the specifications and all contractual terms and conditions applicable to the procurement, and a statement that award will be made to the lowest responsible and responsive bidder whose bid meets the requirements of the solicitation.
- (4) the criteria for being a responsible bidder set forth in section 11;
- (5) the appeals process for bid contest set forth in section 14.
- (6) a contact that can provide a copy of, and information about, the solicitation, and a brief description of the needed items(s).
- (7) Every invitation to bid on a prime contract that is expected to cost one million dollars or more for the construction, alteration, or repair of any public building shall require each prime contract bidder to submit as part of the bid, or within one hour after the published bid submittal time, the names of the subcontractors with whom the bidder, if awarded the contract, will subcontract for performance of the work of: HVAC (heating, ventilation, and air conditioning); plumbing as described in chapter 18.106 RCW; and electrical as described in chapter 19.28 RCW, or to name itself for the work.
  - *Trenching – Safety Systems Required.* If trench excavation will exceed a depth of four feet, the contract will require safety systems for said trench excavation. This requirement shall be included in the cost estimates and bidding forms as a separate item. The costs of trench safety systems shall not be considered as incidental to any other contract item and any attempt to include the trench safety systems as an incidental cost is prohibited.
  - *Bidder Responsibility Criteria.* The apparent lowest responsive bidder must satisfy the Mandatory Bidder Responsibility criteria set forth in Section 11.
  - *Supplemental Criteria:* THA may include Supplemental Bidder Criteria in its IFB, as stated in Section 11.2.
- (8) a statement that award will be made to the lowest responsible and responsive bidder whose bid meets the requirements of the solicitation.

- (9) a description of the method THA will use to make a selection among equal low bids.
  - (10) a contact that can provide a copy of, and information about, the solicitation.
- (d) Receipt of Bids for An IFB  
THA will stamp all bids received with the date and time of receipt. It will stored all bids received unopened in a secure place until the public bid opening.
- (e) Withdrawal of Bids  
A bidder may withdraw the bid at any time prior to the bid opening.
- (f) Bid Opening  
THA shall open all bids publicly. It shall record all bids on an abstract (tabulation) of bids, which shall then be made available for public inspection.
- (g) Public Works Award of IFB  
THA should select the lowest responsive bid submitted by a responsible bidder (subject to adjustment for Resident Preference), unless the solicitation should be cancelled (see below). The apparent low bidder may submit information concerning its responsibility after bid opening. If equal low bids are received from responsible bidders, THA will break the tie using the method for doing so stated in the IFB. If THA receives only one responsive bid from a responsible bidder, THA shall not award the contract unless it determines the price is reasonable, based on a cost or price analysis. Where specified in bidding documents, factors such as discounts, transportation costs, and life cycle costs must be considered in determining which bid is lowest.
- (h) Non-Public Works Award or Rejection of Contract or Cancellation of IFB
- (1) In the event of adequate competition, THA should select the lowest responsive bid submitted by a responsible bidder (See Section 11.0 below for Contractor Qualification Criteria) unless the solicitation should be cancelled (see below). Where specified in bidding documents, THA shall consider factors such as discounts, transportation costs, and life cycle costs in determining which bid is lowest.
  - (2) If equal low bids are received from responsible bidders, selection shall be made by drawing lots or other similar random method. The IFB shall state the method for doing this.

- (3) If THA receives only one responsive bid from a responsible bidder, THA shall not award the contract to that bidder unless THA in its sole discretion determines the price to be reasonable, based on a cost or price analysis. If THA determines that the price is unreasonable, the Contracting Officer may cancel the solicitation and either re-solicit using a Request for Proposal or complete the procurement by using the competitive proposal method. The Contracting Officer must determine, in writing, that such action is appropriate, must inform all bidders of THA's intent to negotiate, and must give each bidder a reasonable opportunity to negotiate.

(i) Resident Preference

In any bidding process for public works in which a bid is received from a nonresident contractor from a state that provides a percentage bidding preference, a comparable percentage disadvantage must be applied to the bid of that nonresident contractor.

- (1) "Nonresident contractor from a state that provides a percentage bid preference" means a contractor that:

- Is from a state that provides a percentage bid preference to its resident contractors bidding on public works contracts; and,
- At the time of bidding on a public works project, does not have a physical office located in Washington.

- (2) The state of residence for a nonresident contractor is the state in which the contractor was incorporated or, if not a corporation, the state where the contractor's business entity was formed.

- (3) This section does not apply to public works procured pursuant to the Small Works Roster or to those procurements exempt from competitive bidding.

(j) Price Negotiations Generally Prohibited

In general, THA may not negotiate an adjustment to bid price of the low responsive bidder. It may do so based upon agreed changes to the contract plans and specifications, with a low responsive bidder only under the following conditions:

- (1) All bids for the public works project exceed the available funds, as certified by the Finance Director;

- (2) The apparent low responsive bid does not exceed the available funds by: (a) Five percent on projects valued under one million dollars; (b) the greater of fifty thousand dollars or two and one-half percent for projects valued between one million dollars and five million dollars; or (c) the greater of one hundred twenty-five thousand dollars or one percent for projects valued over five million dollars; and,
- (3) The negotiated adjustment will bring the bid price within the amount of available funds.

(k) Mistakes in Bids

Correction or withdrawal of bids may be permitted, where appropriate, before bid opening by written or telegraphic notice received in the office designated in the IFB prior to the time set for bid opening. After bid opening, corrections in bids may be permitted only if the bidder can show by clear and convincing evidence that a mistake of a ministerial character was made, the nature of the mistake, and the bid price actually intended. A low bidder alleging a clerical mistake may be permitted to withdraw its bid if the mistake is clearly evident on the face of the bid document but the intended bid is unclear or the bidder submits convincing evidence that a mistake was made. All decisions to allow correction or withdrawal of a bid shall be supported by a written determination signed by the Contracting Officer. After bid opening, changes in bid prices or other provisions of bids prejudicial to the interest of THA or fair competition shall not be permitted.

(l) Bid Protest

See Appeals and Remedies below. Section 14.

(m) Cancellation of Solicitation

THA in its sole discretion may cancel a solicitation and reject all bids if:

- (1) THA no longer needs the work as stated in the solicitation;
- (2) ambiguous or otherwise inadequate specifications were part of the solicitation;
- (3) THA failed to consider all factors of significance;
- (4) prices exceed available funds and it would not be appropriate to adjust quantities to come within available funds;
- (5) THA has reason to believe that bids or proposals may not have been independently determined in open competition, may have been collusive, or may have been submitted in bad faith; or,
- (6) THA has a sound documented reason to cancel the solicitation.

**Note:** THA shall document the reasons for cancellation in the procurement file. This documentation shall be provided upon request. THA shall send a notice of the cancellation to all bidders/offerors solicited and, if appropriate, shall explain that they will be given an opportunity to compete on any re-solicitation or future procurement of similar items.

- (n) If all otherwise acceptable bids received in response to an IFB are at unreasonable or unaffordable prices THA shall determine if there is a problem in either the specifications or THA's cost estimate. If both are determined adequate and if only one bid is received and the price is unreasonable or unaffordable, the Contracting Officer may cancel the solicitation and either:
  - (1) re-solicit; or,
  - (2) complete the procurement by using the RFP competitive proposal method. The Contracting Officer must determine, in writing, that such action is appropriate, must inform all bidders of THA's intent to negotiate, and must give each bidder a reasonable opportunity to negotiate.

## **7.6 Request for Proposals (RFP)**

### **7.6.1 *The RFP***

Unlike sealed bidding, the competitive proposal method, also known as Request for Proposals (RFP), permits:

- (a) consideration of technical factors other than price;
- (b) discussion with offerors concerning offers submitted;
- (c) negotiation of contract price or estimated cost and other contract terms and conditions;
- (d) revision of proposals before the final contractor selection; and,
- (e) the withdrawal of an offer at any time up until the point of award.

### **7.6.2 *Conditions for Use***

Where conditions are not appropriate for the use of sealed bidding, competitive proposals may be used. Competitive proposals are the preferred method for procuring services that will exceed the Simplified Acquisition Threshold.

**Note:** The RFP process can be used with the GCCM Procurement Method when federal dollars are used.



#### 7.6.3 *Publication of RFP*

THA shall publish the RFP not less than once a week for at least two consecutive week in the follow places:

- (a) The News Tribune;
- (b) THA's web site;
- (c) Other places likely to elicit responsive and responsible proposals, including proposals likely to further THA's procurement principles in section 4.

#### 7.6.4 *Content of RFP*

The RFP shall state, at a minimum:

- (a) a number or another unique identified for the RFP;
- (b) the place, date, and time that the proposals are due. A minimum of 14 days shall generally be provided for preparation and submission of competitive proposals. However, the Executive Director may allow for a shorter period under extraordinary circumstances;
- (c) the factors and subfactors, including and in addition to price, that THA will use to evaluate each proposal and state the relative importance of the factors; THA may assign price a specific weight in the evaluation factors or THA may consider price in conjunction with technical factors and qualifications (Section 11.0) below for Contractor Qualification Criteria);
- (d) a brief description of the needed items(s) if a proposal is to be responsive;
- (e) a brief description of the process THA will use to fairly and thoroughly evaluate all proposals. Generally, THA shall convene an Evaluation Committee to conduct the evaluation
- (f) the criteria for being a responsible bidder set forth in section 11;
- (g) the appeals process for bid contest set forth in section 14;
- (h) a name and contact information of a THA person who can provide a copy of, and information about, the solicitation.

#### 7.6.5 *RFP: Handling of Responses*

THA shall handle the responses so as to prevent disclosure of the number of offerors, identity of the offerors, and the contents of their proposals until after the award.

#### *7.6.6 Evaluation of Responses*

THA shall evaluate responses only on the factors stated in the RFP. Where not apparent from the evaluation factors, THA shall establish an Evaluation Plan for each RFP. Any person participating in the evaluation shall disclose any potential conflicts of interest. THA shall summarize the results of the evaluation prior to awarding the contract.

#### *7.6.7 Negotiations Permitted*

- (a) THA shall negotiate with all offerors who submit a proposal determined to have a reasonable chance of being selected for award, unless THA, in its sole discretion, determines that negotiations are not needed with any or all of the offerors. It shall determine this based on the relative score of the proposals as THA evaluated and rated them in accordance with the technical and price factors specified in the RFP. It shall treat offerors fairly and equally with respect to any opportunity for negotiation and revision of their proposals.
- (b) THA shall not give an offeror any information about any other offeror's proposal, and shall not assist an offeror to bring its proposal up to the level of any other proposal.
- (c) THA may set a deadline for receipt of proposal revisions based on negotiations. If its negotiations are with two or more offerors, any such deadline shall apply to all such offerors.
- (d) Negotiations are exchanges (in either competitive or sole source environment) between THA and offerors that are undertaken with the intent of allowing the offeror to revise its proposal. These negotiations may include bargaining. Bargaining includes persuasion, alteration of assumptions and positions, give-and-take, and may apply to price, schedule, technical requirements, type of contract or other terms of a proposed contract.
- (e) When negotiations are conducted in a competitive acquisition, they take place after establishment of the competitive range and are called discussions.
- (f) Discussions are tailored to each offeror's proposal, and shall be conducted by the Contracting Officer with each offeror within the competitive range.

- (g) The primary object of discussions is to maximize THA's ability to obtain best value, based on the requirements and the evaluation factors set forth in the solicitation. The contracting officer shall indicate to, or discuss with, each offeror still being considered for award, significant weaknesses, deficiencies, and other aspects of its proposal (such as technical approach, past performance, and terms and conditions) that could, in the opinion of the contracting officer, be altered or explained to enhance materially the proposer's potential for award.
- (h) The scope and extent of discussions are a matter of the Contracting Officer's sole discretion, but proposals shall be considered to the maximum extent practical. The Contracting Officer may inform an offeror that THA considers its price to be too high, or too low, and reveal the results of the analysis supporting that conclusion. THA may also indicate to all offerors the cost or price that THA's price analysis, market research, and other reviews have identified as reasonable. "Auctioning" (revealing one offeror's price in an attempt to get another offeror to lower their price) is prohibited.

#### *7.6.8 Award*

After evaluation of the revised proposals, if any, THA shall award the contract to the responsible firm whose technical approach to the project, qualifications, price and/or any other factors considered, are most advantageous to THA provided that the price is within the maximum total project budgeted amount established for the specific property or activity.

#### *7.6.9 Cancellation of RFP*

THA may cancel a RFP (where applicable) in the same manner as an IFB is cancelled. See section 7.5.1(n).

### **7.7 Qualifications Based Selection (QBS)**

Qualifications Based Selection is used primarily to procure Architectural and Engineering Services (A&E). It is a specialized form of a Request for Qualifications.

#### *7.7.1 Qualification Based Selection*

The Housing Authority shall contract for Architectural and Engineering Services (A&E) services using Qualifications-Based Selection (QBS) procedures. This is a specialized form of a Request for Qualifications (RFQ). Sealed bidding shall not be used for A/E solicitations. Under QBS procedures, the Housing Authority does not consider price. It evaluates competitors' qualifications and selects the most qualified competitor, subject to negotiation of fair and reasonable compensation. Price is not used as a selection factor under this method. THA may not use QBS procedures to purchase other types of services.

#### *7.7.2 Publication*

THA shall publish in advance the requirement for such A&E services. It shall do so in the following places:

- (a) The News Tribune;
- (b) THA's web site;
- (c) Other places likely to elicit responsive and responsible proposals, including proposals likely to further THA's procurement principles in section 4.

THA may comply with this publication requirement by: publishing an announcement on each occasion when architect-engineer services are required; or announcing generally to the public once every three years its projected requirements for any category or type of architect-engineer services.

#### 7.7.3 *Content of Solicitation*

The announcement shall state at least the following information:

- (a) the general scope and nature of the project or work for which the services are required;
- (b) the factors THA will use to make its selection. Those factors will include the following:
  - (1) Evidence of the architect-engineer contractor's ability to perform the work, as indicated by profiles of the principals' and staff's professional and technical competence and experience and their facilities;
  - (2) Capability to provide professional services in a timely manner;
  - (3) Evidence that, where design work is involved, the architect-engineer contractor is currently registered in the State of Washington and carries Errors and Omissions insurance (if an architect-engineer contractor does not carry Errors and Omissions insurance, then any such contractor is disqualified from competition for the contract);
  - (4) Past performance in terms of cost control, quality of work, and compliance with performance schedule;
  - (5) Demonstrated knowledge of local building codes;
  - (6) Projected ability to further the purposes of this Policy, including the purposes related to hiring of low-income persons, use of small businesses, business owned by low-income persons and MWBE firms, and,
  - (7) Ability of the firm to further THA's procurement principles in section 4.
  - (8) the criteria for being a responsible bidder set forth in section 11;
  - (9) Other factors THA determines to be appropriate.

- (c) the appeals process for bid contest set forth in section 14.
- (d) the contact at THA who can provide further details.

THA shall encourage firms engaged in the lawful practice of their profession to submit **annually** a statement of qualifications and performance data.

#### *7.7.4 Evaluation:*

- (a) THA will evaluate current statements of qualifications and performance data on file with the agency, together with those that other firms may submit. With one or more firms of its choosing, THA may discuss anticipated concepts and the relative utility of alternative methods of approach for furnishing the required services. THA shall select a firm based upon criteria established by THA (including those listed below).
- (b) Using the evaluation factors stated in the solicitation, THA will rank architect-engineer contractors under the Qualifications-Based Selection method:
- (c) If there are fewer than three architect-engineer contractors to be evaluated for a proposed project, THA shall analyze and document the reasons for the limited number of contractors. Depending on the results of the analysis, THA may either issue a revised solicitation or proceed to evaluate the eligible architect-engineer contractor(s)

#### *7.7.5 Negotiation*

THA shall negotiate a contract with the most qualified firm for architectural and engineering services at a price which THA determines is fair and reasonable and which THA can afford. In these negotiations, THA may judge the estimated value (as opposed to just price) of the services to be rendered as well as the scope, complexity, and professional nature thereof.

#### *7.7.6 Termination of Negotiations*

If THA is unable to negotiate a satisfactory contract with the firm selected at a price the THA determines to be fair and reasonable and affordable, it will formally terminate negotiations with that firm. It may then select other firms in accordance with this policy and continue in accordance with this section until it reaches an agreement. It may also terminate the procurement.

#### *7.7.7 Piggybacking:*

- (a) THA may enter into a piggyback agreement for the joint utilization of architectural or engineering services if it complies with the piggybacking requirements listed above in Section 9.2.3(c) and in addition:

- (1) The host agency contracting with the architectural or engineering firm complies with the requirements for contracting for such services under chapter 39.80 RCW; in determining the host agency's compliance, THA may reasonably rely on its assurances; and,
  - (2) The services to be provided to THA are related to, and within the general scope of, the services the architectural or engineering firm was selected to perform.
- (b) The piggyback agreement must have a specifically detailed scope of work for the services to be shared and must be entered into *before* commencement of procurement of such services under chapter 39.80 RCW.

## **7.8 General Contractor/Construction Manager (GCCM)**

THA may use the General Contractor/Construction Manager procurement method when applicable and advantageous to THA. GCCM without federal dollars should use the CPARB approval process. THA will consult legal counsel when wishing to use the GCCM procurement method.

## **7.9 Piggybacking**

### *7.9.1 In General*

Under Chapter 39.34 RCW, local and state government agencies may make purchases of services, goods, or equipment (not construction), using another agency's purchasing contract, a process known as "piggybacking." Generally, smaller agencies piggyback on contracts awarded by larger "host" agencies, allowing the smaller agencies to save time and obtain better prices and terms than they might be able to on their own. THA may enter into agreements with State and/or local cooperative or intergovernmental entities (including those out of state so long the laws of such other state or of the United States permit such joint exercise or enjoyment), intergovernmental purchasing networks and associations to purchase or use common supplies, equipment, or services. The decision to use an interagency agreement instead of conducting a direct procurement shall be based on economy and efficiency. THA may use federal or state excess and surplus property instead of purchasing new equipment and property if feasible and if it will result in a reduction of project costs.

### *7.9.2 Board Resolutions*

Prior to executing a piggyback contract THA and the other public body (the host agency) shall each pass appropriate resolutions allowing for such an agreement. In addition, the vendor must agree to the arrangement, either through the initial solicitation documents or through a request after the fact from THA.

### *7.9.3 Compliance With Laws and Notices*

As a pre-condition to contracting, the host agency must be in compliance with all procurement laws applicable to its procurement. In addition, the host agency must have either (i) posted the bid or solicitation notice on a web site established and maintained by a public agency, purchasing cooperative, or similar service provider, for purposes of posting public notice of bid or proposal solicitations, or (ii) provided an access link on its website to the notice. The piggyback/Interlocal agreement itself must be posted on THA's website and, if required by its state's law, on the host's website. In determining the host agency's compliance with these requirements, THA may reasonably rely on the assurances of the host agency.

### *7.9.4 Terms of the PiggyBacking Agreement*

The piggyback agreement must specify the following:

- (a) its duration;
- (b) its purpose or purposes;
- (c) the permissible method or methods to be employed in accomplishing the partial or complete termination of the agreement and for disposing of property upon such partial or complete termination;
- (d) warranties provided;
- (e) delivery terms;
- (f) amount and methodology of payment;
- (g) the manner of acquiring, holding and disposing of real and personal property used in the joint or cooperative undertaking; and,
- (h) any other necessary and proper matters.

### *7.9.5 New Entity*

In the event THA intends to create a new entity through an interlocal/piggyback agreement, it should consult legal counsel.

### *7.9.6 Piggybacking with state agencies and the federal government is allowed, subject to specific requirements of those entities.*

### *7.9.7 Municipal Research and Services Center ("MRSC") facilitates various piggyback arrangements for consultant services. Piggyback agreements are frequently used for elevator service contracts.*

## **7.10 Exceptions to Competitive Procurement**

THA need not use the competitive procurement procedures set forth in section 7 in some limited circumstances as follows:

### *7.10.1 Emergency Procurements.*

(a) Application

In the event of an Emergency, THA is not required to follow competitive bidding requirements for public works, personal services, architectural and engineering services, and purchases. Other requirements under other laws may apply. .

(b) Definition

“Emergency” means unforeseen circumstances beyond the control of THA that either: (a) Present a real, immediate threat to the proper performance of essential functions; or (b) will likely result in material loss or damage to property, bodily injury, or loss of life if immediate action is not taken.

(c) Written Findings

If an emergency exists, the Executive Director or other person designated by THA to act in the event of an emergency may declare an emergency situation exists, waive competitive bidding requirements, and award all necessary contracts on behalf of THA to address the emergency situation. If a contract is awarded without competitive bidding due to an emergency, a written finding of the existence of an emergency must be made by THA and duly entered of record no later than two weeks following the award of the contract in accordance with Section 8.0.

*7.10.2 Other Exceptions to Public Bidding/Competitive Proposals.*

In addition to emergency procurements, THA is not required to follow competitive bidding requirements in the following cases:

(a) Procurement Funded Wholly or Partly with State Dollars:

- (1) purchases that are clearly and legitimately limited to a single source of supply;
- (2) purchases involving special facilities or market conditions; or,
- (3) purchases of insurance or bonds.

(b) Procurements Funded Entirely with Federal Dollars

- (1) HUD authorizes the use of noncompetitive proposals; or
- (2) after solicitation of a number of sources, THA determines that the competition is inadequate.

*7.10.3 Justification*

The Executive Director of THA, or his or her designee, shall justify in writing each noncompetitive procurement. Poor planning or lack of planning should not be an adequate justification for emergency or sole-source procurements although THA is not obliged to make an emergency worse by using a procurement method that does not address the situation. The justification, to be included in the procurement file, should include the following information:



- (a) description of the requirement;
- (b) history of prior purchases and their nature (competitive vs. noncompetitive);
- (c) the specific exception above which applies;
- (d) statement as to the unique circumstances that require award by noncompetitive proposals;
- (e) description of the efforts made to find competitive sources (advertisement in trade journals or local publications, phone calls to local suppliers, issuance of a written solicitation, etc.);
- (f) statement as to efforts that will be taken in the future to promote competition for the requirement;
- (g) signature by the Executive Directors or his/her designee (or someone above the level of the Contracting Officer); and,
- (h) the reasonableness of the price for all procurements based on noncompetitive proposals shall be determined by performing an analysis, as described in this Policy.

## 8.0 CHOOSING METHOD FOR PROCUREMENT

As Section 7 discusses, THA has various methods of procurement available to use. Their availability to THA vary depending on whether THA is procuring for itself or for another entity, the source of the funding for the project, the dollar value of the contract, and the type of service the procurement seeks. This chart summarizes the available choices for various procurement types and amounts:

Contract Funding, Type and Amount	Petty Cash	Micro Purchase Procedures	Small Purchase Procedures	Small Works or Services Roster (either THA's or that of other's through piggybacking)	IFB	RFP (including GCCM with federal dollars, but no CPARB approval needed)	QBS	GCCM (without Federal Dollars use with CPARB approval)	Piggy Back [A1]
See Section	7.1	7.2	7.3	7.4	7.5	7.6	7.7	7.8	7.9
<b>Construction: Public Works (Section 8.1)</b>									
• With some federal funds									
< \$35,000				✓					
≤ \$150,000				✓	✓	✓			
> \$150,000					✓	✓		[A2]	
• With no federal funds									
< \$300,000				✓	✓				
> \$300,000					✓	[A3]		✓	
<b>Construction: Non-Public Works (Section 8.2)</b>									
≤ \$35,000				✓					
• With no federal funds									
< \$300,000				✓	✓	✓			
> \$300,000					✓	✓		[A4]	
<b>Goods, Personal Services &amp; Equipment (Section 8.3)</b>									
< \$ 150	✓								
≤ \$ 3,000		✓							
≤ \$ 150,000			✓	✓					
\$150,000 - \$300,000				✓	✓	✓			✓
> \$300,000					✓	✓		[A5]	✓
Architectural and Engineering (Section 8.4)							✓		✓
Building Engineering Systems and Performance Based Contracts for Water Conservation,					✓	✓			✓

Solid Waste Reduction and Energy Equipment (Section 8.5)									
Electronic Data Processing and Telecommunications Systems (Section 8.6)					✓	✓			✓
Third Party Property Managers (Section 8.7)					✓	✓			✓

## 8.1 Construction: Public Works

### 8.1.1 Methods for Public Works Procurement

Public works procurement may use the following methods:

Contract Funding, Type and Amount	Petty Cash	Micro Purchase Procedures	Small Purchase Procedures	Small Works or Services Roster (either THA's or that of other's through piggybacking)	IFB	RFP (including GCCM with federal dollars, but no CPARB approval needed)	QBS	GCCM (without Federal Dollars use with CPARB approval)	Piggy Back [A6]
See section	7.1	7.2	7.3	7.4	7.5	7.6	7.7	7.8	7.9
<b>Construction: Public Works</b>									
• With some federal funds									
< \$35,000				✓					
≤ \$150,000				✓	✓	✓			
> \$150,000					✓	✓			
• With no federal funds									
< \$300,000				✓	✓				
> \$300,000					✓	[A7]		✓	

### 8.1.2 Definition of Public Works

#### (a) What a Public Work Is:

The following types of work are public work unless exempted by the exclusions that show below in section 8.1.2(b):

- (1) All work, construction, alteration, enlargement, improvement, repair, and/or demolition that is executed by contract, purchase order, or any other legal agreement and that is executed at the cost of the state of Washington (including at THA's cost) or of any municipality. Accordingly, any such project that is funded by a grant of any public body of the state of Washington is a public work, including those projects so funded by and performed by Separate Entities.
- (2) Any project is a public work if it is funded with a loan made by any public body of the state of Washington that either (a) is not a Housing Trust Fund Loan as provided in Department of Commerce Memorandum dated July 12, 2016, or (b) does **not** meet the following minimum loan requirements:
  - (i) Provide for 1% interest, compounding;
  - (ii) Payments can be deferred for the initial 29 years, but interest accrues during this time;
  - (iii) In year 20, the accrued interest is added to the principal and the loan is amortized over the remaining 30 years of the loan term;
  - (iv) Starting in year 20, the borrower must make (at a minimum) interest payments based on this amortization that is done in year 20; and,
  - (v) Balloon payment in year 50 at maturity.

**Note:** If a loan does meet these requirements, under Department of Labor & Industries informal opinion, prevailing wages will not be required. But, this informal opinion may be revoked at any time and this approach/test has never been judicially approved.
- (3) All work, construction, alteration, enlargement, improvement, repair, and/or demolition which, by law, constitutes a lien or charge on any property of the state or of a municipality;
- (4) Maintenance when performed by contract (i.e., by a vendor) on properties owned or leased by THA in its own name. Maintenance is defined as keeping existing facilities in good usable, operational condition and includes landscaping;
- (5) Janitorial and building service maintenance as defined by WAC 296-127-023, when performed by contract, on public buildings and/or assets. This covers only work performed by janitors, waxers, shampooers, and window cleaners; and,

- (6) The fabrication and/or manufacture of nonstandard items produced by contract specifically for a public works project;
  - (7) All work, construction, alteration, repair, or improvement, other than ordinary maintenance, performed by a private party that THA (together with any other public body) negotiates through a contract to rent, lease, or purchase **and** that contracted work constitutes **at least** fifty percent or more of the entire project being performed by the private party.
- (b) A “public work” is **not** any of the following:
- (1) Work, construction, alteration, enlargement, improvement, repair, demolition, and/or maintenance, for which no wage or salary compensation is paid i.e., work completed by a volunteer);
  - (2) Ordinary maintenance, which is defined as work not performed by contract and that is performed on a regularly scheduled basis (e.g., daily, weekly, monthly, seasonally, semiannually, but not less frequently than once per year), to service, check, or replace items that are not broken; or work not performed by contract that is not regularly scheduled but is required to maintain the asset so that repair does not become necessary;
  - (3) All work, construction, alteration, repair, or improvement, other than ordinary maintenance, performed by a private party that THA (together with any other public body) negotiates through a contract to rent, lease, or purchase and that work constitutes less than fifty percent of the entire project being performed;
  - (4) All work, construction, alteration, repair, improvement, and ordinary maintenance, that is funded entirely without any dollars of a Washington public entity, and THA is not a party to the contract.
  - (5) Loans and Grants by a City or Town (RCW 35.21.685). Housing constructed with loans or grants made under RCW 35.21.685 shall not be considered public works or improvements subject to competitive bidding or a purchase of services subject to the prohibition against advance payment for services: **PROVIDED**, That whenever feasible the borrower or grantee shall make every reasonable and practicable effort to utilize a competitive public bidding process. Counsel must be consulted in securing the appropriate loans or grants.

Under RCW 35.21.685, a city or town may assist in the development or preservation of publicly or privately owned housing for persons of low income by providing loans or grants of general municipal funds to the owners or developers of the housing. The loans or grants shall be authorized by the legislative authority of the city or town. They may be made to finance all or a portion of the cost of construction, reconstruction, acquisition, or rehabilitation of housing that will be occupied by a person or family of low income. As used in this Section, "low income" means income that does not exceed eighty percent of the median income for the standard metropolitan statistical area in which the city or town is located.

**8.1.3 Large Public Works: Additional Requirements**  
(>\$300,000 for Non-Federally Funded Projects ;)  
(>\$150,000 for Federally Funded Projects)

In addition to the requirements in section 7, all public works projects that do not meet the requirements of the Small Works Roster (and Limited Works Roster) are subject to the requirements of this section.

(a) Pre-construction Approval Requirements.

- (1) Whenever THA determines that a public work is necessary, it shall cause plans and/or specifications and an estimate of the cost of such work to be made and presented to the Board.
- (2) The plans, specifications, and estimates of cost must be approved by the Board and the original draft or a certified copy filed in the project file before further action is taken. Whenever plans and specifications shall have been filed, the work to be done shall be executed in accordance with such plans and specifications unless supplemental plans and specifications of the alterations to be made therein shall be made and filed in the office where the original plans and specifications are filed.
- (3) If later during construction the probable cost of executing such work in accordance with the supplemental plans and specifications shall be increased or decreased from the estimated cost as shown by the original estimate to an amount in excess of ten percent of such estimate, then a supplemental estimate shall be made of the increased or decreased cost of executing the work in accordance with the supplemental plans and specifications and filed in the original file.

- (4) Original cost estimates must be created and show in detail the estimated cost of the work; the estimated quantities of each class of work; the estimated unit cost for each class; the estimated total cost for each class; the time limit, allowed for the completion of the work and the estimated dates of commencement and completion.

(b) Certified Copy of Engineers' Certificate Must be Filed

- (1) Within sixty days after the completion of the work, THA shall file a certified account by the Executive Director or his or her designee, a certified account of the costs of executing such work. (The filing goes to the same place as the original plans and specifications.)
- (2) The engineer or other officer having charge of the execution of such work shall execute a certificate which shall be attached to and filed with such certified account, certifying that such work was executed in accordance with the plans and specifications on file and the times of commencement and completion of such work. If the work is not in accordance with such plans and specifications he or she shall set forth the manner and extent of the variance therefrom.

*8.1.4 Procurement of Recovered Materials*

THA and its contractors must comply with Section 6002 of the Solid Waste Disposal Act, as amended by the Resource Conservation and Recovery Act. The requirements of Section 6002 include procuring only items designated in guidelines of the Environmental Protection Agency (EPA) at 40 C.F.R. part 247 that contain the highest percentage of recovered materials practicable, consistent with maintaining a satisfactory level of competition, where the purchase price of the item exceeds \$10,000 or the value of the quantity acquired during the preceding fiscal year exceeded \$10,000; procuring solid waste management services in a manner that maximizes energy and resource recovery; and establishing an affirmative procurement program for procurement of recovered materials identified in the EPA guidelines.

*8.1.5 Public Works Bonding and Retainage Requirements*

All public works projects are subject to the bonding and retainage requirements of this section.

(a) Bid Bonds

For construction contracts exceeding the Simplified Acquisition Threshold, bidders shall be required to submit a bid guarantee from each bidder equivalent to 5% of the bid price (not required for Small Works Roster).

(b) Performance and Payment Bonds

A “performance bond” is one executed in connection with a contract to secure fulfillment of all the contractor’s obligations under such contract. 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. The following bond requirements shall apply:

- (1) Except for public works contracts costing less than \$150,000, the successful bidder shall furnish performance and payment bonds, each, for 100% or more of the contract price.
- (2) For public works projects which cost less than \$150,000, THA may, in lieu of the performance and payment bond, retain ten percent of the contract amount for a period of thirty days after date of final acceptance, or until receipt of all necessary releases from the department of revenue, the employment security department, and the department of labor and industries and settlement of any liens filed under chapter 60.28 RCW, whichever is later.

**Note:** While accepting 10% retainage is an option, it usually will expose THA to greater risk than accepting a payment and performance bond.

- (3) These bonds must be obtained from guarantee or surety companies acceptable to the U.S. Government and authorized to do business in the State of Washington. Individual sureties shall not be considered. U.S. Treasury Circular Number 570 lists companies approved to act as sureties on bonds securing Government contracts, the maximum underwriting limits on each contract bonded, and the States in which the company is licensed to do business. Use of companies on this circular is mandatory.

(c) Retainage Bonds

The contractor may elect to procure a retainage bond in lieu of withholding 5% retainage as required below.

(d) Retainage

Unless a retainage bond has been secured or THA has chosen to accept 10% retainage in lieu of a performance and payment bond, THA must reserve a contract retainage not to exceed five percent of the moneys earned by the contractor as a trust fund for the protection and payment of: (i) The claims of any person arising under the contract; and (ii) the state with respect to taxes, increases, and penalties imposed pursuant to Titles 50, 51, and 82 RCW which may be due from such contractor. The following rules apply:



- (1) Every person performing labor or furnishing supplies toward the completion of a public improvement contract has a lien upon moneys reserved by THA under the provisions of a public improvement contract. However, the notice of the lien of the claimant must be given within forty-five days of completion of the contract work, and in the manner provided in RCW 39.08.030.
- (2) The contractor at any time may request the contract retainage be reduced to one hundred percent of the value of the work remaining on the project as follows:
  - (i) After completion of all contract work other than landscaping, the contractor may request that THA release and pay in full the amounts retained during the performance of the contract, and sixty days thereafter THA must release and pay in full the amounts retained (other than continuing retention of five percent of the moneys earned for landscaping) subject to the provisions of chapters 39.12 and 60.28 RCW.
  - (ii) Sixty days after completion of all contract work THA must release and pay in full the amounts retained during the performance of the contract subject to the provisions of chapters 39.12 and 60.28 RCW, including the right to withhold for certain THA losses.
- (3) At any time prior to final formal acceptance of the project, a subcontractor may request the contractor to submit a bond to the public owner for that portion of the contractor's retainage pertaining to the subcontractor in a form acceptable to the public body and from a bonding company meeting standards established by the public body. The contractor may withhold the subcontractor's portion of the bond premium. Within thirty days of receipt of the request, the contractor shall provide and the public body shall accept a bond meeting these requirements unless the public body can demonstrate good cause for refusing to accept it, the bond is not commercially available, or the subcontractor refuses to pay the subcontractor's portion of the bond premium and to provide the contractor with a like bond..
- (4) The moneys reserved by THA, at the option of the contractor, must be:
  - (i) Retained in a fund by THA;

- (ii) Deposited by THA in an interest bearing account in a bank, mutual savings bank, or savings and loan association. Interest on moneys reserved by THA under the provision of a public improvement contract must be paid to the contractor;
  - (iii) Placed in escrow with a bank or trust company by THA. When the moneys reserved are placed in escrow, THA must issue a check representing the sum of the moneys reserved payable to the bank or trust company and the contractor jointly. This check must be converted into bonds and securities chosen by the contractor and approved by THA and the bonds and securities must be held in escrow. Interest on the bonds and securities must be paid to the contractor as the interest accrues.
- (5) The contractor or subcontractor may withhold payment of not more than five percent from the moneys earned by any subcontractor or sub-subcontractor or supplier contracted with by the contractor to provide labor, materials, or equipment to the public project. Whenever the contractor or subcontractor reserves funds earned by a subcontractor or sub-subcontractor or supplier, the contractor or subcontractor must pay interest to the subcontractor or sub-subcontractor or supplier at a rate equal to that received by the contractor or subcontractor from reserved funds.
- (6) If after a substantial portion of the work has been completed, THA finds that an unreasonable delay will occur in the completion of the remaining portion of the contract for any reason not the result of a breach thereof, it may, if the contractor agrees, delete from the contract the remaining work and accept as final the improvement at the stage of completion then attained and make payment in proportion to the amount of the work accomplished and in this case any amounts retained and accumulated under this Section must be held for a period of sixty days following the completion. In the event that the work is terminated before final completion as provided in this Section, THA may thereafter enter into a new contract with the same contractor to perform the remaining work or improvement for an amount equal to or less than the cost of the remaining work as was provided for in the original contract without advertisement or bid. The provisions of this chapter are exclusive and supersede all provisions and regulations in conflict herewith.

## 8.2 Construction: Non-Public Works

Non-public works procurement for Construction projects may use the following methods:

Contract Funding, Type and Amount	Petty Cash	Micro Purchase Procedures	Small Purchase Procedures	Small Works or Services Roster (either THA's or that of other's through piggybacking)	IFB	RFP (including GCCM with federal dollars, but no CPARB approval needed)	QBS	GCCM (without Federal Dollars use with CPARB approval)	Piggy Back [A8]
<i>See section</i>	<i>7.1</i>	<i>7.2</i>	<i>7.3</i>	<i>7.4</i>	<i>7.5</i>	<i>7.6</i>	<i>7.7</i>	<i>7.8</i>	<i>7.9</i>
<b>Construction: Non-Public Works</b>									
≤ \$35,000				✓					
• With no federal funds									
< \$300,000				✓	✓	✓			
> \$300,000					✓	✓			

## 8.3 Goods, Personal Services (Except Architectural and Engineering Services), and Equipment.

Procurement for goods and personal services may use the following methods:

Contract Funding, Type and Amount	Petty Cash	Micro Purchase Procedures	Small Purchase Procedures	Small Works or Services Roster (either THA's or that of other's through piggybacking)	IFB	RFP (including GCCM with federal dollars, but no CPARB approval needed)	QBS	GCCM (without Federal Dollars use with CPARB approval)	Piggy Back [A9]
<i>See section</i>	<i>7.1</i>	<i>7.2</i>	<i>7.3</i>	<i>7.4</i>	<i>7.5</i>	<i>7.6</i>	<i>7.7</i>	<i>7.8</i>	<i>7.9</i>
<b>Goods, Personal Services &amp; Equipment</b>									
< \$ 150	✓								
≤ \$ 3,000		✓							
≤ \$ 150,000			✓	✓					
\$150,000 - \$300,000				✓	✓	✓			✓
> \$300,000					✓	✓			✓

#### 8.4 Architectural and Engineering Services: (QBS)

THA will use the Qualification Based Selection or piggyback method to procure architectural and Engineering services.

Contract Funding, Type and Amount	Petty Cash	Micro Purchase Procedures	Small Purchase Procedures	Small Works or Services Roster (either THA's or that of other's through piggybacking)	IFB	RFP (including GCCM with federal dollars, but no CPARB approval needed)	QBS	GCCM (without Federal Dollars use with CPARB approval)	Piggy Back [A10]
<i>See section</i>	<i>7.1</i>	<i>7.2</i>	<i>7.3</i>	<i>7.4</i>	<i>7.5</i>	<i>7.6</i>	<i>7.7</i>	<i>7.8</i>	<i>7.9</i>
Architectural and Engineering (Section 8.3)							✓		✓

#### 8.5 Building Engineering Systems and Performance Based Contracts for Water Conservation, Solid Waste Reduction, and Energy Equipment

THA may use either the Invitation for Bids, the Request for Proposal or the piggybacking methods to procure building Engineering Systems and Performance Based Contracts for Water Conservation, Solid Waste Reduction, and Energy Equipment.

Contract Funding, Type and Amount	Petty Cash	Micro Purchase Procedures	Small Purchase Procedures	Small Works or Services Roster (either THA's or that of other's through piggybacking)	IFB	RFP (including GCCM with federal dollars, but no CPARB approval needed)	QBS	GCCM (without Federal Dollars use with CPARB approval)	Piggy Back [A11]
<i>See section</i>	<i>7.1</i>	<i>7.2</i>	<i>7.3</i>	<i>7.4</i>	<i>7.5</i>	<i>7.6</i>	<i>7.7</i>	<i>7.8</i>	<i>7.9</i>
Building Engineering Systems and Performance Based Contracts for Water Conservation, Solid Waste Reduction and Energy Equipment (Section 8.4)					✓	✓			✓

Here are some additional details specific to procuring these systems and contracts.

### 8.5.1 Definitions:

- (a) **"Building engineering systems"** means those systems where contracts for the systems customarily have been awarded with a requirement that the contractor provide final approved specifications, including fire alarm systems, building sprinkler systems, pneumatic tube systems, extensions of heating, ventilation, or air conditioning control systems, chlorination and chemical feed systems, emergency generator systems, building signage systems, pile foundations, and curtain wall systems.
- (b) **"Energy equipment and services"** means energy management systems and any equipment, materials, or supplies that are expected, upon installation, to reduce the energy use or energy cost of an existing building or facility, and the services associated with the equipment, materials, or supplies, including but not limited to design, engineering, financing, installation, project management, guarantees, operations, and maintenance. Reduction in energy use or energy cost may also include reductions in the use or cost of water, wastewater, or solid waste.
- (c) **"Performance-based contract"** means one or more contracts for water conservation services, solid waste reduction services, or energy equipment and services between a municipality and any other persons or entities, if the payment obligation for each year under the contract, including the year of installation, is either: (a) set as a percentage of the annual energy cost savings, water cost savings, or solid waste cost savings attributable under the contract; or (b) guaranteed by the other persons or entities to be less than the annual energy cost savings, water cost savings, or solid waste cost savings attributable under the contract.

### 8.5.2 The IFB or RFP

THA may award contracts of any value for the design, fabrication, and installation of building engineering systems or performance based contracts for water conservation, solid waste reduction or energy equipment by either of the following methods:

- (a) Using a competitive bidding process or RFP process as discussed in Section 7 where bidders are required to provide final specifications and a bid price for the design, fabrication, and installation of building engineering systems, with the final specifications being approved by an appropriate design, engineering, and/or public regulatory body; or,
- (b) Using a competitive bidding process where bidders are required to provide final specifications for the final design, fabrication, and installation of building engineering systems as part of a larger project with the final specifications for the building engineering systems portion of the project being approved by an appropriate design, engineering, and/or public regulatory body.

## 8.6 Electronic Data Processing and Telecommunications Systems

THA may use either the IFB or the Request for Proposal or a piggybacking option to procure an electronic data processing or telecommunication system

Contract Funding, Type and Amount	Petty Cash	Micro Purchase Procedures	Small Purchase Procedures	Small Works or Services Roster (either THA's or that of other's through piggybacking)	IFB	RFP (including GCCM with federal dollars, but no CPARB approval needed)	QBS	GCCM (without Federal Dollars use with CPARB approval)	Piggy Back [A12]
See section	7.1	7.2	7.3	7.4	7.5	7.6	7.7	7.8	7.9
Electronic Data Processing and Telecommunications Systems (Section 8.5)					✓	✓			✓

## 8.7 Third Party Property Managers and Their Procurements

THA may procure third party property managers using a RFP or a piggybacking option.

Contract Funding, Type and Amount	Petty Cash	Micro Purchase Procedures	Small Purchase Procedures	Small Works or Services Roster (either THA's or that of other's through piggybacking)	IFB	RFP (including GCCM with federal dollars, but no CPARB approval needed)	QBS	GCCM (without Federal Dollars use with CPARB approval)	Piggy Back [A13]
See section	7.1	7.2	7.3	7.4	7.5	7.6	7.7	7.8	7.9
Third Party Property Managers (Section 8.6)					✓	✓			✓

### 8.7.1 Services of Property Managers

Procurement of Professional Services Agreements with Property Managers will conform to the procurement method for personal services in Section 8.3.

### 8.7.2 Repairs and Maintenance at THA Properties

Third party property managers contracting directly with vendors for repair and maintenance services must comply with the Small Public Works Roster provisions of Section 7.4 and annually file an affidavit and intent with the Department of Labor and Industries. If THA is a party to such contracts, it must procure the services through the Small Public Works Roster provisions of Section 7.4, and it must file the required intent and affidavit forms with the Department of Labor and Industries, provided that Davis-Bacon may apply to federally funded contracts.

- 8.7.3 *Repairs and Maintenance at LLLP Properties, LLC Properties and LP Properties*  
For repairs and maintenance services at LLLP Properties, THA as agent for the LLLP should determine first whether the project is a public work as defined in Section 8.1. If the project is federally funded, it may trigger Davis-Bacon wage rates. If the project is a public work, follow the same process outlined in Section 9.0. If the project is not a public work, prevailing wages do not apply and no intents or affidavits are necessary.

## **9.0 PREVAILING WAGES**

- 9.1** Prior to procuring a contractor for construction, repair or maintenance work, THA will determine what prevailing wages it will require the contractor to pay, as this may greatly affect pricing. This section will govern that determination.
- 9.2** When performing certain construction, repair, or maintenance work, THA or Separate Entity is required by law to pay to workers, laborers, and mechanics and others a minimum wage. Such minimum wages may be State prevailing wages (established by Washington’s Department of Labor & Industries), HUD-determined wages, federal Davis-Bacon prevailing wages (established by the Department of Labor), or the higher of either of these state or federal wages, unless the federal wages pre-empt the state wages.
- 9.3** THA has determined as a matter of its own policy that the payment of a minimum wage to workers, laborers and mechanics is important when feasible. Accordingly, THA and Separate Entities will voluntarily pay minimum wages to workers, laborers, and mechanics, using the Washington State Department of Labor and Industries’ **residential wage rates, on all new construction projects**, when feasible (as determined in THA’s sole discretion), even when there is no legal requirement to pay a minimum prevailing wage. The filing of Intent to Pay Prevailing Wages and Affidavits of Wages Paid with the Department of Labor and Industries is not required in such instances, but THA must ensure its contracts for such work include audit rights of the contractor’s accounts and records to confirm residential rates have been duly paid.
- 9.4 State Prevailing Wages**  
Workers, laborers, and mechanics must be paid, at a minimum, the prevailing rate of wages, as determined by the Department of Labor and Industries, when performing a “**public work**” except when the federal David-Bacon wages pre-empt state prevailing wages. See Section 8.1.2 for the definition of “Public Work”.
- 9.5 Davis-Bacon Wages (and related requirements) and HUD-Determined Wages**  
The following are the most common funding mechanisms used by THA where Davis-Bacon wages apply.

#### 9.5.1 *Public Housing*

Irrespective of the funding source, Davis-Bacon wages must be paid to all laborers and mechanics, including to THA's own employees, employed in the construction (including adding accessibility modifications) and repair of public housing, if the work costs over \$2,000 (Davis-Bacon threshold amount). In addition, HUD-determined wages must be paid for all maintenance of public housing and to designers involved in the "development" of public housing, which includes design work related to substantial repairs.

#### 9.5.2 *Project-Based Vouchers (PBV, including RAD PBV)*

Davis-Bacon wages must be paid for the development (including substantial repairs) of a project that is occupied within eighteen months of the effective date of a new Housing Assistance Payment contract for the project-basing of THA vouchers into **nine** or more units.

#### 9.5.3 *Housing and Community Development Block Grant (CDBG)*

CDBG loan proceeds used to finance "construction work", in whole or in part, on a rehabilitation or new construction project containing **eight** or more residential units triggers an obligation to pay Davis-Bacon wages to the laborers of the contractors and subcontractors, even when they are working on units not funded by CDBG. THA's own employees do not have to be paid such wages.

CDBG loans used to finance acquisition of land, the procurements of design services and non "construction work" (e.g., acquisition of land) do **not** trigger Davis-Bacon requirements.

#### 9.5.4 *HOME Investment Partnership Act*

Davis-Bacon is applicable to contracts for the construction of affordable housing with **twelve** or more HOME-assisted units. Unlike CDBG, applicability depends on how many HOME-assisted units are under the contract as opposed to the number of total units within the entire property. In addition, unlike CDBG, Davis-Bacon is triggered whether or not the assistance pays for "construction work" or other development activities (such as acquisition and design services). Once Davis-Bacon is triggered, all laborers of the contractors and subcontractors must be paid Davis-Bacon wages, even when working on units not funded by HOME.

### 9.6 **Payment When Both State Prevailing Wages and Federal Wages Apply**

When a public works project is subject to both Washington State prevailing wage laws *and* the Federal Davis-Bacon and related acts, the contractor and every subcontractor on that project must pay the higher of the two applicable rates to its workers, laborers and mechanics. **Exception.** With respect to work on public housing, Davis-Bacon and HUD-determined rates preempt state law and therefore Washington state prevailing rates will not apply if they are higher.



## **10.0 ASSISTANCE TO SMALL AND OTHER BUSINESSES (MWBE)**

### **10.1 Definitions**

*10.1.1* A **small business** is defined as a business that 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 C.F.R. § 121 should be used to determine business size.

*10.1.2* A **minority-owned business** is defined as a business which is at least 51% owned by one or more minority group members; 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 members, and whose management and daily business operations are controlled by one or more such individuals. Minority group members include, but are not limited to Black Americans, Hispanic Americans, Native Americans, Asian Pacific Americans, Asian Indian Americans, and Hasidic Jewish Americans.

*10.1.3* A **women's business enterprise** is defined as a business that is at least 51% owned by a woman or women who are U.S. citizens and who control and operate the business.

*10.1.4* A **"Section 3 business concern"** is defined under 24 C.F.R. § 135.

*10.1.5* 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 DOL in 20 C.F.R. § 654, Subpart A, and in the list of labor surplus areas published by the Employment and Training Administration.

### **10.2 Required Efforts**

Consistent with Presidential Executive Orders 11625, 12138, and 12432, and Section 3 of the HUD Act of 1968, THA shall make all feasible efforts, and shall require its contractors and their subcontractors to make all feasible efforts, to ensure that small and minority-owned businesses, women's business enterprises, and other individuals or firms located in or owned in substantial part by persons residing in the area of THA projects are used when possible. Such efforts shall include, but shall not be limited to:

- Including such firms, when qualified, on solicitation mailing lists;
- Encouraging their participation through direct solicitation of bids or proposals whenever they are potential sources;
- Dividing total requirements, when economically feasible, into smaller tasks or quantities to permit maximum participation by such firms;
- Establishing delivery schedules, where the requirement permits, which encourage participation by such firms;

- Using the services and assistance of the Washington State Office of Minority and Women's Business Enterprises, the Northwest Minority Business Council, the Women's Business Enterprise National Council, Small Business Administration, and the Minority Business Development Agency of the Department of Commerce;
- Including in contracts, to the greatest extent feasible, a clause requiring contractors, 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 provide opportunities to low-income residents, as described in 24 C.F.R. § 135 (so-called Section 3 businesses); and,
- Encouraging prime contractors, when subcontracting is anticipated, to take the positive steps listed above and considering a contractor's ability to do that as a factor in assessing the responsiveness and competitiveness of any proposal.

## **11.0 CONTRACTOR QUALIFICATIONS/DISBARMENT/INELIGIBILITY.**

All procurements must fulfill the following requirements.

### **11.1 Winning Bidders Must Be Responsible**

#### *11.1.1 Responsibility Required*

THA shall not award any contract until it determines that the prospective contractor is responsible.

#### *11.1.2 Definition of Being a Responsible Bidder:*

Being a responsible bidder/offeree means satisfying at least the following criteria:

- does not discriminate on the basis of race, color, ethnicity, national origin, sex, gender identity, sexual orientation, disability, marital status, familial status or veteran status.
- have adequate financial resources to perform the contract, or the ability to obtain them;
- be able to comply with the required or proposed delivery or performance schedule, taking into consideration all of the bidder's/offeree's existing commercial and governmental business commitments;
- have a satisfactory performance record;
- have a satisfactory record of integrity and business ethics;
- have the necessary organization, experience, accounting and operational controls, and technical skills, or the ability to obtain them;

(g) have the necessary production, construction, and technical equipment and facilities, or the ability to obtain them.

(h) Public Works:

Being a responsible bidder for a public works procurement also means the following:

- (1) Before THA awards a public works contract, a bidder must submit to the Housing Authority a signed statement in accordance with RCW 9A.72.085 verifying under penalty of perjury that the bidder has not willfully violated, as defined in RCW 49.48.082, any provision of chapter 49.46, 49.48, or 49.52 RCW.32 (minimum wage, labor standards).
- (2) In addition, before award of a public works contract, a bidder must be otherwise qualified and eligible to receive an award under applicable laws and regulations, including not be suspended or disbarred under federal or state law (RCW 39.06.010 or 39.12.06A5(3)).
- (3) At the time of bid submittal, have a certificate of registration in compliance with chapter 18.27 RCW;
- (4) Have a current state unified business identifier number;
- (5) If applicable, have industrial insurance coverage for the bidder's employees working in Washington as required in Title 51 RCW; an employment security department number as required in Title 50 RCW; and a state excise tax registration number as required in Title 82 RCW;
- (6) If the bidding on a public works project is subject to the apprenticeship utilization requirements in RCW 39.04.320, not have been found out of compliance by the Washington state apprenticeship and training council for working apprentices out of ratio, without appropriate supervision, or outside their approved work processes as outlined in their standards of apprenticeship under chapter 49.04 RCW for the one-year period immediately preceding the date of the bid solicitation.
- (7) Within the three-year period immediately preceding the date of the bid solicitation, not have been determined by a final and binding citation and notice of assessment issued by the department of labor and industries or through a civil judgment entered by a court of limited or general jurisdiction to have willfully violated, as defined in RCW 49.48.082, any provision of chapter 49.46, 49.48, or 49.52 RCW.32.

### *11.1.3 Supplemental Criteria of Responsibility*

- (a) THA may create additional contractor criteria defining responsibility, typically referred to as supplemental bidder criteria.
- (b) In a timely manner before the bid submittal deadline, a potential bidder may request that THA modify the supplemental criteria. THA must evaluate the information submitted by the potential bidder and respond before the bid submittal deadline. If the evaluation results in a change of the criteria, THA must issue an addendum to the bidding documents identifying the new criteria.

## **11.2 Process for Determining Responsibility of Bidder**

*11.2.1* If the bidder fails to supply information requested concerning responsibility within the time and manner specified in the bid documents, THA may base its determination of responsibility upon any available information related to the criteria or may find the bidder not responsible.

*11.2.2* If THA finds a prospective contractor to be non-responsible, it shall state its finding in writing providing the reasons for the finding. It shall include the writing in the official contract file.

*11.2.3* THA shall give the prospective contractor in question the following:

- (a) copy of the written determination of non-responsibility;
- (b) criteria defining responsibility (which should be in the solicitation);
- (c) the process for contesting the determination, with deadlines for doing so. The original solicitation shall also contain this information.

### *11.2.4 Appeal of Determination of Non-Responsibility*

If the bidder appeals a determination of non-responsibility in a timely and appropriate way under the procedures for doing so, THA must consider the additional information before issuing its final determination. If the final determination affirms that the bidder is not responsible, THA may not execute a contract with any other bidder until two business days after the bidder determined to be not responsible has received the final determination.

## **11.3 Suspension and Debarment**

*11.3.1* Prior to issuance of a contract, THA shall, as detailed within Section 10.2.H.1 and 10.2.H.2 of HUD Procurement Handbook 7460.8 REV 2, conduct the required searches within the HUD Limited Denial of Participation (LDP) system and the U.S. General Services Administration System for Award Management (SAM) and place within the applicable contract file a printed copy of the results of each such search.

11.3.2 Contracts shall not be awarded to debarred, suspended, or ineligible contractors. Contractors may be suspended, debarred, or determined to be ineligible by HUD in accordance with HUD regulations (2 C.F.R. § 200.317 through § 200.326), by other federal agencies, e.g., Department of Labor for violation of labor regulations, when necessary to protect housing authorities in their business dealings, or by state law. RCW 39.06.010 or 39.12.065(3).

11.3.3 THA shall not award any contract to a contractor on the debarred contractor list created by the Washington State Department of Labor & Industries.

#### **11.4 Ineligibility of Firms Who Helped Prepare the Solicitation**

Contractors that develop or draft specifications, requirements, statements of work, or invitations for bids or requests for proposals must be excluded from competing for the procurement for the proposals they worked on.

### **12.0 RESTRICTED CONTRACTS, CONTENT OF CONTRACTS, CONTRACT ADMINISTRATION**

#### **12.1 Restriction on Contract Pricing Arrangements**

##### *12.1.1 Application*

The following are requirements for all construction contracts (Public works, federally-funded but not public works, and private construction).

##### *12.1.2 Restricted Contract Types*

(a) Cost Plus a Percentage of Cost Contract

THA may use contracts paying cost plus a percentage of costs, but only if THA includes in the contract file a written determination as to why no other contract type is suitable. Further, the contract must include a ceiling price that the contractor exceeds at its own risk.

(b) Time and Materials Contracts

THA may use a time and materials type contract only after its determination that no other contract is suitable and if the contract includes a ceiling price that the contractor exceeds at its own risk. Time and materials type contract means a contract whose cost to THA is the sum of the following:

- (1) The actual cost of materials; and,
- (2) Direct labor hours charged at fixed hourly rates that reflect wages, general and administrative expenses, and profit.

Since these contract formula generates an open-ended contract price, a time-and-materials contract provides no positive profit incentive to the contractor for cost control or labor efficiency. Therefore, each contract must set a ceiling price that the contractor exceeds at its own risk. THA must assert a high degree of oversight in order to obtain reasonable assurance that the contractor is using efficient methods and effective cost controls.

#### *12.1.3 Options*

The THA may include contractual options for it to add additional quantities or performance periods, provided that:

- (a) the option is contained in the solicitation;
- (b) the option is a unilateral right of THA;
- (c) the contract states a limit on the additional quantities and the overall term of the contract;
- (d) tha evaluate the options as part of the initial competition;
- (e) the contract states the period within which the options may be exercised;
- (f) the options may be exercised only at the price specified in or reasonably determinable from the contract; and,
- (g) the options may be exercised only if THA, in its sole discretion, determines it to be more advantageous to THA than conducting a new procurement.

## **12.2 Required Contract Clauses**

#### *12.2.1 Contract Pricing Arrangements*

All contracts shall identify the contract pricing arrangement as well as other pertinent terms and conditions, as determined by THA.

#### *12.2.2 Federal Forms*

The forms HUD-5369; 5369-A; 5369-B; 5370; 5370-C (Sections I and II); 51915; and 51915-A, which contain all HUD-required clauses and certifications for contracts of more than the Simplified Acquisition Threshold, as well as any forms/clauses as required by HUD for small purchases, shall be used, as applicable, in all corresponding solicitations and contracts issued by THA. These forms do not govern THA procurements on behalf of Separate Entities.

#### *12.2.3 Required Federal Contract Clauses*

THA shall ensure that each contract executed by THA or Separate Entity that is funded in whole or in part by federal funds contains the required contract clauses detailed within 2 C.F.R. § 200.326 (and Appendix II of 2 C.F.R. § 200), which are identified in Appendix I of this Policy. Appendix I must also be included in any construction project conducted by a Separate Entity that is federally funded.

**Note:** Appendix I must be modified each time it is used in order to identify which wages are to be paid for the project. Appendix I should be reviewed to ensure no modifications are appropriate based on the nature of the project.

#### *12.2.4 Washington Public Works Clauses*

THA or Separate Entity shall ensure that each contract that is funded in whole or in part by state funds, and which fits the definition of public works, contains the required contract clauses detailed in Appendix II of this Policy. Appendix II should be reviewed to ensure no modifications are appropriate based on the nature of the project.

### **12.3 Contract Execution By Executive Director of Designee**

THA Executive Director or his designee pursuant to THA Policy G-05 signs all contracts.

## **13.0 AUTHORITY FOR PROCUREMENT ACTIONS**

### **13.1 Procurements Not Exceeding \$20,000.**

Except for the execution of the contract, Department Directors are authorized to sign all procurement documents up to a maximum amount of \$20,000 for each order or contract.

### **13.2 Procurements Not Exceeding \$50,000**

The Executive Director and Deputy Executive Director are authorized to sign all procurement documents up to a maximum amount of \$50,000 for each order or contract.

### **13.3 Procurements for Amounts Exceeding \$50,000 But Not More than \$150,000 And Within Previously Board Authorized Budgets**

The Executive Director is authorized to sign procurement documents for orders or contracts exceeding \$50,000 but not exceeding \$150,000, provided such orders or contracts are included in a budget previously approved by the Board of Commissioners of THA.

### **13.4 Procurements Exceeding \$50,000 Not Previously Authorized by Board Approved Budget**

THA Board must approve all procurement in an amount greater than \$50,000, not previously authorized by a Board approved budget.

### **13.5 Procurements Exceeding \$150,000 Previously Authorized by a Board Approved Budget**

All procurements in an amount greater than \$150,000 must be approved by THA Board of Commissioners. The Board's approval can show as part of an approved budget or as a specific item approval. After receiving Board approval for any such procurement, the Chair or Vice Chair of the Board or the Executive Director may sign the related procurement documents.

### **13.6 Real Estate Transactions**

Any real-estate transactions and purchases which do or may cause THA to incur new debt must have Board approval

### **13.7 Delegated Authority to Executive Director**

The Board appoints and delegates the necessary procurement authority to the Executive Director (ED) for all routine purchases and contracts included in THA's adopted budgeted, to make purchases and execute contracts in emergency situations where health and safety are of immediate concern, and as otherwise pre-approved by the Board.

### **13.8 Funding Availability.**

Before initiating any contract, THA shall ensure that there are sufficient funds available to cover the anticipated cost of the contract or modification.

### **13.9 Executive Director or Designee Signs All Contracts**

Only the Executive Director or his or her designee pursuant to THA Policy G-05 (Exercise and Delegation of Authority) has the authority to sign contracts or contract amendments.

## **14.0 APPEALS AND REMEDIES**

### **14.1 General.**

It is THA policy to resolve all contractual issues informally and without litigation. Disputes will not be referred to HUD. When appropriate, THA, in its sole discretion, may use a mediator to help resolve differences.

### **14.2 Formal Appeals Procedure for Bid Protests**

THA shall use the following formal appeals procedure for solicitations/contracts of more than the Simplified Acquisition Threshold of \$150,000.

*14.2.1* Any protest must be in a writing and received by THA's Contracting Officer before the earliest of the following deadlines:

- (a) If the protest challenges the solicitation, before the due date for receipt of bids or proposals.
- (b) If the protest challenges an award of a contract, within two business days after the bid opening PROVIDED THA's Contracting Officer must receive the protest before THA signs a contract with the successful bidder, even if that occurs within two business days of the bid opening..
- (c) If the protest challenges a bidder's responsibility, please see Section [11.2.4] [A14]

*14.2.2* All bid or award protests shall include at a minimum: (1) a detailed and clear statement of facts that the protesting party believes supports its position, (2) an identification of the terms from the procurement solicitation and/or the legal authority that supports the protest, and (3) copies of pertinent documents or other materials pertaining to the protest.

*14.2.3* The Contracting Officer or his or her designee may, at his or her sole discretion, suspend the procurement pending resolution of the protest, if warranted by the facts presented.



14.2.4 The contractor or THA's Contracting Officer may request that the parties confer to discuss the claim. Upon the receipt of such a request, the parties shall convene for that purpose within a reasonable period of time.

14.2.5 The Contracting Officer shall issue a written decision on the matter to all concerned parties. His or her decision shall be final. State law shall govern any court action concerning a protest.

## **15.0 DOCUMENTATION AND PUBLIC ACCESS TO DOCUMENTATION**

### **15.1 Required Records**

THA must maintain records sufficient to detail the significant history of each procurement action. These records shall include, but shall not necessarily be limited to, the following:

- (a) Rationale for the method of procurement (if not self-evident);
- (b) Rationale of contract pricing arrangement (also if not self-evident);
- (c) Reason for accepting or rejecting the bids or offers;
- (d) Basis for the contract price (as prescribed in this policy);
- (e) A copy of the contract documents awarded or issued and signed by the Contracting Officer;
- (f) Basis for contract modifications; and
- (g) Related contract administration actions.

### **15.2 Extent and Detail of Documentation**

The extent and detail of documentation should be commensurate with the value of the procurement.

### **15.3 Record Retention and Format.**

THA shall retain procurement records pursuant to the appropriate records retention schedule established by the Washington State Archives Office. THA may maintain procurement records in the format that provides the most efficiency in the creation, maintenance, retrieval and storage so long as the complete record is available for access and retention without undue burden according to THA's Records Officer. This may include paper or digital format or a combination thereof. Hardcopy originals may not be replaced with scanned images unless they are records to be archived under federal and/or state law, including RCW 40.14.060 AND have been reviewed and approved for destruction by THA's Records Officer AND are replaced by images managed according to the State Archives requirements.

### **15.4 Public Access to Procurement Information.**

Most procurement information that is not proprietary is a matter of public record and shall be available to the public to the extent provided in the Public Records Act (PRA) pursuant to Chapter 42.56 RCW and THA's Public Records Request and Disclosure Policy.

## **15.5 U.S. Department of Housing and Urban Development (HUD) Review For projects receiving HUD funds:**

*15.5.1* THA must make available upon HUD's request technical specifications on proposed procurements where HUD believes such review is needed to ensure that the item or service specified is the one being proposed for acquisition. This review generally will take place prior to the time the specification is incorporated into a solicitation document. However, if HUD desires to have the review accomplished after a solicitation has been developed, HUD may still review the specifications, with such review usually limited to the technical aspects of the proposed purchase.

*15.5.2* THA will make available procurement documents available upon HUD's request, such as requests for proposals or invitations for bids, or independent cost estimates, when:

- (a) THA's procurement procedures or operation fails to comply with the procurement standards in this part;
- (b) the procurement is expected to exceed the Simplified Acquisition Threshold (\$150,000) and is to be awarded without competition or only one bid or offer is received in response to a solicitation;
- (c) the procurement, which is expected to exceed the Simplified Acquisition Threshold, specifies a "brand name" product;
- (d) the proposed contract 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,
- (e) a proposed contract modification changes the scope of a contract or increases the contract amount above the Simplified Acquisition Threshold.

## **16.0 PERIODIC REVIEW OF PROCUREMENT PRACTICES**

Planning is essential to managing the procurement function properly. Hence, THA will periodically review its record of prior procurements, as well as future needs. It will do this for the following purposes:

- find patterns of procurement actions that could be performed more efficiently or economically;
- maximize competition and competitive pricing among contracts and decrease THA's procurement costs, including using value engineering for construction projects of sufficient size;
- reduce THA administrative costs;

- ensure that supplies and services are obtained without any need for re-procurement (i.e., resolving bid protests);
- minimize errors, including those that happen there is inadequate lead time;
- more effectively promote THA's procurement principles and goals set forth in section 4.

DRAFT

# **Resolution 3**



# TACOMA HOUSING AUTHORITY

## RESOLUTION 2018-06-27 (3)

**Date:** June 27, 2018

**To:** THA Board of Commissioners

**From:** Michael Mirra  
Executive Director

**Re:** Adoption of THA Policy G-15 Small Assets Disposition Policy

---

*This resolution would authorize the adoption of the Small Assets Disposition Policy to comply with a Department of Housing and Urban Development ("HUD") audit concern.*

### Background

HUD requires every public housing authority to have a policy for disposition that complies with 2 CFR Part 200. THA needs a policy to cover the disposition of "Small and Attractive Assets". These are assets worth from \$300 to \$4,999 and small enough to be easily lost or stolen. They are not worth enough to count as capital assets. The attached draft policy would comply with HUD's rules to govern the tracking and disposal of these assets.

### Recommendation

Approve Resolution No. 2018-06-27 (3) adopting THA Policy G-15 Small Assets Disposition in substantially the form set out in the attached draft policy. Staff may further modify this policy without further Board review for minor changes, changes in format, visualizations and forms.



# TACOMA HOUSING AUTHORITY

## **RESOLUTION 2018-06-27 (3)** **(Approval of Small Assets Disposition Policy)**

A **RESOLUTION** of the Board of Commissioners of the Housing Authority of the City of Tacoma

**WHEREAS**, The Housing Authority of the City of Tacoma (the “Authority”) is the recipient of Federal funding through various instruments issued by the Department of Housing and Urban Development (“HUD”); and

**WHEREAS**, HUD has adopted 2 CFR 200, which includes certain administrative requirements, cost principles, audit requirements, and requirements for procurements conducted by recipients of Federal funding; and

**WHEREAS**, Public housing authorities, including the Authority, are required to adopt policies that meet the requirements of 2 CFR §200; and

**WHEREAS**, Following an audit that HUD conducted between July 31 and August 4, 2017, HUD raised a concern about the lack of a disposition policy; and

**WHEREAS**, A proposed Small Asset Disposition policy that satisfies and adopts the requirements of 2 CFR §200 is attached as Attachment A; now, therefore, be it

***Resolved by the Board of Commissioners of the Housing Authority of the City of Tacoma, Washington as follows:***

1. THA adopts THA Policy G-15 Small Asset Disposition in substantially the form set out in the attached draft policy. Staff may further modify this policy without further Board review for minor changes, changes in format, visualizations and forms.

**Approved: June 27, 2018**

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Janis Flauding, Chair

## CERTIFICATE

I, the undersigned, the duly chosen, qualified and acting Executive Director of the Housing Authority of the City of Tacoma (the “Authority”) and keeper of the records of the Authority, CERTIFY:

1. That the attached Resolution No. 2018-06-27 (3) (the “Resolution”) is a true and correct copy of the resolution of the Board of Commissioners of the Authority as adopted at a meeting of the Authority held on the 27<sup>th</sup> day of June, 2018, and duly recorded in the minute books of the Authority.

2. That such meeting was duly convened and held in all respects in accordance with law, and, to the extent required by law, due and proper notice of such meeting was given; that a quorum was present throughout the meeting and a majority of the members of the Board of Commissioners of the Authority present at the meeting voted in the proper manner for the adoption of the Resolution; that all other requirements and proceedings incident to the proper adoption of the Resolution have been duly fulfilled, carried out and otherwise observed, and that I am authorized to execute this Certificate.

IN WITNESS WHEREOF, I have hereunto set my hand this 27<sup>th</sup> day of June 2018.

HOUSING AUTHORITY OF THE CITY OF TACOMA

By: \_\_\_\_\_  
Michael Mirra, Executive Director



# TACOMA HOUSING AUTHORITY

<b>Policy No.</b>	G-15
<b>Policy</b>	Small Assets Disposition Policy
<b>Date</b>	June 27, 2018

## 1. Purpose

Certain items that THA purchases that have an initial value of \$300 to \$4,999.99 count as “Small and Attractive Assets” as they are portable or concealable and vulnerable to loss. They are worth enough to count as Capital Assets. This policy will help ensure that THA accounts for them and for their disposal when they break or wear out or when THA no longer needs them.

## 2. Sources for Policy

- THA Resolution 2018-6-27(3)
- 2 CFR Part 200-Uniform Administrative Requirements, Cost Principles, and Audit Requirement for Federal Awards

## 3. Scope of Policy

This policy applies to all of THA.

## 4. Who is Responsible for Implementing Policy

Who	Responsibilities
<i>Board of Commissioners and Executive Director</i>	Overall and final responsibility for ensuring compliance with reporting requirements.
<i>Director of Administration</i>	Coordinate annual risk assessment to determine which assets or asset categories are Small and Attractive assets.  Work with other department directors to ensure that each department has created/updated their list of Small and Attractive assets by January 31 <sup>st</sup> each year.
<i>All Department Directors</i>	Each department director will maintain in OpenDoor a list of their department’s Small and Attractive assets. They will update this list at least monthly. They perform an annual inventory of these assets by January 31 <sup>st</sup> .
<i>Employees and Managers</i>	Immediately report a lost, stolen, or damaged asset to the director or the staff assigned to maintain the inventory. If the item is an IT asset immediately report to the IT Department.
<i>IT Department</i>	Maintain a list of IT assets issued by the IT Department.



<b>5. Definitions</b>		
	<i>Small and Attractive items</i>	Items that are easily moveable, and desirable with an initial value of \$300 to \$4999.99, have a useful life of more than one year, and are either concealable or portable.
	<i>Concealable items</i>	Items that are small enough to fit into one's pocket, bag, briefcase or back pack. <i>E.g.</i> , electronic devices, radios, laptops, tablets, cameras, handheld radios, etc.
	<i>Portable items</i>	Medium sized assets that can be easily carried. <i>E.g.</i> , televisions, CPU's, printers (small), mobile hand or power equipment, land mowers, etc.
	<i>Information Technology (IT) Asset</i>	Any device that processes, stores or transmits THA information and/or data, including personally owned IT assets used to conduct THA business.

<b>6. Forms Associated with this Policy</b>		
	<i>THA Form PCI-01(55)</i>	Disposition Form

<b>7. Policy</b>
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**7.1 General**

This policy will help THA account for "Small and Attractive Assets". It will also provide for their disposal when they break or wear out or when THA no longer needs them.

**7.2 Asset Identification**

THA's Administration Department will annually compile a list of Small and Attractive Assets. Other departments will help do this.

**7.2.1** By January 31<sup>st</sup> of each year, each department head or their designee will prepare a list annually of their Small and Attractive items. The IT Department will maintain the list of all Small and Attractive IT assets issued by the IT Department.

The list shall provide the following information about the "Small and Attractive "assets:

- description of the item
- serial number, model and/or other identifying number, if available
- source (*e.g.* purchased from, constructed by, donated by)
- acquisition date
- original cost
- location, use and condition of the item

- ultimate disposition including the type and date of disposal, value of asset at disposition, and the selling price if the item was sold

7.2.1 The department will record this annual list in OpenDoor. The list will contain additions, deletions, interdepartmental (or unit) transfers, modification or other changes to the list.

Deletion from the inventory should include items that were scrapped, disappeared mysteriously, lost, stolen, damaged beyond salvage, or used for repairs of like items.

Any item that was lost or stolen that is covered by THA Policy F-10.01 Reporting Loss of Funds or Property, should be noted as such on the inventory.

### **7.3 Disposition**

When THA determines that it no longer needs an asset THA will declare that asset to be surplus. All non-capitalized assets that are not lost, stolen, damaged beyond salvage, or used for repairs of like items will be disposed of through the Washington State Department of Enterprise Services Surplus Property Disposal System, or another mechanism allowable under RCW 39.33.010.

# **Resolution 4**



# TACOMA HOUSING AUTHORITY

## RESOLUTION 2018-06-27 (4)

**Date:** June 27, 2018  
**To:** THA Board of Commissioners  
**From:** Michael Mirra  
Executive Director  
**Re:** Update of THA's Ethics and Conflicts of Interest Policy

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*This resolution would authorize an update to Tacoma Housing Authority's (THA) Ethics and Conflicts of Interest Policy (THA Policy G-10 Ethics and Conflicts of Interest).*

### Background

On this same date, the Board will consider Resolution 2018-06-27 (2) that would update THA's Procurement Policy. Legal Counsel advised THA to also update its Ethics and Conflicts of Interest Policy (THA Policy G-10 Ethics and Conflicts of Interest) at the same time. Both updates are necessary to comply with Housing and Urban Development (HUD) regulation 2 CFR Part 200. As HUD requires, the update to the Procurement Policy states that the policy intends to avoid "organizational conflicts of interest". This resolution would amend the Ethics and Conflicts of Interest Policy to explain what that means.

### Recommendation

Approve Resolution No.2018-06-27 (4).



# TACOMA HOUSING AUTHORITY

## **RESOLUTION 2018-06-27 (4)** **(Approval of Update to THA's Ethics Policy)**

A **RESOLUTION** of the Board of Commissioners of the Housing Authority of the City of Tacoma

**WHEREAS**, The Housing Authority of the City of Tacoma (the "Authority") approved the update of THA's Procurement Policy; and

**WHEREAS**, In the course of revision of THA's Procurement Policy, Legal Counsel advised an update to THA's Ethics and Conflicts of Interest Policy to comply with HUD regulation 2 CFR Part 200; and

**WHEREAS**, A proposed revised Ethics and Conflicts of Interest Policy that satisfies the recommendation of Legal Counsel is attached hereto as Exhibit A; now, therefore, be it

***Resolved by the Board of Commissioners of the Housing Authority of the City of Tacoma, Washington as follows:***

1. THA adopts a new version of THA Policy G-10 - Ethics and Conflicts of Interest in substantially the form set forth in the attached draft. Staff may make further amendments to this policy without further Board review to make minor clarifications, format changes and visualizations and to reference forms.
2. This resolution shall be in full force and effect from and after its adoption and approval.

**Approved: June 27, 2018**

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Janis Flauding, Chair

## CERTIFICATE

I, the undersigned, the duly chosen, qualified and acting Executive Director of the Housing Authority of the City of Tacoma (the “Authority”) and keeper of the records of the Authority, CERTIFY:

1. That the attached Resolution No. 2018-06-27 (4) (the “Resolution”) is a true and correct copy of the resolution of the Board of Commissioners of the Authority as adopted at a meeting of the Authority held on the 27<sup>th</sup> day of June, 2018, and duly recorded in the minute books of the Authority.

2. That such meeting was duly convened and held in all respects in accordance with law, and, to the extent required by law, due and proper notice of such meeting was given; that a quorum was present throughout the meeting and a majority of the members of the Board of Commissioners of the Authority present at the meeting voted in the proper manner for the adoption of the Resolution; that all other requirements and proceedings incident to the proper adoption of the Resolution have been duly fulfilled, carried out and otherwise observed, and that I am authorized to execute this Certificate.

IN WITNESS WHEREOF, I have hereunto set my hand this 27<sup>th</sup> day of June 2018.

HOUSING AUTHORITY OF THE CITY OF TACOMA

By: \_\_\_\_\_  
Michael Mirra, Executive Director



# TACOMA HOUSING AUTHORITY

<b>Policy No.</b>	G-10
<b>Policy</b>	Ethics and Conflicts of Interest
<b>Date</b>	June 27, 2018

## 1. Purpose

This policy seeks to define impermissible conflicts of interest or the appearance of such conflicts that directors, staff, and Commissioners must avoid. This policy supplements but does not replace any applicable state and federal laws governing conflict of interest.

## 2. Sources for Policy

- ▶ [THA Resolution 2018-6-27\(4\)](#)  
THA Resolution 2008-01-23(3)
- ▶ RCW 35.82.050 Conflicts of Interest for Commissioners, Employees, and Appointees.
- ▶ Chap. 42.23 RCW Interest in Contracts Prohibited- Exceptions
- ▶ 24 CFR § 84.42
- ▶ 24 CFR § 85.36
- ▶ 24 CFR § 982.161
- ▶ 24 CFR § 92.356
- ▶ HUD Procurement Handbook for Public and Indian Housing Authorities 7460.8 REV 1, Ch. 10
- ▶ HUD's Annual Contribution Contract, § 19
- ▶ THA Statement of Values

## 3. Scope of Policy

This document is written to govern THA Commissioners and staff to assist them in determining when an actual or potential conflict of interest may exist, and to avoid and manage such conflicts when they do arise. Nothing in this policy is intended to prevent THA from complying with the terms and conditions of any grant, contract, gift, or bequest that is otherwise consistent with law.

#### 4. Who is Responsible for Implementing Policy

Who	Responsibilities
All Staff	All staff has the responsibility to comply with this policy.
Supervisors	Monitor the conduct of their staff and to act affirmatively to prevent and address violations of this policy.
Department Directors	Respond to complaints regarding violations of this policy. Participate in meetings to create plans to eliminate conflicts or the potential for conflicts, with Employees, and the Executive Director as necessary.
Executive Director [or designee]	Respond to complaints regarding violations of this policy. Create plans to allow individual staff to eliminate conflicts or the potential for conflicts.
Human Resources Director	Compile <i>Disclosure of THA Employee's Conflicts of Interest Forms</i> that have gone through this process, ensure these Disclosures are entered in the THA Record of Conflicts, and retain the Disclosures on file.
Executive Assistant	Collect <i>Disclosure of THA Commissioner's Conflicts of Interest Forms</i> on a yearly basis from Commissioners, disclosing whether they have any real or perceived conflicts of interest, ensure these Disclosures are entered in the THA Record of Conflicts, and retain the Disclosures on file.

#### 5. Definitions

Employee	A person that THA employs.
Immediate Family	The term "immediate family member" means the spouse, domestic partner, parent, sibling, or child (whether related in these ways as a full blood relative, or as a "half or "step" relative, e.g., a half-brother or stepchild); foster children; or spouse's parents or siblings
Resident THA Commissioner	A THA Commissioner who is a THA housing resident or a participant in THA's Housing Choice Voucher Program.
Beneficial Interest	A beneficial interest is a financial, ownership or management interest, direct or indirect. It does not include "remote interests."



Remote Interest	<p>A remote interest is:</p> <ol style="list-style-type: none"> <li>(1) that of a non-salaried officer of a nonprofit corporation;</li> <li>(2) that of an employee or agent of a contracting party where the compensation of such employee or agent consists entirely of fixed wages or salary or other compensation that would not vary because of the contract;</li> <li>(3) that of a landlord or tenant of a contracting party;</li> <li>(4) that of a holder of less than 1 percent of the shares of a corporation, limited liability company or other entity which contracts with THA.</li> </ol> <p>To count as a remote interest that does not disqualify its owner from participating in a decision or other activity, the owner must disclose the existence and extent of the interest in advance and recuse him or herself from the decision.</p>
HUD	U.S. Department of Housing and Urban Development
THA Record of Conflict	Record of THA Employee or Commissioners' Conflicts of Interest to be kept in the Executive Office.

## **6. Forms Associated with this Policy**

<i>THA Form G-10 (1)</i>	<i>Disclosure of THA Employee's Conflicts of Interest</i>
<i>THA Form G-10 (2)</i>	<i>Disclosure of THA Commissioner's Conflicts of Interest</i>

## **7. Policy**

### **7.1 General Ethical Standards**

THA staff and Commissioners, in the exercise of agency business, will seek to conduct themselves in accord with the highest ethical standards.

### **7.2 Precluded Interest in THA Property or Contract**

THA employees or Commissioners or members of their immediate family shall not possess or acquire any beneficial interest in any THA property or contract during their service to THA or for one year afterward, PROVIDED THAT this section shall not preclude the following types of beneficial interests:

- (a) interest as participants in THA's housing programs allowed under section 7.4 below;

- (b) THA's employment or contracting with family members of employees or Commissioners, subject to section 7.3 and THA's Policy on Nepotism.

### **7.3 Contracting Decision or Management**

None of the following persons shall participate either in a decision to hire someone or to award a contract or in the management of a contract:

- (a) THA staff person or Commissioner or any other person who has a beneficial or remote interest in the decision.
- (b) Any public official, member of the local governing body, or state or local legislator, or any member of their immediate family, who exercises functions or responsibilities with respect to the contract in question or THA generally.

### **7.4 Organizational Conflict of Interest**

- (a) THA must avoid organizational conflicts of interest. Organizational conflicts of interest exist when, because of relationships with a parent company, affiliate, or subsidiary organization, THA is unable to appear to be impartial in conducting a procurement action involving a related organization. To that end, in the event of any dealing with a parent, affiliate, or subsidiary organization that is not a state, local government or Indian tribe, the person directly responsible to the Executive Director for conducting the procurement must examine any potential organizational conflicts of interest, make written findings concerning whether such conflicts exist or not, and record such findings in the procurement file.
- (b) In the event there is no potential conflict, the procurement may proceed without any further ethical screening.
- (c) In the event of a potential conflict of interest, THA must follow the provisions of Section 7.11.3.

#### **7.47.5 Participation in THA Housing Programs Allowed**

Employees, Commissioners of THA, and their immediate family members may participate in subsidy programs administered by THA but only if the employee or Commissioner does not have or is removed and screened from (i) senior management responsibility for the program's administration or the creation of program policies that affect that participation specifically or (ii) specific responsibility to manage the participation in question.

Notwithstanding any other provision of this policy, a THA Commissioner who, pursuant to 24 C.F.R. § 964.415, participates in THA's assistance programs may also participate in any matter before the Board, unless the matter clearly applies specifically to his or her personal interests or that of his or her immediate family in ways that does not also apply generally to other participants in the program.

THA shall not treat or offer to treat such participants any differently, either more or less favorably, because of their status as an employee, Commissioner or an immediate family member of an employee or Commissioner.

#### **7.57.6 Prohibition of Contingent Fees**

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

#### **7.67.7 Waiver of Contracting Conflicts**

A present or former THA employee may be eligible for a waiver of a conflict of interest from THA and HUD not otherwise precluded by state law. THA and HUD may grant this waiver to employees or Commissioners who immediately disclose the conflicting interest to THA and if the disclosure is entered on THA's Record of Conflicts. The individual with the waived conflict may not thereafter participate in any THA action relating to the contract, subcontract, or arrangement in question.

#### **7.77.8 General Depository Agreements**

The provisions of 7.4 shall not apply to the General Depository Agreement entered into with an institution regulated by a federal agency, or to utility service for which the rates are fixed or controlled by a state or local agency.

#### **7.87.9 No Bribes, Gratuities, Kickbacks, Influence or Use of Confidential Information**

THA staff or Commissioners may not solicit, receive, offer or give gifts, entertainment, advantage, influence or confidential information of any value that are or appear to be in exchange for an unfair advantage in the provision or management of THA services, contracts, policy making, hiring or resources.

#### **7.97.10 Outside Activities or Interests**

No employee may have other employment, "free-lancing" or "moonlighting" activity or outside interest that (i) adversely affects the quality or quantity of his or her work performed at THA; (ii) implies sponsorship or support by THA of the outside employment or activity; or that (iii) adversely affects THA's good name. Employees may not use THA time, facilities, resources or supplies for outside activity, interest or work.

No employee or Commissioner may engage in any business, transaction, professional or personal activity or possess an outside interest that conflicts or

appears to conflict with his or her official duties at THA, that would secure or appear to secure unwarranted privileges or advantages for him or her regarding THA business, and/or that would prejudice or appear to prejudice his or her independent judgment in his or her official THA duties.

## **7.107.11 Reporting and Managing Conflicts**

### **7.10.17.11.1 Employee**

If any THA employee or Commissioner or his or her immediate family has an interest that this policy would preclude, he or she shall disclose to their Department Director or to the Executive Director in writing. To do this, they may use the Disclosure of THA Employee's Conflicts of Interest Form, *THA Form G-10(1) Disclosure of Employee's Conflicts of Interest*.

THA shall enter this disclosure into THA's Record of Conflicts (that will be kept in the Executive Office). The disclosure itself will be retained in a file in the Human Resources Department at THA.

7.10.27.11.2 *Commissioner*

On or about every August 1<sup>st</sup>, each THA Commissioner must certify in writing, using *THA Form G-10(2) Disclosure of Commissioner's Conflicts of Interest*, whether they have complied with this policy during the past year.

If the reviewing Commissioner determines to the best of his or her information and belief that he or she failed to comply with this policy and that a conflict of interest occurred during the past year, he or she shall acknowledge the conflict and provide a detailed explanation as part of the certification. In that event, THA shall promptly deliver a copy of the Certification to the other Commissioners and the Mayor of the City of Tacoma.

7.10.37.11.3 *Managing Conflicts*

If THA determines there is an actual or potential conflict of interest, the Staff person or Commissioner and the Executive Director or his/her designee will create a plan for eliminating the conflict or potential for a conflict. Such plan will also be entered in the THA Record of Conflicts and filed with the original disclosure form.

For Commissioners, this plan may include the Commissioner's recusal from discussions pertaining to the issue, preclusion of a contract, or resignation from the Board.

7.117.12 **Duty to Report Violations**

If any THA Staff knows of any violation of this policy, he or she shall report it to his or her supervisor or to the HR Director.

7.127.13 **Consequences of Violations**

Any person whom THA determines has violated this policy may be liable to disciplinary action, including termination of employment, debarment from contracting and, if applicable, referral to the appropriate civil or criminal authorities.