

**Proposed Revisions to Section's IV, VI and VII of the CPA's Operating Procedures
Submitted to Board for Review on January 21, 2020**

Proposed Revisions to Section IV of the Operating Procedures

IV. ADOPTION OF ANNUAL OPERATING BUDGET AND PLAN OF OPERATION

Prior to the close of the then current fiscal year, the Executive Director shall cause to be prepared a suggested Annual Operating Budget for the forthcoming fiscal year, which shall also comprise the Annual Plan of Operation. The suggested Annual Operating Budget for the forthcoming fiscal year shall be considered by the Board prior to the close of the then current fiscal year, modified if deemed necessary, and adopted to be effective beginning the first day of the forthcoming fiscal year. The Annual Operating Budget may be modified by the Board from time to time during the fiscal year to which it relates. At the end of the second and third quarters of the fiscal year, and more frequently, if appropriate, the Board shall modify the annual Operating Budget if any line item contains or is projected to contain a deficit. The use of surplus funds in the annual Operating Budget or for any other purpose must be approved by the Board.

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Proposed Replacement Language for Sections VI and VII of the Operating Procedures Re Procurement

SECTION A. PREAMBLE AND APPLICABILITY

The Connecticut Port Authority's (the "CPA") purchasing philosophy is that all purchases, should, wherever possible, result from a competitive process whereby qualified vendors vie to obtain the CPA's business by offering the most favorable terms, including a fair price, for the timely delivery of high quality goods and services. In those instances for which a competitive process is not possible, efforts should be made to achieve these same procurement outcomes regarding favorable terms, price, timeliness and quality.

This Procurement Policy, however, is not intended to cover the purchase of items such as utilities (including, but not limited to, electricity, gas and sewer); the routine delivery of documents (for example, by the United States Postal Service, or by a recognized overnight delivery service provider); subscriptions and reference materials; sponsorships; professional, industry, business dues and continuing education, and similar items.

Since no policy can identify every situation and exception, this Purchasing Policy (the "Policy") requires all parties involved in the negotiation, performance, or administration of purchases to act in good faith to advance the competitive principles that underlie it. Accordingly, no individual purchase should be made deliberately to evade this Policy, including through the issuance of separate contracts, purchase orders or other methods to avoid the limits and thresholds contained in this Policy. In addition, all purchases are to be made in compliance with applicable ethics laws and conflict of interest policies of the State and the CPA.

SECTION B. ACQUISITION AND CONVEYANCE OF INTEREST IN REAL PROPERTY

The CPA, acting through the Executive Director or another duly authorized officer, shall, pursuant to the Act and subject to the requirements and limitations of this policy, have the authority to invest in, acquire, lease, purchase, own, manage, hold and dispose of real property, and to lease, convey or deal in or enter into agreements with respect to such real property, on any terms deemed necessary or incidental by such officer to the carrying out of the statutory purposes of the Port Authority.

Procurement Procedures: The CPA Board of Directors (the "Board") shall, prior to the commencement of any transaction or procurement under this Section, approve, on-a case-by-case basis, the procedure to be utilized in a procurement or transaction related to real property that it determines is in the best interest of the CPA in furtherance of its statutory purposes. In making its determination, the Board shall indicate what appraisals, if any, shall be required as part of the procurement process. Board approval shall be required for any real estate procurement or transaction.

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SECTION C. PURCHASE OF PERSONAL SERVICES, PERSONAL PROPERTY AND OTHER GOODS AND SERVICES

The CPA, acting through the Executive Director or another duly authorized officer, shall, subject to the requirements of State law and this policy, have the authority to: (A) invest in, acquire, lease, purchase, own, manage, hold and dispose of personal property, and to lease, convey or deal in or enter into agreements with respect to such personal property, (B) engage accountants, attorneys, appraisers, financial advisers, investment advisors, underwriters, investment managers, investment bankers, brokers, architects, construction managers, engineers and other consultants and professionals, and (C) purchase other goods, services and commodities and to make such purchases on terms necessary or incidental to carrying out of the purposes of the CPA pursuant to the Act.

Procurement Procedures: Transactions related to personal property and the purchase of professional services and other goods and services, with the exception of those exempted under Section A. of this policy, shall occur in accordance with the following procedures:

- 1. Public Solicitation Defined.** As used in this Policy, "Public Solicitation" means the process of publicly issuing an invitation to bid, request for proposals, or similar document, as appropriate to the purchase being made, that invites qualified vendors to submit proposals and prices for the goods or services to be purchased.
- 2. Threshold Costs Defined.** The expected cost thresholds contained in this Policy are based on the expected "net" costs to the CPA – i.e., expected costs after applying rebates, reimbursements or credits owed or received under any contract or agreement related to such personal property, personal services or goods and services. As an example only, the CPA wishes to purchase and install new lighting fixtures expected to cost \$45,000 and anticipates receiving \$25,000 in federal or state rebates in connection with that purchase. The CPA's expected "cost" is \$20,000 -- the expected net amount of the purchase (\$45,000 - \$25,000 = \$20,000).
- 3. Requirements for Purchases Greater than \$5,000 and Less than \$50,001.** For these purchases, a Public Solicitation is not required; however, the CPA shall:
 - i. *For Goods or Services greater than \$5,000 but equal to or less than \$20,000.* Verbal quotes from at least three (3) vendors shall be sought.
 - ii. *For Goods or Services greater than \$20,000 but equal to or less than \$50,001.* Written quotes from at least three (3) vendors shall be sought.
 - iii. *Obtaining Verbal or Written Quotes.* If obtaining at least three quotes is not possible, the CPA shall obtain such quotes as it is able.
- 4. Requirements for Purchases Greater than \$50,000.** Such purchases shall be by a Public Solicitation, except as otherwise allowed in this policy.
- 5. Exceptions to the Requirements for Verbal or Written Quotes or Public Solicitation.** The Executive Director, or another duly authorized officer, shall have the authority to waive the requirements that the CPA obtain quotes or issue a Public Solicitation provided that the Executive Director or duly authorized officer determines, based on written documentation, that one of the following circumstances justifies such a waiver:

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- i. Purchases involving unusual conditions or contingencies. For this purpose, an "unusual condition or contingency" exists (a) when there are unusual conditions or contingencies that could not reasonably be foreseen or (b) because of unusual or non-competitive trade or market conditions.
- ii. Purchases in emergency situations. For this purpose, an "emergency" exists when there is an immediate threat to public health, welfare or safety, or to a critical CPA service or function that will adversely affect the CPA's essential governmental operations if not addressed immediately. The Executive Director or another duly authorized officer shall document, in writing, the nature of the emergency and the need for the emergency purchase and provide such written document to the Board.
- iii. Purchases that, due to the nature of the agreement to be contracted for or procured, the Executive Director or another duly authorized officer determines that open and competitive bidding is either impractical or not in the CPA's best interest.
- iv. A list of waivers of the requirements to obtain quotes or issue a Public Solicitation for purchases anticipated to exceed \$25,000, and the reasons for such waiver, shall be provided to the Board as part of their monthly meetings.

6. Other Allowable Procurement Methods. The following purchasing methods may, after analyzing the options, be utilized by the CPA in lieu of seeking quotes or issuing a Public Solicitation of its own:

- i. Purchases from vendors awarded a contract by the State of Connecticut Department of Administrative Services that warrant to the State that the prices, terms and conditions of that contract will be extended to all political subdivisions of the State.
- ii. Purchases from or through any federal, state or municipal governmental surplus property program, including the Connecticut State Surplus Property Program.
- iii. Purchases by, from, in conjunction with, or on behalf of other Connecticut quasi-public agencies, state agencies or political subdivisions of the State of Connecticut, any other state, the federal government, or inter-governmental purchasing groups or cooperatives.
- iv. In any case where the Port Authority is receiving or providing financial assistance in conjunction with another state agency or quasi-public authority, nothing in this section shall prohibit the Port Authority from utilizing accountants, attorneys, appraisers, financial advisers, investment advisors, underwriters, investment managers, investment bankers, brokers, architects, construction managers, engineers and other consultants and professionals approved or provided by such state agency or quasi-public authority as a part of its normal contracting process, provided such use does not create any conflict of interest.

7. Board Action re Contracts Over \$50,000 and Amendments; Non-budgeted expenditures over \$5,000. Board approval shall be required for any agreement or contract related to

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purchases that are anticipated to exceed \$50,000, along with amendments adding funding to any contracts over \$50,000. Requests for such amendments shall include a written justification from the Executive Director or designee for not conducting a public solicitation related to the additional funding. Board approval is required for any nonbudgeted expenditure in excess of five thousand dollars (\$5,000).

- 8. Contracting with Individuals.** Internal Revenue Service (IRS) guidelines shall be consulted prior to contracting with an individual to determine if the duties and activities involved are those of an independent contractor or an employee. The web-site of the State Comptroller's Office has additional information in this regard.

SECTION D. APPROVAL REQUIREMENTS FOR ALL PURCHASES AND PAYMENTS

All purchases from and payments to vendors shall receive prior approval by certain supervisors, managers or officers as required by the related written policies and procedures established in this regard by the CPA

SECTION E. SOLICITATION OF PROPOSALS FOR CERTAIN SERVICES

The CPA shall solicit proposals at least once every three (3) years for financial, legal, bond, underwriting and other professional services required by the Port Authority on a regular and ongoing basis. The CPA shall not contract with the same person, firm or CPA to conduct financial audits of the Port Authority for more than six (6) consecutive fiscal years.

SECTION F. RECORD RETENTION

All documents related to the solicitation process (quotes or full solicitation), selection, negotiation, contracting, contract management and contract closeout for any purchase shall be retained in a single file (electronic and/or physical) by the CPA. Such file shall be created and retained in accordance with any applicable records retention laws and policies. Such records shall be retained for a minimum of three years following the completion of the term of any agreement or contract resulting from any procurement process or in accordance with any applicable laws or regulations, including those related to audits, whichever is longer.