

Yankton Sioux Housing Authority

Procurement Policy

Adopted by YSHA Board Motion February 13, 2024

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APPLICABILITY

The Policy enacted herein supersedes and rescinds all previous procurement policies and practice statements and is the official Procurement Policy (“Policy”) of Yankton Sioux Housing Authority (“YSHA”). It is intended to standardize procurement procedures and shall be revised periodically to assure compliance with guidelines established by the Yankton Sioux Tribe (“Tribe”) and the United States Department of Housing and Urban Development (“HUD”). This Policy complies with all federal regulations governing procurements that are applicable based upon the type and value of such contracts, including the requirements contained in 2 C.F.R. Part 200 and 24 C.F.R. Part 1000.

SCOPE

This Policy applies to all procurement of supplies, materials, equipment, and contracted services. This Policy supersedes and rescinds all previous Procurement and Contract Administration Policies and Practices.

RESPONSIBILITY

The Board of Commissioners (“Board”) appoints and delegates procurement authority and administration to the Contracting Officer, who shall be the Executive Director. The Executive Director must delegate in writing the administration of responsibilities to a YSHA staff member who they believe is qualified to perform the duties of a Contract Administrator.

The Executive Director or their designee shall be responsible for the procurement of supplies, materials, equipment, and contracted services. The Executive Director shall also issue operational procedures to implement this statement. The execution of such responsibility shall be at all times in the best interest of YSHA and in conformance with YSHA policies and procedures. Under this Policy, the Procurement Officer will be involved throughout the procurement process, however, the Procurement Officer is only responsible for coordinating procurement as expressly authorized under this Policy. The Procurement Officer shall not be responsible for deciding whether to approve or disapprove the requestor’s request, and any non-express authorities reside with the Executive Director.

AUTHORITY

This statement and any later changes shall be submitted to the Board for approval. The Board is responsible for ensuring that any policies to be adopted are appropriate for the Tribe or YSHA.

MONITORING

YSHA is responsible for monitoring grant activities to ensure compliance with applicable Federal requirements and monitoring performance goals under the Indian Housing Plan (“IHP”). To assure compliance with, and to facilitate self-monitoring, all procedures shall be documented and followed, and all supporting accounts and documents shall be developed to facilitate the adopted self-monitoring procedures.

APPEALS AND REMEDIES

It is YSHA's policy to resolve all contractual issues informally at the YSHA level, without litigation. Disputes shall not be referred to HUD until all administrative remedies have been exhausted at the YSHA level.

HUD SECTION 3 REQUIREMENT

YSHA shall to the greatest extent feasible, provide job training, employment, and contracting opportunities for low-income individuals consistent with, but not in derogation of, compliance with Indian Preference in accordance with 24 C.F.R. §§ 1000.42, 1000.48, 1000.50, and 1000.52, along with all other relevant codes and regulations, however, the requirements of this provision, "HUD Section 3", apply only to those HUD Section 3 covered projects or activities for which the amount of assistance exceeds \$200,000.

INDIAN PREFERENCE REQUIREMENTS

YSHA shall to the greatest extent feasible provide preference to Indian-owned economic enterprises and Indian organizations. All projects shall comply with the Tribe's TERO Ordinance and regulations. Projects developed and operated with assistance under 24 C.F.R. Part 1000 are subject to the Indian Self-Determination and Education Assistance Act ("ISDEAA"), 25 U.S.C. § 5307(b). ISDEAA provides that to the greatest extent feasible, preference shall be given to Indian organizations and Indian-owned economic enterprises in the award of all contracts and subcontracts. Preference must be provided in accordance with the requirements set forth in 24 C.F.R. § 1000.48. When Indian Preference is determined unfeasible, YSHA shall document in the procurement file the basis for its findings. Indian Preference applies not only on-site or within YSHA's jurisdiction, but also to contracts with firms that operate outside these areas. In no case shall YSHA authorize or provide a preference for the Indians, Indian-owned economic enterprises, or Indian organizations, based on a particular tribal affiliation or membership.

The Tribe's TERO Department is responsible for maintaining a list of TERO-certified firms and businesses. Any firm requesting application of Indian Preference shall comply with the requirements of the TERO Office for obtaining this designation.

Contracts less than \$2,500.00. The Tribe's TERO Ordinance requirements do not apply to contracts of less than \$2,500.00.

Contracts in Excess of \$2,500.00 not involving federal funds. YSHA contracts for goods or services that do not use federal funds must comply with every provision of the TERO Ordinance and regulations, including preference for TERO-certified firms only.

Contracts in Excess of \$2,500.00 involving federal funds. YSHA contracts for goods or services that use federal funds must comply with every provision of the TERO Ordinance and regulations, except for the following:

No geographical preferences for local or tribal member-owned TERO-certified firms are permitted under 2 C.F.R. § 200.319(c) which “prohibits the use of statutorily or administratively imposed state, local, or tribal geographical preferences in the evaluation of bids or proposals, except in those cases where applicable Federal statutes expressly mandate or encourage geographic preference.”

ELIGIBILITY

Eligibility for Indian Preference shall be established in accordance with the procedures in 24 C.F.R. § 1000.48. If YSHA or its prime contractor determines an applicant ineligible for Indian Preference, YSHA or its prime contractor shall notify the applicant in writing before awarding the contract, filling the position, or providing the desired training.

PROCUREMENT RESTRICTION

In accordance with 24 C.F.R. § 1000.52, YSHA may restrict procurement activity to eligible Indian organizations and Indian-owned economic enterprises or use the two-stage procurement method described in 24 C.F.R. § 1000.52(c)(1)(iii). Additionally, contractors must use the ISDEAA Indian Preference requirements with any subcontracts.

COMPLAINTS REGARDING INDIAN PREFERENCE

The procedures that apply to complaints arising out of the methods used to provide for Indian Preference are in accordance with 24 C.F.R. § 1000.54.

I. GENERAL PROVISIONS

- A. **Purpose:** The purpose of this Procurement Policy (“Policy”) is to provide for the fair and equitable treatment of all persons or firms involved in purchasing by the YSHA; assure that supplies, services, and construction are procured efficiently, effectively, and at the most favorable prices available to YSHA; promote competition in contracting; provide safeguards for maintaining a procurement system of quality and integrity; and assure that YSHA purchasing actions are in full compliance with applicable federal standards, regulations, and state and local laws.
- B. **Application:** This Procurement Policy applies to all contracts for the procurement of supplies, services, and construction entered into by YSHA after the effective date of this Policy. It shall apply to purchasing, irrespective of the sources of funds, including contracts which do not involve an obligation of funds (such as concession contracts); however, nothing in this Policy shall prevent YSHA from complying with the terms and conditions of any grant, contract, gift, or bequest that is otherwise consistent with the law.

When both HUD and non-federal funds are used for a project, the work to be accomplished with the funds should be separately identified, and HUD’s Indian Preference regulations must be applied to the work financed by HUD; if it is not possible to separate the funds, then HUD’s Indian Preference regulations shall be applied to the total project. The term “procurement” as used in this Policy includes both contracts and modifications (including change orders) for construction or services as well as purchases, lease, or rental of supplies and equipment.

- C. **Compliance with Applicable Law:** This Policy shall be implemented in compliance with applicable provisions of the Native American Housing Assistance and Self-Determination Act of 1996, as amended (“NAHASDA”), the rules and regulations of the United States Department of Housing and Urban Development (“HUD”), and other applicable tribal, state and federal laws.
- D. **Public Access to Procurement Information:** Procurement information shall be a matter of public record to the extent provided in the Freedom of Information Act or similar law, as applicable, and shall be available to the public as provided in the statute.
- E. **Retention of Procurement Records:** All financial and programmatic records, supporting documents, and statistical records are required to be retained for a period of three (3) years after the completion of the action and resolution of all issues that arise from it or until the end of the regular 3-year period, whichever is later.
- F. **Procurement Authority and Administration:** All procurement transactions shall be administered by the Contracting Officer, who shall be the Executive Director or other individual the Executive Director has authorized in writing. The Executive Director shall issue operational procedures (such as procurement handbook or

standard operating procedures) to implement this Policy. The Executive Director or their designee shall ensure that:

1. Procurement requirements are subject to an annual planning process to ensure efficient and economical purchasing.
2. Contracts and modifications are in writing, clearly specifying the desired supplies, services, or construction, and are supported by sufficient documentation regarding the history of the procurement including at a minimum the method of procurement chosen, the selection of the contract type, the rationale for selecting or rejecting offers, and the basis for the contract price.
3. For procurement other than small purchases a minimum of 15 days and a minimum of 30 days for other contract types are provided for the preparation and submission of bids or proposals, and the notice of contract awards is made available to the public within 60 days after bid opening.
4. Solicitation procedures are conducted in full compliance with federal standards stated in 2 C.F.R. Part 200 and the Indian Preference requirements and methods of procurement at 24 C.F.R. § 1000.52. HUD Section 3 requirements will apply when total assistance is over \$200,000.
5. An independent cost estimate is prepared before solicitation assurance and is appropriately safeguarded for each procurement above the small purchase limitation; and a cost or price analysis is conducted for each of the responses received for all procurements.
6. Contract award is made to the responsive and responsible bidder offering the lowest price, consistent with Indian Preference requirements (for sealed bid contracts); or contract award is made to the responsible offeror whose proposal offers the greatest value to YSHA, considering price, technical qualifications, and other factors as specified in the solicitation, including Indian Preference and HUD Section 3, when applicable, (for contracts awarded based on competitive proposals); unsuccessful firms are notified within ten (10) days (or other time period required by state or local law) after contract award. No awards are made to Limited Denial of Participation (“LOP”) or debarred parties. The link to the Excluded Parties Listing Systems (“ELPS”) for LOP or debarment status can be found at <http://epls.amet.gov/>.
7. There are sufficient unencumbered funds available to cover the anticipated cost of each procurement before contract award or modification (including change order), work is inspected before payment, and payment is made promptly for contract work performed and accepted.

8. YSHA complies with applicable HUD review requirements, as provided in the operational procedures, to implement this Statement.
9. Effective contract administration is performed.
10. Effective monitoring of the contractor's performance is conducted.
11. Records are maintained sufficiently to detail the history of procurement.

II. PROCESS

A. The Purchase Requisition

1. The purchase requisition is considered the source document to initiate the procurement process for the purchase of a good or service in the amount of \$250,000 or under.
2. Preparation of a Requisition.
 - a. Requisitions are to be typed or neatly hand-written. The description of the item, the quantity, the unit of measure, and the unit price of the item should be complete. If the requester knows the account/project encoding, they should record it on the requisition. The requester should sign the requisition and forward it for approval.
 - b. All quotations from vendors shall be attached to the original copy of the Requisition/Purchase form. All written quotations shall be attached to the Requisition/Purchase Order.
3. Approval by Officer. The Procurement Officer should perform the following procedures:
 - c. Evaluate the need for items, avoiding the acquisition of unnecessary or duplicative items;
 - d. Verify that sufficient funds are available to process the requisition (i.e. check budget and year-to-date expenditures to determine whether funds are available to pay for the purchase);
 - e. Review the requisition form for completeness;
 - f. Ensure that the bid received is the most advantageous;

- g. Review the account code recorded by the requisitioner or, as applicable, indicate the account code which should be charged for the purchase;
 - h. Sign and date the form; and
 - i. Send the requisition packet to the Finance Manager.
4. Approval by Executive Director. The Executive Director should perform the following procedures, provided that the requesting Department Director is first required to ensure that the following requirements are completed before requesting Executive Director approval:
- j. Check the annual budget and year-to-date expenditures to verify that funds are available to pay for the purchase by reviewing all outstanding purchase orders (monies encumbered) and expenditures and comparing the purchase amount to the remaining budgeted monies;
 - k. If the purchase price exceeds the available budget, return the purchase requisition form to the Department Director. Note on the form that funds are not available in the budget to process the requisition. Inform the Accountant of the action taken.
5. Procedures Performed by Accounting.
- l. Upon receipt of an approved requisition, the Accountant shall assign a purchase order number to the requisition. The purchase order number should be recorded on the sequential purchase order number log. Then send the purchase order to the vendor to officially process the request for the goods or services from the vendor. The Accountant should ensure that a Receiving Report is properly attached to the requisition.
 - m. The Accountant should return the Receiving Report to the requester. The original requisition shall be filed with a copy of the purchase order in the “Open Purchase Order” file.
 - n. If the purchase is for non-expendable equipment, the Accountant shall identify the capital equipment on both the original and the copy of the requisition using a highlighter. The Accountant shall attach a pre-numbered YSHA decal to the copy of the requisition and the Receiving Report (Note: the decal shall be affixed to the equipment upon receipt by the receiver).

- o. If the purchase is for expendable equipment, the Accountant shall attach an YSHA decal (which is not pre-numbered) to the requisition copy and the Receiving Report (Note: the decal shall be affixed to the equipment upon receipt by the receiver).

6. Requester.

- p. Upon receipt of the Receiving Report and equipment decals, the requester shall file and maintain in an open Receiving Report file until the good(s) are received and accepted by YSHA.
- q. Upon receipt of the goods, the requester should compare what is received from the vendor to what was ordered per the Receiver's Report.
- r. If the goods received are accepted by the requester (i.e. the goods received are in good condition; the number of units received is equal to the number of units ordered), the requester should prepare the Receiving Report. Once prepared, the Receiving Report should be forwarded to the Accounting Office.
- s. As applicable, the requester should attach YSHA decals to the goods received.

B. The Purchase Order

- 1. The purchase order shall be used as the primary contract document for single purchases of \$250,000 or less. Note: for the procurement of professional services (i.e., consultants, design professionals, etc.) the primary contract documents shall consist of a purchase order and a professional services contract executed between the professional and YSHA. All purchase orders shall be stamped with the Administrator's signature after verification that the Administrator's signature is on the requisition.
- 2. The purchase order shall be issued on the basis of a properly prepared and approved requisition.
- 3. The Accountant will send the original purchase order to the vendor. As considered necessary by the requester, the purchase order may be mailed, emailed, faxed, or delivered in person.
- 4. For single purchases for which an emergency or one source exception is made and fall under the Simplified Acquisition Threshold in 2 C.F.R. § 200.88, the Accounting Office shall obtain the signed approval of the Executive Director or their designee on the requisition. The requisitioning

department shall prepare a memorandum that documents the emergency or special circumstances. The memorandum should be signed by the Department Director and the Executive Director and attached to the purchase requisition. If the contract is federally funded, the vendor must comply with payroll reporting requirements when labor is involved (as described below). Therefore, the requisitioning Department Director must obtain the required documentation from the vendor or contractor before payment is made for the goods or services.

C. **The Receiver's Report**

1. Receiver's Responsibilities. Upon receipt of the goods, the receiver shall prepare the Receiving Report. The Report should be signed and dated. Upon preparation, the receiver should forward the original Receiver's Report and the signed copy of the vendor's delivery receipt (if available) to the Accounting Office.
2. All YSHA equipment, including but not limited to computers, copiers, printers, furniture, and appliances, shall be tagged with an inventory security tag prior to being placed in service in YSHA buildings or housing units by the Procurement Officer. All Department Coordinators/Supervisors are responsible for ensuring that such inventory tagging and recordation occurs before equipment or property is placed into service. Department Coordinators/Supervisors are also responsible for reporting any equipment or property within their Department that is discovered to be in service without a proper inventory tag immediately to the Procurement Officer. Any equipment found in service without a proper inventory tag shall be immediately investigated by the Procurement Officer.
3. Capital Assets Recorded in YSHA Inventory. All equipment of YSHA that has a useful life of longer than one year and a value greater than \$1,000.00 shall be recorded on YSHA Inventory as a capital asset before being placed into service. All equipment with a value of greater than \$5,000.00 shall also be recorded on YSHA Inventory as a capital asset before being placed into service. In addition, property that is subject to theft or pilferage including printers, cameras, and appliances including washing machines, dryers, furnaces, air conditioners, and stoves shall be recorded as a capital asset and maintained on YSHA Inventory before being placed into service.
4. Responsibility for Property and Equipment and Transfers. Department Coordinators and Supervisors are responsible for all capital assets acquired under their Department and managed by their Department. Any inventory that is moved from one Department to another must be reported to the Procurement Officer and approved by the Procurement Officer before any transfer of property or equipment. No capital assets or equipment of any kind shall be disposed of other than in accordance with the Reporting Lost

or Destroyed Property or Equipment Section of this Policy.

5. Maintenance and Construction Materials. No maintenance equipment or materials will be removed from maintenance shops or construction sites without recordation and check out procedures for movement of such equipment and materials being followed so that YSHA can track where construction materials and equipment are located. When such equipment and/or materials are returned to the maintenance shop or construction site, they will be checked in.
6. Recordation of Changes in Inventory and Reconciliation with YSHA Books and Records. YSHA shall ensure that all inventory changes are recorded in its internal accounting records and books, including monthly reconciliation to YSHA General Ledger. The Procurement Officer shall ensure that changes in inventory including additions to inventory, deletions from inventory, and changes in the value of inventory are reported to the YSHA Finance Manager (“FM”) within five (5) business days of any changes. The YSHA FM shall ensure the YSHA General Ledger is updated every month to reflect inventory changes.
7. Reporting Lost or Destroyed Property or Equipment. Department Managers are responsible for maintaining and tracking all equipment and personal property assigned to their Department. If equipment or property is lost or destroyed, the Department Manager shall immediately report the loss to the Procurement Officer and YSHA Maintenance Manager. The Procurement Officer shall be responsible for making changes to YSHA Inventory and recording the reason for the change. The Maintenance Manager shall be responsible for any required reporting to YSHA insurance providers to access insurance coverage as applicable within one business day of the loss discovery date. If a loss is due to theft of property or equipment, or items are missing, the Procurement Officer and Maintenance Department Manager shall be responsible for reporting the loss to the Executive Director and the Yankton Sioux Tribal Police within one business day of the loss discovery date.
8. Enforcement of Procurement Procedures. Any employee who fails to comply with the procedures required for receiving and placing goods in YSHA Inventory system shall be subject to discipline up to and including termination. Any employee who steals YSHA property or uses YSHA property for personal use shall be terminated from employment in accordance with the procedures set forth in YSHA Personnel Policy.
9. Over-Order Quantity. If the shipment contains more product than specified in the purchase order, the over-shipment will be returned to the vendor at the vendor’s expense.

10. The Accounting Office's Responsibilities. Upon receipt of the Receiver's Report, the Accounting Office should file it with the requisition, purchase order, and if applicable, bill of lading in the "Open Purchase Order" file (if the invoice has not been received) or the "Vouchers to be Paid" file (if the invoice, purchase order, and Receiver's Report have been matched). Note: the Receiver's Report will be matched to the purchase order and vendor's invoice by the Accountant.
11. Partial Shipments. In the event of a partial shipment, the Receiving Report will be marked with the received quantity and the date by line item. A copy of the Receiver's Report will be made, marked as a "Partial Shipment", and forwarded to the Accounting Office. The Receiving Report will then be refiled with the requisition. This process will continue until all goods are received or the order is canceled. If the order is canceled, the original Receiver's Report should be forwarded to the Accounting Office.
12. Receipt of Non-Expendable Property. The receiver shall attach the numbered decal and note the decal number on the Receiver's Report. The Accountant will record the decal and property description on the equipment log.
13. Accounting Office Responsibilities. Upon receipt of the invoice, the Accountant will attach the invoice to the copy of the purchase order. The Accountant will then match the invoice to the purchase order and the Receiver's Report. If the purchase order, invoice, and Receiving Report match, the Accountant shall prepare a check and pay in accordance with current vendor terms. An invoice should not be paid without a matching Receiving Report and purchase order.
14. Special Circumstances: Contract with Labor Costs. For federally funded labor contracts, a release from the Project Manager is required to pay for a contractor billing. If progress payments are made to the vendor, then retainage shall be withheld in accordance with the procedures for federally funded labor contracts described in the applicable section below.

D. Final Distribution: The documents shall be distributed as follows:

1. The payment voucher, which consists of the invoice, purchase order, bid sheet, Receiver's Report, and check copy, shall be alphabetically filed by vendor name in the paid vendor file.
2. Courtesy copies will be made upon request and stamped "File Copy." This is necessary to avoid duplication of orders and payment.

III. PROCUREMENT METHODS

- A. **Selection of Method:** YSHA shall choose the appropriate procurement method to purchase goods and services based on the dollar amount of the purchase, the complexity, or the work involved, and the available vendors.
- B. **Indian Preference:** YSHA shall to the greatest extent feasible provide preference to Indian-owned economic enterprises and organizations, and shall, to the extent feasible, maintain and/or refer to lists of qualified Indian supply sources. YSHA shall require a statement from all contractors agreeing to provide Indian Preference in subcontracting. YSHA shall document its efforts in providing Indian Preference. If no quotations are solicited or received from Indian-owned economic enterprises or Indian organizations, YSHA shall document in the procurement file the reasons for the lack of Indian participation.
- C. **General:** Per 2 C.F.R. Part 200 and 24 C.F.R. § 1000.26, any procurement not exceeding \$250,000 in the aggregate may be conducted following the small purchase procedures described in this section. Contract requirements shall not be artificially divided to constitute a small purchase under these policies and procedures. Small and Micro-Purchases do not require Board approval, and approval of such purchases shall be addressed administratively with the Executive Director's final approval under the procedures required by law and under this Policy. Purchases exceeding the Simplified Acquisition Threshold require Board approval unless the purchase is exempt from the competitive bidding requirements in 2 C.F.R. Part 200 due to exigent and emergency circumstances.
- D. **Definitions:**
1. Single Purchases. Single purchases shall be considered to mean the total cost of one or more similar items to be obtained at any one time from a single source and listed on a single purchase order.
 2. Services. Contractual services shall be considered to mean any purchase that requires the contractor to employ labor to perform the work on the site of any property owned or controlled by YSHA, including personal services of a technical or professional nature. Service contracts should not be confused with contracts involving labor which are reportable to the United States Department of Labor ("DOL") (federally funded labor contracts).
- E. **Five Types of Procurement:** There are five methods or types of procurement:
1. Procurement by Micro-Purchase, which is the acquisition of supplies or services and, when the price is considered reasonable, no competitive solicitation is required when the aggregate dollar amount does not exceed \$2,000 for procurement subject to the Davis-Bacon Act for construction services and \$10,000 for all other procurement using federal funds. Micro-

Purchases do not require Board approval, and approval of such purchases shall be addressed administratively with the Executive Director's final approval under the procedures required by law and under this Policy.

2. Procurement by Small Purchase, which is a relatively simple and informal method for securing services, supplies, or other property and does not exceed the Simplified Acquisition Threshold set at \$250,000. Small purchases do not require Board approval, and approval of such purchases shall be addressed administratively with the Executive Director's final approval per the procedures required by law and under this Policy.
3. Procurement by Sealed Bid and Formal Advertisement, where bids are publicly solicited, and a firm-fixed-price contract (lump sum or unit price) is awarded to the responsible bidder with the lowest price for purchases over \$250,000;
4. Procurement by Competitive Proposals, where competitive proposals from more than one source submit an offer for goods or services over \$250,000; or
5. Non-competitive Procurement, with solicitations from only one source and only in certain situations.

IV. MICRO-PURCHASE (Not to exceed \$10,000): Micro-Purchases mean a purchase of supplies or services using the simplified acquisition procedure according to 2 C.F.R. § 200.67, whereby the aggregate amount of which does not exceed the Micro-Purchase threshold of \$10,000. For purchases that do not exceed \$10,000, known as Micro-Purchases, the requisitioner need only obtain one price quote, provided the quote is considered reasonable. Reasonableness will be determined based on prior purchases of a similar nature or other sources of information. Quotes may be obtained by phone, catalog, fax, or email. If the purchase is made for reasons other than price, the file must clearly describe the reason for the purchase. Under no circumstances will a purchase be broken down into more than one action to meet the Micro-Purchase threshold. The Micro-Purchase must be documented by an authorized purchase order, agreement, or contract. Micro-Purchases only apply to all purchases below the established threshold listed above when a reasonable cost is available. Such purchase must be distributed, to the extent practicable, equitably among qualified sources. If practicable, a quotation shall be solicited from other than the previous source before placing a repeat order.

V. SMALL PURCHASES (Not to exceed \$250,000)

- A. **General:** At YSHA's option, it may elect to use small purchase procedures per HUD regulations found at the 24 C.F.R. § 1000.26 as described below. Small purchases are those purchases that do not exceed the Simplified Acquisition Threshold in 2 C.F.R. § 200.88, which is set at \$250,000 under this Policy in compliance with 2 C.F.R. § 200.88. Small purchases are intended to expedite the

purchase of services and supplies not exceeding \$250,000.

- B. **Indian Preference:** Small purchases not exceeding \$250,000 shall to the greatest extent feasible, provide Indian Preference in the award of contracts according to 24 C.F.R. § 1000.52.

- C. **Competition:** For solicitations restricted to qualified Indian-owned economic enterprises and Indian organizations, if two (or a greater number stated in the solicitation) such entities submit acceptable proposals, the award shall be made to the qualified Indian-owned economic enterprise or Indian organization that is responsive and responsible with the best proposal, provided that the price is within the maximum total price established for the specific project or activity. If fewer than two Indian-owned economic enterprises or Indian organizations submit acceptable proposals, YSHA should consider re-soliciting the request for proposal (“RFP”) without restriction to qualified Indian-owned economic enterprises or Indian organizations. In procurements where Indian Preference is not possible, YSHA shall attempt to obtain quotations (in writing if over the Micro-Purchase threshold) from a minimum of three (3) qualified sources. If YSHA does not receive three (3) quotations, the requisitioner who documents the attempts made to obtain the quotations shall prepare a memorandum. The sole quotation received may be accepted in unusual circumstances (e.g. an emergency threatening public health and safety, or YSHA determines that the delays caused by re-solicitation would result in higher costs).

- D. **Circularization:** To solicit written proposals for small purchases not exceeding \$250,000, one or more of the following methods shall be used:
 - 1. Advertisement placed in a newspaper of general circulation, or government website;
 - 2. A written notice to potential vendors by YSHA; and/or
 - 3. Telephone, fax, or email contact.

- E. **Obtaining Quotes:** YSHA shall solicit and document a reasonable number of price quotations under the circumstances by the procedure set forth in Section V(D)(1)-(3) of this Policy, which allows participation by a reasonable number of competitive sources. The requisitioner should document the following information for the quotations received: (1) the name of the business, (2) the contact person, and (3) the date and time the quotation or solicitation was provided to YSHA. Whenever practicable, the requisitioner shall obtain the price quotations in writing.

- F. **Procurement of \$10,000 to \$250,000** except for contracts involving the Wage Determination requirements described in Section VI(B)(6) of this Policy that are subject to the federal Davis-Bacon wage rate determinations under 24 C.F.R. § 1000.6. For small purchases of the Micro-Purchase threshold, but not exceeding

\$250,000, no less than three (3) offers shall be solicited to submit price quotations. The quotations may be obtained by telephone, fax, email, or in writing. YSHA shall award the purchase to the offeror providing the lowest acceptable quotation, unless justified in writing based on price and other specified factors, such as technical capability for architect/engineer contracts. If non-price factors are considered in awarding a purchase, YSHA shall disclose the factors within the solicitation. YSHA shall document the name, address, telephone number, offer date, and amount of offer for each quotation received.

- G. **Representations, Certifications, and Other Statements of Bidders:** If applicable, the requester shall require the bidder to submit a “Representations, Certifications, and Other Statements of Bidders” form, Native American Enterprise Qualification Statements, Non-Collusive Affidavit with the quote. If the “Representations, Certifications, and Other Statements of Bidders” form is not submitted by the bidder, the quote shall be considered incomplete (i.e., non-responsive). No procurement award shall be made without properly executed required forms.

VI. SEALED BIDS (FORMAL ADVERTISING)

- A. **Under 24 C.F.R. § 200.320** as referred in 24 C.F.R. § 1000.26 a contract shall be awarded based on the competitive sealed bidding if the following conditions are present: complete, adequate, and realistic specifications or purchase description is available; two or more responsible bidders are willing and able to compete effectively for the work; the procurement lends itself to a firm-fixed-price contract, and the selection of the successful bidder can be made principally based on price. Sealed bidding is the preferred method for construction procurement. For professional services contracts, sealed bidding should not be used.

B. Bid Documents

1. Specification and Estimates. The Project Manager must prepare work plan specifications and estimates of the cost of the contract. The amount of detail of the cost estimate and the degree of the analysis will depend on the complexity of the contract. The specifications shall serve as evaluative criteria after the contract, and the estimates shall serve as a reference for the proper evaluation of the solicited bids. See “Costs and Price Analysis” section for further details.
2. Budget Approval. The Project Manager shall prepare a budget to be included in the IHP and forward to YSHA Finance Office. Once solicitation, bidding, and selection have been completed, the Project Manager will forward a purchase order to the Finance Office. If the purchase order is consistent with the budget included in the IHP, then the FM shall provide a contract number to the Project Manager and open a file for the proposed

contract. The form should then be forwarded to the Executive Director for review and approval to proceed.

3. Indian Preference. YSHA shall to the greatest extent feasible provide preference to Indian-owned economic enterprises and organizations and shall, to the extent feasible, maintain and/or refer to lists of qualified Indian supply sources. YSHA shall require a statement from all contractors agreeing to provide Indian Preference in subcontracting, training, and employment, and shall specify the method to be used. YSHA shall document its efforts in providing Indian Preference. If no quotations are solicited or received from Indian-owned economic enterprises or Indian organizations, YSHA shall document in the procurement file the reasons for the lack of Indian participation.
4. General. If, after reviewing the construction and bid documents to ensure compliance with federal, state, and/or local laws governing the public solicitation of bids, the Project Manager determine that modifications are required to comply with such laws, YSHA should contact the funding agency to ensure that such changes meet applicable compliance requirements.
5. Wage Requirements. The Project Manager shall complete the Request for Wage Rate Determination form based on the specifications for labor determined above and, where applicable, the Davis-Bacon Wage Rates for the regional area.
6. Wage Determination. The Project Manager shall obtain prevailing wage-rates as determined by the DOL. This determination must be provided to the bidder at the time the sealed bid is requested. At least ten (10) days before the award of the contract, the Project Manager must confirm the wage rates with the DOL.
7. Invitation for Bids. The invitation for bids shall be prepared in the form prescribed by YSHA. The invitations should define the goods or services for bidders to properly respond and include any specifications and pertinent attachments. The bid acceptance period shall be specified, and the bidders shall be informed that YSHA reserves the right to reject any or all bids received.
8. Instructions to Bidders for Contracts. The bid package shall contain the “Instructions to Bidders for Contracts” in the format of a form. The and Project Manager shall mark all places required within the instructions. The “Instructions to Bidders for Contracts” shall be used to inform interested bidders of the general bidding requirements, the responsibilities of each party, and the factors to be considered in determining the successful bidder.

9. “Representations, Certifications, and Other Statements of Bidders” Form. For all construction contracts over \$10,000, each bidder shall be required to submit a “Representations, Certifications, and Other Statements of Bidders” with the bid. The Project Manager shall mark the form highlighting all required statements. If the form is not submitted with the bid, it shall be considered incomplete and non-responsive.
10. General Conditions. Provisions for the general conditions reflect federal statutes, executive orders, and/or established YSHA policy. The Statement of General Conditions (HUD 5370) shall be included in the solicitations.
11. Project Manual. The Project Manager should ensure that a bound construction specifications manual and working drawings or other descriptions of supplies and/or services are signed by the preparer.
12. Bid Form. Two (2) of the actual bid forms are required to be submitted in compliance with the invitation for bids. The bidder shall be required to quote prices and specify the completion or delivery date. Only one complete bid packet will be accepted, and no substitute bid proposal will be accepted.
13. Non-Collusive Affidavit. For all construction and equipment contracts over \$10,000 the bidder shall be required to submit a “Non-Collusive Affidavit” with the bid. If the affidavit is not submitted with the bid by the low bidder, the Project Manager shall require submission within three (3) working days. If the affidavit is submitted after that date, the bid shall be considered non-responsive and incomplete. The contract may then be awarded to the second lowest bidder. No contract award shall be made without a properly executed non-collusive affidavit.
14. Equal Opportunity for Business and Lower Income Persons. For all construction contracts over \$500,000, the contractor is required to comply with the requirements of HUD Section 3. HUD Section 3 requires that to the greatest extent feasible, opportunities for training and employment be given to lower-income residents of the project area and contracts for work in connection with the project be awarded to business concerns which are located in the area or to businesses owned in substantial part by persons residing in the area of the project.
15. Contract Form. The contract shall be prepared by the Project Manager and reviewed and approved by the Executive Director.
16. Bid Guarantee or Bond. Only for construction and construction project-related equipment contracts exceeding \$85,000, or at the Executive Director’s discretion, all bids must be accompanied by a negotiable bid guarantee or bond of at least 5% of the amount of the bid.

17. Assurance of Completion. For all construction contracts, the contractor shall be required to furnish bonding per the 24 C.F.R. § 1000.26 and 24 C.F.R. § 200.325. Special terms may be entered due to special circumstances, 24 C.F.R. § 1000.26 (12) specifically indicates the remedies available.
18. Debarment. In accordance with 2 C.F.R. § 200.213, YSHA shall not hire, contract with, or otherwise do business, either directly or indirectly, with contractors or individuals who have been debarred, suspended, or subjected to a Limited Denial of Participation (“LPD”) by the U.S. Government. Before contract award (i.e., the participation of the Notice to Proceed), the Project Manager shall verify that the contractor has not been debarred, suspended, or LPD’d by reviewing the most updated publication of “Lists of Parties Excluded from Federal Procurement or Non-procurement Programs.” No awards are made to LPD or debarred parties. The link to the page for LPD or debarment status can be found at <http://epls.arnet.gov/>. The Project Manager should document the review in a memorandum to the contract file.
19. The bid package shall be prepared by the Project Manager including the contract specification and drawings, instructions to bidders, prevailing wage determination, and other forms that may apply, as referred elsewhere in this section. The contract shall be reviewed and approved by the Grant Administrator.
20. DOL Notification. Within ten (10) calendar days of the contract award (including subcontracts) for each contract of \$10,000 or more, the contractor must contact the Regional Office of Federal Contract Compliance Programs of the DOL. The Project Manager shall inquire of the contractor whether or not it has notified the DOL.
21. Insurance Requirements. Before the notice to proceed is authorized, the contractor and each subcontractor shall furnish the Project Manager with certificates of insurance which demonstrate that the insurance requirements are in force and will insure all operations under the contract. Insurance requirements must be in accordance with the “General Conditions” documents (HUD Form 5370) and the contract. All insurance shall be carried with companies that are financially responsible and authorized to do business in the state of South Dakota. The Procurement Officer shall verify the insurance company is acceptable to YSHA. The Project Manager shall notify the contractor to stop work if the required insurance coverage is not in force at the time the work begins or if the coverage expires before the work is accepted. The Project Manager also shall notify the contractor that any such work stoppage is an infraction of the contract and that the contractor is liable for any losses or delays.

22. Submission for Funding Agency Approval. Where required, the Project Manager shall submit complete construction documents (including working drawings and construction specifications) and bid documents for each proposed contract to the funding agency for review and approval before soliciting bids. When the funding agency's approval is not required, the Project Manager shall certify in writing the following and send a copy of the certification to the funding agency:
- a. The Project Manager has obtained the required certification from the architect/engineer;
 - b. The construction documents accurately reflect the funding agency's approved work and meet its standards;
 - c. The bid documents are complete and include all mandatory provisions, including correct wage rates and labor standards, as well as contract provision; and
 - d. The bid documents included all necessary requirements related to lead-based paint, abatement, and physical accessibility.

C. **Solicitation for Bids**

1. General. Once the bid documents and/or specifications have been approved, the Finance Department shall prepare a copy of the invitation to bid including specifications and all contractual terms and conditions applicable to the procurement, with a request for publication, along with the bid packages to be disbursed. The Finance Department shall number sequentially each copy of the bid package for control purposes.
2. Restricting Solicitations. The invitation may be restricted to qualified Indian-owned economic enterprises and Indian organizations if YSHA has a reasonable expectation for receiving the required minimum number of responsive bids. YSHA shall solicit bids from non-Indian as well as Indian-owned economic enterprises and Indian organizations if: (1) YSHA decides not to restrict the solicitation; (2) an insufficient number of qualified Indian-owned economic enterprises or organizations submit responsive bids in response to the solicitation; or (3) a single bid is not accepted.
3. Pre-bid Conference. The Project Manager may hold pre-bid conferences to inform the bidders about the requirements of the scope of work and give a walkthrough of the project.
4. Publication. The Project Manager shall give full opportunity for open and competitive bidding by publishing the invitation for bids for ten (10) days in local newspapers or trade publications. The Project Manager shall also

extend an invitation to known potential vendors.

5. Bid Period. The invitation for bids shall first be published not less than ten (10) days prior to the date specified for public bid opening. The potential bidders will have an additional thirty (30) days of response time. However, if an addendum is issued, the Project Manager shall consider the magnitude of the change and allow at least five (5) working days as an extension to the date specified for public opening.
6. Plans Fee. YSHA can require a plan fee for each bid package in an amount that is determined by the Project Manager and is based on local practice. The fee should at least be sufficient to offset the cost of reproducing the bid package. A fee is not required for bid packages issued to the project architect.
7. Alternate Bids. The Finance Department may request alternate bids (e.g., two (2) different structural systems) or specify the most expensive system as the base bid and list deductive alternates in inverse priority order. If the bids are higher than the cost estimates (i.e., which may result in a budget overrun), YSHA can choose an alternate bid that is equal to or less than the available funds.
8. Addendum to Bid Package. The Finance Department shall issue changes to the standard bid package in the form of an addendum. The Project Manager shall not interpret the meaning of bid documents except by addendum. Each addendum shall be numbered sequentially by the Finance Department which will provide a copy to each bidder of record to each place where bidding documents are on file and, if necessary, to the funding agency (when the Project Manager is required to submit construction and bid documents before advertisement). The addendum also shall specify, if applicable, the revised deadline date for submission of bids.
9. Control Record. The Project Manager, Procurement Officer, and the requesting Department shall maintain a record of all bidding documents. This record shall identify the following for each individual or firm that requested a bid package; the bid package control number; the name of the company; the address and phone number of the company, the contact person, the date and time of bid receipt; the number of any addendum sent to the company and the date sent; the amount and date of any deposits received; and the date the bidder (i.e. contact person) was notified as to the successful low bidder.

D. Bid Opening and Evaluation

1. Restricted Solicitations. If the solicitation is restricted to Indian-owned economic enterprises and organizations, and two (2) or more (or a greater

number determined by the Project Manager and stated in the invitation) qualified Indian-owned economic enterprises or organizations submit responsible bids, the award shall be made to the qualified enterprise or organization with the lowest responsive bid. If equal low bids are received, the award shall be made by drawing lots or using a similar random method, unless otherwise provided by state or local law. If fewer than the minimum number of qualified Indian-owned economic enterprises or organizations submit responsive bids, all bids shall be rejected, and YSHA shall cancel the solicitation and re-solicit, inviting bids from non-Indian as well as Indian-owned economic enterprises and organizations. YSHA may accept a single bid received from a responsible bidder, subject to HUD approval, in unusual circumstances (i.e., YSHA determines that the delays caused by re-solicitation would result in higher construction costs and the bid is considered fair and reasonable based on the cost or price analysis prepared by YSHA).

2. Unrestricted Solicitations. If the solicitation is not restricted to Indian-owned economic enterprises and organizations, the award shall be made to the qualified Indian enterprise or organization with the lowest responsive bid if that bid is (1) within the maximum total contract price established for the specific project or activity for which bids are being taken and (2) no more than “X” higher than the total bid price of the lowest responsive bid from a qualified bidder. “X” is a percentage of the lowest responsive bid defined under Attachment A. If equally low bids are received from qualified Indian-owned economic enterprises or organizations, the award shall be made by drawing lots or a similar random method, unless otherwise provided in state, tribal, or local law. If no responsive bid by a qualified Indian-owned economic enterprise or organization is within this range, an award shall be made to the lowest responsive bidder.
3. Bid Opening. Upon receipt of each bid, the Procurement Officer shall mark the date and time on an envelope and keep it unopened in a secure place. At the date and time specified in the invitation for bids, the bids shall be opened in public and read aloud by the Procurement Officer and Project Manager with a representative from the Finance Department present. The Procurement Officer and Project Manager shall record all bids on a spreadsheet, copies of which will be forwarded to the Executive Director and the Finance Department along with the bids. The Finance Department will secure all certified or cashier’s checks in the safe. Only when sealed bids are requested, bids shall not be submitted via fax or email.
4. Late Bids. Any bids received after the date and time specified in the invitation for bids shall be returned unopened to the bidder with a letter indicating that the bid was not received by the deadline.
5. Bid Rejection or Withdrawal. After the public opening the Procurement

Officer may allow a bidder to withdraw a bid only if it is apparent that the bidder has made a mistake.

- a. **Withdrawal:** If the bidder seeks to withdraw a bid before the end of the bid acceptance period or the execution date of the contract, whichever is earlier, the Project Manager and Procurement Officer shall secure the following before approving or disapproving the withdrawal request: (1) a notarized statement from the bidder indicating that an error was made with an explanation of how it occurred; and (2) a copy of the bidder's cost estimating worksheets or other evidence provided by the bidder in support of the withdrawal request. The Project Manager shall inform YSHA legal counsel of the withdrawal decision as long as the Project Manager first receives the concurrence of the Procurement Officer and Executive Director in writing.
 - b. **Rejection:** The Project Manager shall reject any bid that is incomplete (i.e., the bid bond is not submitted with the bid or the bid fails to conform to the essential items of the invitation for bids). If YSHA proposes to reject the lowest bidder for reasons other than an incomplete bid, they should give the bidder an opportunity, within a time specified in the bid documents, to delete objectionable conditions from a bid only if the conditions do not concern the substance of the bid (such as the price, quantity, quality, or delivery of items offered). After a specified time, YSHA shall make a final decision on whether or not to reject the offer.
 - c. **Bidder Notification:** The Procurement Officer shall notify the bidder, not later than the specified bid holding period, as to whether the withdrawal request has been approved or disapproved or whether the bid has been rejected. If appropriate, the Project Manager and Procurement Officer shall also return the bid bond to the bidder.
6. Rejection of All Bids. The Project Manager may decide to reject all bids. Possible reasons may include the following: (1) the bids received were higher than the funds available to procure the contract or (2) none of the bids received met the bid requirements.
- d. **Reasons for Rejection:** The Finance Department, the Administrator, and Project Manager shall review the bids received to determine the reason that the contract cannot be awarded. The purpose of this review is to ascertain that: the bid amount exceeds the approved budget amount, the bids are unreasonably high due to unusual circumstances affecting construction in the housing market area, the project is over-designed, or the award cannot be made for other

identified causes. If only one responsive bid is received from a responsible bidder, an award shall not be made unless a cost or price analysis verifies the reasonableness of the price.

- e. Over-design: If it is determined that the high bids are due to project over-design, the Finance Department and the architect shall identify design modifications that would likely result in lower bids. Where required, the Project Manager shall submit revised construction documents for prior funding agency review and approval. The architect shall be held responsible for making any design modifications under the terms of the architect’s contract.
 - f. Invitation for Bids: Upon the funding agency’s approval of the revised construction documents, where required, the Procurement Officer and Project Manager shall be authorized to issue a subsequent invitation for bids.
- E. **Bid Protest:** See “Appeals and Remedies” section of this Policy.
- F. **Award:** The Project Manager and Procurement Officer shall provide the Executive Director with a bid spreadsheet and the file containing the documentation for the bid that the Project Manager proposed to accept. The Administrator, using the Contract File Checklist, shall review the Project Manager’s acceptance recommendation. Note: the checklist will contain a list of required documents to award the contract.
- G. **General Requirements:** After bid opening, the Procurement Officer and Project Manager shall perform the following procedures:
- 1. When prior funding agency’s review and approval are required before contract award, submit the following documents to the funding agency:
 - a. The bid spreadsheet, certified to completeness by the Procurement Officer and Project Manager and identifying the following for each bid received: (1) the name and address of the bidder; (2) the amount of the bid; (3) the amounts of any alternates; and (4) the amount and type of bid bond; and
 - b. The bid documents for the proposed award, including a copy of the bid bond and the non-collusive affidavit.
 - 2. Award Without Prior Funding Agency Approval: Except when required above, YSHA may award the contract without prior funding agency approval if the Executive Director or designee has certified in writing that the bid advertisement and contract award were conducted in compliance with federal, state, and local requirements.

VII. COMPETITIVE PROPOSALS

- A. **Use of Competitive Proposals:** In accordance with 24 C.F.R. §1000.26 that refers to 2 C.F.R. § 200, competitive proposals (including turnkey proposals for development) may be used if there is an adequate method of evaluating technical proposals and an adequate number of qualified sources to be solicited; and when YSHA determines that conditions are not appropriate to use the sealed bidding procurement process (i.e. there is not a complete, adequate, and realistic specification or purchase description available and selection of a successful bidder cannot be made principally on the basis or price).
- B. **Architect/Engineer Services:** Architect/engineer services in excess of small purchase limitation may be obtained by either the competitive proposals method or qualifications-based selection procedures unless state law mandates the specific procedure. Sealed bidding shall not be used to obtain architect/engineer services. Under qualifications-based selection procedures, each competitor's qualifications are evaluated, and the most qualified competitor is selected, subject to the negotiation of fair and reasonable compensation. These procedures shall not be used to purchase other types of services even though architect/engineer firms are potential sources.
- C. **Procedures for Contract for Management Improvements and Other Professional Services**
1. Determination of Need. During a joint review, the Administrator, the Director of the Finance Department or designee, and the funding agency, if applicable, shall reach an agreement upon YSHA's need for management improvements and other professional services.
 2. Solicitation. YSHA shall prepare an RFP which clearly identifies the relative importance of prices and other evaluation factors and sub-factors on the award decision (i.e., the weight given to each technical factor and sub-factor). According to 2 C.F.R. § 200.319(b), contractors that develop or draft specifications, requirements, statements of work, or invitations for bids or RFPs must be excluded from competing for such procurements. A mechanism for fairly and thoroughly evaluating the technical and price proposals shall be established by YSHA and the funding agency (if applicable) before the solicitation is issued. Proposals shall be handled to prevent disclosure of the number of offerors, the identity of the offerors, and the contents of proposals. The proposals shall be evaluated only on the criteria stated in the RFP solicitation.
 3. Restrictions. The RFPs may be restricted to qualified Indian-owned economic enterprises and Indian organizations if YSHA has a reasonable expectation of receiving offers from two (2) (or greater number stated in the

RFP) such entities. YSHA shall solicit proposals for non-Indian as well as Indian-owned economic enterprises and Indian organizations if: (1) YSHA prefers not to restrict the RFP, (2) there are an insufficient number of qualified Indian-owned economic enterprises or Indian organizations to be able to satisfactorily respond to a restricted RFP, or (3) a single proposal is received but not accepted.

4. YSHA Preparation of an RFP. The Project Manager shall prepare the RFP. The RFP shall at least contain the following information: (1) a brief description of YSHA and the project contemplated, (2) the specific consultant services required, (3) the time frame for provision of the services, (4) the evaluation factors and their relative importance in the award of the contract, (5) the submission deadline, and (6) the name of YSHA's contact person. The RFP shall request that the respondent provide a proposal that (1) demonstrates an understanding of the required services needed and the firm's ability to perform the services in a timely and effective manner (including a profile of the firm's principles, staff, and facilities), (2) provides a cost estimate to perform the work, and (3) includes any forms required by YSHA or funding agency. Under 2 C.F.R. § 200.319(b) contractors that develop or draft specifications, requirements statements of work, invitations for bids, or RFPs must be excluded from competing for such procurements.
5. Evaluation Factors. The RFP shall clearly identify the relative importance of price and other evaluation factors and sub-factors, including the weight given to each technical factor and sub-factor. YSHA may reserve 15% of the total number of available rating points in unrestricted solicitations for the provision of Indian Preference in the award of contracts and subcontracts, and up to an additional 10% for evaluation of the offeror's statement regarding training and employment of Indians. The proposal shall be evaluated only on the criteria stated in the RFP.
6. YSHA Advertisement for RFP. The Procurement Officer shall advertise the RFP through public announcement in local newspapers and, if appropriate, trade publications, direct request to the qualified respondent in YSHA's files which YSHA or other authorities have previously retained, and/or direct request to local association of minority respondents. The Procurement Officer shall furnish all interested parties with a copy of the RFP.
7. Negotiations. Unless there is no need for negotiations with any of the offerors, negotiations shall be conducted by the Project Manager with offerors who submit proposals determined to have a reasonable chance of being selected for award, based on an evaluation against the technical and price factors as specified in the RFP. Such offerors shall be accorded fair and equal treatment with respect to any opportunity for negotiation and revision of proposals. The purpose of the negotiations shall be to seek

clarifications of YSHA questions and, if considered appropriate, advise the offerors of deficiencies in both the technical and price aspects of their proposals that may impact the offerors' full understanding of, and conformance with, the solicitation requirements. No offeror shall be provided information about any other offeror's proposal, and no offeror shall be assisted in bringing its proposal up to the level of any other proposal. Offerors shall not be directed to reduce their proposed prices to a specific amount to be considered for award. A common deadline shall be established for receipt of proposal revisions during the negotiations. The Project Manager and Procurement Officer shall determine if all required forms and/or documents are included in the submitted proposals.

8. Award. After evaluation of the proposals (and any revisions), the contract shall be awarded to the responsive and responsible firm whose qualifications, price, and other factors considered are the most advantageous to YSHA. YSHA shall not order or agree to any changes in the contract work when prior funding agency approval is required. Contract changes shall include a description of the proposed change in work, the fixed cost (credit, debit, or no change) of the change, and an estimate of any additional time required to complete the work. When required, YSHA shall submit the RFP before advertisement, the contract before award, and any contract changes before issue, for each professional consulting service contract to the funding agency. For solicitations restricted to qualified Indian-owned economic enterprises and Indian organizations, if two (2) (or greater number stated in the RFP) such entities submit acceptable proposals, an award shall be made to the qualified Indian-owned economic enterprise of Indian organization with the best proposal, provided that the price is within the maximum total price established for the specific project or activity. If fewer than this number of Indian-owned economic enterprises or Indian organizations submit acceptable proposals, YSHA should consider re-soliciting the RFP without restriction to qualified Indian-owned economic enterprises and Indian organizations. YSHA may accept the sole proposal received, subject to HUD approval, in unusual circumstances (such as when YSHA determines that the delays caused by re-soliciting the RFP would cause higher costs or when YSHA determines that the proposal has a fair and reasonable price).
9. Contract Review and Approval. Once the Project Manager has reviewed and approved the RFP and received funding agency approval (if required), it will prepare a contract that contains the following:
 - a. A clear statement of the specific services and tasks to be performed;
 - b. A description of the methodology to be used in carrying out the services;

- c. An identification of the type and frequency of written reports to be provided to YSHA;
 - d. A time frame for completion of all services;
 - e. A payment schedule that is related to the successful completion of specific tasks; and
 - f. The total cost of the project.
10. Abandonment or Termination. In the event of abandonment of the project or termination of the contract for any cause, under the respective sections of the contract, the terms of any settlement between YSHA and the consultant shall be subject to approval by the Executive Director or designee, the Project Manager, and the funding agency, if required. YSHA shall not disburse any monies to the consultant after the giving of notice of abandonment or termination until the Executive Director or designee, and the funding agency (if required) have approved the settlement agreement.

VIII. NON-COMPETITIVE PROPOSALS

- A. **Conditions for Use:** Procurements shall be conducted competitively to the maximum extent possible. However, in accordance with 2 C.F.R. § 200.320(c), procurement by a non-competitive proposal may be used when the award of a contract is not feasible using small purchase procedures, sealed bids, or competitive proposals, and one of the following applies:
- 1. The item is available only from a single source based on a good faith review of available sources;
 - 2. An emergency exists that seriously threatens the public health, welfare, or safety, or endangers property, or would otherwise cause serious injury to YSHA, as may arise by reason of a flood, earthquake, epidemic, riot, equipment failure, or similar event. In such cases, there must be an immediate and serious need for supplies, services, or construction such that the need cannot be met through any other procurement methods. Note: the emergency procurement shall be limited to those supplies, services, or construction necessary to meet the emergency. The thresholds outlined in Section VI apply.
 - 3. HUD authorizes the use of non-competitive proposals; or
 - 4. After solicitation of a number of sources, a competitive proposal is determined inadequate.

- B. **Justification:** Each procurement using a non-competitive proposal methodology shall be supported by a written justification for using such procedures. The justification shall be documented in writing by the Project Manager and approved by the Executive Director. The Procurement Officer shall review the entire process for compliance.
- C. **Price Reasonableness:** The reasonableness of the price for all procurements based on non-competitive proposals shall be determined by performing a cost analysis, as described under the “Cost and Price Analysis” section below.

IX. INDIAN PREFERENCE REQUIREMENTS

- A. **Unrestricted Solicitations Contract Award.** If the solicitation is not restricted to Indian-owned economic enterprises and organizations, an award shall be made to the qualified Indian-owned economic enterprise or organization with the lowest responsive bid, if that bid is (1) within the maximum total contract price established for the specific project or activity being solicited and (2) no more than “X” higher than the total price of the lowest responsive bid from a qualified bidder. “X” is a percentage of the lowest responsive bid defined pursuant to Attachment A. If equal low bids are received from qualified Indian-owned economic enterprises or organizations, the award shall be made by drawing lots or a similar random method, unless otherwise provided in state, tribal, or local law. If no responsive bid by a qualified Indian-owned economic enterprise organization is within this range, an award shall be made to the lowest responsive bidder.
- B. **Restricted Solicitations Contract Award.** If the solicitation is restricted to Indian-owned economic enterprises and organizations, and two or more (or a greater number determined by YSHA and stated in the invitation) qualified Indian-owned economic enterprises or organizations with the lowest responsive bids, the award shall be made to the qualified enterprise or organization with the lowest responsive bid. If equal low bids are received, the award shall be made by drawing lots or similar random methods, unless otherwise provided in state, tribal, or local law. If fewer than the minimum number of qualified Indian-owned economic enterprises or organizations submit responsive bids, all bids shall be rejected, and YSHA shall cancel the solicitation and re-solicit, inviting bids from non-Indians as well as Indian-owned economic enterprises or organizations. YSHA may accept a single bid received from a responsible bidder, subject to HUD approval, in unusual circumstances, such as if YSHA determines that, based on a cost or price analysis, the bid price is fair and reasonable, or YSHA determines that the delay of re-soliciting would subject the project to higher construction costs.
- C. **Contract Clauses and Solicitation Notices**
 - 1. Solicitation shall include the following information:
 - a. A statement of the applicability of Indian Preference to the

solicitation and a time before the due date for offers by which offerors must submit evidence of eligibility for Indian Preference;

- b. The Indian Preference requirements stated in 24 C.F.R. § 1000.48;
- c. Any applicable locally imposed preference requirements properly enacted by the tribal governing body and adopted by YSHA (or advised offerors to contact the tribal governing body to determine any applicable to which are available to reference requirements);
- d. Information as to whether YSHA maintains lists of Indian-owned economic enterprises and Indian organizations by trade specialty which are available to contractors and subcontractors for use in meeting Indian Preference responsibilities;
- e. A requirement that offerors (and their subcontractors, if required by YSHA) provide a statement describing how they will provide Indian Preference in subcontracting, training, and employment, including the number or percentage of Indians to be employed and trained;
- f. YSHA's description of the information to be submitted on Indian Preference;
- g. The factors that YSHA will use in judging the adequacy of the Indian Preference information submitted;
- h. A statement that failure to submit the required Indian Preference statements on subcontracting, training, and employment shall be grounds for rejection of the offer;
- i. A requirement that each contractor and subcontractor submit a certification and supporting evidence to YSHA whenever it is not feasible to provide Indian Preference in subcontracting;
- j. For requests for proposals that are not restricted to Indian-owned economic enterprises or Indian organizations, the percentage of the number of points set aside for Indian Preference and the method for allocating these points;
- k. A requirement in unrestricted RFP's that subcontractors using RFPs solicit subcontractors by reserving 15% of the available rating points for Indian Preference in subcontracting and the criteria to be used in evaluating subcontractor proposals; and
- l. A requirement that offerors submit a list of core crew employees with their offers, as defined in 24 C.F.R. § 1000.48 (referencing

ISDEAA), and that contractors and subcontractors are required to provide preference to the greatest extent feasible by hiring qualified Indians in all positions other than core crew positions.

2. Solicitations, contracts, and subcontracts shall include the following:
 - a. The clause prescribed in 24 C.F.R. § 1000 implementing ISDEAA in connection with the development or operation of YSHA projects;
 - b. The grounds for termination of a contract or the imposition of penalties for improper subcontracting or false certification as to subcontracting with Indian enterprises or organizations; and
 - c. If the contract is for a Mutual Help project (as described in 24 C.F.R. Part 950, Subpart E) it shall include required information, including that in 24 C.F.R. § 950.160.

X. PROCUREMENT FOR CONSTRUCTION CONTRACTS EXCEEDING SMALL PURCHASE THRESHOLD UTILIZING SEALED BIDS

YSHA shall award the procurement to the offeror providing the lowest acceptable quotation, unless justified in writing based on price and other specified factors, such as for architect/engineer contracts, compliance with wage rate determinations, and notice of reporting requirements. If non-price factors are considered in awarding a purchase, YSHA shall disclose the factors within the solicitation. YSHA shall document the name, address, telephone number, offer date, and amount of offer for each quotation received. The following requirements and procedures must be performed for contracts estimated to the small purchase threshold utilizing the sealed bid method of procurement.

- A. **Specification and Estimates:** The Project Manager must prepare work plan specifications and estimates of the cost of the contract. The amount of detail of the cost estimate and the degree of the analysis will depend on the particular complexity of the contract. The specifications shall serve as evaluative criteria at the completion of the contract, and the estimates serve as a reference for proper evaluation of the solicited bids. See “Costs and Price Analysis” section for further details. After completion of the solicitation, the Project Manager shall prepare a purchase order and forward the completed form to the Accountant. The Accountant shall provide a contract number to the Project Manager and open a file for the proposed contract.
- B. **Submission for Funding Agency Approval:** Where required, the Project Manager shall submit complete construction documents (including working drawings and construction specifications) and bid documents for each proposed contract to the funding agency for review and approval before soliciting bids. When the funding agency’s approval is not required, the Project Manager shall certify in writing the following and send a copy of the certification to the funding agency:

1. The Project Manager has obtained the required certification from the architect/engineer;
 2. The construction documents accurately reflect the funding agency's approved work and meet its standards;
 3. The required environmental review documents for this specific contract are included. The forms HUD 7015.15 and HUD 7015.16 were processed on time when required. If this is an exempt activity, then an explanation stating the justification for exemption;
 4. The bid documents are complete and included all mandatory provisions, including correct wage rates and labor standards, as well as contract provisions; and
 5. The bid documents included all necessary requirements related to lead-based paint abatement, and physical accessibility.
- C. **Wage Requirements:** The Project Manager shall complete the SF-308 Request for Wage Rate Determination form based on the specification for labor determined above, 24 C.F.R. § 1000.16, where the contract requires Davis-Bacon wage rate determinations. The DOL will provide a determination if work is considered eligible for Davis-Bacon.
- D. **Wage Determination:** The Project Manager shall obtain prevailing wage rates as determined by the DOL using the OYSHA LHA request form for wage rate determination. This determination must be provided to the bidder at the time the quotation is requested. At least ten (10) days before the award of the contract, the Project Manager must confirm the wage rates with the DOL.
- E. **Instruction to Bidders for Contracts:** The bid package shall contain the Instructions to Bidders for Contracts and the Project Manual. The Project Manager shall mark all places required within the instructions.
- F. **“Representations, Certifications, and Other Statements of Bidders” Form:** For all construction contracts over \$50,000, the bidder shall be required to submit a “Representations, Certifications, and Other Statement of Bidders” form with the bid. The Project Manager shall mark the form highlighting all required statements. If the form is not submitted with the bid, the bid shall be considered incomplete and non-responsive. No contract award shall be made without a properly executed “Representative, Certifications, and Other Statements of Bidders” form.
- G. **General Conditions:** Provisions for the general conditions reflect federal statutes, executive orders, and/or established YSHA policy. The Statement of General Conditions (HUD 5370) or an alternative Developed General Conditions shall be

included in the solicitation.

- H. **Non-Collusive Affidavit:** For all construction and equipment contracts over \$50,000. The bidder shall be required to submit a “Non-Collusive Affidavit” with the bid. If the affidavit is not submitted with the bid by the low bidder, the Project Manager shall require submission within three (3) working days. If the affidavit is submitted after that date, the bid shall be considered non-responsive and incomplete. The contract may then be awarded to the second low bidder. No contract award shall be made without a properly executed non-collusive affidavit.
- I. **Insurance Requirements:** Before the notice to proceed is authorized, the contractor and each subcontractor shall furnish the Procurement Officer with certificates of insurance showing that the insurance requirements are in force and will insure all operations under the contract per 24 C.F.R. § 1000.136(c). Insurance requirements must follow the specifications and contract. All insurance shall be carried with companies that are authorized to do business in the state of South Dakota. The Accountant, through the Project Manager, notifies the contractor to stop work if the required insurance coverage is not in force at the time the work begins or if the coverage expires before the work is accepted. The Project Manager shall notify the contractor that any such work stoppage is an infraction of the contract, and that the contractor is liable for any losses or delays.
- J. **Guarantee or Bond:** Only for construction and construction project-related equipment contracts exceeding \$85,000, or at the Executive Director’s discretion, all bids must be accompanied by a negotiable bid guarantee or bond for at least 5% of the amount of the bid.
- K. **Assurance of Completion:** For all construction contracts, the contractor shall be required to furnish bonding in accordance with the 24 C.F.R. § 1000.26 and 2 C.F.R. § 200.325. Special terms may be entered due to special circumstances, 24 C.F.R. § 1000.26(15) specifically indicates the remedies available.
- L. **Contract Form:** The bid package shall be prepared by the Project Manager including the contract specification and drawings, instructions to bidders, prevailing wage determination, and other forms that may apply, as referred elsewhere in this section. The contract shall be reviewed and approved by the Executive Director.
- M. **DOL Notification:** Within ten (10) calendar days of the contract award (including subcontracts) for each contract of \$10,000 or more, the contractor must contact the Regional Office of Federal Contract Compliance Programs of the DOL. The Project Manager shall inquire of the contractor whether or not it has notified the DOL, and document that conversation in the contract file.
- N. **Notice of Award:** Upon Approval of the Board, the Project Manager shall notify the contractor of a Notice of Award and notice to obtain the required Yankton Sioux

Business License.

- O. **Contract Award and Notice to Proceed:** The Project Manager shall prepare original copies of the notice to proceed together with the contractor's set of the executed contract documents, however a pre-construction conference may be held prior to or contemporaneously with issuance of the Notice to Proceed. The Notice to Proceed is the official YSHA order directing the contractor to start work on the contract. For all federally assisted labor contracts, work is not allowed to begin until the Notice to Proceed has been issued. The date of the completion is counted from the date of the Notice to Proceed. The contractor shall be requested to countersign the Notice to Proceed, designating receipt and acceptance, and return one signed original to the YSHA to be kept in the contract file.
- P. **Contract Award and Notice to Proceed:** The Project Manager shall have prepared two (2) original copies of the Letter of Notice to Proceed to be issued to the contractor as the notice to start work, together with the contractor's set of the executed contract documents. The Letter of Notice to Proceed is the official YSHA order directing the contractor to start work for contracts of up to \$250,000 that involve labor. For all federally assisted labor contracts work is not allowed to begin until the Letter of Notice to Proceed has been issued. The date of completion is counted from the date of the Notice to Proceed. The contractor shall be requested to sign the Notice to Proceed, designating receipt and acceptance, and return one signed original to YSHA to be kept in the contract file. The Project Manager shall provide a copy of the executed contract, bid documents, and plans/specifications for development contracts to HUD within five (5) days of the contract award.
- Q. **Subcontractors:** All contracts between the contractor and any subcontractors shall contain the equal opportunity employment requirements and the prevailing wage rate requirements. The contractor is responsible for determining that potential subcontractors meet YSHA's and/or the funding agency's requirements. Additionally, the contractor is required to submit either copies of subcontracts or an "addendum to the Contract" for each subcontractor. This documentation will be kept in the contract file.
- R. **Contract Payroll:** The contractor is responsible for paying not less than the applicable Davis-Bacon wage rates to all employees engaged in work under the contract and ensuring that any subcontractors also get paid no less than the applicable Davis-Bacon wage rates per the contract.
1. Payroll Report. The contractor shall submit a certified payroll report and compliance statements to the Project Manager at the end of each month during the contract period (i.e., from execution of the contract to contract completion and acceptance by YSHA). This requirement is noted in the General Conditions. A separate payroll report shall be submitted for the contractor and each subcontractor. In the event of no payroll for the month, a "No Payroll" report must be provided to YSHA.

2. Payroll Forms. The contractor's report may be submitted on the payroll form (DOL WH-347), which includes on its reverse side the required Statement of Compliance (DOL WH-348). The contractor may substitute other forms instead of the Payroll Form (DOL WH-347) as long as all of the required information is included.
 3. Subcontractors. All contracts between the contractor and any subcontractors shall contain Indian Preference requirements and the prevailing wage rate requirements. The contractor is responsible for determining whether the potential subcontractors meet YSHA's and/or the funding agency's requirements.
 4. Monitoring. The Project Manager is responsible for reviewing the contractor's payroll report to ensure that the correct wage rates are being paid and for resolving any discrepancies. The reviewer will initial and date the face of the payroll report as being reviewed, and any discrepancies noted and acted upon.
 5. Field Interviews. The Project Manager will be responsible for conducting interviews with the contractor's employees for the purpose of obtaining corroborating evidence to support the wages reported on the contractor's payroll reports. Completed interviews will be filed in the contract file.
- S. **Final Inspection:** The final inspection shall be made by the Project Manager (and architect, when appropriate), when all work is completed. Until the final inspection has been made and the payroll report marked "FINAL" is received, the Project Manager shall not approve the final payment to the contractor.

XI. CONTRACT AWARD

- A. **Notice of Award by Federal Agency:** Upon receipt of the funding agency's letter authorizing contract award to its approval under the previous participation review process, the Project Manager shall prepare a notice of award letter and forward it to the Administrator. If acceptable, the Executive Director shall sign the notice of award letter and return it to the Project Manager for mailing. The Project Manager must request that the contractor provide the assurance of completion (bonding) in the amount identified in the bid (and as specified in the general conditions of the contract). Before executing the contract, the Project Manager shall ensure that the assurance of completion meets the requirement of 24 C.F.R. § 1000.26.
- B. **Distribution of Executed Documents:** The Accounting Office shall retain one original copy of the performance and payment bond (or other assurance), the power of attorney, and a signed set of the contract documents for its files. The Project Manager shall send one copy to the funding agency and retain the contractor's copy for attachment to YSHA's notice to proceed.

- C. **DOL Notification:** Within ten (10) calendar days of contract award (including subcontracts) for each contract of \$250,000 or more, the contractor must contact the Regional Office of Federal Contract Compliance Programs of the DOL. This notification is required by Executive Order 11246, as amended.
- D. **Pre-Construction Conference Minutes:** The minutes of the pre-construction meeting and a list of attendees shall be prepared and kept in the contract file in the labor standards enforcement section. The minutes should be reviewed by the Administrator.
- E. **Notice to Proceed:** The Project Manager shall prepare two (2) original copies of the notice to proceed to be issued to the contractor together with the contractor's set of the executed contract documents. The notice to proceed is the official YSHA order directing the contractor to start work. For all federally assisted labor contracts, work is not allowed to begin until the notice to proceed has been issued and signed by all required parties. The date of completion is counted from the date of the notice to proceed. The contractor shall be requested to sign the notice to proceed, designating receipt and acceptance, and return the original to YSHA. The signed original is to be kept in the contract file. A copy shall be sent to the DOL for all federally funded contracts involving labor over \$5,000.
- F. **Assurance of Completion:** In accordance with 24 C.F.R. § 1000.26 for construction contracts for more than \$250,000, each contractor shall be required to provide bid guarantees and adequate assurance of performance and payment acceptable to HUD. Note: the Procurement Officer should also ensure compliance with the State of South Dakota statute, which can be found at <https://sdlegislature.gov/Statutes/5-18B> for contractor's bond requirements. Additionally, the solicitation shall indicate which of the above methods is permitted.
- G. **Use of a Surety:** If the contractor uses a surety company, the surety must be a guarantee of surety company acceptable to the government, U.S. Treasury Circular No. 570 Entitled Companies Holding Certificates of Authority as Acceptable Sureties on Federal Bonds and as Acceptable Reinsuring Companies, is published annually in the Federal Register. This circular list companies approved to act as a surety on bonds securing government contracts. It also provides the maximum underwriting limits on each contract bonded and the states in which each company is licensed to do business. YSHA must refer to this circular when a surety is used. The circular can be obtained by contacting the Surety Bond Branch of the Financial Management Service (Department of the Treasury).

XII. CONTRACT ADMINISTRATION RESPONSIBILITIES

- A. **YSHA Responsibilities:** YSHA is responsible for enforcing contracts and for ensuring retention of all contractual rights.

- B. Project Manager Responsibilities:** The Project Manager and the Executive Director (or an authorized YSHA staff member) are responsible for ensuring that the project is completed in accordance with the contract. If applicable, the Project Manager shall inform the Executive Director of any deficiencies noted during the duration of the contract. The Project Manager is responsible for the following:
1. Obtaining required reports. The Project Manager shall obtain all reports and construction documents required by the contract and the funding agency from its architect and the contractor. The Project Manager shall retain these reports as required and send a copy to the funding agency.
 2. Performing Inspections. The Project Manager shall coordinate adequate and competent supervisory and inspection personnel for the duration of the contract. Note: as contracting officer, the Executive Director shall have the final responsibility for ensuring work quality and progress.
 3. Coordinating Construction Meetings. The Project Manager shall meet with the architect and the contractor on a regular basis to discuss work progress, and problems or deficiencies noted during inspection visits, overdue reports, and the construction schedule. There shall be a written record of the items discussed at each meeting and a copy placed in the construction file.
 4. Informing the Contractor of its Subcontractor Responsibilities. All contracts between the contractor and any subcontractors shall contain Indian Preference requirements and the prevailing wage rate requirements. The Project Manager shall remind the contractor that it is responsible for determining that potential subcontractors meet YSHA's and/or the funding agency's requirements. The Project Manager shall obtain a copy of all applicable subcontracts. This documentation will be kept in the contract file.
 5. Informing the Contractor of its Contractor Payroll Responsibilities. The Contractor is responsible for paying not less than the applicable wage rates to all employees engaged in work under the contract and ensuring that any subcontractors also pay not less than the applicable wage rates pursuant to the contract. The Project Manager shall remind the contractor of these responsibilities.
 6. Obtaining and Reviewing Payroll Reports and Forms. The contractor shall submit a certified payroll report and compliance statements to the Project Manager each month, during the contract period (i.e., from execution of the contract to contract completion and acceptance by YSHA). A separate payroll report shall be submitted for the contractor and each subcontractor. In the event of no payroll for the month, the contractor is required to submit a "No Payroll" report. The contractor's report may be submitted on the Payroll Form (DOL WH-347), which includes on its reverse side the

required Statement of Compliance (DOL WH-348). The contractor may substitute other forms instead of the Payroll Form (DOL WH-347) as long as all of the required information is included. The Project Manager are responsible for obtaining and reviewing the contractor's reports to ensure that the correct wage rates are being paid and for resolving any discrepancies. Note: refer to the Labor Standards Handbook 1344.1, for further guidance.

7. Conducting Field Interviews. The Project Manager will be responsible for conducting interviews with the contractor's employees for the purpose of obtaining corroborating evidence to support the wages reported on the contractor's payroll reports. Completed interviews will be documented in a memorandum that is filed in the contract file.
8. Obtaining a Contractor Schedule. When progress payments are necessary, the Project Manager shall require the contractor to prepare a construction progress schedule and schedule of amount for contract payments for each project within five (5) days after the notice to proceed has been issued. The Project Manager may require the use of HUD Form 5372, "Construction Progress Schedule," and HUD Form 5100, "Schedule of Amounts for Contract Payment." The Project Manager and the architect shall review the contractor's schedules to determine that the scheduled dates and amounts of work to be completed are reasonable and consistent with the contract. If acceptable, the architect shall sign the schedule and forward it to the Project Manager for approval. Upon approval by the Project Manager, the approved schedules shall be returned to the contractor. The Project Manager shall also provide a signed copy of the approved schedules to the Accountant.
9. Monitoring of Insurance. The FM shall approve and monitor the insurance policies obtained by all contractors and subcontractors to ensure that the coverage required by the contract meets YSHA requirements and is kept in force until the contractor's work in accepted by YSHA.

C. **FM's Responsibilities:** The following are the responsibilities of the FM:

1. Confirming Budget Authority Review. The FM is responsible for ensuring that budget authority is available for the contract. This is accomplished through the review of the IHP.
2. Maintaining a Contract File. The FM shall maintain a contract file in the Finance Office. All documents that are part of the contract activity should be kept in this file. It is the responsibility of the FM to ensure that the contract file is complete. The FM shall review this file for completeness no less than once during the life of the contract and once at the completion of the contract. A memorandum to the contract file shall evidence the reviews.

- D. **Contract Payments:** The Project Manager are responsible for submitting progress payments to the Finance Manager for processing based on YSHA approved schedule of amount for contract payments. Generally, progress payments for acceptable work and materials are made at 30-day intervals.
1. Contractor Request for Payment. The contractor shall submit a request for payment for each project on a HUD Form 51001, “Periodical Estimate for Partial Payment” or another appropriate form as considered appropriate by YSHA. The request shall be accompanied by the contractor’s written designation of a certifying officer.
 2. YSHA Review and Approval. The Project Manager shall review each contractor request and shall approve the payment if the following conditions have been met:
 - a. The contractor request is consistent with YSHA approved schedule of amounts for contract payments;
 - b. The architect has approved the request for payment;
 - c. The request does not include the amount to be retained by YSHA under the contract;
 - d. The work covered by the payment had been performed in accordance with the construction documents, included in a manner consistent with the binding warranty provisions;
 - e. The periodic estimate for partial payment has been properly executed and all applicable supporting documentation submitted; and
 - f. The contractor has submitted all required reports.
 3. Distribution of Documents. The Project Manager shall retain the original periodic estimate for partial payment and any applicable supporting documentation for its file and return a copy of YSHA approved forms to the contractor.
- E. **Contract Change Orders:** Changes to contract work shall be documented by a written agreement, executed by all parties to that contract, describing the change orders to be performed. Contract change orders shall be prepared in the form approved by YSHA and approved according to the appropriate authorization levels.
1. The Project Manager shall maintain a separate contract change order register for each contract. This is required to provide a permanent record of

all actions taken in connection with each contract.

2. The Project Manager may order or agree to contract change orders with prior Executive Director and Board Chair approval. Board Resolution for change orders will not be necessary because the primary contract must be approved by Board approval, however, Board Chair may request change order approval by Board Resolution at the Board Chair's discretion. When funding agency approval is not required, the Project Manager shall certify in writing the need for the change order and send a copy to the Project Architect for a review and a concurrence.
3. A copy of the approved contract change order shall be provided to the funding agency. As needed, the Project Manager shall provide the Executive Director and Accountant with a report of all requested orders for changes to contract work.
4. Pursuant to 2 C.F.R. § 324, YSHA must perform a cost or price analysis for every contract modification in excess of \$250,000.

F. **Time Extensions:** The contractor is responsible for completing the work within the time established in the contract. However, the Project Manager may authorize, with prior Executive Director approval and Board Chair concurrence, any justifiable time extensions without prior funding agency review and approval. The Project Manager shall provide a copy of the notice of time extensions to the funding agency. A copy of the notice shall be placed in the contract file.

G. **Liquidated Damages:** The contractor is responsible for completing the project within the time established in the construction contract unless time extensions are authorized. If the work is not completed by the contract date, the contractor shall be liable for liquidated damages resulting from such unjustifiable delays as specified in the General Conditions (HUD Document 5370) of the contract.

H. **Contract Completion and Settlement**

1. Final Inspection. The contractor shall provide prompt written notification to the architect and Project Manager when all work is completed. A final project inspection shall be made when all work is completed. Until the final inspection has been made, the Project Manager shall not approve final payment to the contractor.
 - a. **Inspection Date.** Upon receipt of the contractor's notification of the date when the work has been completed, the architect and Project Manager shall conduct a final inspection within ten (10) calendar days. When required, the Project Manager shall notify the funding agency of the scheduled inspection date.

- b. Inspections Participants. The final inspection shall be conducted by the Project Manager, the architect (when applicable), and the funding agency (when required a contractor).
 - c. Inspection Conference. The inspection team shall meet after completing the final inspection to determine whether: (1) the work had been completed in accordance with the construction documents, (2) there are any minor items of incomplete or unsatisfactory work (or seasonal work such as planting of shrubs and lawns), (3) all parties agree on the items included on the punch list, and (4) there are any major deficiencies which must be corrected by the contractor so that another final inspection can be made before contract settlement.
2. Settlement Documents. Following final inspection, the Project Manager shall notify the contractor to submit the following documentation to YSHA:
- a. One (1) notarized original and two (2) copies of the contractor's release and certification which indicates:
 - i. The work was completed in accordance with the construction documents, including change orders, completion of punch list items, obtaining Certificate of Occupancy and issuance of the Certificates of Completion;
 - ii. The total amount due to the contractor and a separately stated amount for each unsettled claim against YSHA;
 - iii. YSHA is released of all claims other than those stated in the contractor's release; and
 - iv. Wages paid to laborers or mechanics were consistent with the wage rate requirements of the contract and there are no outstanding claims for unpaid wages.
 - b. Final payroll report marked "Final."
 - c. Assignment of all guarantees and warranties to YSHA.
 - d. "Final" periodic estimate for partial payment.
3. YSHA Submission and Funding Agency Approval. The Project Manager shall submit the following to the funding agency when applicable:
- a. For contracts over \$250,000, a copy of all settlement documents and the original and one (1) copy of the proposed certificate of

- completion.
- b. For contracts over \$10,000, but not more than \$250,000, which are subject to prevailing wage rates, submit to the DOL a copy of the proposed certificate of completion.
4. Payment to Contractor. Upon receipt of the approved certificate of completion from the funding agency or notification from the Labor Relations staff that there are no known labor problems, the Project Manager is authorized to make payment to the contractor.
 - a. Contract payment. YSHA payment to the contractor shall be in the amount specified in the certificate of completion and shall not include any amount to be retained for disputed items and incomplete work, such as punch list or seasonal items.
 - b. Final Payment. The Project Manager is not authorized to make final payment of any amounts withheld for contracts over \$250,000 without prior funding agency approval. When punch list or seasonal work items are completed, the Project Manager shall prepare a revised certificate of completion for the funding agency's approval.
 - c. Payment Processing. The Project Manager shall provide a request for final payment and a copy of the approved certificate of completion to the FM to process the final contract payment. The FM shall review and approve the request based on the approved certificate. The review should be evidenced by the FM's initials in the request. The review documents are placed in the contract file.
 5. Warranty Inspections. The architect and Project Manager are responsible for performing required warranty inspections (including two (2) bi-quarterly inspections) during the 12-month warranty period and promptly notifying the contractor in writing to remedy any defects relating to manufacturer or contractor warranties on equipment, systems and contractor warranties on materials and workmanship, and on a request basis or whenever else as determined applicable.
 - a. Contractor Responsibility. Upon receipt of the Project Manager's notice, the contractor shall promptly remedy any defects due to the use of faulty equipment or materials or poor workmanship. The contractor is also responsible for paying for any damage to other work resulting from such defects. The Project Manager shall monitor the contractor's responsibility to remedy the deficiencies.
 - b. Warranty Period. The warranty period for all construction work shall be at least 365 calendar days from the date specified on the

final certificate of completion that is applicable to the work in question or such longer period as otherwise specified in the contract. Retainage shall be released at the end of the warranty period as described in this subsection. The Project Manager should monitor the warranty period and determine the expiration date of each warranty.

- c. Retainage. Retainage for all new construction contracts shall be set at a minimum of a flat 10% per pay application, which shall be released to contractor at the end of the 365-day warranty period. For in-house programs contractor's retainage shall be set at a flat 5%.
6. Warranty Period. The warranty period for all construction work shall be at least 365 calendar days from the date specified on the final certificate of completion that is applicable to the work in question or such longer period as otherwise specified in the contract. The Contracting Officer should monitor the warranty period and determine the expiration date of each warranty.

XIII. COST AND PRICE ANALYSIS

A. Use of the Cost or Price Analysis

1. In accordance with 24 C.F.R. § 1000.26 and 2 C.F.R. § 200.324, a cost or price analysis shall be performed for all procurement actions in excess of \$250,000 including contract modifications. The degree of analysis shall depend on the facts surrounding each project. The method of analysis shall be determined based on the criteria listed below.

B. Submission of Cost or Pricing Information

1. If the procurement is based on a non-competitive proposal, or when only one offer is received, or for other procurements as considered necessary by YSHA (e.g., when contracting for professional, consulting, or architect/engineer services), the offeror shall be required to submit at least one (1) of the following:
 - a. A cost breakdown showing projected costs and profit;
 - b. Commercial pricing and sales information sufficient to enable YSHA to verify the reasonableness of the proposed prices (i.e., catalog or market price of a commercial product sold in substantial quantities to the general public); or
 - c. Documentation showing that the offered price is set by law or regulation.

C. Cost Analysis

1. Cost analysis shall be performed if an offeror/contractor is required to submit a cost breakdown as part of its proposal. When a cost breakdown is submitted, a cost analysis shall be performed of the individual cost elements and the projected profit. YSHA has the right to audit the contractors' books and records pertinent to such cost. Costs shall be allowable only to the extent that they are consistent with applicable federal cost principles (for commercial firms, Federal Acquisition Regulation, 48 C.F.R. Chapter 1). In establishing profit, YSHA shall consider factors such as the complexity and risk of the work involved the contractor's investment and productivity, the amount of subcontracting the quality of past performance, and industry profit rates in the area for similar work.

D. Price Analysis

1. A comparison of prices shall be used in all cases other than those described in the cost analysis above.

E. Donations

1. The Executive Director may request and accept donations on YSHA's behalf from any entity other than contractors, potential contractors, or parties to sub-agreements, of necessary equipment, materials, or supplies, and pay the incidental costs if they are less than the amount YSHA could otherwise reasonably expect to pay if purchasing such equipment, materials, or supplies.

XIV. CANCELLATION OF SOLICITATIONS

- A. An invitation for bids, RFPs, or other solicitation may be canceled before offers are due if:** (1) YSHA no longer requires the supplies, services, or construction; (2) YSHA can no longer reasonably expect to fund the procurement; or (3) the proposed amendments to the solicitation would be of such magnitude that a new solicitation would be desirable.

- B. A solicitation may be canceled and all bids or proposals that have already been received may be rejected if:** (1) the supplies, services, or construction are no longer required; (2) ambiguous or otherwise inadequate specifications were part of the solicitation; (3) the solicitation did not provide for consideration of all factors of significance to YSHA; (4) prices exceed available funds and it would not be appropriate to adjust quantities to come within available funds; (5) there is reason to believe that bids or proposals may not have been independently arrived at in open competition, may have been collusive, or may have been submitted in bad faith; or (6) for good cause of a similar nature when it is in the best interest of YSHA.

- C. **Documentation:** The reasons for cancellation shall be documented in the procurement file. YSHA shall also provide the reasons for cancellation and/or rejection upon request to any offeror solicited.
- D. **Notice:** A notice of cancellation shall be sent to all offerors solicited, which, if appropriate, shall explain that they will be given an opportunity to compete on any re-solicitation or future procurement of similar items.
- E. **If all otherwise acceptable bids received in response to an invitation for bids, are at unreasonable prices,** or only one bid is received and the price is unreasonable, YSHA shall cancel the solicitation and either:
 - 1. Re-solicit using an RFP; or
 - 2. Complete the procurement by using the competitive proposal method (the paragraphs on Negotiations and Awards when more than one otherwise acceptable bid has been received). If only one bid is received at an unreasonable price, YSHA should consider using the non-competitive proposals method. This may be done only after following the paragraph on justification provided that the Finance Department determines in writing that such action is appropriate, all bidders are informed of YSHA's intent to negotiate, HUD approval is obtained where required, and each responsible bidder is given a reasonable opportunity to negotiate.

XV. COOPERATIVE PURCHASING

YSHA may enter into state and local intergovernmental agreements to purchase or use common goods and services. The decision to use an intergovernmental agreement or conduct a direct procurement shall be based on economy and efficiency. If used, the intergovernmental agreement shall stipulate who is authorized to purchase on behalf of the participating parties and shall specify inspection, acceptance, termination, payment, and other relevant terms and conditions. YSHA encourages the use of federal or state excess and surplus property instead of purchasing new equipment and property whenever such is feasible and reduces project costs.

YSHA may also use federal supply sources made available by the U.S. General Services Administration as authorized by NAHASDA at 24 C.F.R. § 1000.26(a)(11)(ii).

Purchasing and contracting on behalf of any participant in an YSHA program shall be permitted if the purpose is related to the participant's obligations under a Homebuyer's or Renter's Occupancy Document to maintain their house and if YSHA is compensated in advance or is to be reimbursed from a participant's operating reserve, and the Executive Director has determined that such purchase is in the best interests of YSHA.

XVI. CONTRACTOR QUALIFICATIONS AND DUTIES

- A. **Contractor Responsibility:** Procurements shall be conducted only with responsible contractors, i.e., those who have the technical and financial competence to perform and who have a satisfactory record of integrity. Before awarding a contract, YSHA shall review the proposed contractor's ability to perform the contract successfully, considering factors such as the contractor's integrity (including a review of the List of Parties Excluded from Federal Procurement and Non-procurement Programs published by the U.S. General Services Administration), compliance with public policy, record of past performance (including contacting previous clients of the contractor, such as other housing authorities), and financial and technical resources. If a prospective contractor is found to be non-responsive, a written determination of non-responsiveness will be prepared and included in the contract file, and the prospective contractor shall be advised of the reasons for the determination.
- B. **Suspension and Debarment:** Contracts shall not be awarded to debarred, suspended, or ineligible contractors. Contractors may be suspended, debarred, or determined ineligible by HUD in accordance with HUD regulations (2 C.F.R. § 200.213) when necessary to protect YSHA in its business dealings. The Project Manager shall verify that the contractor has not been debarred, suspended, or limited in any way by reviewing the most updated publication "List of Parties Excluded from Federal procurement or Non-procurement Programs." No awards are made to Limited Denial of Participation ("LOP") or debarred parties. The link to the page for LOP or debarment status can be found at <http://epls.amet/gov/>. The Project Manager should document the review in a memorandum to the contract file.
- C. **Qualified Bidders List:** Interested businesses shall be given an opportunity to be included on qualified bidder's lists. Any pre-qualified list of persons, firms, or products which are used in the procurement of supplies and services shall be kept current and shall include enough sources to ensure competition. Lists of pre-qualified Indians, Indian enterprises, or Indian organizations may be maintained by YSHA. Firms shall not be precluded from qualifying during the solicitation period. Solicitation mailing lists of potential contractors include, but shall not be limited to, such qualified bidders.

XVII. TYPES OF CONTRACTS, CLAUSES, AND CONTRACT ADMINISTRATION

- A. **Contract Types:** Any type of contract which is appropriate to the procurement, and which will promote the best interests of YSHA may be used, provided that the cost plus a percentage of construction cost methods are prohibited. All procurements shall include the clauses and provisions necessary to define the rights and responsibilities of the parties. A cost reimbursement contract shall not be used unless it is likely to be less costly or it is impracticable to satisfy YSHA's needs otherwise, and the proposed contractor's accounting system is adequate to allocate costs in accordance with applicable cost principles (for commercial firms, Federal

Acquisition Regulation (“FAR”), found in 48 C.F.R. Chapter 1). A time and materials contract may be used only if a written determination is made that no other contract type is suitable, and the contract includes a ceiling price that the contractor exceeds at its own risk.

B. **Options:** Options for additional quantities or performance periods may be included in contracts, provided that:

1. The option is contained in the solicitation;
2. The option is a unilateral right of YSHA;
3. The contract states a limit on the additional quantities and the overall term of the contract;
4. The option is evaluated as part of the initial competition;
5. The contract states the period within which the option may be exercised;
6. The option may be exercised only at the price specified in or reasonably determined from the contract; and
7. The option may be exercised only if determined to be more advantageous to YSHA than conducting a new procurement.

C. **Contract Clauses:** In addition to containing a clause identifying the contract type, all contracts shall include any clauses required by federal statutes, executive orders, and implementing regulations, as provided in 2 C.F.R. § 200, Appendix II to Part 200, such as the following:

1. Termination for convenience;
2. Termination for default;
3. Equal Employment Opportunity;
4. Anti-Kickback Act;
5. Davis-Bacon Act;
6. Contract Work Hour and Safety Standard Act;
7. Reporting requirements;
8. Patent rights;

9. Rights in data;
10. Examination of records by Comptroller General, retention of records for three (3) years after;
11. Clean air and water;
12. Byrd Anti-Lobbying;
13. Energy Efficiency standards;
14. Bid Protests and contract claims;
15. Value engineering; and
16. Payment of funds to influence certain federal transactions.

D. Applicable Laws

1. YSHA shall comply with the Drug-Free Workplace Act of 1988 (41 U.S.C. § 701 et seq.) and HUD’s implementing regulations.
2. YSHA shall require all contractors to comply with the TERO Ordinance and regulations.
3. All design and specifications for construction contracts shall comply with the International Building Code for any residential housing containing more than three units in one building or commercial buildings. YSHA will also require contractors to comply with any applicable laws, codes, or regulations required by funding agencies for each specific project.
4. All construction or renovation contractors shall comply with the Environmental Review procedures set forth in Section XXII of this Policy when required.

XVIII. SPECIFICATIONS

- A. **General:** All specifications shall be drafted to promote overall economy for the purposes intended and to encourage competition in satisfying the needs. Specifications will be reviewed prior to solicitation to ensure that they are not unduly restrictive or represent unnecessary or duplicative items. Functional or performance specifications are preferred. Detailed product specifications shall be avoided whenever possible. Consideration is given to consolidating or breaking out procurements to obtain a more economical result. For equipment purchases, a lease versus purchase analysis should be performed to determine the more economical form of procurement.
- B. **Limitations:** The following specifications limitations will be avoided: (1)

geographic restrictions not mandated or encouraged by applicable federal law (except for architect-engineer contracts, which may include geographic location as a selection factor if adequate competition is available); (2) unnecessary bonding or experience requirements; (3) brand name specifications (unless a written determination is made that only the identified item will satisfy YSHA's needs); and (4) brand name or equal specifications (unless they list the minimum essential characteristics and standards to which the item must conform to satisfy its intended use). Nothing in this Policy preempts any state licensing laws. Specifications shall be scrutinized to ensure that organizational conflicts of interest do not occur (for example, having a consultant perform a study of YSHA's computer needs and then allowing that consultant to compete for the subsequent contract for the computers).

XIX. APPEALS AND REMEDIES

- A. **General:** It is YSHA's policy to resolve all contractual issues informally at YSHA level without litigation. Disputes shall not be referred to HUD until all administrative remedies have been exhausted at YSHA level. When appropriate, YSHA may consider the use of informal discussions between the parties by individuals who did not participate substantially in the matter in dispute to help resolve the differences. HUD will only review protests in case of violations of federal law or regulations and failure of YSHA to review a complaint or protest.
- B. **Bid Protest:** Any actual or prospective contractor may protest the solicitation or award of a contract for services violations of the principles of this statement.
- C. **Deadlines:** Any protest against a solicitation must be received before the due date for receipt of bids proposals, and any protest against the award of a contract must be received by YSHA within ten (10) calendar days after the bid opening date or the protest will not be considered.
- D. **Form of Protest:** All bid protests shall be in writing, signed, and submitted to the Project Manager, who shall issue a written decision on the matter, first consulting with the Executive Director, and second in consultation with YSHA legal counsel. No electronically delivered protests will be accepted.
- E. **Suspension of Procurement:** The Project Manager may, at their discretion, suspend the procurement pending resolution of the protest, if warranted by the facts presented.
- F. **Contract Claims:** All claims by a contractor relating to performance of a contract shall be submitted in writing to the Contracting Officer or designee for a written decision. The contractor may request a conference on the claim. The Contracting Officer's decision shall inform the contractor of its appeal rights to the Board.
- G. **Protests Involving Indian Preferences:** Complaints arising out of any of the methods of providing for Indian Preference shall be handled in accordance with the

procedures in 24 C.F.R. § 1000.54.

XX. ASSISTANCE TO SMALL AND OTHER BUSINESSES

- A. **Consistent with 2 C.F.R. § 200.321**, Presidential Executive Orders 11625, 12138, and 12432, and HUD Section 3, YSHA shall make efforts to ensure that small and minority-owned businesses, women’s business enterprises, labor surplus area businesses, and individuals or firms located in or owned in substantial part by persons residing in the area of an YSHA project are used when possible. Qualifying minorities may be state certified. Such efforts shall include, but shall not be limited to:
1. Including such firms, when qualified, on solicitation mailing lists;
 2. Encouraging their participation through direct solicitation of bids or proposal whenever there are potential sources;
 3. Dividing total requirements, when economically feasible, into smaller tasks or quantities to permit maximum participation by such firms;
 4. Establishing delivery schedules, where the requirement permits, which encourage participation by such firms;
 5. Using the services and assistance of the Small Business Administration and the Minority Business Development Agency of the Department of Commerce;
 6. Including in contracts a clause requiring contractors, to the greatest extent feasible, to provide opportunities for training and employment for lower-income residents of the project area and to award subcontractors for work in connection with the project to business concerns which are located in, or owned in substantial part by persons residing in the area of the project, as described in 24 C.F.R. § 135, pursuant to HUD Section 3;
 7. Requiring prime contractors, when subcontracting is anticipated, to take the steps listed above.
- B. **Goals** may be established by YSHA periodically for participation by small businesses, minority-owned businesses, women’s business enterprises, labor surplus area businesses, and business concerns which are located in the area of the project of YSHA’s prime contracts and subcontracting opportunities.
- C. **Definitions:**
1. A small business is defined as a business that is independently owned and not dominant in its field of operation. The size standards in 13 C.F.R. § 121

shall be used unless YSHA determines that their use is inappropriate.

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.
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 also control or operate the business.
4. A labor surplus area business is defined as a business which, together with its immediate subcontractors, will incur more than 50% of the costs 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 lists of labor surplus areas published by the Employment and Training Administration.
5. A business concern located in the area of the project is defined as an individual or firm located within the relevant HUD Section 3 covered project area, as determined pursuant to 24 C.F.R. § 135.5, listed on HUD's registry of eligible business concerns and meeting the definition of small business above. A business concern owned in substantial part by persons residing in the area of the project is defined as a business concern which is 51% or more owned by persons residing within the HUD Section 3 covered project, owned by persons considered by the U.S. Small Business Administration to be socially or economically disadvantaged, listed on HUD's registry of eligible business concerns, and meeting the definition of small business above.

XXI. ETHICS IN PUBLIC CONTRACTING

- A. **General:** YSHA shall adhere to the following code of conduct, consistent with applicable state, tribal, or local law, and shall comply with the limitations imposed by NAHASDA and consistent with 24 CFR Part 85.
- B. **Conflict of Interest:** No employee, officer, or agent of YSHA shall participate directly or indirectly in the selection or in the award or administration of any contract if a conflict, real or apparent, would be involved. Such conflict would arise when a financial or other interest in a firm selected for award is held by:
 1. An employee, officer or agent involved in making the award;
 2. His/her relative (including father, mother, son, daughter, brother, sister, uncle, aunt, first cousin, nephew, niece, husband, wife, father-in-law,

mother-in-law, son-in-law, daughter-in-law, brother-in-law, sister-in-law, stepfather, stepmother, stepson, stepdaughter, stepbrother, stepsister, half-brother, and half-sister.);

3. His/her partner;
 4. An organization which employs, is negotiating to employ, or has an arrangement concerning prospective employment of any of the above.
- C. **Gratuities, Kickbacks, and Use of Confidential Information:** YSHA officers, employees, or agents shall not solicit or accept gratuities, favors, or anything of monetary value from contractors, potential contractors, or parties to subcontractors, and shall not knowingly use confidential information for actual or anticipated personal gain.

XXII. ENVIRONMENTAL REVIEW PROCEDURES

Attachment B outlines the step-by-step process for conducting environmental reviews in compliance with environmental regulations.

- A. **Assumption of Authority:** As a recipient of HUD assistance programs administered by the Office of Native American Programs, the Yankton Sioux Tribe (“Tribe”) is a Responsible Entity that has assumed the federal environmental compliance responsibilities, pursuant to 24 CFR Part 58, that would normally fall to HUD. As the Responsible Entity for carrying out the environmental review process, the Tribe must ensure compliance with the federal environmental requirements described in 24 CFR Part 58. The Tribal Council hereby delegates to YSHA’s Executive Director the authority to prepare environmental reviews, as applicable, for each program or project of the Executive Director. The Executive Director shall receive training regarding environmental review requirements and responsibilities on an ongoing basis.
- B. **Certifying Officer:** The Executive Director of YSHA assumes the role of “Certifying Officer” and shall be responsible for ensuring that all federal requirements and provisions of laws and regulations are met and certifying to this fact to HUD. Another officer of the Tribe that has the legal capacity to make decisions on behalf of the Tribe may be designated to sign on behalf of the Certifying Officer, but this designation must be either passed by tribal resolution or written and signed by the Certifying Officer. The Certifying Officer or designee is the only person authorized to execute and submit to HUD a Request for Release of Funds and Certification (HUD Form 7015.15) (“RROF”).
- C. **Procedures**
 1. Project Description and Level of Review. The YSHA Executive Director shall record project descriptions for all projects and activities to be

completed using HUD assistance. The project description shall aggregate all related activities (on a functional or geographic basis) and include the maximum intended scope of the project. At a minimum, the project description will include scope of work (including any associated ground disturbance), legal addresses, site plans, a map of the property, photos, and HUD and other federal funding sources and amounts, as applicable. Reviews for activities that are recurring in nature (and in the same location, if applicable) can be specified to cover 5 years.

Based on the project descriptions, the appropriate level of environmental review shall be determined and conducted according to 24 CFR 58.34, 58.35(a), 58.35(b), and 58.36. The possible levels of review are: exempt; categorically excluded, not subject to 24 CFR 58.5 (“CENST”); categorically excluded, subject to 24 CFR 58.5 (“CEST”); and environmental assessment.

2. Exempt and CENST Reviews. Exempt and CENST reviews will be completed for applicable activities, listed at 24 CFR 58.34(a) and 58.35(b), using the HUD format. The reviews will include documentation of compliance with the laws and authorities listed at 24 CFR 58.6. No public comment process, request for release of funds, or HUD approval is necessary.
3. CEST reviews. CEST reviews will be completed for applicable activities, listed at 24 CFR 58.35(a), using the HUD format. CEST reviews require compliance with all of the federal laws and authorities listed at 58.5 and 58.6. The preparer shall check “No” in the middle column of the 24 CFR 58.5 and 58.6 checklists when the proposal, by its scope and nature, requires no mitigation or formal consultation in order to comply the related laws and regulations OR check “Yes” if the project triggers formal compliance consultation procedures with the oversight agency or requires mitigation measures or conditions. Regardless of whether “No” or “Yes” is noted, the compliance determination must be recorded, credible, traceable, and supportive source documentation must be supplied. Two outcomes are possible with CEST reviews:
 - a. Conversion to exempt. If “No” was checked for all laws and authorities in the 58.5 checklist, then the project converts to ‘exempt.’ No public comment process, request for release of funds, or HUD approval is necessary.
 - b. Cannot convert to exempt. If “Yes” was checked for any law or authority in the 58.5 checklist, then the project cannot convert to “exempt.” A public notice must be disseminated according to 24 CFR 58.43, followed by the applicable public comment period prescribed by 24 CFR 58.45. The day after the conclusion of the public comment

period, and after any comments have been responded to, the RROF (HUD Form 7015.15) can be completed and submitted to HUD for approval along with proof of publishing or posting of the public notice and any delegation of authority (if applicable). The project or activity cannot proceed until YSHA receives HUD approval via the Authority to Use Grant Funds (HUD Form 7015.16).

4. Environmental Assessments. Environmental assessments will be completed for all activities other than those that are Exempt, CEST, or CENST, using the HUD format. Environmental assessments require a National Environmental Policy Act analysis. Following completion of the environmental assessment, which must be signed by the Certifying Officer or delegate, a public notice must be disseminated according to 24 CFR 58.43, followed by the applicable public comment period prescribed by 24 CFR 58.45. The day after the conclusion of the public comment period, and after any comments have been responded to, the RROF (HUD Form 7015.15) can be completed and submitted to HUD for approval. The project cannot proceed until YSHA receives HUD approval via the Authority to Use Grant Funds (HUD Form 7015.16).
5. Compliance with 24 CFR 58.6. Documentation of compliance with the laws and authorities at 24 CFR 58.6 is required for all HUD-assisted projects and activities.
6. Compliance with 24 CFR 58.5. All CEST reviews and environmental assessments will include a demonstration of compliance with the related federal laws and authorities listed at 24 CFR 58.5.
7. Completion of the Review. A final determination or finding is required for CEST reviews and environmental assessments. An officer of the tribe shall sign the reviews as the “Responsible Entity Official.” Exempt, CENST, and CEST-converted-to-exempt activities and projects can all be implemented after the signature by the Responsible Entity Official.
8. Mitigation Measures. If the project required mitigation measures, evidence of the mitigation must be included in the ERR once the project is implemented.
9. Reevaluation of a Completed Review. A completed environmental review must be reevaluated pursuant to 24 CFR 58.47 when there are any proposed changes to the scope of the project or new environmental conditions. If the environmental findings change, a public notice and the HUD approval process may be necessary. If the scope of the project or environmental conditions change significantly, a new environmental assessment may be necessary. Any project still underway after five (5) years may need to undergo a new environmental review.

10. Supplemental Assistance. If a project receives a new funding source after the environmental review has already been completed, a CENST review for supplemental assistance pursuant to 24 CFR 58.35(b)(7) shall be completed. This should be filed with the original environmental review. No new RROF is necessary.
11. Self-Monitoring. YSHA will undergo self-monitoring at least once annually. The projects and activities performed to date in the last year will be matched to specific environmental reviews to determine whether environmental reviews were in place. The level of environmental review performed will be confirmed. The environmental review records will be examined to ensure they are complete and include supporting documentation. A third party will be hired annually to perform this function.

XXIII. DISPOSITION OF PROPERTY

It is YSHA's policy to dispose of any property, movable or immovable, in a fair, competitive process. This approach shall make available YSHA property to all interested, qualified buyers as well as to maximize financial and strategic value of YSHA assets through active competition.

- A. **Disposition Methods**. The methods for disposing of YSHA assets shall be interested and applied in accordance with the Reporting Lost or Destroyed Property or Equipment Section of this Policy. This Section applies to the disposition of all other property where the Reporting Lost or Destroyed Property or Equipment Section of this Policy does not apply. The YSHA shall use two primary methods of property disposition, which include property where the value is under \$10,000.00 and property where the value is over \$10,000.00. For purposes of determining value, YSHA shall use the methodology outlined in the Cost or Price Analysis Section of this Policy.
- B. **Disposition of Property Under \$10,000.00**. The YSHA Executive Director shall have authority to dispose of YSHA movable property, but not immovable property, such as real property, valued at under \$10,000.00; provided, however that the Executive Director disposes of the property through a competitive invitation for offer ("IFO") process.
 22. The IFO process consists of publicly advertising the property's availability for at least 14 calendar days.
 23. However, if in the Executive Director's judgment, it is in the YSHA's best interest that the IFO process is waived, the Executive Director may do so.
 24. For any property disposed of under \$10,000.00, the Executive Director shall inform the Board of Commissioners in the Executive Director's report at the Board meeting immediately proceeding the sale, or final

disposition of the property. The Board of Commissioners may pass a motion or resolution preventing the sale or disposition of said property.

- C. **Disposition of Property of \$10,000.00 or Over.** The YSHA Executive Director shall follow the IFO process for all non-real property valued at \$10,000.00 only after the Board of Commissioners pass a motion or resolution directing the Executive Director to dispose of said property.

25. The IFO process consists of publicly advertising the property's availability for at least 21 calendar days.

26. After receiving offers to purchase the property, the YSHA shall vet all offers, and make a recommendation to the Board of Commissioners at the next Board meeting after the Executive Director fully vets all offers.

27. A Board motion or resolution shall effectuate any acceptance of the sale of YSHA property valued at \$10,000.00 or more. If the YSHA Board of Commissioners does not approve of a sale of property valued at \$10,000.00 or more by motion or resolution, then the sale is not allowed.

- D. **Disposition of Real Property.** The disposition of YSHA's real property is strongly discouraged as a matter of public policy, and shall only be effective if: (1) the YSHA follow's the IFO process and publicly advertises the sale of the real property for at least 30 days, unless the potential buyer has a preexisting contractual right of first purchase; (2) the YSHA Board of Commissioner's passes a resolution approving the disposition of the real property; (3) and the Yankton Sioux Business and Claims Committee passes a resolution approving of the sale of the real property.

ATTACHMENT A

In accordance with this Policy, NAHASDA regulations (currently at 24 C.F.R. § 1000.52) and YSHA determination, award shall be made under unrestricted solicitations to the lowest responsive bid from a qualified Indian-owned economic enterprise or organization within the maximum total contract price established for the specific project or activity being solicited, if the bid is no more than “X” higher than the total bid price of the lowest responsive bid from any qualified bidder. The factor “X” is determined as follows:

	X = Lesser of:
When the lowest responsive bid is less than \$100,000.	10% of that bid, or \$9,000
When the lowest responsive bid is at least \$100,000 but less than \$200,000.	9% of that bid, or \$16,000
At least \$200,000, but less than \$300,000.	8% of that bid, or \$21,000
At least \$300,000, but less than \$400,000.	7% of that bid, or \$24,000
At least \$400,000, but less than \$500,000.	6% of that bid, or \$25,000
At least \$500,000, but less than \$1 million.	5% of that bid, or \$40,000
At least \$1 million, but less than \$2 million	4% of that bid, or \$60,000
At least \$2 million, but less than \$4 million	3% of that bid, or \$80,000
At least \$4 million, but less than \$7 million	2% of that bid, or \$105,000
\$7 million or more	1 ½% of the lowest responsive bid, with no dollar limit

ATTACHMENT B**ENVIRONMENTAL REVIEW COMPLIANCE PROCESS**

Step 1: Upon submission of an application for funding to HUD, the YSHA Grants Administrator shall notify the YSHA Executive Director (“ED”) of the project funding applied for so there is adequate time to prepare for the appropriate environmental review.

Step 2: When an announcement is made that YSHA will be granted an award of funding, the YSHA Grants Administrator shall notify the ES of the:

- a. Grant number;
- b. Applicable HUD program;
- c. Funding amount;
- d. Grant project timeline;
- e. Grant project scope and activities to be performed; and
- f. Any other pertinent information relating to the grant.

Step 3: The ED will review the project details to determine the level of environmental review and documentation required. The appropriate environmental review will be conducted in accordance with 24 CFR 58.34, 58.35, and 58.36. For exempt or categorically excluded projects, the project can be implemented upon signature by the Responsible Entity Official.

Step 4: If the project is not determined to be exempt or categorically excluded under 24 CFR 58.34 or 58.35, YSHA shall prepare an environmental assessment. The environmental assessment will result in a finding of no significant impact (“FONSI”), or a determination that an environmental impact statement is required under 24 CFR 58.37.

Step 5: If the environmental assessment results in a FONSI, YSHA must prepare a FONSI notice. YSHA may combine a FONSI notice with a Notice of Intent to Request a Release of Funds (“NOI/RROF”) if the combined notice clearly indicates that it is intended to meet two separate procedural requirements.

Step 6: The FONSI notice, or combined FONSI and NOI/RROF notice, must be disseminated for public comment. At a minimum, YSHA must send the notice to individuals and groups known to be interested in the activities, to the local news media, to the appropriate tribal, local, State and Federal agencies; to the Regional Offices of the Environmental Protection Agency having jurisdiction, and to the HUD Field Office (or the State where applicable). The responsible entity may also publish the FONSI notice in a newspaper of general circulation in the affected community. If the notice is not published, it must also be prominently displayed in public buildings, such as the local Post Office and within the project area or in accordance with procedures established as part of the citizen participation process. The public comment period for a FONSI

notice, or combined FONSI and NOI/RROF notice, is 15 days when published or, if not published, 18 days when mailing or posting.

Step 7: YSHA must consider the comments submitted during the public comment period and make modifications to the project if necessary, before completing the environmental certification and submitting the RROF to HUD.

Step 8: The day after the conclusion of the public comment period, and after any comments have been responded to, the environmental certification and RROF can be completed and submitted to HUD for approval along with proof of publishing or posting of the public notice, a cover letter stating whether comments were received and how they were responded to, and any delegation of authority (if applicable).

Step 9: If there are no objections to the release of funds for the project, HUD will approve the RROF after fifteen (15) days.

Step 10: Environmental Review Records: YSHA must maintain a separate written record of the environmental review undertaken for each project. The ERR shall:

- a. Contain all the environmental review documents, public notices and written determinations or environmental findings evidence of review, decision making and actions pertaining to the particular project, including the consultation requests sent to various agencies and the response of each agency;
- b. Describe the project and the activities that the recipient has determined to be part of the project;
- c. Evaluate the effects of the project or the activities on the human environment;
- d. Document compliance with applicable statutes and authorities; and
- e. Record the written determinations and other review findings (e.g., exempt and categorically excluded projects determinations, findings of no significant impact).

ATTACHMENT C
HUD USEFUL LIFE TABLE

**CNA e-Tool
Estimated Useful Life Table**

This table lists the recommended average useful life of the categories of assets that should be considered in a Capital Needs Assessment. If an observed item is not listed, it should be assigned to the most closely related category. The Standard EUL for a component type is fixed. The user may estimate the Remaining Useful Life of any existing component independent of the Standard EUL by entering the assessed RUL in the appropriate space on the Components tab of the Excel Assessment Tool and by justifying the assessed RUL in the adjacent comment box. When identifying an alternative to an existing component the user may specify an EUL for the alternative which differs from the Standard EUL for that component type but must enter an explanation in the Notes space on the Alternatives tab of the Tool. Each specific component assessed is given a free-form description by the needs assessor and this description is the "component ID" or component name which may be more specific than the "Component Type", e.g (a particular kind, size, etc of refrigerator, not just any refrigerator.)

Numbering by ASTM 2018-08 Outline								
	System Description	Overall General Description	Component	Sub-Component	Component Description	Family	Elderly	3 tiers of categorization: Need Category, Need Item, Component Type
3					System Description and Observations			
	3.1				Overall General Description			
	3.2				Site Systems			Need Category
		3.2.1			Topography			
		3.2.2			Storm Water Drainage			Need Item
			3.2.2.1		Catch basins, inlets, culverts	50	50	All items not color coded are "Component Type" names.
			3.2.2.2		Marine or stormwater bulkhead	35	35	
			3.2.2.3		Earthwork, swales, drainways, erosion controls	50	50	
			3.2.2.4		Storm drain lines	50	50	
			3.2.2.5		Stormwater mgmt ponds	50	50	
			3.2.2.6		Fountains, pond aerators	15	15	
		3.2.3			Access and Egress			Need Item
			3.2.3.1		Security gate - lift arm	10	10	
			3.2.3.2		Security gate - rolling gate	15	15	
		3.2.4			Paving, Curbing and Parking			Need Item
			3.2.4.1		Asphalt Pavement	25	25	
			3.2.4.2		Asphalt Seal Coat	5	5	
			3.2.4.3		Concrete Pavement	50	50	
			3.2.4.4		Curbing, Asphalt	25	25	
			3.2.4.5		Curbing, Concrete	50	50	
			3.2.4.6		Parking, Gravel Surfaced	15	15	
			3.2.4.7		Permeable Paving Systems (brick, concrete pavers)	30	30	
			3.2.4.8		Striping and Marking	15	15	
			3.2.4.9		Signage, Roadway / Parking	15	15	

**CNA e-Tool
Estimated Useful Life Table**

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Numbering by ASTM 2018-08 Outline								
System Description	Overall General Description	Component	Sub-Component	Component Description	Family	Elderly	3 tiers of categorization: Need Category, Need Item, Component Type	
		3.2.4.10		Carports, wood frame	30	30		
		3.2.4.11		Carports, metal frame	40	40		
	3.2.5			Flatwork (walks, plazas, terraces, patios)				Need Item
		3.2.5.1		Asphalt	25	25		
		3.2.5.2		Concrete	50	50		
		3.2.5.3		Gravel	15	15		
		3.2.5.4		Permeable Paving (brick, concrete pavers)	30	30		
	3.2.6			Landscaping and Appurtenances				Need Item
		3.2.6.1		Fencing, chain-link	40	40		
		3.2.6.2		Fencing, wood picket	15	20		
		3.2.6.3		Fencing, wood board (=>1"x 6")	20	25		
		3.2.6.4		Fencing, wrought Iron	60	60		
		3.2.6.5		Fencing, steel or aluminum	20	25		
		3.2.6.6		Fencing, concrete Masonry unit (CMU)	30	30		
		3.2.6.7		Fencing, PVC	15	20		
		3.2.6.8		Signage, Entrance/Monument	25	25		
		3.2.6.9		Mail Kiosk	15	20		
		3.2.6.10		Retaining Walls, heavy block (50-80 lb)	60	60		
		3.2.6.11		Retaining Walls, reinforced concrete masonry unit (CMU)	40	40		
		3.2.6.12		Retaining Walls, treated timber	25	25		
		3.2.6.13		Storage sheds	30	30		
	3.2.7			Recreational Facilities				Need Item
		3.2.7.1		Sport Court- asphalt	25	25		
		3.2.7.2		Sport Court- synthetic	15	20		

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		3.2.7.3		Sport Court-hardwood	50	50		
		3.2.7.4		Tot Lot (playground equipment)	10	15		
		3.2.7.5		Tot Lot- lose ground cover	3	5		
		3.2.7.6		Pool Deck	15	15		
		3.2.7.7		Pool/Spa Plastic Liner	8	8		
		3.2.7.8		Pool/Spa pumps and equipment	10	10		
		3.2.7.9		Decks-treated lumber	20	20		
		3.2.7.10		Decks-composite	50	50		
	3.2.8			Site Utilities				
		3.2.8.1		Site Utilities-Water			Need Item	
			3.2.8.1.1	Water Mains/Valves	50	50		
			3.2.8.1.2	Water Tower	50	50		
			3.2.8.1.3	Irrigation System	25	25		
		3.2.8.2		Site Utilities-Electric			Need Item	
			3.2.8.2.1	Electric distribution center	40	40		
			3.2.8.2.2	Electric distribution lines	40	40		
			3.2.8.2.3	Transformer	30	30		
			3.2.8.2.4	Emergency Generator	25	25		
			3.2.8.2.5	Solar Photovoltaic panels	15	15		
			3.2.8.2.6	Photovoltaic Inverters	10	10		
			3.2.8.2.7	Pole mounted lights	25	25		
			3.2.8.2.8	Ground lighting	10	10		
			3.2.8.2.9	Building Mounted Lighting	10	10		
			3.2.8.2.10	Building Mounted High Intensity Discharge (HID) Lighting	10	20		

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			3.2.8.3		Site Utilities-Gas			Need Item
				3.2.8.3.1	Gas Main	40	40	
				3.2.8.3.2	Gas Supply Lines	40	40	
				3.2.8.3.3	Site Propane, Storage & Distribution	35	35	
				3.2.8.3.4	Gas lights/fire pits	20	20	
			3.2.8.4		Site Utilities-Sewer			Need Item
				3.2.8.4.1	Sanitary Sewer lines	50	50	
				3.2.8.4.2	Sanitary waste treatment system	40	40	
				3.2.8.4.3	Lift Station	50	50	
			3.2.8.5		Site Utilities-Trash			Need Item
				3.2.8.5.1	Dumpsters	15	15	
				3.2.8.5.2	Compactors (exterior, commercial grade)	20	20	
				3.2.8.5.3	Recycling containers/equipment	15	15	
				3.2.8.5.4	Composting, organic recycling equipment	10	10	
	3.3				Building Frame & Envelope			Need Category
		3.3.1			Foundation			Need Item
			3.3.1.1		Slab, reinforced concrete	100	100	
			3.3.1.2		Slab, post tensioned	100	100	
			3.3.1.3		Continuous reinforced concrete footer and CMU stem wall	100	100	
			3.3.1.4		Piers, reinforced concrete footer and CMU pier	100	100	
			3.3.1.5		Piers, treated timber post/pole	40	40	
			3.3.1.6		Foundation Waterproofing	40	40	
			3.3.1.7		Foundation suction, drainage, groundwater, radon gas controls, pumps, sumps, equip. failure alarms	10	10	

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	3.3.2			Building Frame				
		3.3.2.1		Framing System, Floors & Walls				Need Item
			3.3.2.1.1	Wood, timbers, dimensioned lumber, laminated beams, trusses	100	100		
			3.3.2.1.2	Tie downs, clips, braces, straps, hangers, shear walls/panels	75	75		
			3.3.2.1.3	Steel, beams, trusses	100	100		
			3.3.2.1.4	Reinforced concrete	100	100		
			3.3.2.1.5	Reinforced masonry, concrete masonry units (CMUs)	100	100		
			3.3.2.1.6	Solid Masonry (obsolete)	100	100		
		3.3.2.2		Crawl Spaces, Envelope Penetrations				Need Item
			3.3.2.2.1	Sealed crawl space system	40	40		
			3.3.2.2.2	Vents, screens, covers	30	30		
			3.3.2.2.3	Vapor Barrier (VDR) ground or underfloor	30	30		
			3.3.2.2.4	Penetrations, caulking/sealing	15	15		
			3.3.2.2.5	Crawl space, (de)pressurization, fans, pumps, sumps, equipment failure alarms	10	10		
		3.3.2.3		Roof Frame & Sheathing				Need Item
			3.3.2.3.1	Wood frame and board or plywood sheathing	75	75		
			3.3.2.3.2	Tie downs, clips, braces, straps, hangers	75	75		
			3.3.2.3.3	Steel frame and sheet metal or insulated panel sheathing	100	100		
			3.3.2.3.4	Reinforced concrete deck	100	100		
		3.3.2.4		Flashing & Moisture Protection				Need Item
			3.3.2.4.1	Caulking and Sealing	15	15		
			3.3.2.4.2	Concrete/Masonry Sealants	10	10		
			3.3.2.4.3	Wood waterproofing and sealants	10	10		

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			3.3.2.4.4	Building wraps & moisture resistant barriers	50	50		
			3.3.2.4.5	Paints and stains, exterior	8	8		
		3.3.2.5		Attics & Eaves				Need Item
			3.3.2.5.1	Screened gable end or soffit Vents	30	30		
			3.3.2.5.2	Roof vents, passive	40	40		
			3.3.2.5.3	Roof Vents, powered	20	20		
		3.2.2.6		Insulation				Need Item
			3.3.2.6.1	Loose fill, fiber glass, cellulose, mineral wool	50	50		
			3.3.2.6.2	Batts, blankets, rolls, fiber glass or mineral wool	60	60		
			3.3.2.6.3	Rigid foam board	60	60		
			3.3.2.6.4	Sprayed foam	60	60		
		3.3.2.7		Exterior Stairs, Rails, Balconies/Porches, Canopies				Need Item
			3.3.2.7.1	Exterior Stairs, wood frame/stringer	30	30		
			3.3.2.7.2	Exterior Stair Tread-wood	15	15		
			3.3.2.7.3	Exterior Stairs-steel frame/stringer	40	40		
			3.3.2.7.4	Exterior Stair Tread-metal, concrete filled	20	20		
			3.3.2.7.5	Exterior Stairs, Concrete	50	50		
			3.3.2.7.6	Fire escapes, metal	50	50		
			3.3.2.7.7	Balcony/Porch, wood frame	25	25		
			3.3.2.7.8	Balcony/Porch, steel frame or concrete	40	40		
			3.3.2.7.9	Balcony/Porch, wood decking	20	20		
			3.3.2.7.10	Balcony/Porch, composite decking	50	50		
			3.3.2.7.11	Railings, wood	20	20		
			3.3.2.7.12	Railings, metal	50	50		

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			3.3.2.7.13	Railings, composite	50	50		
			3.3.2.7.14	Canopy, Concrete	50	50		
			3.3.2.7.15	Canopy, Wood/Metal	40	40		
		3.3.2.8		Exterior Doors & Entry Systems				Need Item
			3.3.2.8.1	Unit Entry Door, Exterior, solid wood/metal clad	25	30		
			3.3.2.8.2	Common Exterior Door, aluminum and glass	30	30		
			3.3.2.8.3	Common Exterior Door, solid wood /metal clad	25	25		
			3.3.2.8.4	Storm/Screen Doors	5	10		
			3.3.2.8.5	Sliding Glass Doors	25	30		
			3.3.2.8.6	French or Atrium Doors, wood/metal clad	25	30		
			3.3.2.8.7	Automatic Entry Doors	30	30		
			3.3.2.8.8	Commercial Entry Systems	50	50		
			3.3.2.8.9	Overhead Door	30	30		
			3.3.2.8.10	Automatic Opener, overhead door	20	20		
	3.3.3			Façades or Curtainwall				
		3.3.3.1		Sidewall System				Need Item
			3.3.3.1.1	Aluminum Siding	40	40		
			3.3.3.1.2	Vinyl Siding	25	25		
			3.3.3.1.3	Cement Board Siding	45	45		
			3.3.3.1.4	Plywood/Laminated Panels	20	20		
			3.3.3.1.5	Exterior Insulation Finishing System (EIFS)	30	30		
			3.3.3.1.6	Stucco, over wire mesh/lath	50	50		
			3.3.3.1.7	Metal/Glass Curtain Wall	40	40		
			3.3.3.1.8	Precast Concrete Panel (tilt-up)	60	60		

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			3.3.3.1.9	Brick/block veneer	60	60			
			3.3.3.1.10	Stone Veneer	50	50			
			3.3.3.1.11	Glass Block	50	50			
			3.3.3.1.12	Cedar/Redwood shakes, clapboard	50	50			
			3.3.3.1.13	Pine board, clapboard	50	50			
		3.3.3.2		Windows					Need Item
			3.3.3.2.1	Wood, (dbl, sgl hung, casement, awning, sliders)	35	45			
			3.3.3.2.2	Wood, fixed pane, picture	40	45			
			3.3.3.2.3	Aluminum	35	40			
			3.3.3.2.4	Vinyl	30	30			
			3.3.3.2.5	Vinyl/Alum Clad Wood	50	50			
			3.3.3.2.6	Storm/Screen Windows	7	15			
	3.3.4			Roofing and Roof Drainage					
		3.3.4.1		Sloped Roofs					Need Item
			3.3.4.1.1	Asphalt Shingle	20	20			
			3.3.4.1.2	Metal	50	50			
			3.3.4.1.3	Slate shingle	75	75			
			3.3.4.1.4	Clay/cementitious barrel tile	60	60			
			3.3.4.1.5	Wood Shingle, Cedar Shakes/Shingles	25	25			
		3.3.4.2		Low Slope/Flat Roofs					Need Item
			3.3.4.2.1	Low slope-Built-up Roof, with gravel finish	20	20			
			3.3.4.2.2	Low slope-Built-up Roof, no mineral or gravel finish	10	10			
			3.3.4.2.3	Low slope-Adhered rubber membrane, (EPDM)	15	15			
			3.3.4.2.4	Low slope-Thermoplastic membrane, (TPO, vinyl)	15	15			

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				3.3.4.2.5	Low slope-Rubberized/elastomeric white/cool roof	15	15	
			3.3.4.3		Roof Drainage, Trim & Accessories			Need Item
				3.3.4.3.1	Gutters/Downspouts, aluminum	20	20	
				3.3.4.3.2	Gutters/Downspouts, copper	50	50	
				3.3.4.3.3	Low slope-roof drains, scuppers	30	30	
				3.3.4.3.4	Soffits, Wood, Vinyl, Metal	20	20	
				3.3.4.3.5	Fascia, Wood, Vinyl	20	20	
				3.3.4.3.6	Roof Hatch	30	30	
				3.3.4.3.7	Service Door	30	30	
				3.3.4.3.8	Roof Skylight	30	30	
	3.4				Mech.-Elect.-Plumbing			Need Category
		3.4.1			Plumbing			
			3.4.1.1		Water Supply and Waste Piping			Need Item
				3.4.1.1.1	PVC/CPVC pipe, supply and waste	75	75	
				3.4.1.1.2	Copper/brass hard pipe, supply	75	75	
				3.4.1.1.3	Copper Tube, supply	50	50	
				3.4.1.1.4	Galvanized pipe, supply	40	40	
				3.4.1.1.5	Cast iron sanitary waste	75	75	
				3.4.1.1.6	Domestic Cold Water Pumps	20	20	
				3.4.1.1.7	Sewage Ejectors	50	50	
				3.4.1.1.8	Commercial Sump Pump	20	20	
				3.4.1.1.9	Residential Sump Pump	15	15	
				3.4.1.1.10	Water Softener/Filtration	15	15	
			3.4.1.2		Domestic Water Heating			Need Item

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				3.4.1.2.1	DHW circulating pumps	15	15	
				3.4.1.2.2	DHW storage tanks	15	15	
				3.4.1.2.3	Exchanger, in tank or boiler	15	15	
				3.4.1.2.4	External tankless heater, gas or electric	20	20	
				3.4.1.2.5	Solar hot water	20	20	
				3.4.1.2.6	Residential hot water heater, gas or electric	12	15	
				3.4.1.2.7	Flue, gas water heaters	35	35	
				3.4.1.2.8	Boilers, Oil Fired, Sectional	25	25	
				3.4.1.2.9	Boilers, Gas Fired, Sectional	25	25	
				3.4.1.2.10	Boilers, Oil/ Gas/ Dual Fuel, Low MBH	30	30	
				3.4.1.2.11	Boilers, Oil/ Gas/ Dual Fuel, High MBH	40	40	
				3.4.1.2.12	Boilers, Gas Fired Atmospheric	25	25	
				3.4.1.2.13	Boilers, Electric	20	20	
				3.4.1.2.14	Boiler Blowdown and Water Treatment	25	25	
				3.4.1.2.15	Boiler Room Pipe Insulation	25	25	
				3.4.1.2.16	Boiler Room Piping	50	50	
				3.4.1.2.17	Boiler Room Valves	25	25	
				3.4.1.2.18	Boiler Temperature Controls	15	15	
				3.4.1.2.19	Heat Exchanger	35	35	
			3.4.1.3		Fixtures			Need Item
				3.4.1.3.1	Faucets & valves	15	20	
				3.4.1.3.2	Bath tubs & sinks, cast iron	75	75	
				3.4.1.3.3	Bubs tubs & sinks, enameled or stainless steel, fiberglass	40	40	
				3.4.1.3.4	Bath tubs & sinks, porcelain	50	50	

**CNA e-Tool
Estimated Useful Life Table**

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Numbering by ASTM 2018-08 Outline								
System Description	Overall General Description	Component	Sub-Component	Component Description	Family	Elderly	3 tiers of categorization: Need Category, Need Item, Component Type	
			3.4.1.3.5	Toilets/bidets/urinals	40	40		
			3.4.1.3.6	Flush valves	10	15		
			3.4.1.3.7	Tub/shower units or integrated assemblies	30	30		
	3.4.2			Centralized HVAC Systems				
		3.4.2.1		Centralized Heating/Cooling Equipment			Need Item	
			3.4.2.1.1	Boilers, Oil Fired, Sectional - Centralized	25	25		
			3.4.2.1.2	Boilers, Gas Fired, Sectional - Centralized	25	25		
			3.4.2.1.3	Boilers, Oil/ Gas/ Dual Fuel, Low MBH - Centralized	30	30		
			3.4.2.1.4	Boilers, Oil/ Gas/ Dual Fuel, High MBH - Centralized	40	40		
			3.4.2.1.5	Boilers, Gas Fired Atmospheric - Centralized	25	25		
			3.4.2.1.6	Boilers, Electric - Centralized	20	20		
			3.4.2.1.7	Boiler Blowdown and Water Treatment - Centralized	25	25		
			3.4.2.1.8	Boiler Room Pipe Insulation - Centralized	25	25		
			3.4.2.1.9	Boiler Room Piping - Centralized	50	50		
			3.4.2.1.10	Boiler Room Valves - Centralized	25	25		
			3.4.2.1.11	Boiler Temperature Controls - Centralized	15	15		
			3.4.2.1.12	Heat Exchanger - Centralized	35	35		
			3.4.2.1.13	Combustion Air, Duct with Fixed Louvers	30	30		
			3.4.2.1.14	Combustion Air, Motor Louvers and Duct	25	25		
			3.4.2.1.15	Combustion Waste Flue	40	40		
			3.4.2.1.16	Cooling tower	25	25		
			3.4.2.1.17	Chilling plant	20	20		
			3.4.2.1.18	Steam supply station	50	50		
			3.4.2.1.19	Free standing chimney	50	50		

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Numbering by ASTM 2018-08 Outline								
System Description	Overall General Description	Component	Sub-Component	Component Description	Family	Elderly	3 tiers of categorization: Need Category, Need Item, Component Type	
		3.4.2.2		Centralized Heat/Air/Fuel Distribution				Need Item
			3.4.2.2.1	Fuel oil/propane storage tanks	40	40		
			3.4.2.2.2	Remediate/remove abandoned tanks/fuel lines	100	100		
			3.4.2.2.3	Fuel transfer system	25	25		
			3.4.2.2.4	Gas/oil distribution lines	50	50		
			3.4.2.2.5	Gas meter	40	40		
			3.4.2.2.6	2 pipe/4 pipe hydronic distribution-above grade	50	50		
			3.4.2.2.7	2 pipe/4 pipe hydronic distribution-in ground	25	25		
			3.4.2.2.8	Hydronic/Water Circulating Pumps	20	20		
			3.4.2.2.9	Hydronic/Water Controller	20	20		
			3.4.2.2.10	Radiation-steam/hydronic (baseboard or freestanding radiator)	50	50		
			3.4.2.2.11	Fan Coil Unit, Hydronic	30	30		
			3.4.2.2.12	Central exhaust fans/blowers	20	20		
	3.4.3			Decentralized and Split HVAC Systems				
		3.4.3.1		Dwelling/Common Area HVAC Equipment				Need Item
			3.4.3.1.1	Electric heat pump, condenser, pad or rooftop	15	15		
			3.4.3.1.2	Electric AC condenser, pad or rooftop	15	15		
			3.4.3.1.3	Electric furnace/air handler	20	20		
			3.4.3.1.4	Gas furnace/air handler	20	20		
			3.4.3.1.5	Hydronic heat/electric AC air handler	25	25		
			3.4.3.1.6	Hydronic feed electric heat pump/air handler	25	25		
			3.4.3.1.7	Wall mounted electric/gas heater	25	25		
			3.4.3.1.8	Electric baseboard heater	30	30		
			3.4.3.1.9	PTAC Thruwall (packaged terminal air conditioning)	15	15		

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System Description	Overall General Description	Component	Sub-Component	Component Description	Family	Elderly	3 tiers of categorization: Need Category, Need Item, Component Type	
			3.4.3.1.10	Window or thru-wall air conditioners	10	10		
			3.4.3.1.11	Package HVAC roof top	15	15		
			3.4.3.1.12	Air filtration/humidity control devices (humidifiers, HRV's)	20	20		
			3.4.3.1.13	Duct, rigid sheet metal, insulated if not in conditioned space	35	35		
			3.4.3.1.14	Duct, flexible, insulated	20	20		
			3.4.3.1.15	Duct, sealing-mastic or UL 181A or 181B tape.	20	20		
			3.4.3.1.16	Diffusers, registers	20	20		
			3.4.3.1.17	Fireplace, masonry & firebrick, masonry chimney	75	75		
			3.4.3.1.18	Fireplace, factory assembled	35	35		
			3.4.3.1.19	Fireplace insert, stove	50	50		
			3.4.3.1.20	Chimneys, metal, and chimney covers	35	35		
			3.4.3.2	HVAC Controls				Need Item
			3.4.3.2.1	Dwelling/common area thermostat	15	20		
			3.4.3.2.2	Heat sensors	15	15		
			3.4.3.2.3	Outdoor temperature sensor	10	10		
	3.4.4			Electrical				
			3.4.4.1	Electric Service & Metering				Need Item
			3.4.4.1.1	Building service panel	50	50		
			3.4.4.1.2	Building meter	40	40		
			3.4.4.1.3	Tenant meters, meter panel	40	40		
			3.4.4.2	Electrical Distribution				Need Item
			3.4.4.2.1	Tenant electrical panel	50	50		
			3.4.4.2.2	Unit/building wiring	50	50		
			3.4.4.3	Electric Lighting & Fixtures				Need Item

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	System Description	Overall General Description	Component	Sub-Component	Component Description	Family	Elderly	3 tiers of categorization: Need Category, Need Item, Component Type	
				3.4.4.3.1	Switches & outlets	35	35		
				3.4.4.3.2	Lighting - exterior entry	15	20		
				3.4.4.3.3	Lighting- interior common space	25	30		
				3.4.4.3.4	Lighting - Tenant Spaces	20	25		
				3.4.4.3.5	Door bells, chimes	20	25		
			3.4.4.4		Telecommunications Equipment				Need Item
				3.4.4.4.1	Satellite dishes/antennae	20	20		
				3.4.4.4.2	Telecom panels & controls	20	20		
				3.4.4.4.3	Telecom cabling & outlets	20	20		
	3.5				Vertical Transportation				Need Category
		3.5.1			Elevators/Escalators				Need Item
			3.5.1.1		Electrical switchgear	50	50		
			3.5.1.2		Electrical wiring	30	30		
			3.5.1.3		Elevator controller, call, dispatch, emergency	10	20		
			3.5.1.4		Elevator cab, interior finish	10	20		
			3.5.1.5		Elevator cab, frame	35	50		
			3.5.1.6		Elevator, machinery	20	30		
			3.5.1.7		Elevator, shaftway doors	10	20		
			3.5.1.8		Elevator, shaftway hoist rails, cables, traveling	20	25		
			3.5.1.9		Elevator, shaftway hydraulic piston and leveling	20	25		
			3.5.1.10		Escalators	50	50		
	3.6				Life Safety/Fire Protection				Need Category
		3.6.1			Sprinklers and Standpipes				Need Item
			3.6.1.1		Building fire suppression sprinklers, standpipes	50	50		

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	System Description	Overall General Description	Component	Sub-Component	Component Description	Family	Elderly	3 tiers of categorization: Need Category, Need Item, Component Type	
			3.6.1.2		Fire pumps	20	20		
			3.6.1.3		Fire hose stations	50	50		
			3.6.1.4		Fire extinguishers	10	15		
		3.6.2			Alarm, Security & Emergency Systems				Need Item
			3.6.2.1		Tenant space alarm systems	10	15		
			3.6.2.2		Residential smoke detectors	5	7		
			3.6.2.3		Call station	10	15		
			3.6.2.4		Emergency/auxiliary generator	25	25		
			3.6.2.5		Emergency/auxiliary fuel storage tank	25	25		
			3.6.2.6		Emergency lights, illuminated signs	5	10		
			3.6.2.7		Smoke and fire detection system, central panel	15	15		
			3.6.2.8		Buzzer/intercom, central panel	20	20		
			3.6.2.9		Tenant buzzer / intercom /secured entry system	20	20		
		3.6.3			Other Systems				Need Item
			3.6.3.1		Pneumatic Lines and Controls	30	30		
			3.6.3.2		Auto-securing doors/entries/lock down	30	30		
	3.7				Interior Elements				
		3.7.1			Interiors-Common Areas				Need Category
			3.7.1.1		Finished walls, ceilings, floors				Need Item
				3.7.1.1.1	Drywall - Common	35	40		
				3.7.1.1.2	Plaster - Common	50	50		
				3.7.1.1.3	Paints, stains, clear finishes, interior - Common	15	20		
				3.7.1.1.4	Wallpapers - Common	15	20		
				3.7.1.1.5	Wall tile, ceramic, glass, natural stone - Common	35	50		

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System Description	Overall General Description	Component	Sub-Component	Component Description	Family	Elderly	3 tiers of categorization: Need Category, Need Item, Component Type	
			3.7.1.1.6	Floor tile, ceramic, natural stone - Common	40	50		
			3.7.1.1.7	Concrete/Masonry/Terrazzo - Common	75	75		
			3.7.1.1.8	Hardwood floor (3/4" strip or parquet) - Common	50	50		
			3.7.1.1.9	Wood floor, laminated/veneered - Common	20	25		
			3.7.1.1.10	Resilient tile or sheet floor (vinyl, linoleum) - Common	15	20		
			3.7.1.1.11	Carpet - Common	6	10		
			3.7.1.1.12	Acoustic tile/drop ceiling - Common	15	20		
		3.7.1.2		Millwork (doors, trim, cabinets, tops)				Need Item
			3.7.1.2.1	Interior, hollow core doors - Common	20	25		
			3.7.1.2.2	Interior doors, solid core, wood, metal clad, fire rated	30	35		
			3.7.1.2.3	Door trim - Common	20	30		
			3.7.1.2.4	Wall trim (base, chair rail, crown moldings) - Common	30	35		
			3.7.1.2.5	Passage & lock sets - Common	15	20		
			3.7.1.2.6	Bifold & sliding doors - Common	15	20		
			3.7.1.2.7	Cabinets & vanities - Common	20	25		
			3.7.1.2.8	Tops, granite, natural stone, engineered stone - Common	50	50		
			3.7.1.2.9	Tops, solid surface, stainless steel - Common	40	50		
			3.7.1.2.10	Tops, plastic laminates, wood - Common	15	25		
			3.7.1.2.11	Vanity tops, cultured marble, molded acrylic, fiber glass - Common	25	35		
		3.7.1.3		Appliances				Need Item
			3.7.1.3.1	Refrigerator/freezer - Common	15	15		
			3.7.1.3.2	Range, cook top, wall oven - Common	20	25		
			3.7.1.3.3	Range hood - Common	20	25		
			3.7.1.3.4	Microwave - Common	10	10		

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	System Description	Overall General Description	Component	Sub-Component	Component Description	Family	Elderly	3 tiers of categorization: Need Category, Need Item, Component Type
				3.7.1.3.5	Disposal (food waste) - Common	7	10	
				3.7.1.3.6	Compactors (interior, residential grade) - Common	7	10	
				3.7.1.3.7	Dishwasher - Common	10	15	
				3.7.1.3.8	Clothes washer/dryer - Common	10	15	
			3.7.1.4		Specialties			Need Item
				3.7.1.4.1	Interior Mail Facility	20	25	
				3.7.1.4.2	Common area bath accessories (towel bars, grab bars, toilet stalls, etc.)	7	12	
				3.7.1.4.3	Mirrors & medicine cabinets - Common	20	25	
				3.7.1.4.4	Closet/storage specialties, shelving - Common	20	25	
				3.7.1.4.5	Common area interior stairs	50	50	
				3.7.1.4.6	Common area railings	15	25	
				3.7.1.4.7	Bath/kitchen vent/exhaust fans - Common	15	15	
				3.7.1.4.8	Ceiling fans - Common	15	15	
				3.7.1.4.9	Window treatments, drapery rods, shades, blinds, etc. - Common	15	25	
				3.7.1.4.10	Indoor recreation and fitness equipment	10	15	
				3.7.1.4.11	Entertainment centers, theatre projection and seating	15	25	
		3.7.2			Interiors-Dwelling Units			Need Category
			3.7.2.1		Finished walls, ceilings, floors			Need Item
				3.7.2.1.1	Drywall	35	40	
				3.7.2.1.2	Plaster	50	50	
				3.7.2.1.3	Paints, stains, clear finishes, interior	10	15	
				3.7.2.1.4	Wallpapers	10	15	
				3.7.2.1.5	Wall tile, ceramic, glass, natural stone	30	40	
				3.7.2.1.6	Floor tile, ceramic, natural stone	40	50	

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				3.7.2.1.7	Concrete/Masonry/Terrazzo	75	75		
				3.7.2.1.8	Hardwood floor (3/4" strip or parquet)	50	50		
				3.7.2.1.9	Wood floor, laminated/veneered	15	20		
				3.7.2.1.10	Resilient tile or sheet floor (vinyl, linoleum)	15	20		
				3.7.2.1.11	Carpet	6	10		
				3.7.2.1.12	Acoustic tile/drop ceiling	15	20		
			3.7.2.2		Millwork (doors, trim, cabinets, tops)				Need Item
				3.7.2.2.1	Interior, hollow core doors	20	25		
				3.7.2.2.2	Interior doors, solid core, wood, metal clad	30	35		
				3.7.2.2.3	Door trim	20	30		
				3.7.2.2.4	Wall trim (base, chair rail, crown moldings)	25	35		
				3.7.2.2.5	Passage & lock sets	12	20		
				3.7.2.2.6	Bifold & sliding doors	12	20		
				3.7.2.2.7	Cabinets & vanities	20	25		
				3.7.2.2.8	Tops, granite, natural stone, engineered stone	50	50		
				3.7.2.2.9	Tops, solid surface, stainless steel	40	50		
				3.7.2.2.10	Tops, plastic laminates, wood	15	25		
				3.7.2.2.11	Vanity tops, cultured marble, molded acrylic, fiber glass	25	35		
			3.7.2.3		Appliances				Need Item
				3.7.2.3.1	Refrigerator/freezer	12	15		
				3.7.2.3.2	Range, cook top, wall oven	15	25		
				3.7.2.3.3	Range hood	15	25		
				3.7.2.3.4	Microwave	10	10		
				3.7.2.3.5	Disposal (food waste)	7	10		

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				3.7.2.3.6	Compactors (interior, residential grade)	7	10	
				3.7.2.3.7	Dishwasher	10	15	
				3.7.2.3.8	Clothes washer/dryer	10	15	
			3.7.2.4		Specialties			Need Item
				3.7.2.4.1	Bath accessories (towel bars, grab bars, etc.)	7	12	
				3.7.2.4.2	Mirrors & medicine cabinets	15	25	
				3.7.2.4.3	Closet/storage specialties, shelving	15	25	
				3.7.2.4.4	Interior stairs	50	50	
				3.7.2.4.5	Stair and loft railings	20	25	
				3.7.2.4.6	Bath/kitchen vent/exhaust fans	15	15	
				3.7.2.4.7	Ceiling fans	10	15	
				3.7.2.4.8	Window treatments, drapery rods, shades, blinds, etc.	10	20	
4					Additional Considerations			Need Category
	4.1				Environmental Items (not elsewhere defined)			Need Item
		4.1.1			Environmental remediation alarms	5	5	
		4.1.2			Environmental remediation pumps & equipment	5	5	
		4.1.3			Mold-treat-remediate	100	100	
		4.1.4			Pest Control/Integrated Pest Management Plan	1	1	
	4.2				Lead based paint (LBP), asbestos			Need Item
		4.2.1			LBP inspection	100	100	
		4.2.2			Lead based paint abatement			
			4.2.2.1		LBP encapsulation (abatement)	20	20	
			4.2.2.2		LBP removal	100	100	
		4.2.3			Lead based paint interim controls			

**CNA e-Tool
Estimated Useful Life Table**

This table lists the recommended average useful life of the categories of assets that should be considered in a Capital Needs Assessment. If an observed item is not listed, it should be assigned to the most closely related category. The Standard EUL for a component type is fixed. The user may estimate the Remaining Useful Life of any existing component independent of the Standard EUL by entering the assessed RUL in the appropriate space on the Components tab of the Excel Assessment Tool and by justifying the assessed RUL in the adjacent comment box. When identifying an alternative to an existing component the user may specify an EUL for the alternative which differs from the Standard EUL for that component type but must enter an explanation in the Notes space on the Alternatives tab of the Tool. Each specific component assessed is given a free-form description by the needs assessor and this description is the "component ID" or component name which may be more specific than the "Component Type", e.g (a particular kind, size, etc of refrigerator, not just any refrigerator.)

Numbering by ASTM 2018-08 Outline								
	System Description	Overall General Description	Component	Sub-Component	Component Description	Family	Elderly	3 tiers of categorization: Need Category, Need Item, Component Type
			4.2.3.1		LBP hazard interim control	6	6	
			4.2.3.2		LBP Encapsulation (interim control)	6	6	
		4.2.4			Asbestos			
			4.2.4.1		Asbestos encapsulation (abatement)	10	10	
			4.2.4.2		Asbestos Removal	100	100	
	4.3				Commercial Tenant Improvements			Need Item
		4.3.1			Owner provided item(s) (specify)	5	5	
		4.3.2			Owner provided \$ allowance (specify)	5	5	

Appendix B — Table of Class Lives and Recovery Periods

The Table of Class Lives and Recovery Periods has two sections. The first section, *Specific Depreciable Assets Used in All Business Activities, Except as Noted*, generally lists assets used in all business activities. It is shown as Table B-1. The second section, *Depreciable Assets Used in the Following Activities*, describes assets used only in certain activities. It is shown as Table B-2.

How To Use the Tables

You will need to look at both Table B-1 and Table B-2 to find the correct recovery period. Generally, if the property is listed in Table B-1, you use the recovery period shown in that table. However, if the property is specifically listed in Table B-2 under the type of activity in which it is used, you use the recovery period listed under the activity in that table. Use the tables in the order shown below to determine the recovery period of your depreciable property.

Table B-1. Check Table B-1 for a description of the property. If it is described in Table B-1, also check Table B-2 to find the activity in which the property is being used. If the activity is described in Table B-2, read the text (if any) under the title to determine if the property is specifically included in that asset class. If it is, use the recovery period shown in the appropriate column of Table B-2 following the description of the activity. If the activity is not described in Table B-2 or if the activity is described but the property either is not specifically included in or is specifically excluded from that asset class, then use the recovery period shown in the appropriate column following the description of the property in Table B-1.

Tax-exempt use property subject to a lease. The recovery period for ADS cannot be less than 125% of the lease term for any property leased under a leasing arrangement to a tax-exempt organization, governmental unit, or foreign person or entity (other than a partnership).

Table B-2. If the property is not listed in Table B-1, check Table B-2 to find

the activity in which the property is being used and use the recovery period shown in the appropriate column following the description.

Property not in either table. If the activity or the property is not included in either table, check the end of Table B-2 to find *Certain Property for Which Recovery Periods Assigned*. This property generally has a recovery period of 7 years for GDS or 12 years for ADS. See [Which Property Class Applies Under GDS?](#) and [Which Recovery Period Applies?](#) in chapter 4 for the class lives or the recovery periods for GDS and ADS for the following.

- Residential rental property and nonresidential real property (also see Appendix A, Chart 2).
- Qualified rent-to-own property.
- A motorsport entertainment complex.
- Any retail motor fuels outlet.
- Initial clearing and grading land improvements for gas utility property and electric utility transmission and distribution plants.
- Any water utility property.
- Certain electric transmission property used in the transmission at 69 or more kilovolts of electricity for sale and placed in service after April 11, 2005.
- Natural gas gathering and distribution lines placed in service after April 11, 2005.

Example 1. You are a paper manufacturer. During the year, you made substantial improvements to the land on which your paper plant is located. You check Table B-1 and find land improvements under asset class 00.3. You then check Table B-2 and find your activity, paper manufacturing, under asset class 26.1, *Manufacture of Pulp and Paper*. You use the recovery period under this asset class because it specifically includes land improvements. The land improvements have a 13-year class life and a 7-year recovery period for GDS. If you elect to use ADS, the

recovery period is 13 years. If you only looked at Table B-1, you would select asset class 00.3, *Land Improvements*, and incorrectly use a recovery period of 15 years for GDS or 20 years for ADS.

Example 2. You produce rubber products. During the year, you made substantial improvements to the land on which your rubber plant is located. You check Table B-1 and find land improvements under asset class 00.3. You then check Table B-2 and find your activity, producing rubber products, under asset class 30.1, *Manufacture of Rubber Products*. Reading the headings and descriptions under asset class 30.1, you find that it does not include land improvements. Therefore, you use the recovery period under asset class 00.3. The land improvements have a 20-year class life and a 15-year recovery period for GDS. If you elect to use ADS, the recovery period is 20 years.

Example 3. You own a retail clothing store. During the year, you purchased a desk and a cash register for use in your business. You check Table B-1 and find office furniture under asset class 00.11. Cash registers are not listed in any of the asset classes in Table B-1. You then check Table B-2 and find your activity, retail store, under asset class 57.0, *Distributive Trades and Services*, which includes **assets used in wholesale and retail trade**. This asset class does not specifically list office furniture or a cash register. You look back at Table B-1 and use asset class 00.11 for the desk. The desk has a 10-year class life and a 7-year recovery period for GDS. If you elect to use ADS, the recovery period is 10 years. For the cash register, you use asset class 57.0 because cash registers are not listed in Table B-1 but it is an **asset** used in your retail business. The cash register has a 9-year class life and a 5-year recovery period for GDS. If you elect to use the ADS method, the recovery period is 9 years. ■

Table B-1. Table of Class Lives and Recovery Periods

Asset class	Description of assets included	Class Life (in years)	Recovery Periods (in years)	
			GDS (MACRS)	ADS
<i>SPECIFIC DEPRECIABLE ASSETS USED IN ALL BUSINESS ACTIVITIES, EXCEPT AS NOTED:</i>				
00.11	Office Furniture, Fixtures, and Equipment: Includes furniture and fixtures that are not a structural component of a building. Includes such assets as desks, files, safes, and communications equipment. Does not include communications equipment that is included in other classes.	10	7	10
00.12	Information Systems: Includes computers and their peripheral equipment used in administering normal business transactions and the maintenance of business records, their retrieval and analysis. Information systems are defined as: 1) Computers: A computer is a programmable electronically activated device capable of accepting information, applying prescribed processes to the information, and supplying the results of these processes with or without human intervention. It usually consists of a central processing unit containing extensive storage, logic, arithmetic, and control capabilities. Excluded from this category are adding machines, electronic desk calculators, etc., and other equipment described in class 00.13. 2) Peripheral equipment consists of the auxiliary machines which are designed to be placed under control of the central processing unit. Nonlimiting examples are: Card readers, card punches, magnetic tape feeds, high speed printers, optical character readers, tape cassettes, mass storage units, paper tape equipment, keypunches, data entry devices, teleprinters, terminals, tape drives, disc drives, disc files, disc packs, visual image projector tubes, card sorters, plotters, and collators. Peripheral equipment may be used online or offline. Does not include equipment that is an integral part of other capital equipment that is included in other classes of economic activity, that is, computers used primarily for process or production control, switching, channeling, and automating distributive trades and services such as point of sale (POS) computer systems. Also, does not include equipment of a kind used primarily for amusement or entertainment of the user.	6	5	5
00.13	Data Handling Equipment; except Computers: Includes only typewriters, calculators, adding and accounting machines, copiers, and duplicating equipment.	6	5	6
00.21	Airplanes (airframes and engines), except those used in commercial or contract carrying of passengers or freight, and all helicopters (airframes and engines)	6	5	6
00.22	Automobiles, Taxis	3	5	5
00.23	Buses	9	5	9
00.241	Light General Purpose Trucks: Includes trucks for use over the road (actual weight less than 13,000 pounds)	4	5	5
00.242	Heavy General Purpose Trucks: Includes heavy general purpose trucks, concrete ready mix-trucks, and ore trucks, for use over the road (actual unloaded weight 13,000 pounds or more)	6	5	6
00.25	Railroad Cars and Locomotives, except those owned by railroad transportation companies	15	7	15
00.26	Tractor Units for Use Over-the-Road	4	3	4
00.27	Trailers and Trailer-Mounted Containers	6	5	6
00.28	Vessels, Barges, Tugs, and Similar Water Transportation Equipment, except those used in marine construction	18	10	18
00.3	Land Improvements: Includes improvements directly to or added to land, whether such improvements are section 1245 property or section 1250 property, provided such improvements are depreciable. Examples of such assets might include sidewalks, roads, canals, waterways, drainage facilities, sewers (not including municipal sewers in class 51), wharves and docks, bridges, fences, landscaping shrubbery, or radio and television transmitting towers. Does not include land improvements that are explicitly included in any other class, and buildings and structural components as defined in section 1.48-1(e) of the regulations. Excludes public utility initial clearing and grading land improvements as specified in Rev. Rul. 72-403, 1972-2 C.B. 102.	20	15	20
00.4	Industrial Steam and Electric Generation and/or Distribution Systems: Includes assets, whether such assets are section 1245 property or 1250 property, providing such assets are depreciable, used in the production and/or distribution of electricity with rated total capacity in excess of 500 Kilowatts and/or assets used in the production and/or distribution of steam with rated total capacity in excess of 12,500 pounds per hour for use by the taxpayer in its industrial manufacturing process or plant activity and not ordinarily available for sale to others. Does not include buildings and structural components as defined in section 1.48-1(e) of the regulations. Assets used to generate and/or distribute electricity or steam of the type described above, but of lesser rated capacity, are not included, but are included in the appropriate manufacturing equipment classes elsewhere specified. Also includes electric generating and steam distribution assets, which may utilize steam produced by a waste reduction and resource recovery plant, used by the taxpayer in its industrial manufacturing process or plant activity. Steam and chemical recovery boiler systems used for the recovery and regeneration of chemicals used in manufacturing, with rated capacity in excess of that described above, with specifically related distribution and return systems are not included but are included in appropriate manufacturing equipment classes elsewhere specified. An example of an excluded steam and chemical recovery boiler system is that used in the pulp and paper manufacturing equipment classes elsewhere specified. An example of an excluded steam and chemical recovery boiler system is that used in the pulp and paper manufacturing industry.	22	15	22

Table B-2. **Table of Class Lives and Recovery Periods**

Asset class	Description of assets included	Class Life (in years)	Recovery Periods (in years)	
			GDS (MACRS)	ADS
<i>DEPRECIABLE ASSETS USED IN THE FOLLOWING ACTIVITIES:</i>				
01.1	Agriculture: Includes machinery and equipment, grain bins, and fences but no other land improvements, that are used in the production of crops or plants, vines, and trees; livestock; the operation of farm dairies, nurseries, greenhouses, sod farms, mushroom cellars, cranberry bogs, apiaries, and fur farms; the performance of agriculture, animal husbandry, and horticultural services.	10	7****	10
01.11	Cotton Ginning Assets	12	7	12
01.21	Cattle, Breeding or Dairy	7	5	7
01.221	Any breeding or work horse that is 12 years old or less at the time it is placed in service**	10	7	10
01.222	Any breeding or work horse that is more than 12 years old at the time it is placed in service**	10	3	10
01.223	Any race horse that is more than 2 years old at the time it is placed in service**	*	3	12
01.224	Any horse that is more than 12 years old at the time it is placed in service and that is neither a race horse nor a horse described in class 01.222**	*	3	12
01.225	Any horse not described in class 01.221, 01.222, 01.223, or 01.224	*	7	12
01.23	Hogs, Breeding	3	3	3
01.24	Sheep and Goats, Breeding	5	5	5
01.3	Farm buildings except structures included in class 01.4	25	20	25
01.4	Single purpose agricultural or horticultural structures (within the meaning of section 168(i)(13) of the Code)	15	10***	15
10.0	Mining: Includes assets used in the mining and quarrying of metallic and nonmetallic minerals (including sand, gravel, stone, and clay) and the milling, beneficiation, and other primary preparation of such materials.	10	7	10
13.0	Offshore Drilling: Includes assets used in offshore drilling for oil and gas such as floating, self-propelled and other drilling vessels, barges, platforms, and drilling equipment and support vessels such as tenders, barges, towboats, and crewboats. Excludes oil and gas production assets.	7.5	5	7.5
13.1	Drilling of Oil and Gas Wells: Includes assets used in the drilling of onshore oil and gas wells and the provision of geophysical and other exploration services; and the provision of such oil and gas field services as chemical treatment, plugging and abandoning of wells, and cementing or perforating well casings. Does not include assets used in the performance of any of these activities and services by integrated petroleum and natural gas producers for their own account.	6	5	6
13.2	Exploration for and Production of Petroleum and Natural Gas Deposits: Includes assets used by petroleum and natural gas producers for drilling of wells and production of petroleum and natural gas, including gathering pipelines and related storage facilities. Also includes petroleum and natural gas offshore transportation facilities used by producers and others consisting of platforms (other than drilling platforms classified in class 13.0), compression or pumping equipment, and gathering and transmission lines to the first onshore transshipment facility. The assets used in the first onshore transshipment facility are also included and consist of separation equipment (used for separation of natural gas, liquids, and in class 49.23), and liquid holding or storage facilities (other than those classified in class 49.25). Does not include support vessels.	14	7	14
13.3	Petroleum Refining: Includes assets used for the distillation, fractionation, and catalytic cracking of crude petroleum into gasoline and its other components.	16	10	16
15.0	Construction: Includes assets used in construction by general building, special trade, heavy, and marine construction contractors; operative and investment builders; real estate subdividers and developers; and others except railroads.	6	5	6
20.1	Manufacture of Grain and Grain Mill Products: Includes assets used in the production of flours, cereals, livestock feeds, and other grain and grain mill products.	17	10	17
20.2	Manufacture of Sugar and Sugar Products: Includes assets used in the production of raw sugar, syrup, or finished sugar from sugar cane or sugar beets.	18	10	18
20.3	Manufacture of Vegetable Oils and Vegetable Oil Products: Includes assets used in the production of oil from vegetable materials and the manufacture of related vegetable oil products.	18	10	18
20.4	Manufacture of Other Food and Kindred Products: Includes assets used in the production of foods and beverages not included in classes 20.1, 20.2, and 20.3.	12	7	12
20.5	Manufacture of Food and Beverages—Special Handling Devices: Includes assets defined as specialized materials handling devices such as returnable pallets, palletized containers, and fish processing equipment including boxes, baskets, carts, and flaking trays used in activities as defined in classes 20.1, 20.2, 20.3, and 20.4. Does not include general purpose small tools such as wrenches and drills, both hand and power-driven, and other general purpose equipment such as conveyors, transfer equipment, and materials handling devices.	4	3	4

* Property described in asset classes 01.223, 01.224, and 01.225 are assigned recovery periods but have no class lives.

** A horse is more than 2 (or 12) years old after the day that is 24 (or 144) months after its actual birthdate.

*** 7 if property was placed in service before 1989.

**** 5 if machinery and equipment used in a farming business (other than any grain bin, cotton ginning asset, fence, or other land improvement) placed in service after 2017, in tax years ending after 2017.

Table B-2. **Table of Class Lives and Recovery Periods**

Asset class	Description of assets included	Recovery Periods (in years)		
		Class Life (in years)	GDS (MACRS)	ADS
21.0	Manufacture of Tobacco and Tobacco Products: Includes assets used in the production of cigarettes, cigars, smoking and chewing tobacco, snuff, and other tobacco products.	15	7	15
22.1	Manufacture of Knitted Goods: Includes assets used in the production of knitted and netted fabrics and lace. Assets used in yarn preparation, bleaching, dyeing, printing, and other similar finishing processes, texturing, and packaging are elsewhere classified.	7.5	5	7.5
22.2	Manufacture of Yarn, Thread, and Woven Fabric: Includes assets used in the production of spun yarns including the preparing, blending, spinning, and twisting of fibers into yarns and threads, the preparation of yarns such as twisting, warping, and winding, the production of covered elastic yarn and thread, cordage, woven fabric, tire fabric, braided fabric, twisted jute for packaging, mattresses, pads, sheets, and industrial belts, and the processing of textile mill waste to recover fibers, flocks, and shoddies. Assets used to manufacture carpets, man-made fibers, and nonwovens, and assets used in texturing, bleaching, dyeing, printing, and other similar finishing processes, are elsewhere classified.	11	7	11
22.3	Manufacture of Carpets and Dyeing, Finishing, and Packaging of Textile Products and Manufacture of Medical and Dental Supplies: Includes assets used in the production of carpets, rugs, mats, woven carpet backing, chenille, and other tufted products, and assets used in the joining together of backing with carpet yarn or fabric. Includes assets used in washing, scouring, bleaching, dyeing, printing, drying, and similar finishing processes applied to textile fabrics, yarns, threads, and other textile goods. Includes assets used in the production and packaging of textile products, other than apparel, by creasing, forming, trimming, cutting, and sewing, such as the preparation of carpet and fabric samples, or similar joining together processes (other than the production of scrim reinforced paper products and laminated paper products) such as the sewing and folding of hosiery and panty hose, and the creasing, folding, trimming, and cutting of fabrics to produce nonwoven products, such as disposable diapers and sanitary products. Also includes assets used in the production of medical and dental supplies other than drugs and medicines. Assets used in the manufacture of nonwoven carpet backing, and hard surface floor covering such as tile, rubber, and cork, are elsewhere classified.	9	5	9
22.4	Manufacture of Textile Yarns: Includes assets used in the processing of yarns to impart bulk and/or stretch properties to the yarn. The principal machines involved are false-twist, draw, beam-to-beam, and stuffer box texturing equipment and related highspeed twisters and winders. Assets, as described above, which are used to further process man-made fibers are elsewhere classified when located in the same plant in an integrated operation with man-made fiber producing assets. Assets used to manufacture man-made fibers and assets used in bleaching, dyeing, printing, and other similar finishing processes are elsewhere classified.	8	5	8
22.5	Manufacture of Nonwoven Fabrics: Includes assets used in the production of nonwoven fabrics, felt goods including felt hats, padding, batting, wadding, oakum, and fillings, from new materials and from textile mill waste. Nonwoven fabrics are defined as fabrics (other than reinforced and laminated composites consisting of nonwovens and other products) manufactured by bonding natural and/or synthetic fibers and/or filaments by means of induced mechanical interlocking, fluid entanglement, chemical adhesion, thermal or solvent reaction, or by combination thereof other than natural hydration bonding as occurs with natural cellulose fibers. Such means include resin bonding, web bonding, and melt bonding. Specifically includes assets used to make flocked and needle punched products other than carpets and rugs. Assets, as described above, which are used to manufacture nonwovens are elsewhere classified when located in the same plant in an integrated operation with man-made fiber producing assets. Assets used to manufacture man-made fibers and assets used in bleaching, dyeing, printing, and other similar finishing processes are elsewhere classified.	10	7	10
23.0	Manufacture of Apparel and Other Finished Products: Includes assets used in the production of clothing and fabricated textile products by the cutting and sewing of woven fabrics, other textile products, and furs; but does not include assets used in the manufacture of apparel from rubber and leather.	9	5	9
24.1	Cutting of Timber: Includes logging machinery and equipment and roadbuilding equipment used by logging and sawmill operators and pulp manufacturers for their own account.	6	5	6
24.2	Sawing of Dimensional Stock From Logs: Includes machinery and equipment installed in permanent or well-established sawmills.	10	7	10
24.3	Sawing of Dimensional Stock From Logs: Includes machinery and equipment in sawmills characterized by temporary foundations and a lack, or minimum amount, of lumberhandling, drying, and residue disposal equipment and facilities.	6	5	6
24.4	Manufacture of Wood Products, and Furniture: Includes assets used in the production of plywood, hardboard, flooring, veneers, furniture, and other wood products, including the treatment of poles and timber.	10	7	10
26.1	Manufacture of Pulp and Paper: Includes assets for pulp materials handling and storage, pulp mill processing, bleach processing, paper and paperboard manufacturing, and on-line finishing. Includes pollution control assets and all land improvements associated with the factory site or production process such as effluent ponds and canals, provided such improvements are depreciable but does not include buildings and structural components as defined in section 1.48-1(e)(1) of the regulations. Includes steam and chemical recovery boiler systems, with any rated capacity, used for the recovery and regeneration of chemicals used in manufacturing. Does not include assets used either in pulpwood logging, or in the manufacture of hardboard.	13	7	13

Table B-2. **Table of Class Lives and Recovery Periods**

Asset class	Description of assets included	Recovery Periods (in years)		
		Class Life (in years)	GDS (MACRS)	ADS
26.2	Manufacture of Converted Paper, Paperboard, and Pulp Products: Includes assets used for modification, or remanufacture of paper and pulp into converted products, such as paper coated off the paper machine, paper bags, paper boxes, cartons, and envelopes. Does not include assets used for manufacture of nonwovens that are elsewhere classified.	10	7	10
27.0	Printing, Publishing, and Allied Industries: Includes assets used in printing by one or more processes, such as letter-press, lithography, gravure, or screen; the performance of services for the printing trade, such as bookbinding, typesetting, engraving, photo-engraving, and electrotyping; and the publication of newspapers, books, and periodicals.	11	7	11
28.0	Manufacture of Chemicals and Allied Products: Includes assets used to manufacture basic organic and inorganic chemicals; chemical products to be used in further manufacture, such as synthetic fibers and plastics materials; and finished chemical products. Includes assets used to further process man-made fibers, to manufacture plastic film, and to manufacture nonwoven fabrics, when such assets are located in the same plant in an integrated operation with chemical products producing assets. Also includes assets used to manufacture photographic supplies, such as film, photographic paper, sensitized photographic paper, and developing chemicals. Includes all land improvements associated with plant site or production processes, such as effluent ponds and canals, provided such land improvements are depreciable but does not include buildings and structural components as defined in section 1.48-1(e) of the regulations. Does not include assets used in the manufacture of finished rubber and plastic products or in the production of natural gas products, butane, propane, and by-products of natural gas production plants.	9.5	5	9.5
30.1	Manufacture of Rubber Products: Includes assets used for the production of products from natural, synthetic, or reclaimed rubber, gutta percha, balata, or gutta siak, such as tires, tubes, rubber footwear, mechanical rubber goods, heels and soles, flooring, and rubber sundries; and in the recapping, retreading, and rebuilding of tires.	14	7	14
30.11	Manufacture of Rubber Products—Special Tools and Devices: Includes assets defined as special tools, such as jigs, dies, mandrels, molds, lasts, patterns, specialty containers, pallets, shells; and tire molds, and accessory parts such as rings and insert plates used in activities as defined in class 30.1. Does not include tire building drums and accessory parts and general purpose small tools such as wrenches and drills, both power and hand-driven, and other general purpose equipment such as conveyors and transfer equipment.	4	3	4
30.2	Manufacture of Finished Plastic Products: Includes assets used in the manufacture of plastics products and the molding of primary plastics for the trade. Does not include assets used in the manufacture of basic plastics materials nor the manufacture of phonograph records.	11	7	11
30.21	Manufacture of Finished Plastic Products—Special Tools: Includes assets defined as special tools, such as jigs, dies, fixtures, molds, patterns, gauges, and specialty transfer and shipping devices, used in activities as defined in class 30.2. Special tools are specifically designed for the production or processing of particular parts and have no significant utilitarian value and cannot be adapted to further or different use after changes or improvements are made in the model design of the particular part produced by the special tools. Does not include general purpose small tools such as wrenches and drills, both hand and power-driven, and other general purpose equipment such as conveyors, transfer equipment, and materials handling devices.	3.5	3	3.5
31.0	Manufacture of Leather and Leather Products: Includes assets used in the tanning, currying, and finishing of hides and skins; the processing of fur pelts; and the manufacture of finished leather products, such as footwear, belting, apparel, and luggage.	11	7	11
32.1	Manufacture of Glass Products: Includes assets used in the production of flat, blown, or pressed products of glass, such as float and window glass, glass containers, glassware, and fiberglass. Does not include assets used in the manufacture of lenses.	14	7	14
32.11	Manufacture of Glass Products—Special Tools: Includes assets defined as special tools such as molds, patterns, pallets, and specialty transfer and shipping devices such as steel racks to transport automotive glass, used in activities as defined in class 32.1. Special tools are specifically designed for the production or processing of particular parts and have no significant utilitarian value and cannot be adapted to further or different use after changes or improvements are made in the model design of the particular part produced by the special tools. Does not include general purpose small tools such as wrenches and drills, both hand and power-driven, and other general purpose equipment such as conveyors, transfer equipment, and materials handling devices.	2.5	3	2.5
32.2	Manufacture of Cement: Includes assets used in the production of cement, but does not include assets used in the manufacture of concrete and concrete products nor in any mining or extraction process.	20	15	20
32.3	Manufacture of Other Stone and Clay Products: Includes assets used in the manufacture of products from materials in the form of clay and stone, such as brick, tile, and pipe; pottery and related products, such as vitreous-china, plumbing fixtures, earthenware, and ceramic insulating materials; and also includes assets used in manufacture of concrete and concrete products. Does not include assets used in any mining or extraction processes.	15	7	15

Table B-2. **Table of Class Lives and Recovery Periods**

Asset class	Description of assets included	Class Life (in years)	Recovery Periods (in years)	
			GDS (MACRS)	ADS
33.2	Manufacture of Primary Nonferrous Metals: Includes assets used in the smelting, refining, and electrolysis of nonferrous metals from ore, pig, or scrap, the rolling, drawing, and alloying of nonferrous metals; the manufacture of castings, forgings, and other basic products of nonferrous metals; and the manufacture of nails, spikes, structural shapes, tubing, wire, and cable.	14	7	14
33.21	Manufacture of Primary Nonferrous Metals—Special Tools: Includes assets defined as special tools such as dies, jigs, molds, patterns, fixtures, gauges, and drawings concerning such special tools used in the activities as defined in class 33.2, Manufacture of Primary Nonferrous Metals. Special tools are specifically designed for the production or processing of particular products or parts and have no significant utilitarian value and cannot be adapted to further or different use after changes or improvements are made in the model design of the particular part produced by the special tools. Does not include general purpose small tools such as wrenches and drills, both hand and power-driven, and other general purpose equipment such as conveyors, transfer equipment, and materials handling devices. Rolls, mandrels, and refractories are not included in class 33.21 but are included in class 33.2.	6.5	5	6.5
33.3	Manufacture of Foundry Products: Includes assets used in the casting of iron and steel, including related operations such as molding and coremaking. Also includes assets used in the finishing of castings and patternmaking when performed at the foundry, all special tools, and related land improvements.	14	7	14
33.4	Manufacture of Primary Steel Mill Products: Includes assets used in the smelting, reduction, and refining of iron and steel from ore, pig, or scrap; the rolling, drawing, and alloying of steel; the manufacture of nails, spikes, structural shapes, tubing, wire, and cable. Includes assets used by steel service centers and ferrous metal forges, and assets used in coke production, regardless of ownership. Also includes related land improvements and all special tools used in the above activities.	15	7	15
34.0	Manufacture of Fabricated Metal Products: Includes assets used in the production of metal cans, tinware, fabricated structural metal products, metal stampings, and other ferrous and nonferrous metal and wire products not elsewhere classified. Does not include assets used to manufacture non-electric heating apparatus.	12	7	12
34.01	Manufacture of Fabricated Metal Products—Special Tools: Includes assets defined as special tools such as dies, jigs, molds, patterns, fixtures, gauges, and returnable containers and drawings concerning such special tools used in the activities as defined in class 34.0. Special tools are specifically designed for the production or processing of particular machine components, products, or parts, and have no significant utilitarian value and cannot be adapted to further or different use after changes or improvements are made in the model design of the particular part produced by the special tools. Does not include general purpose small tools such as wrenches and drills, both hand and power-driven, and other general purpose equipment such as conveyors, transfer equipment, and materials handling devices.	3	3	3
35.0	Manufacture of Electrical and Non-Electrical Machinery and Other Mechanical Products: Includes assets used to manufacture or rebuild finished machinery and equipment and replacement parts thereof such as machine tools, general industrial and special industry machinery, electrical power generation, transmission, and distribution systems, space heating, cooling, and refrigeration systems, commercial and home appliances, farm and garden machinery, construction machinery, mining and oil field machinery, internal combustion engines (except those elsewhere classified), turbines (except those that power airborne vehicles), batteries, lamps and lighting fixtures, carbon and graphite products, and electromechanical and mechanical products including business machines, instruments, watches and clocks, vending and amusement machines, photographic equipment, medical and dental equipment and appliances, and ophthalmic goods. Includes assets used by manufacturers or rebuilders of such finished machinery and equipment in activities elsewhere classified such as the manufacture of castings, forgings, rubber and plastic products, electronic subassemblies or other manufacturing activities if the interim products are used by the same manufacturer primarily in the manufacture, assembly, or rebuilding of such finished machinery and equipment. Does not include assets used in mining, assets used in the manufacture of primary ferrous and nonferrous metals, assets included in class 00.11 through 00.4, and assets elsewhere classified.	10	7	10
36.0	Manufacture of Electronic Components, Products, and Systems: Includes assets used in the manufacture of electronic communication, computation, instrumentation and control system, including airborne applications; also includes assets used in the manufacture of electronic products such as frequency and amplitude modulated transmitters and receivers, electronic switching stations, television cameras, video recorders, record players and tape recorders, computers and computer peripheral machines, and electronic instruments, watches, and clocks; also includes assets used in the manufacture of components, provided their primary use is products and systems defined above such as electron tubes, capacitors, coils, resistors, printed circuit substrates, switches, harness cables, lasers, fiber optic devices, and magnetic media devices. Specifically excludes assets used to manufacture electronic products and components, photocopiers, typewriters, postage meters and other electromechanical and mechanical business machines and instruments that are elsewhere classified. Does not include semiconductor manufacturing equipment included in class 36.1.	6	5	6
36.1	Any Semiconductor Manufacturing Equipment	5	5	5

Table B-2. Table of Class Lives and Recovery Periods

Asset class	Description of assets included	Recovery Periods (in years)		
		Class Life (in years)	GDS (MACRS)	ADS
37.11	Manufacture of Motor Vehicles: Includes assets used in the manufacture and assembly of finished automobiles, trucks, trailers, motor homes, and buses. Does not include assets used in mining, printing and publishing, production of primary metals, electricity, or steam, or the manufacture of glass, industrial chemicals, batteries, or rubber products, which are classified elsewhere. Includes assets used in manufacturing activities elsewhere classified other than those excluded above, where such activities are incidental to and an integral part of the manufacture and assembly of finished motor vehicles such as the manufacture of parts and subassemblies of fabricated metal products, electrical equipment, textiles, plastics, leather, and foundry and forging operations. Does not include any assets not classified in manufacturing activity classes, for example, does not include any assets classified in asset guideline classes 00.11 through 00.4. Activities will be considered incidental to the manufacture and assembly of finished motor vehicles only if 75% or more of the value of the products produced under one roof are used for the manufacture and assembly of finished motor vehicles. Parts that are produced as a normal replacement stock complement in connection with the manufacture and assembly of finished motor vehicles are considered used for the manufacture assembly of finished motor vehicles. Does not include assets used in the manufacture of component parts if these assets are used by taxpayers not engaged in the assembly of finished motor vehicles.	12	7	12
37.12	Manufacture of Motor Vehicles—Special Tools: Includes assets defined as special tools, such as jigs, dies, fixtures, molds, patterns, gauges, and specialty transfer and shipping devices, owned by manufacturers of finished motor vehicles and used in qualified activities as defined in class 37.11. Special tools are specifically designed for the production or processing of particular motor vehicle components and have no significant utilitarian value, and cannot be adapted to further or different use, after changes or improvements are made in the model design of the particular part produced by the special tools. Does not include general purpose small tools such as wrenches and drills, both hand and power-driven, and other general purpose equipment such as conveyors, transfer equipment, and materials handling devices.	3	3	3
37.2	Manufacture of Aerospace Products: Includes assets used in the manufacture and assembly of airborne vehicles and their component parts including hydraulic, pneumatic, electrical, and mechanical systems. Does not include assets used in the production of electronic airborne detection, guidance, control, radiation, computation, test, navigation, and communication equipment or the components thereof.	10	7	10
37.31	Ship and Boat Building Machinery and Equipment: Includes assets used in the manufacture and repair of ships, boats, caissons, marine drilling rigs, and special fabrications not included in asset classes 37.32 and 37.33. Specifically includes all manufacturing and repairing machinery and equipment, including machinery and equipment used in the operation of assets included in asset class 37.32. Excludes buildings and their structural components.	12	7	12
37.32	Ship and Boat Building Dry Docks and Land Improvements: Includes assets used in the manufacture and repair of ships, boats, caissons, marine drilling rigs, and special fabrications not included in asset classes 37.31 and 37.33. Specifically includes floating and fixed dry docks, ship basins, graving docks, shipways, piers, and all other land improvements such as water, sewer, and electric systems. Excludes buildings and their structural components.	16	10	16
37.33	Ship and Boat Building—Special Tools: Includes assets defined as special tools such as dies, jigs, molds, patterns, fixtures, gauges, and drawings concerning such special tools used in the activities defined in classes 37.31 and 37.32. Special tools are specifically designed for the production or processing of particular machine components, products, or parts, and have no significant utilitarian value and cannot be adapted to further or different use after changes or improvements are made in the model design of the particular part produced by the special tools. Does not include general purpose small tools such as wrenches and drills, both hand and power-driven, and other general purpose equipment such as conveyors, transfer equipment, and materials handling devices.	6.5	5	6.5
37.41	Manufacture of Locomotives: Includes assets used in building or rebuilding railroad locomotives (including mining and industrial locomotives). Does not include assets of railroad transportation companies or assets of companies which manufacture components of locomotives but do not manufacture finished locomotives.	11.5	7	11.5
37.42	Manufacture of Railroad Cars: Includes assets used in building or rebuilding railroad freight or passenger cars (including rail transit cars). Does not include assets of railroad transportation companies or assets of companies which manufacture components of railroad cars but do not manufacture finished railroad cars.	12	7	12
39.0	Manufacture of Athletic, Jewelry, and Other Goods: Includes assets used in the production of jewelry; musical instruments; toys and sporting goods; motion picture and television films and tapes; and pens, pencils, office and art supplies, brooms, brushes, caskets, etc. Railroad Transportation: Classes with the prefix 40 include the assets identified below that are used in the commercial and contract carrying of passengers and freight by rail. Assets of electrified railroads will be classified in a manner corresponding to that set forth below for railroads not independently operated as electric lines. Excludes the assets included in classes with the prefix beginning 00.1 and 00.2 above, and also excludes any non-depreciable assets included in Interstate Commerce Commission accounts enumerated for this class.	12	7	12

Table B-2. **Table of Class Lives and Recovery Periods**

Asset class	Description of assets included	Class Life (in years)	Recovery Periods (in years)	
			GDS (MACRS)	ADS
40.1	<p>Railroad Machinery and Equipment: Includes assets classified in the following Interstate Commerce Commission accounts: Roadway accounts: (16) Station and office buildings (freight handling machinery and equipment only) (25) TOFC/COFC terminals (freight handling machinery and equipment only) (26) Communication systems (27) Signals and interlockers (37) Roadway machines (44) Shop machinery Equipment accounts: (52) Locomotives (53) Freight train cars (54) Passenger train cars (57) Work equipment</p>	14	7	14
40.2	<p>Railroad Structures and Similar Improvements: Includes assets classified in the following Interstate Commerce Commission road accounts: (6) Bridges, trestles, and culverts (7) Elevated structures (13) Fences, snowsheds, and signs (16) Station and office buildings (stations and other operating structures only) (17) Roadway buildings (18) Water stations (19) Fuel stations (20) Shops and enginehouses (25) TOFC/COFC terminals (operating structures only) (31) Power transmission systems (35) Miscellaneous structures (39) Public improvements construction</p>	30	20	30
40.3	<p>Railroad Wharves and Docks: Includes assets classified in the following Interstate Commission Commerce accounts: (23) Wharves and docks (24) Coal and ore wharves</p>	20	15	20
40.4	Railroad Track	10	7	10
40.51	Railroad Hydraulic Electric Generating Equipment	50	20	50
40.52	Railroad Nuclear Electric Generating Equipment	20	15	20
40.53	Railroad Steam Electric Generating Equipment	28	20	28
40.54	Railroad Steam, Compressed Air, and Other Power Plan Equipment	28	20	28
41.0	<p>Motor Transport—Passengers: Includes assets used in the urban and interurban commercial and contract carrying of passengers by road, except the transportation assets included in classes with the prefix 00.2.</p>	8	5	8
42.0	<p>Motor Transport—Freight: Includes assets used in the commercial and contract carrying of freight by road, except the transportation assets included in classes with the prefix 00.2.</p>	8	5	8
44.0	<p>Water Transportation: Includes assets used in the commercial and contract carrying of freight and passengers by water except the transportation assets included in classes with the prefix 00.2. Includes all related land improvements.</p>	20	15	20
45.0	<p>Air Transport: Includes assets (except helicopters) used in commercial and contract carrying of passengers and freight by air. For purposes of section 1.167(a)-11(d)(2)(iv)(a) of the regulations, expenditures for “repair, maintenance, rehabilitation, or improvement” shall consist of direct maintenance expenses (irrespective of airworthiness provisions or charges) as defined by Civil Aeronautics Board uniform accounts 5200, maintenance burden (exclusive of expenses pertaining to maintenance buildings and improvements) as defined by Civil Aeronautics Board accounts 5300, and expenditures which are not “excluded additions” as defined in section 1.167(a)-11(d)(2)(vi) of the regulations and which would be charged to property and equipment accounts in the Civil Aeronautics Board uniform system of accounts.</p>	12	7	12
45.1	<p>Air Transport (restricted): Includes each asset described in the description of class 45.0 which was held by the taxpayer on April 15, 1976, or is acquired by the taxpayer pursuant to a contract which was, on April 15, 1976, and at all times thereafter, binding on the taxpayer. This criterion of classification based on binding contract concept is to be applied in the same manner as under the general rules expressed in sections 49(b)(1), (4), (5), and (8) of the Code (as in effect prior to its repeal by the Revenue Act of 1978, section 312(c)(1), (d), 1978-3 C.B. 1, 60).</p>	6	5	6
46.0	<p>Pipeline Transportation: Includes assets used in the private, commercial, and contract carrying of petroleum, gas, and other products by means of pipes and conveyors. The trunk lines and related storage facilities of integrated petroleum and natural gas producers are included in this class. Excludes initial clearing and grading land improvements as specified in Rev. Rul. 72-403, 1972-2 C.B. 102, but includes all other related land improvements.</p>	22	15	22

Table B-2. **Table of Class Lives and Recovery Periods**

Asset class	Description of assets included	Class Life (in years)	Recovery Periods (in years)	
			GDS (MACRS)	ADS
48.11	Telephone Communications: Includes the assets classified below and that are used in the provision of commercial and contract telephonic services such as: Telephone Central Office Buildings: Includes assets intended to house central office equipment, as defined in Federal Communications Commission Part 31 Account No. 212 whether section 1245 or section 1250 property.	45	20	45
48.12	Telephone Central Office Equipment: Includes central office switching and related equipment as defined in Federal Communications Commission Part 31 Account No. 221. Does not include computer-based telephone central office switching equipment included in class 48.121. Does not include private branch exchange (PBX) equipment.	18	10	18
48.121	Computer-Based Telephone Central Office Switching Equipment: Includes equipment whose functions are those of a computer or peripheral equipment (as defined in section 168(i)(2)(B) of the Code) used in its capacity as telephone central office equipment. Does not include private exchange (PBX) equipment.	9.5	5	9.5
48.13	Telephone Station Equipment: Includes such station apparatus and connections as teletypewriters, telephones, booths, private exchanges, and comparable equipment as defined in Federal Communications Commission Part 31 Account No. 231, 232, and 234.	10	7*	10*
48.14	Telephone Distribution Plant: Includes such assets as pole lines, cable, aerial wire, underground conduits, and comparable equipment, and related land improvements as defined in Federal Communications Commission Part 31 Account Nos. 241, 242.1, 242.2, 242.3, 242.4, 243, and 244.	24	15	24
48.2	Radio and Television Broadcastings: Includes assets used in radio and television broadcasting, except transmitting towers. Telegraph, Ocean Cable, and Satellite Communications (TOCSC) includes communications-related assets used to provide domestic and international radio-telegraph, wire-telegraph, ocean-cable, and satellite communications services; also includes related land improvements. If property described in classes 48.31–48.45 is comparable to telephone distribution plant described in class 48.14 and used for 2-way exchange of voice and data communication which is the equivalent of telephone communication, such property is assigned a class life of 24 years under this revenue procedure. Comparable equipment does not include cable television equipment used primarily for 1-way communication.	6	5	6
48.31	TOCSC—Electric Power Generating and Distribution Systems: Includes assets used in the provision of electric power by generation, modulation, rectification, channelization, control, and distribution. Does not include these assets when they are installed on customers' premises.	19	10	19
48.32	TOCSC—High Frequency Radio and Microwave Systems: Includes assets such as transmitters and receivers, antenna supporting structures, antennas, transmission lines from equipment to antenna, transmitter cooling systems, and control and amplification equipment. Does not include cable and long-line systems.	13	7	13
48.33	TOCSC—Cable and Long-Line Systems: Includes assets such as transmission lines, pole lines, ocean cables, buried cable and conduit, repeaters, repeater stations, and other related assets. Does not include high frequency radio or microwave systems.	26.5	20	26.5
48.34	TOCSC—Central Office Control Equipment: Includes assets for general control, switching, and monitoring of communications signals including electromechanical switching and channeling apparatus, multiplexing equipment patching and monitoring facilities, in-house cabling, teleprinter equipment, and associated site improvements.	16.5	10	16.5
48.35	TOCSC—Computerized Switching, Channeling, and Associated Control Equipment: Includes central office switching computers, interfacing computers, other associated specialized control equipment, and site improvements.	10.5	7	10.5
48.36	TOCSC—Satellite Ground Segment Property: Includes assets such as fixed earth station equipment, antennas, satellite communications equipment, and interface equipment used in satellite communications. Does not include general purpose equipment or equipment used in satellite space segment property.	10	7	10
48.37	TOCSC—Satellite Space Segment Property: Includes satellites and equipment used for telemetry, tracking, control, and monitoring when used in satellite communications.	8	5	8
48.38	TOCSC—Equipment Installed on Customer's Premises: Includes assets installed on customer's premises, such as computers, terminal equipment, power generation and distribution systems, private switching center, teleprinters, facsimile equipment, and other associated and related equipment.	10	7	10
48.39	TOCSC—Support and Service Equipment: Includes assets used to support but not engage in communications. Includes store, warehouse and shop tools, and test and laboratory assets. Cable Television (CATV): Includes communications-related assets used to provide cable television community antenna television services. Does not include assets used to provide subscribers with 2-way communications services.	13.5	7	13.5

* Property described in asset guideline class 48.13 which is qualified technological equipment as defined in section 168(i)(2) is assigned a 5-year recovery period.

Table B-2. Table of Class Lives and Recovery Periods

Asset class	Description of assets included	Class Life (in years)	Recovery Periods (in years)	
			GDS (MACRS)	ADS
48.41	CATV – Headend: Includes assets such as towers, antennas, preamplifiers, converters, modulation equipment, and program non-duplication systems. Does not include headend buildings and program origination assets.	11	7	11
48.42	CATV – Subscriber Connection and Distribution Systems: Includes assets such as trunk and feeder cable, connecting hardware, amplifiers, power equipment, passive devices, directional taps, pedestals, pressure taps, drop cables, matching transformers, multiple set connector equipment, and convertors.	10	7	10
48.43	CATV – Program Origination: Includes assets such as cameras, film chains, videotape recorders, lighting, and remote location equipment excluding vehicles. Does not include buildings and their structural components.	9	5	9
48.44	CATV – Service and Test: Includes assets such as oscilloscopes, field strength meters, spectrum analyzers, and cable testing equipment, but does not include vehicles.	8.5	5	8.5
48.45	CATV – Microwave Systems: Includes assets such as towers, antennas, transmitting and receiving equipment, and broad band microwave assets used in the provision of cable television services. Does not include assets used in the provision of common carrier services.	9.5	5	9.5
49.11	Electric, Gas, Water, and Steam Utility Services: Includes assets used in the production, transmission and distribution of electricity, gas, steam, or water for sale including related land improvements. Electric Utility Hydraulic Production Plant: Includes assets used in the hydraulic power production of electricity for sale, including related land improvements, such as dams, flumes, canals, and waterways.	50	20	50
49.12	Electric Utility Nuclear Production Plant: Includes assets used in the nuclear power production and electricity for sale and related land improvements. Does not include nuclear fuel assemblies.	20	15	20
49.121	Electric Utility Nuclear Fuel Assemblies: Includes initial core and replacement core nuclear fuel assemblies (i.e., the composite of fabricated nuclear fuel and container) when used in a boiling water, pressurized water, or high temperature gas reactor used in the production of electricity. Does not include nuclear fuel assemblies used in breeder reactors.	5	5	5
49.13	Electric Utility Steam Production Plant: Includes assets used in the steam power production of electricity for sale, combustion turbines operated in a combined cycle with a conventional steam unit and related land improvements. Also includes package boilers, electric generators, and related assets, such as, electricity and steam distribution systems as used by a waste reduction and resource recovery plant if the steam or electricity is normally for sale to others.	28	20	28
49.14	Electric Utility Transmission and Distribution Plant: Includes assets used in the transmission and distribution of electricity for sale and related land improvements. Excludes initial clearing and grading land improvements as specified in Rev. Rul. 72-403, 1972-2 C.B. 102.	30	20	30
49.15	Electric Utility Combustion Turbine Production Plant: Includes assets used in the production of electricity for sale by the use of such prime movers as jet engines, combustion turbines, diesel engines, gasoline engines, and other internal combustion engines, their associated power turbines and/or generators, and related land improvements. Does not include combustion turbines operated in a combined cycle with a conventional steam unit.	20	15	20
49.21	Gas Utility Distribution Facilities: Includes gas water heaters and gas conversion equipment installed by utility on customers' premises on a rental basis.	35	20	35
49.221	Gas Utility Manufactured Gas Production Plants: Includes assets used in the manufacture of gas having chemical and/or physical properties which do not permit complete interchangeability with domestic natural gas. Does not include gas-producing systems and related systems used in waste reduction and resource recovery plants which are elsewhere classified.	30	20	30
49.222	Gas Utility Substitute Natural Gas (SNG) Production Plant (naphtha or lighter hydrocarbon feedstocks): Includes assets used in the catalytic conversion of feedstocks or naphtha or lighter hydrocarbons to a gaseous fuel which is completely interchangeable with domestic natural gas.	14	7	14
49.223	Substitute Natural Gas – Coal Gasification: Includes assets used in the manufacture and production of pipeline quality gas from coal using the basic Lurgi process with advanced methanation. Includes all process plant equipment and structures used in this coal gasification process and all utility assets such as cooling systems, water supply and treatment facilities, and assets used in the production and distribution of electricity and steam for use by the taxpayer in a gasification plant and attendant coal mining site processes but not for assets used in the production and distribution of electricity and steam for sale to others. Also includes all other related land improvements. Does not include assets used in the direct mining and treatment of coal prior to the gasification process itself.	18	10	18
49.23	Natural Gas Production Plant	14	7	14
49.24	Gas Utility Trunk Pipelines and Related Storage Facilities: Excluding initial clearing and grading land improvements as specified in Rev. Rul. 72-40.	22	15	22
49.25	Liquefied Natural Gas Plant: Includes assets used in the liquefaction, storage, and regasification of natural gas including loading and unloading connections, instrumentation equipment and controls, pumps, vaporizers and odorizers, tanks, and related land improvements. Also includes pipeline interconnections with gas transmission lines and distribution systems and marine terminal facilities.	22	15	22

Table B-2. Table of Class Lives and Recovery Periods

Asset class	Description of assets included	Class Life (in years)	Recovery Periods (in years)	
			GDS (MACRS)	ADS
49.3	Water Utilities: Includes assets used in the gathering, treatment, and commercial distribution of water.	50	20***	50
49.4	Central Steam Utility Production and Distribution: Includes assets used in the production and distribution of steam for sale. Does not include assets used in waste reduction and resource recovery plants which are elsewhere classified.	28	20	28
49.5	Waste Reduction and Resource Recovery Plants: Includes assets used in the conversion of refuse or other solid waste or biomass to heat or to a solid, liquid, or gaseous fuel. Also includes all process plant equipment and structures at the site used to receive, handle, collect, and process refuse or other solid waste or biomass in a waterwall, combustion system, oil or gas pyrolysis system, or refuse-derived fuel system to create hot water, gas, steam, and electricity. Includes material recovery and support assets used in refuse or solid refuse or solid waste receiving, collecting, handling, sorting, shredding, classifying, and separation systems. Does not include any package boilers, or electric generators and related assets such as electricity, hot water, steam, and manufactured gas production plants classified in classes 00.4, 49.13, 49.221, and 49.4. Does include, however, all other utilities such as water supply and treatment facilities, ash handling, and other related land improvements of a waste reduction and resource recovery plant.	10	7	10
50.0	Municipal Wastewater Treatment Plant	24	15	24
51.0	Municipal Sewer	50	20***	50
57.0	Distributive Trades and Services: Includes assets used in wholesale and retail trade, and personal and professional services. Includes section 1245 assets used in marketing petroleum and petroleum products.	9	5	9*
57.1	Distributive Trades and Services—Billboard, Service Station Buildings, and Petroleum Marketing Land Improvements: Includes section 1250 assets, including service station buildings and depreciable land improvements, whether section 1245 property or section 1250 property, used in the marketing of petroleum and petroleum products, but not including any of these facilities related to petroleum and natural gas trunk pipelines. Includes car wash buildings and related land improvements. Includes billboards, whether such assets are section 1245 property or section 1250 property. Excludes all other land improvements, buildings, and structural components as defined in section 1.48-1(e) of the regulations.	20	15	20
79.0	Recreation: Includes assets used in the provision of entertainment services on payment of a fee or admission charge, as in the operation of bowling alleys, billiard and pool establishments, theaters, concert halls, and miniature golf courses. Does not include amusement and theme parks and assets which consist primarily of specialized land improvements or structures, such as golf courses, sports stadia, race tracks, ski slopes, and buildings which house the assets used in entertainment services.	10	7	10
80.0	Theme and Amusement Parks: Includes assets used in the provision of rides, attractions, and amusements in activities defined as theme and amusement parks, and includes appurtenances associated with a ride, attraction, amusement, or theme setting within the park such as ticket booths, facades, shop interiors, and props, special purpose structures, and buildings other than warehouses, administration buildings, hotels, and motels. Includes all land improvements for or in support of park activities (for example, parking lots, sidewalks, waterways, bridges, fences, landscaping, etc.), and support functions (for example, food and beverage retailing, souvenir vending, and other nonlodging accommodations) if owned by the park and provided exclusively for the benefit of park patrons. Theme and amusement parks are defined as combinations of amusements, rides, and attractions which are permanently situated on park land and open to the public for the price of admission. This guideline class is a composite of all assets used in this industry except transportation equipment (general purpose airplanes, etc., which are included in asset guideline classes with the prefix 00.2); assets used in the trucks, cars, provision of administrative services (asset classes with the prefix 00.1) and warehouses, administration buildings, hotels, and motels.	12.5	7	12.5
	Certain Property for Which Recovery Periods Assigned			
	A. Personal Property With No Class Life Section 1245 Real Property With No Class Life		7 7	12 40
	B. Qualified Technological Equipment, as defined in section 168(i)(2).	**	5	5
	C. Property Used in Connection with Research and Experimentation referred to in section 168(e)(3)(B).	**	5	class life if no class life—12
	D. Alternative energy property described in sections 48(l)(3)(A)(ix) (as in effect on the day before the date of enactment (11/5/90) of the Revenue Reconciliation Act of 1990).	**	5	class life if no class life—12
	E. Biomass property described in section 48(l)(15) (as in effect on the day before the date of enactment (11/5/90) of the Revenue Reconciliation Act of 1990) and is a qualifying small production facility within the meaning of section 3(17)(c) of the Federal Power Act (16 U.S.C. 796(17)(C)), as in effect on September 1, 1986.	**	5	class life if no class life—12
	F. Energy property described in section 48(a)(3)(A) (or would be described if “solar or wind energy” were substituted for “solar energy” in section 48(a)(3)(A)(i)).	**	5	class life if no class life—12

* Any high technology medical equipment as defined in section 168(i)(2)(C) which is described in asset guideline class 57.0 is assigned a 5-year recovery period for the alternate MACRS method.

** The class life (if any) of property described in class B, C, D, E, or F is determined by reference to the asset guideline classes. If an item of property described in paragraph B, C, D, E, or F is not described in any asset guideline class, such item of property has no class life.

*** Use straight line over 25 years if placed in service after June 12, 1996, unless placed in service under a binding contract in effect before June 10, 1996, and at all times until placed in service.