



Chautauqua, Cattaraugus, Allegany & Steuben Counties

Southern Tier Extension Railroad Authority

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"This institution is an equal opportunity organization"
John Margeson, Chairman

PROCUREMENT REPORT

For The Year Ending December 31, 2010

Background: The Public Authorities Accountability Act and the 2009 Public Authorities Reform Act do not have specific requirements 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.

However, Section 103 of the New York State General Municipal Law requires that all local public authorities use the competitive bid process for all of contracts for public work involving an expenditure of more than twenty thousand dollars and for all purchase contracts involving an expenditure of more than ten thousand dollars. Further, Section 104-b of the New York State General Municipal Law requires authorities such as STERA to develop procurement guidelines, and specifies their content.

STERA's Contract and Procurement Policy requires compliance with the provisions of New York State General Municipal Law, New York State Public Authorities Law, Title 28-AA, Section 2642 and U.S. Code of Federal Regulations, Title 7, Volume 15, Chapter 30, Part 3019, Subpart C, Sec. 3019.44.

Report: With respect to all public works contracts in which STERA is involved, STERA must comply with the competitive procurement provisions of Section 103 of the New York State General Municipal Law; however, in 2010, STERA was not involved with any public works contracts. Other than public works contracts, STERA entered into no other purchase contracts involving an expenditure of more than ten thousand dollars during 2010. The following tables describe all procurement contracts entered into by the Authority during the year ending December 31, 2010:

All Procurement Contracts entered into during 2010:

<u>Vendor</u>	<u>Subject</u>	<u>Value</u>
Hayes Corporation	Directors & Officers Insurance	\$ 4,900
Southern Tier West Regional Planning and Development Board	Administrative Services	\$10,000
Joseph Trussalo CPA	Audit Services	\$ 2,500

Procurement contract entered into during 2010 with New York State businesses:

<u>Vendor</u>	<u>Subject</u>	<u>Value</u>
Joseph Trussalo CPA	Audit Services	\$ 2,500

Procurement contract entered into during 2010 with other New York State entities:

<u>Vendor</u>	<u>Subject</u>	<u>Value</u>
Southern Tier West Regional Planning and Development Board	Administrative Services	\$10,000

Procurement contract entered into during 2010 with foreign business enterprises:

None

These three procurement contracts all were too small in dollar value to be subject to competitive purchase and bidding requirements. However, STERA's broker did seek price quotations for the Directors and Officers Insurance and STERA selected the low price quotation. STERA also did seek price quotations for audit services and selected the low price quotation. Neither contract involved a contract price for services purchased that exceeded fair market value.

STERA also continued its long standing administrative relationship with the Southern Tier West Regional Planning and Development Board under which the Southern Tier West Regional Planning and Development Board provides administrative services to the Authority. In December 2009, the Authority Board of Directors had adopted a resolution approving payment to the Southern Tier West Regional Planning and Development Board in the amount of \$10,000 per year on a regular and ongoing basis, for administrative and staffing services provided to STERA in support of STERA corporate operations, provided that when STERA receives funding (e.g., construction grants, etc.), STERA will pay 2% of the funding amount to Southern Tier West for services related to the administration of the funds, and in any year in which the 2% payment is made to Southern Tier West, if this amount is greater than the \$10,000 ongoing payment, then STERA will not pay Southern Tier West the separate \$10,000 regular ongoing payment for administrative services in that year in which the 2% payment is paid to Southern Tier West. 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.

Certifications: The Chief Executive Officer / Chief Financial 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, Section 103 of the New York State General Municipal Law, the Public Authorities Accountability Act, and the 2009 Public Authorities Reform Act, and also certifies that none of these contracts involved a contract price for services purchased that exceeded fair market value.

On March 8, 2011, the Authority 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, Section 103 of the New York State General Municipal Law, the 2005 Public Authorities Accountability Act, and the 2009 Public Authorities Reform Act, and also certifies that none of these contracts involved a contract price for services purchased that exceeded fair market value.

RICHARD T. ZINK
Executive Director (CEO) and Treasurer (CFO)

Date