



Chautauqua, Cattaraugus, Allegany and Steuben Counties

Southern Tier Extension Railroad Authority

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“This institution is an equal opportunity organization”

Frank “Jay” Gould, Chairman
Richard Zink, Chief Executive Officer

PROCUREMENT REPORT

For The Year Ending December 31, 2021

Background: The procurement practices of the Chautauqua, Cattaraugus, Allegany and Steuben Southern Tier Extension Railroad Authority (hereinafter “STERA”) are required to be compliant with the various provisions of the following statutes:

- A. NYS Public Authorities Law (PAL), Title 28-AA, Section 2642-m (procurement requirements in STERA’s enabling legislation).
- B. NYS Public Authorities Law (PAL), Section 2824 (general procurement requirements for public authorities in NYS).
- C. NYS Labor Law, Section 220 (the “state prevailing wage law”), only applicable for building construction project construction contracts undertaken by STERA.
- D. NYS State Finance Law section 135 (the “Wicks Law”), only applicable for building construction project construction contracts undertaken by STERA.
- E. NYS State Finance Law, Sections 139-j and 139-k (the “Procurement Lobbying Law”).
- F. NYS Executive Law Article 15-A (MWBE requirements), applicable to all procurement contracts undertaken by STERA.
- G. US Code of Federal Regulations, Title 7, Volume 15, Chapter 30, Part 3019, section 3019.44, only applicable for STERA purchase contracts using federal funds of \$100,000 or more.

The Public Authorities Accountability Act and the 2009 Public Authorities Reform Act do not have specific procurement requirements or provisions for local public authorities for competitive bidding for purchase or sale transactions. Section 2879 of the Public Authorities Accountability Act is specifically limited to state authorities, and does not include requirements for public authorities. STERA is not subject to the competitive procurement requirements of Section 103 and 104-b of the New York State General Municipal Law, or the provisions of New York State Finance Law Section 136-a.

STERA is not required to procure professional services through a competitive procurement process. Contracts for professional services involve contracting for the application of specialized expertise, the use of professional judgment, or a high degree of creativity. Professional services also may include services which require special education and/or training, license to practice, or that are creative in nature.

Competitive procurement is required by NYS Public Authorities Law Section 2642-m for any construction contract involving an expenditure of more than \$5,000. Construction contracts must be awarded to the lowest bidder who, in the authority’s opinion, is qualified to perform the work required and who is responsible and reliable. However, this competitive procurement requirement applies only to new

construction projects and not to contracts for reconstruction, rehabilitation, improvements, maintenance, or repair work, which are considered to be non-construction projects.

Competitive procurement is required by US Code of Federal Regulations, Title 7, Volume 15, Chapter 30, Part 3019, section 3019.44 for any procurements made with federal funds involving a contract of \$100,000 or more. However, when utilizing federal funds, competitive bidding is not required for procurements of less than \$100,000.

Construction contracts involving the reconstruction of, rehabilitation of, and improvements to buildings are required to conform to state prevailing wage law (New York State Labor Law Section 220) and Wicks Law (New York State Finance Law Section 135). STERA's railroad construction, reconstruction, rehabilitation, improvements, maintenance, or repair projects are not public works projects within the meaning of New York State Labor Law Section 220, as they are private beneficiary projects, and thus the prevailing wage requirements of New York State Labor Law Section 220 are not applicable to those types of STERA projects (exception: STERA public highway grade crossing projects are public works projects within the meaning of New York State Labor Law Section 220, and thus the prevailing wage requirements of New York State Labor Law Section 220 are applicable to STERA public highway grade crossing projects).

STERA must conform to the requirements of New York State Executive Law Article 15-A relating to MWBE requirements with respect to all procurements. However, Article 15-A does not also require competitive procurement.

STERA must conform to the requirements of the Procurement Lobbying Law contained in New York State Finance Law Sections 139-j and 139-k, which relate to ensuring that only permissible contacts occur during the restricted period of STERA's procurement process for procurements involving an estimated annualized expenditure in excess of \$15,000. Additionally, neither Section 139-j nor Section 139-k require competitive procurement.

Report:

1. In 2021, STERA was not involved with any public works contracts or construction contracts, as these types of contracts are defined.
2. During 2021, STERA procured services from WNYP using State (not federal) funds. For these procurements, STERA utilized what it considered to be a Best Value procurement practice to select WNYP as the contractor, consistent with Section 2.A.5 of STERA's Contract and Procurement Policy.
3. During 2021, STERA procured directors and officers insurance through competitive procurement and bid processes and selected the low price quotation. STERA's broker did seek price quotations for the directors and officers insurance and STERA selected the low price quotation. STERA has certified that the fees paid for this service represents fair market value for this service.
4. STERA has procured independent auditing services through a competitive procurement process, resulting in a multi-year (five year) contract. In 2019, STERA did a competitive procurement for audit service for audits for the years 2020 through 2024. In any event, as was indicated above, STERA is not required to procure professional services (such as auditing services) through a competitive procurement process. Contracts for professional services involve contracting for the application of specialized expertise, the use of professional judgment, or a high degree of creativity. Professional services also may include services which require special education and/or training, license to practice, or that are creative in nature.

5. During 2021, STERA utilized no legal services. If STERA had utilized legal services in 2021, it would have procured them from its longstanding legal counsel, which was selected owing to its expertise relating to public authorities. STERA has certified that the fees paid for these services represent fair market value for these services, especially given the specialized nature of the services provided and the expertise required. In any event, as was indicated above, STERA is not required to procure professional services (such as legal counsel services) through a competitive procurement process. Contracts for professional services involve contracting for the application of specialized expertise, the use of professional judgment, or a high degree of creativity. Professional services also may include services which require special education and/or training, license to practice, or that are creative in nature.
6. During 2021, STERA procured administrative and staffing services, including construction contract administration services, from its longstanding vendor Southern Tier West Regional Planning and Development Board. STERA continues to procure these services from this entity because of its expertise and experience relevant to STERA; because of its position of providing services to the counties, municipalities and private sector in the southern tier counties of New York State; because of Southern Tier West's status as a governmental entity and its consequent basis for pricing contracts of this nature as cost-based contracts as opposed to profit-based contracts; and because of Southern Tier West's record of impartiality with respect to the matters and business before the authority. STERA did not procure these administrative services through a competitive procurement process. Nonetheless, STERA certifies that this procurement is a Best Value procurement of services, that it could not procure services of equal quality from any other source, and that it could not procure satisfactory substitute services at a lower or even equal price. Furthermore, STERA certifies that the fees paid for all of these services represent fair market value for these services, especially given the specialized nature of the services provided and the expertise required. STERA feels that this relationship allows it to obtain these services necessary to its operation at a fair price that does not exceed their market value.
7. During 2021, STERA procured railroad rehabilitation services from its longstanding vendor Western New York and Pennsylvania Railroad (WNYP). STERA continues to procure these services from this entity because of its expertise and experience relevant to STERA. In making these procurements from WNYP, STERA made a determination that the public interest was best served by making a purchase of commodities, equipment, goods or services from WNYP without competitive procurement, finding:
 - a. that the proposed vendor WNYP is qualified to perform the work required or provide the commodities, equipment, goods or services required,
 - b. that the proposed vendor WNYP is responsible and reliable,
 - c. that the price to be set for the procurement is likely to be either the lowest price if a competitive procurement were followed or a fair market price for the commodities, equipment, goods or services required, that is, the price is likely to be a Best Value, and
 - d. that there is some valid public purpose for not undertaking a competitive procurement process, to include but not be limited to public safety, public health, and timeliness,

STERA certifies that these procurements of railroad rehabilitation services are a Best Value procurement of services, that STERA could not procure services of equal quality from any source, and that it could not procure satisfactory substitute services at a lower or even equal price. Furthermore, STERA certifies that the fees paid for all of these services represent fair market value for these services, especially given the specialized nature of the services provided and the expertise

required. STERA feels that its relationship with WNYP and WNYP's incentive to provide lowest cost possible services so as to minimize its own investment of matching funds allows STERA to obtain these services necessary to its operation at a fair price that does not exceed their market value. Additionally, (a) WNYP subcontracts out much of the work that STERA gives to it, and competitively procures those services, and (b) WNYP competitively procures all materials procured for railroad rehabilitation projects.

8. During 2021, STERA continued its annual procurement of membership in the Railroads of New York (RONY) industry group. STERA feels that this membership provides STERA with access to information essential to its operations and ability to accomplish its mission. RONY sets membership fees, so competitive procurement is impossible.

The following tables describe all procurement contracts entered into by STERA during the year ending December 31, 2021:

All Procurement Contracts entered into during 2021:

<u>Vendor</u>	<u>Subject</u>	<u>Value</u>
Edward Bysiek CPA, PLLC	Audit Services	\$ 3,000.00
Hayes Corporation	Directors and Officers Insurance	\$ 5,799.00
RONY	Membership Fee	\$ 1,050.00
Southern Tier West RPDB	Administrative Services	\$ 25,000.00
Southern Tier West RPDB	Construction Administration	\$ 97.11
Western New York and Pennsylvania Railroad, LLC.	Railroad Rehabilitation Services Track Rehab Project DR37168	\$ 35,708.26

Procurement contract entered into during 2021 with New York State businesses and governmental entities:

<u>Vendor</u>	<u>Subject</u>	<u>Value</u>
Edward Bysiek CPA, PLLC	Audit Services	\$ 3,000.00
RONY	Membership Fee	\$ 1,050.00
Southern Tier West RPDB	Administrative Services	\$ 25,000.00
Southern Tier West RPDB	Construction Administration	\$ 97.11
Western New York and Pennsylvania Railroad, LLC.	Railroad Rehabilitation Services Track Rehab Project DR37168	\$ 35,708.26

Procurement contract entered into during 2021 with foreign business enterprises:

None

Certifications: The Chief Executive Officer of STERA certifies that he has reviewed the terms of these purchases of services and has determined that they comply with applicable law and procurement guidelines, including STERA’s Contract and Procurement Policy, and also certifies that none of these contracts involved a contract price for services purchased that exceeded fair market value.

On March 21, 2022, the STERA Board of Directors reviewed the terms of these purchases of services and determined that they comply with applicable law and procurement guidelines, including STERA’s Contract and Procurement Policy, and also certifies that none of these contracts involved a contract price for services purchased that exceeded fair market value.



RICHARD T. ZINK
Chief Executive Officer

March 21, 2022

Date