



STATE OF CALIFORNIA

Subrecipient Procurement Training – April 30, 2021 Frequently Asked Questions

1. **Q:** Does Job Order Contracting require open bid?
A: Job Order Contracting is intended for well-defined, recurring, or repetitive work. Since these are one-time recovery or mitigation projects, Job Order Contracting may not be appropriate for this funding. Further consideration may be needed on a project-basis.
2. **Q:** Would it be acceptable to post a solicitation on the jurisdiction's website and send direct to firms you are familiar with (20 or more)?
A: For outreach of a solicitation, subrecipients can post to a website that is accessible to any interested bidders, and then notify firms that the solicitation is available.
3. **Q:** If a consultant team has already been selected and participated in the development of the application, are they able to participate in the project since the selection may not have been consistent with 2 CFR 200?
A: If a consultant was brought on to work on a CDBG-DR or MIT funded project, but the procurement process was not consistent with 2 CFR 200, they can continue work but cannot be funded with CDBG-DR or CDBG-MIT dollars
4. **Q:** How do you do a cost reasonableness for consultants?
A: Cost reasonableness for consultants can be completed based on rates for prior projects, or researching average rates, and considering the expected amount of time to complete tasks. One way is to determine where the gaps are in program administration and consider what kind of full time or part time support is needed for a contracted service to fill those gaps. Then estimate the level of effort and hours that might be needed. The goal is to create a best estimate for both the cost rate and the hours. Be sure to also document sources and method/calculation for the cost estimate for reference as needed.
5. **Q:** If you are purchasing equipment (\$8000) and the cost to install is under \$2000 - would it qualify as a Micro purchase? Would you also be able to purchase equipment (\$10,000) and then pay \$2000 to install and still be eligible?
A: On micro-purchases, and any procurement, subrecipients have to look at the full scope of work. In the case of equipment, if the purchase and the installation are separate services and would not be completed by the same vendor then these could be separate procurements. If general practice is for the same vendor to install after purchase, even if there is an additional charge, then it should likely be under a single procurement.
6. **Q:** Do procurement requirements also apply to the planning and project design which will lead to construction projects?
A: For planning and design, if a subrecipient plans to use award dollars to hire a consultant or engineering service then services will need to be procured according to 2 CFR 200.



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7. **Q:** Can we do an RFQ for consultant, and ask them to submit a cost proposal each time a new funding comes up, such as MHP, MIT, PPS, etc.?

A: RFQ should only be used for engineering and architectural services. RFP should be used for any consulting, or other professional services. If a subrecipient is using one RFQ solicitation for multiple projects, clearly define the projects in the scope of work. If the universe of projects and requirements are not included up front as possibly part of the scope, this could lead to concerns that a firm may have sufficient qualified staff to complete the scope of work for one project over the other.

8. **Q:** Are you required to due multiple publications if the first round was adequate?

A: Multiple publications of a solicitation would only be required if the first round was not adequate (in the number of responses or in the process). If there are not enough bids were received or the bids were not within cost reasonableness, then going back out to re-bid would be expected. HUD practices have indicated that three bids are a reasonable number of responses and 15-20% within the cost estimate is reasonable. Should three bids not be received, the solicitation process should be documented to show a reasonable effort was made to receive multiple bids, and justification for accepting a bid from the limited responses should be provided.

9. **Q:** Can you clarify that cost can be an evaluation factor on RFP/RFQs for A&E consultant procurements over \$250K?

A: Cost can be used as an evaluation factor for A&E consultants. The qualifications and factors to be evaluated and the rating/scoring are included in the solicitation and used to determine the selected bid.

10. **Q:** For a CDBG-DR MHP funded project, if the owner/developer of the project is also a General Contractor, do they still need to do a closed/sealed bid process for a GC?

A: For DR MHP projects, today's training is applicable to subrecipients (jurisdictions) and the purchase of goods and services. Procurement regulations do not apply to private/nonprofit project owners/developers and how they select their project teams.

11. **Q:** Can a contract be considered for use if the "CDBG" term was included?

A: An existing contract can only be considered if the CDBG-DR or CDBG-MIT requirements were included in the scope and the contract terms. CDBG and CDBG-DR are different programs.

12. **Q:** What happens if a CDBG-DR MHP funded project developer has already selected an architect and they undertook a solicitation utilizing competitive proposals, but they did not have a selection committee making this selection (e.g. staff made the selection). Is that acceptable?

A: The project developer may select the members of the project team (such as architect, general contractor) without meeting 2 CFR 200. Procurement regulations do not apply to private/nonprofit project owners/developers and how



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- they select their project teams. If the subrecipient selects the architect or general contractor, 2 CFR 200 regulations would apply and the procurement process must be compliant.
13. **Q:** May the independent cost estimate for housing projects be based upon the costs for recently proposed/completed similar projects? To put together an independent cost analysis for a large-scale multifamily housing development would be very difficult and time consuming. However, we do have a portfolio of other similar housing projects that we can use as a point of comparison.
- A:** Yes, the ICE can be based on similar projects of scale and scope.
14. **Q:** I would like to get a procurement checklist that we can include in our files and to make sure we are covering all bases. Obviously, the checklist should mirror what HCD uses during a monitoring.
- A:** A sample HUD CDBG-DR procurement checklist can be found [here](#).
15. **Q:** Any minimum construction contract contingency percentages?
- A:** There is no regulatory requirement for contingency, however, standard practice is 5-10% contingency for construction.
16. **Q:** When we search the vendor on SAM, but the record show " no record". Will that be okay?
- A:** There are two sources under OMB guidelines (2 CFR part 180) that can be used to verify eligibility for receiving federal funds:
- Contractors can provide a letter, on company letterhead and signed, stating they have not been debarred and are eligible for contracts using federal dollars. It is recommended that subrecipients require this letter to be notarized.
 - Search SAM.gov to determine if the contractor is registered and listed in good standing. The search can be done using the contractor name, Duns & Bradstreet number (DUNs) and/or the Entity Commercial and Government Entity (CAGE) code; or
 - Search SAM.gov using an exclusion search term at <https://www.sam.gov/SAM/pages/public/searchRecords/advancedPIRSearch.jsf>
17. **Q:** What is the long-term retention requirement to keep the records for these projects?
- A:** In accordance with the [HCD Grants Administration Manual](#) records must be maintained for a period of five years after grant closeout.
18. **Q:** What contracts must be posted on the local's website?
- A:** It is recommended that all prime consultant or construction contracts are posted to the website. Subrecipients will be required to provide a summary of procurements and contracts, and their status, to HCD as part of project reporting.
19. **Q:** Can cost be an evaluation factor in A&E procurements over \$250K?



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A: Yes, it can be, but it doesn't have to be. Subrecipients are required to complete an ICE and cost reasonableness analysis on RFQ procurements whether or not price was considered.