
FROM MIKE GIFFORD: Group Purchasing Organizations or Collective Buying Groups

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Mon, Apr 19, 2021 at 12:31 PM



Housing Agency Procurement Assistance

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Dear Housing Professional,

I have recently been receiving inquiries from housing folks pertaining to the above-noted Groups.

It is my understanding that there are groups or companies that claim to offer "substantial discounts on materials and services based on their economies of scale" (this may not be a specific quoted claim, but is my interpretation of what they may state they offer or claim to offer).

It appears to me that these groups, based on their apparent or claimed large buying power, may potentially offer advantageous pricing levels for various and services. As I have not done any research on the pricing offered by any of these Groups, even anecdotally, I do not know if the pricing offered is lower than "every day" pricing offered by other suppliers. However, such is not the purpose of this Notice, as I will not judge if the pricing offered is a potential savings to your housing agency. The purpose of this Notice is to remind housing folks as to their responsibility pertaining to justifying buying from intergovernmental purchasing agreements, meaning, buying from bids competed and contracts awarded by other governmental agencies. This process is sometimes referred to as "piggybacking," and is most specifically allowed within Chapter 14, Cooperative Business Relationships, of HUD Procurement Handbook 7460.8 REV-2.

I recommend that you carefully review my following thoughts and concerns and the referenced sections:

First, please remember that any competitive solicitation that a housing agency utilizes to buy from (i.e., without the housing agency doing its own competitive solicitation) MUST be conducted by another governmental agency. Private firms or organizations, which includes not-for-profit organizations, do not typically qualify as a "governmental agency," so contracts offered by those groups are most likely NOT eligible to "piggybacked" on.

Second, the competitive solicitation conducted by the other governmental agency MUST be competitive in nature (meaning, competed to the "public at large" and at least 3 offers must have been received, though it is possible that the receipt of 2 offers may be justified as appropriate under some circumstances) and the competitive solicitation must not have been conducted in violation of the HUD procurement standards. NOTE: Per HUD rules, and as described within the HUD Procurement Handbook and the pertinent sections of 2 CFR §200, the receipt of one offer only is described as being non-competitive; accordingly, it is my strong opinion that "piggybacking" on a non-competitive process or contract is NOT appropriate.

Third, when the offer uses the term "negotiated" or "pre-negotiated," such may (and most likely?) mean that the costs of the items or services were not established in a competitive marketplace. Again, HUD does not typically allow the expenditure of HUD funds for negotiated or non-competitive costs for items or services except (1) for Micro-Purchases less than \$10,000 yearly in the aggregate; or (2) as provided for within Chapter 8 of HUD Procurement Handbook 7460.8 REV 2; or (3) as detailed within 2 CFR §200.320(1)-(4).

Fourth, sometimes these groups may tout that they have been awarded a Federal GSA contract for the services or items they offer. Please remember, as detailed within Section 14.2.F of the HUD Procurement Handbook, HUD has directed that Federal GSA IT Schedule 70 is the only Federal GSA contract that is eligible for housing

agencies to procure pursuant to (NOTE: The HUD Procurement Handbook was last revised in 2007, and since then the Federal Government has also approved GSA Security Schedule 84 as eligible for purchases by local government agencies, so there is evidence that Schedule 84 may also be appropriate for housing agencies to procure from). All other Federal GSA Schedules are ineligible to be procured from. However, many State GSA contracts may be eligible to "piggyback" on.

Unless I have quoted a direct citation from the Handbook or a CFR, much of the other information herein is based on my opinion; however, I hope that housing agencies find this information helpful in making procurement decisions, especially when considering completing procurements from Group Purchasing Organizations.

Regards,

Mike Gifford, C.P.M., CPSD

Housing Agency Procurement Assistance (HAPA)

ABOUT MIKE GIFFORD: Please feel free to visit my no-charge procurement and contracts-mentoring web site, www.procurementassistance.org. After you register, you will receive a username and password to access the material and documents on the website.

I have a consulting practice providing procurement- and contracts-related mentoring, training, and technical assistance to housing agencies. I help housing agencies conduct procurement and contracts in a HUD-compliant and "best practice" manner. [Click here](#) to see my full resume. Please do not hesitate to contact me if you have any questions or concerns pertaining to procurement and contracts (initial answering of questions is "no charge"). As I am either on-the-road or on the phone a lot, an initial contact by e-mail is best; please be sure to include your return telephone number (office/cellular) so that I can call you back.

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