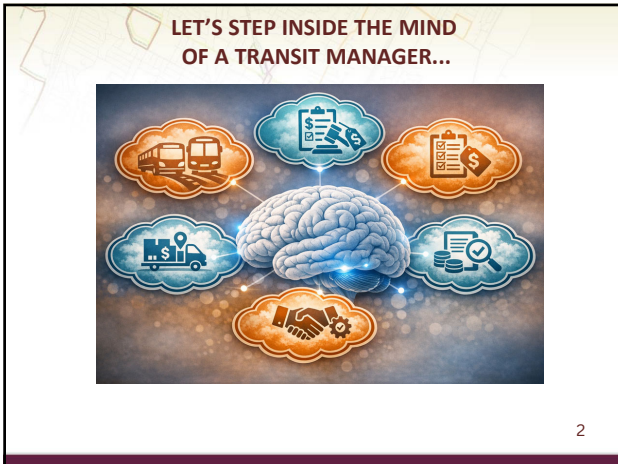
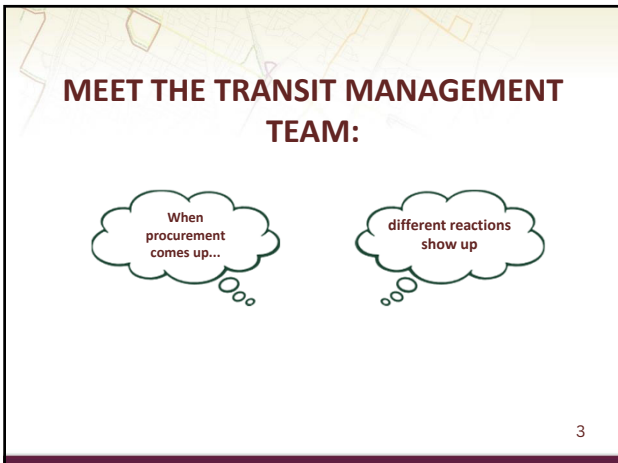




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The Reality of Procurement

It's not just a process.
It's how we experience:

- *risk*
- *pressure*
- *responsibility*

4

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Overwhelmed Olivia

"I wear 12 hats... and now I'm the procurement officer too?"



- Small agency leader
- No procurement support
- Doing everything

Who has felt like Olivia this year?

5

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Compliance Carl

"If it's not documented... we're in trouble."



- Focused on compliance and rules
- Concerned about audits
- Slows things down to get it right

Who double-checks everything... just in case Carl is right?

6

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Frustrated Fran

“Why does this take SIX MONTHS?!”



- Operations-focused
- Needs vehicles, tech, solutions quickly
- Struggles with procurement timelines


Who has a Fran on their team... or is Fran?

7

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Confused Casey

“Wait... is this FTA, State, or local rules?”



- Navigating multiple requirements
- Unsure which rules apply
- Trying to do the right thing

Who has asked, “Which rule are we following again?”

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Confident (but Risky) Riley

“We’ve always done it this way... it’s fine.”



- Relies on past practice
- Skips steps unintentionally
- Biggest audit risk

Be honest... who has a little Riley in them?

9

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We are all a little bit of each



Procurement challenges aren't just about process -- they reflect capacity, risk, and experience. And depending on your agency... one of these voices tends to lead.

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Know your Agency Type

Why procurement looks different across transit agencies

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Procurement Challenges Scale with Capacity

It's not just about rules... it's about:

- staffing
- resources
- structure

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Small/Rural	Small/Urban	Large/Urban
1-10 vehicles	10-75 vehicles	75+ vehicles
Limited staff (often 1-2 people) Multiple roles per person Heavy reliance on external support	Some structure in place Still resource-constrained Inconsistent processes	Dedicated procurement teams Formal processes Higher scrutiny and audits
Compliance burden feels overwhelming	Growing pains in procurement	Complexity and bureaucracy

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Where does your agency fit?

↓

Small Agency 1-10 vehicles	Small Urban/Mid-Size agency 10-75 vehicles	Large Urban/Metropolitan 75+ vehicles
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Where Things Go Wrong

Common procurement challenges across transit agencies

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It's Not Usually One Big Mistake

It's small gaps...
that turn into big problems over time.

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Limited capacity, expanding responsibility

Challenges:

- Staff wearing multiple hats
- Limited procurement training
- Turnover = lost knowledge

Leads to:

- Inconsistent process
- Missed steps
- More reliance on memory

Increased risk of non-compliance

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"If it's not documented... it didn't happen"

- Missing cost/price analysis
- Incomplete procurement files
- Lack of written justification

Audit findings -- sometimes years later

"Carl told you this would happen!"

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Using other contracts - but missing the details

<u>Looks easy</u>	<u>Actually risky if you miss</u>
<ul style="list-style-type: none"> • use another contract • save time • move faster 	<ul style="list-style-type: none"> • Buy America • shipping & delivery costs • contract fit • required certifications

Hidden risk in "easy" procurement options

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Vehicle Procurement doesn't end at purchase

<u>Don't</u>	<u>Do</u>
<ul style="list-style-type: none"> • Rush or skip inspections • Accept defects • Pay to early 	<ul style="list-style-type: none"> • Inspect carefully • Document issues • Withhold payment until corrected

Once you pay – you lose leverage

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Weak planning creates strong problems

- Unclear scope
- Add-ons handled poorly
- Unrealistic timelines

Planning Issue → Procurement issue → Operational Issue

Leads to delays, change orders, and compliance risk

"Fran starts getting impatient here"

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STARTING TOO SOON CAN COST EVERYTHING
(Facilities & Compliance failures)

- NEPA not completed
- Pre-award actions taken
- FTA requirements skipped

Projects can become ineligible for funding

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What is your biggest procurement challenge?

- time
- documentation
- vehicle delays
- rules confusion




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What actually helps?

Right-sized solutions for real-world procurement challenges




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There is no one-size-fits-all solution

The best solutions match your capacity, resources, and structure.



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**Small/Rural Agencies:
Simplify and leverage support**

- Know your procurement policy
- Use state/cooperative contracts
- Use templates and standard tools
- Ask for regional or state support early

Don't build from scratch—use what already exists

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**Small/Urban (Mid-Size) Agencies:
Build Consistency**

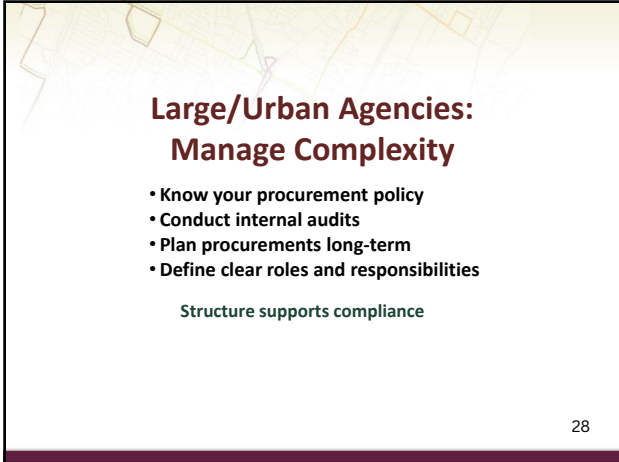
- Know your procurement policy
- Develop internal SOPs
- Standardize documentation
- Train staff regularly

Consistency reduces risk

“This is where Casey starts to feel better.”

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Large/Urban Agencies: Manage Complexity

- Know your procurement policy
- Conduct internal audits
- Plan procurements long-term
- Define clear roles and responsibilities

Structure supports compliance

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What works across all agencies

- Procurement policy
- SOP
- Plan early (6-12 months ahead)
- Document everything
- Ask questions early and often
- Invest in training
- Solicit assistance and expertise as needed

Good procurement is proactive -- not reactive

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Simple shift, big impact

Real Procurement situations:

“Waiting to inspect vehicles before payment prevented major issues”

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You're not in this alone

State & Program Resources:

- Caltrans Procurement Oversight
- CALACT Cooperative Purchasing

Training Resources:


- NTI Procurement Courses
- RTAP Programs
- National RTAP Procurement Pro
- FTA 3rd Party Contract Provision Matrix – March 2026
- FTA Best Practices Procurement and Lessons Learned Manual
- Buy America 49 U.S.C. 5323(j)

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What matters most

- Procurement is a **capacity issue**, not just a compliance issue
- One size does **not** fit all
- Documentation protects you
- Planning early reduces risk



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Procurement isn't just about process

It's about making informed decisions with the resources you have.

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Federal Procurement Thresholds

- **Micro-purchases (under \$15,000)**
 - FTA's only documentation requirement for micro-purchases is a determination that the price is fair and reasonable as well as a basis for this determination
 - To the extent practicable, recipients must distribute micro-purchases equitably among qualified suppliers 2CFR 200.320 and FTA Circular 4220.1G
 - Recipients may not divide or reduce the size of procurements to avoid the additional procurement requirements applicable to larger acquisitions (this is also applicable to small purchases)

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Federal Procurement Thresholds

- **Small purchases (\$15,000 - \$350,000*)**
 - Recipients must obtain oral or written price quotations must from an adequate number of qualified sources
 - The award must be made to the lowest responsive and responsible vendor
 - A written procurement history must be maintained for small purchases, commensurate with the size and complexity of the procurement
 - * States are free to set thresholds lower than the Federal thresholds.

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Federal Procurement Thresholds

- **Formal purchases (above \$350,000)**
 - Typically involves purchase through use of sealed bids (IFBs) or competitive proposals (RFPs)
 - Requires an ICE, a cost or price analysis, and applicable federal contract clauses
 - Requires a written procurement history including:
 - the rationale for the method of procurement
 - selection of contract type
 - contractor selection or rejection
 - the basis for the contract price

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Where Things Go Wrong

Common procurement compliance findings

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Independent Cost Estimate (ICE)

- An ICE is a recipient's estimate of what an item or service "should" cost
- A written ICE must be developed prior to the receipt of bids or proposals for all procurements above the simplified acquisition threshold
- An ICE can range from a simple budgetary estimate to a complex estimate
- Available data points for developing an ICE include: published price lists, historical pricing information from contracts awarded by the recipient's agency, comparable purchases by other agencies, and independent third party estimates
- The word "independent" does not imply that it must be performed by someone other than the recipient, although this may be the case for complex procurements
- Reference 2CFR200.324

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Avoiding the "Lacking Independent Cost Estimate" Finding

- The best way to avoid this finding is to complete a standardized ICE form and include it in the procurement file
- The example on the next slide is from FTA's Best Practices Procurement Manual

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Sample ICE Form

Sample: INDEPENDENT COST ESTIMATE SUMMARY FORM

Through the method(s) stated above, it has been determined the estimated total cost of the goods/services is \$ _____

Requisition Number: _____ Date of Estimate: _____ The preceding independent cost estimate was prepared by:

Description of Goods/Services: _____ Name _____

____ New Procurement ____ Contract Modification (Change Order) Signature _____
 ____ Exercise of Option Date _____

Method of Obtaining Estimate:
 Attach additional documentation such as previous pricing documentation, emails, internet screen shots, estimates on letterhead, etc.

____ Published Price List (attach source and date)
 ____ Historical Pricing (attach copy of documentation from previous PO/Contract)
 ____ Comparable Purchases by Other Agencies (attach email correspondence)
 ____ Engineering or Technical Estimate (attach)
 ____ Independent Third-Party Estimate (attach)
 ____ Other (specify) _____ (attach documentation) _____ (Pre-established pricing resulting from competition (Contract Modification only))

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Cost/Price Analysis

- In general, the purpose of a cost or price analysis is to ensure the recipient does not pay unreasonably high prices to third party contractors
- A cost or price analysis is performed after the receipt of bids or proposals but prior to the award of a contract

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Cost/Price Analysis

- **Price analysis** is the process of evaluating a supplier's total quotation by comparing it against market prices, with market price and unit price serving as key benchmarks, as well as historical data or other vendors' rates. This technique does not require an examination of the supplier's internal costs. Instead, it seeks to answer the question: 'Is this price reasonable in today's market?'

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Cost/Price Analysis

- **Cost analysis** scrutinizes the individual elements (separate cost elements) that make up a supplier’s quoted price—such as labor, materials, overhead, production costs, indirect rates, and profit—aiming to determine whether each component is reasonable, allowable, and allocable. This approach is essential when pricing information is not readily available or when purchasing highly specialized products.

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Avoiding the “Lacking Required Cost/Price Analysis” Finding

- Again, the best way to avoid this finding is to use standardized forms and include them in the procurement file
- Examples are contained in the appendix to the FTA’s Best Practices Procurement Manual

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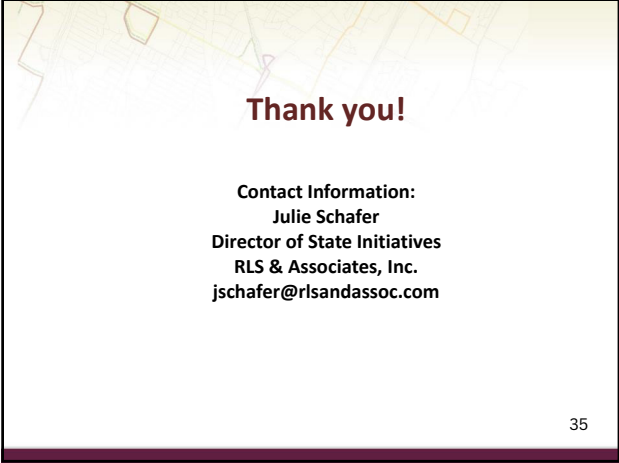
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FTA-required Third Party Contract Clauses

- Recipients are required to include specific required clauses in FTA-funded contracts, intergovernmental agreements (e.g., those involving states and other public entities), and subrecipient agreements
- Not all clauses apply to every contract. The applicability of clauses depends on the size and type of contract as illustrated on the following slides

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A rectangular box with a map background. The map shows a street grid with a highlighted path in purple and yellow. The text is centered on the map.

Thank you!

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