

UNIVERSITY OF KENTUCKY



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BULLETIN No. 15

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Steps in the Development
Univ. of Ky. Libraries of a
Low-Rent Housing Project

SUBSEQUENT TO THE EXECUTION
OF THE CONTRACTS FOR LOAN
AND ANNUAL CONTRIBUTIONS

ADDENDUM

2



NOVEMBER 16, 1940



FEDERAL WORKS AGENCY • UNITED STATES HOUSING AUTHORITY

Award of Contracts to the Lowest Bidder

ADDENDUM 2

to

BULLETIN No. 15 ON POLICY AND PROCEDURE

(Revised March 21, 1940)

entitled

Steps in the Development of a Low-Rent Housing
Project Subsequent to the Execution of the Con-
tracts for Loan and Annual Contributions

This Addendum is being issued to restate the USHA policy that all contracts shall be awarded on the basis of the lowest bid received from responsible bidders, and to explain the meaning of the term "lowest bid received" as used in this connection. As the Addendum points out, the USHA policy with respect to contract awards is designed to assure that bids are not evaluated on any basis other than the cost of procuring the necessary labor or materials, or both. The USHA cannot approve any contract awards which are not made on a basis which will provide the items specified at the lowest initial cost. Similarly, the USHA cannot advance funds for payments on any contracts which may be subsequently awarded on any other basis.

FEDERAL WORKS AGENCY

UNITED STATES HOUSING AUTHORITY

Washington

STEPS IN THE DEVELOPMENT OF A LOW-RENT HOUSING PROJECT

ADDENDUM 2

Award of Contracts to the Lowest Bidder

SCOPE AND CONTENT.

This Addendum clarifies the meaning of the term "lowest bid received" as the only approved basis for awarding contracts, and sets forth the general principles governing USHA approval of contract awards.

I. EXPLANATION OF THE TERM "LOWEST BID RECEIVED."

The USHA policy that all contracts shall be awarded on the basis of the *lowest bid received* from responsible bidders is set forth in many USHA policy documents. Paragraph XIII of Bulletin No. 15, for example, provides that all contracts shall be awarded on this basis. Some local authorities have interpreted the term "lowest bid received" so as to permit the evaluation of bids on a basis other than the cost of procuring labor or material, or both. This interpretation cannot be approved by the USHA. The term "lowest bid received," as used in the requirement that all contracts shall be awarded on the basis of the lowest bid received, means the bid which will provide the items described in the specifications at the lowest initial cost.

II. PRINCIPLES GOVERNING USHA APPROVAL OF CONTRACT AWARDS.

To assure the award of all construction, equipment, and material contracts on the basis explained above, the USHA will henceforth follow the general principles outlined below in passing on proposed contract awards:

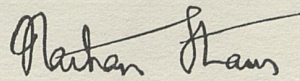
(a) The USHA will not approve any specifications or bid documents which contain clauses permitting an evaluation of bids on any basis other than the cost of procuring the labor or materials involved, or both, and will not approve any speci-

cations containing a multiplicity of alternates which will permit the switching of bidders by the selection of a particular alternate.

(b) If the local authority deems it necessary or advisable to ask for alternate bids, the USHA requires (1) that a definite understanding be reached by the USHA and the local authority involved, prior to the USHA's approval of the specifications, as to the basis and order of accepting or rejecting alternates and (2) that all bidders be informed of this understanding. If the local authority requests alternates but does not set up *in advance* any basis or order to determine the selection of alternates, the USHA will not approve any contract award which is not made on the basis of the lowest initial cost obtainable under the bids received. Furthermore, to receive USHA approval of the award in such a case, all alternates which deduct from the base bid, without reducing the number of dwelling units, must be accepted in determining the lowest initial cost.

(c) In short, the USHA will not approve any contract or contract award which is not made on the basis of the lowest bid received (i. e., the bid which will provide the item or items involved at the lowest initial cost).

No funds of the USHA will hereafter be advanced to cover payments on any contract which may subsequently be awarded by any local authority in a manner inconsistent with this Addendum.


Administrator.

November 16, 1940.

