Have you had anyone use a Maximum Amount of Deviation which ultimately threw out the high score?

Evaluating Proposals

200.320 Methods of Procurement to be followed

No. Specific examples of where a maximum deviation have been provided that appeared to be adequately supported. To refuse the award to the lowest bidder based on maximum amount of deviation does not specify that the bidder is not responsive and qualified based on the scores received. Any justification for dismissing a respondent must be documented and subrecipients should have a procurement policy and procedure that provides guidance on bid rejections.

From a monitoring perspective, the maximum amount of deviation would be evaluated at minimum:

- Does the procurement policy and procedures clearly define its use?
- Does the procurement policy and procedures clearly establish the conditions for its use?
- Does the solicitation document and bidders conference prominently message its use?

So, even though the State of Texas allows the RFQ to be used for other services, HUD rules mandate that an RFQ may be used ONLY to procure an Architect or Engineer, correct?

Request for Qualifications (RFQ)

200.320 Methods of Procurement to be followed

Yes, the RFQ method of procurement can only be used for Architecture or Engineering (A/E) services. Furthermore, the RFQ method cannot be used to contract for services that do not require an A/E, but where A/E’s may be potential respondents.

When procuring using the RFQ/RFP method, what should a subrecipient do when they receive one respondent to the advertisement?

Request for Qualifications (RFQ)

200.319 Competition

Regardless of procurement method if the subrecipient receives only one response, it should review its processes to determine the cause that limited competition. The subrecipient should work to re-publish the solicitation to resolve the original issues that resulted in only one respondent. Examples to resolve the limited competition include clarifying the statements of work, performing direct outreach, or extending the response time to receive an adequate number of proposals and
qualifications. The subrecipient should refer to HUD's Buying Right Guide for additional guidance. If an attempt to re-procure results in one respondent, the subrecipient should notify the GLO.

**What is considered close in score? Is there a range?**

Request for Qualifications (RFQ)

200.320 Methods of Procurement to be followed.

The subrecipient must have a written method for conducting technical evaluations of the proposals received and for selecting recipients. Defining the term "close" would be the best solution, so that the scorers and respondents know the applied evaluation method.

**Since RFQ for Architects & Engineers allows geographical preference; can we use local preference for auditing firm, since the CPA have to be licensed in TX?**

Request for Qualifications (RFQ)

200.320 Methods of Procurement to be followed

No. The RFQ methodology would not be allowed in the solicitation of an audit firm based on 2 CFR 200, and geographic preference should not be considered for scoring.

**Can a Federal organization be a contractor for a project?**

Contracts

200.24 Cooperative Agreement

Typically, if a non-federal entity needs services from a federal agency (e.g., USACE), they will enter into an interlocal agreement or other cooperative agreement, not a contract. It is unlikely a federal organization would respond to a procurement solicitation.
How do you do the negotiation or cost analysis when the scope of work to be performed is not yet defined?
Cost Analysis
200.323 Contract Cost and Price

If the scope of work is not defined a cost analysis or negotiation cannot occur. A community should start with its own resources at the local level and use the GLO grant funding application and guide to determine a project concept. The statement of work occurs after a community's project has been approved as an applicant for grant funding. If the SOW has not been defined, there is no background or context that wills serve as a basis for evaluating performance, capacity and reasonableness of cost. Furthermore, the question infers an independent cost estimate was not performed, which combined with the previous information, establishes the case for procurement non-compliance, and recapture of costs.

What if project delivery costs come in higher than what was allocated? What is the formula CDBG-DR used to allocate delivery costs?
Cost Analysis
200.323 Contract Cost and Price

The GLO defined the percentage of project delivery costs allowed on a project based on project type and funding amount. HUD regulations and Federal Register Notices cap the amount permitted for program administration (5%), program administration and planning (20%), and public services (15%). The requirement specific to project delivery expense is the 2 CFR Part 200 requirement that costs be “necessary and reasonable”. If a subrecipient believes that it may exceed its project delivery costs, they must notify GLO immediately, and consider if the scope and independent cost estimates may not correspond to one another.

So, GLO dictates the percentages for both Engineering and Grant administrator's? Did they do a cost analysis to determine those percentages?
Cost Analysis
200.323 Contract Cost and Price

No, the percentages given by GLO in Table 1 of the subrecipient contracts is a cap, not an allowable amount for subrecipients to award grant administrators and engineers without conducting independent cost estimates or performing cost analyses to determine cost reasonableness.
If all proposals that are received by an entity have the same proposed costs, do they still have to do an estimate?

Independent Cost Estimate
200.323 Contract Cost and Price

Yes, the Independent Cost Estimate (ICE) must be performed before receiving proposals. If a Subrecipient solicits an entity to prepare an ICE and that entity is not allowed to respond to the resulting solicitation. The price proposals have no bearing on the responsibility of the Subrecipient to develop an ICE, and the Estimate will be used as a basis to compare to the price proposal for cost reasonableness.

Why does it have to be Sole source if only one proposal is received if the net was cast wide enough?

Sole Source
200.320 Methods of Procurement to be followed

Receiving only one proposal results in a non-competitive procurement. Sole-source procurements are a type of non-competitive procurement. There may be situations where a subrecipient writes a non-restrictive RFP, advertises it throughout a wide geographic area, sends out invitations to bid to several potential bidders, and still gets only one bid. Subrecipients should notify GLO of these situations so that GLO can provide guidance to document the procurement efforts that demonstrate free and open competition.

Does HUD/GLO define "emergency"? I know that FEMA has very specific definition of that scenario (i.e. blocked roads, no power) even if there is still a declaration of emergency - it's the time of the actual procurement that is audited to ensure there was actual emergency.

Sole Source - Emergency Procurement
24 CFR 85.36 Procurement

While HUD does not specifically define an "emergency", when an emergency exists that seriously threatens the public health, welfare, or safety, or endangers property, or would otherwise cause serious injury, as may arise by reason of a flood, earthquake, epidemic, riot, equipment failure, or similar event.

Once an emergency is over and the immediate threat alleviated, subrecipients must return to the competitive procurement processes. For this reason, subrecipients should not attempt to pre-
position long-term contracts with vague statements of work under the emergency services provision is a valid method for procurement using CDBG-DR funds received post-disaster.

So, if a sub-recipient only receives one proposal or SOQ, are you saying that it requires GLO approval in order to be a valid procurement or else they have to rebid?

Sole Source
200.320 Methods of Procurement to be followed

If receiving only one proposal or SOQ and the subrecipient has evaluated their solicitation process in terms of adequate advertisement and time open, it may be allowable; however, subrecipients should notify GLO of these situations so that GLO can provide guidance to document the procurement efforts that demonstrate free and open competition. Further clarification for GLO approval is available in the Implementation Manual Chapter 5 - Procurement.

If a subrecipient conducts a robust procurement RFP process and can document that process with newspaper ads, electronic publication, subrecipient website, State list and emailing MWB HUBs, and the cost is within the BCA estimate, yet only receives a single response, should the process be reviewed by GLO or will GLO insist on a re-bid?

Sole Source
200.320 Methods of Procurement to be followed

If receiving only one proposal and the subrecipient has evaluated their solicitation process in terms of adequate advertisement and time open, it may be allowable; however, subrecipients should notify GLO of these situations so that GLO can provide guidance to document the procurement efforts that demonstrate free and open competition. Further clarification for GLO approval is available in the Implementation Manual Chapter 5 - Procurement. Furthermore, the State definition of HUB should not be utilized because it does not align with the federal requirements to provide outreach to small, minority, women-owned, and labor surplus area firms.

How would a very small city, using an Interlocal Agreement for labor with a County, also procure materials from the County as well?

Procurement
200.318 General Procurement Standards
Presumably through a modification of the ILA, after having determined that the materials both more cost reasonable as obtained from the county than from traditional procurement techniques. To establish that materials are cost reasonable, there must be an evaluation of cost or price as applicable. Having a pre-existing interlocal agreement does not equate to cost reasonableness. There is still a level of due diligence and corresponding documentation to support the actions taken by a subrecipient.

Do all case management costs go under PD or can some of it qualify under construction cost?

For Buyout and Acquisition programs, case management costs include but are not limited to: Staff time to intake applications, reviewing applications for eligibility, inspections of the applicant’s home, and working with the applicant during the closing of the home. These costs are all Project Delivery costs.

How do you do a cost estimate on an unknown project?
Independent Cost Estimate
200.323 Cost and Price Analysis Standards

A cost estimate cannot be performed for an unknown project. An applicant should not proceed with a procurement activity until a project can be reasonably identified.

Of course, the first challenge for any Mitigation Competition applicant to assess local need and determine locally what project to apply for. Once the needs are identified, applicants should determine if the particular project elements are eligible. This information can be found in the Mitigation Competition Application Guide at: https://recovery.texas.gov/files/resources/mitigation/cdbg-mit_comp_app_guide_2020.pdf.

Once an applicant has established that the needed project elements are eligible, they should begin Independent Cost Estimates for each individual element to be procured. The purpose of the Independent Cost Estimate is so the applicant will know whether bids/proposals received are in line with the research done. They will also be able to identify the elements that do not concur. Independent Cost Estimates can be compiled using a variety of tools and references. For instance, applicants can refer to historical data, similar project costs, unit prices, prevailing wage rates, etc. Applicants should carefully document their efforts and the resources for the data included.
What would the next steps be from GLO if there was only one (1) proposal received during the procurement process?

Non-Competitive Proposal

200.320 Methods of Procurement to be followed

Subrecipients with an executed contract with GLO-CDR are required to complete the "Non-Competitive Procurement Checklist" to assess the thoroughness of their procurement effort and determine if re-procurement is required and receive GLO-CDR approval and acknowledgement of the action taken. Be aware, however, that local procurements are ultimately the responsibility of the Subrecipient. The "Non-Competitive Procurement Checklist" can be found at: https://recovery.texas.gov/files/resources/contract-procurement/non-competitive-procurement-checklist.pdf.

§200.320(f)(4) If after solicitation, competition is determined inadequate, subrecipients should follow HUD’s Buying Right Guidance which states:

If the Grantee determines that the competition was inadequate, it is most likely because the Grantee issued an RFP at least two times and received:

- A single response from the same provider in each and every occasion that proposals were submitted
- No responses

Submission of the Non-competitive form will not result in automatic approval. The form is intended to provide reasonably assurance to the GLO that the necessary steps have been taken and documented. If steps have not been performed or are missing, GLO will not grant approval until those steps have been addressed.

Should an applicant only receive one response to a Mitigation Competition procurement effort, GLO-CDR recommends local use of the "Non-Competitive Procurement Checklist" to assess if re-procurement is appropriate. Applicants should ensure local procurement policies and procedures are compliant with 2 CFR 200.318 to 200.326 regulations and fully document all procurement efforts and decisions.
Does an applicant require professional services to complete an application?

Independent Cost Estimate
200.323 Cost and Price Analysis Standards

Applicants must assess their own capacity to answer the questions presented and provide the materials requested in the Mitigation Competition Application. The Mitigation Competition Application Guide is designed to assist applicants at each stage of the process, including guidance regarding the Texas Integrated Grant Reporting (TIGR) system application entry process. After review of the Application Guide and the assessment of local capacity, the applicant will be better informed if grant administration services are needed for the application preparation and entry phase. The Mitigation Competition Applications were created to simplify the process to the extent possible. Grant administration services vendors are not required by the GLO for local completion of an application. In general, GLO has not seen efficiencies with or without the use of professional services for this specific purpose.

However, construction or public facilities budgetary information must be provided by a professional engineer or architect licensed to practice in the state of Texas using the MIT-Budget Justification of Retail Costs (formerly Table 2) form on the GLO website at:

Therefore, applicants without professional staff engineers must procure professional engineering services to complete this requirement and thus provide sealed cost estimates for budget preparation purposes.

How does a community determine which competition is best for them?

Mitigation
Prior to beginning any application efforts, applicants should carefully assess the Eligible Applicant information in the Mitigation Competition Application Guide to determine which Competitions they are eligible for.

Once an applicant has made this determination, they should carefully assess the specifics of that/those Competitions.

Some important differences to consider are:
• Which Competition has the most funding? It's likely there could be more competition for those funds.
• What are the eligible activities for each Competition? Is your project eligible?
• Who is eligible to apply? The list of eligible applicants for the Hurricane Harvey Competition differs from those eligible for the 2015 and 2016 Competitions.

And, of course, the proposed project must be assessed. Can it go into one application and meet all the requirements? Do elements need to be split up into separate applications?

What is GLO’s capacity to handle requests for guidance in solicitations that result in only one respondent and what will that guidance likely be?

Request for Qualifications (RFQ)
200.319 Competition

GLO capacity to handle requests will not be impacted as our guidance is consistently based on 2 CFR 200.318-326 and the HUD Buying Right Guide. Please note that receipt of a single proposal does not alleviate the other procurement activities that must be performed and documented. If it is confirmed that there was only one proposal submitted, the subrecipient is responsible for establishing the reasonableness of the contract award (via independent cost estimate and cost/price analysis).

GLO will not pre-review or pre-approve any procurement efforts for applicants.

However, should an applicant only receive one response to a Mitigation Competition procurement effort, GLO-CDR recommends local use of the "Non-Competitive Procurement Checklist" to assess if re-procurement is appropriate. Applicants should ensure local procurement policies and procedures are compliant with 2 CFR 200.318 to 200.326 regulations and fully document all procurement efforts and decisions.
Can you utilize contractors such as demolition contractors from a buy board?

**Competition**

200.319 Competition

No. Selecting services directly from a buy board or other cooperative list like the GSA schedule without following federal requirements is not accepted. A buy board or GSA list may be used to determine similar costs for an independent estimate or in addition to advertisement to reach a larger pool of possible respondents.

If a subrecipient selects goods or services from a buy board or cooperative list, they must ensure the goods and services within the buy board or cooperative list were procured according to federal procurement requirements. Furthermore, there is no assurance that the scope under which vendors are selected will correspond with the scope of the subrecipient's needs, which is likely to impact cost.

Do we need to do an independent cost analysis for a GA firm?

**Independent Cost Estimate**

200.323 Cost and Price Analysis Standards

Yes, an independent cost estimate must be performed for any procurement above the Simplified Acquisition Threshold. The purpose of the Independent Cost Estimate is to reasonably ensure whether bids/proposals received are in line with estimated project/activity costs. They will also be able to identify the elements that do not concur. Independent Cost Estimates can be compiled using a variety of tools and references.

For instance, applicants can refer to historical data, similar project costs, unit prices, prevailing wage rates, etc. Subrecipients may coordinate with neighboring communities administering CDBG or CDBG-DR programs. Applicants should carefully document their efforts and the resources for the data included. Applicants are fully responsible for and legally bound by these local procurements.

In the case of grant administration, applicants should carefully assess the recommended Grant Administration Scope of Work on the GLO website to determine what, if any, elements of that scope can/will be done by applicant staff. Applicants should also consider whether it is appropriate to procure for application services only versus application services and implementation of the project should there be an award. Careful definition of the desired scope of work and the expected deliverables should be detailed in the procurement language. Applicants are fully responsible for and legally bound by local procurements.
If a city or county procured a GA or Engineer for a GLO CDBG grant, and failed to do a cost estimate, what are the implications, and how can it be resolved?

**Independent Cost Estimate**

200.323 Cost and Price Analysis Standards

Subrecipients should first go through the motion of determining the reasonableness of the current contract by performing a cost estimate/cost and price analysis. A determination as to whether procurement is necessary would be contingent on the reasonableness of the contract.

Subrecipients in this scenario whose procurement effort was related to an active GLO-CDR contract should seek guidance from the GLO toward any possible compliance resolution. GLO considers the recommendations issued by HUD OIG for similar issues.

Each circumstance is unique, and while there may be an administrative solution, non-compliance measures may result in re-procurement and disallowed costs.

Do I need to do an independent cost estimate for a demolition contractor?

**Independent Cost Estimate**

200.323 Cost and Price Analysis Standards

Regardless of the services any procurement estimated to exceed the simplified acquisition threshold needs an independent cost estimate. For a demolition contractor, determining how many properties will be demolished will help estimate costs to include abatement and environmental costs.

Is a Bid Tab considered a cost analysis?

**Independent Cost Estimate**

200.323 Cost and Price Analysis Standards

An independent cost estimate is required before receiving bids or proposals. Applicants may use the bid tabulation as cost analyses if it is clearly identified for such use in local procurement policies and procedures. However, tabulating the bid is not sufficient; the cost must be evaluated/analyzed. Independent cost estimates prepared prior to the bid process should be part of the basis for cost analysis once bids are received. Both documents should be within an acceptable range to establish the reasonableness of the project/activity.

Are these demolition costs to be deducted from project delivery costs then?

**Independent Cost Estimate**
200.323 Cost and Price Analysis Standards

Demolition costs are part of construction cost, not project delivery costs.

If you’re doing an Independent Cost Estimate and the profit margin you determined is fair, do you need to know the actual cost that are projected by the contractor?

Independent Cost Estimate
200.323 Cost and Price Analysis Standards

Yes. By identifying a fair profit margin and understanding the contractor risk, the applicant will be able to clearly identify, justify, and document any need for higher profit margin. The supporting documentation must record any difference in percentage, especially if the percentage is vastly different from that originally identified as a reasonable fair profit margin. Circumstances vary with each negotiation, but wide discrepancies from originally established fair profit margins should involve more in-depth internal discussion about the components of the procurement to ensure that all required elements have been included. Another consideration is how much risk the vendor included into their profit margin and whether the subrecipient is willing to accept and justify its reasonableness.

Just to be clear RFP are only for engineering and architect firms correct? RFQ is the standard for GA, title/appraisal and demo services correct?

Request for Qualifications (RFQ)
200.320 Methods of Procurement to be followed

No. RFQ where price is not used as a selection factor, can only be used in procurement of architect and engineering services. It cannot be used to purchase other types of services an architect and engineering firm may be eligible to provide, such as grant administration services.

RFP must be used to procure grant administration services, title services, appraisal services and include price as a selection factor. Subrecipients should also be cautious not to include solicitation language that identifies elements of an RFP and RFQ.
Is posting RFP & RFQ to “Public Purchase” sufficient or should we also send out to HUB directly?

Advertising

200.321 Contracting with small and minority businesses, women’s business enterprises, and labor surplus area firms

Public advertising alone is not sufficient. Subrecipients must take all necessary affirmative steps to solicit from small, minority, women's business enterprises, and labor surplus area firms when possible, including sending copies of the advertisement or solicitation directly to these types of firms.

To clarify, the Historically Underutilized Business (HUB) program is a Statewide Procurement Division program and does not, alone, meet the federal definition/requirement of small, minority, women-owned, and labor surplus firms. Therefore, while applicants and subrecipients may include HUBs in their notification, outreach must also be made to small, minority, women-owned, and labor surplus firms.

Subrecipients should define the methods used to conduct outreach and meet the affirmative steps taken within their procurement policy and procedure manual.

To clarify, the Independent Cost Estimate will need to match up with the RFP/RFQ scope of work, which then will need to correlate with the contract executed, correct? That seems to be taking similar action to construction bid schedules, correct? The amount of hours each company provides for each task will likely differ significantly.

Independent Cost Estimate

200.323 Cost and Price Analysis Standards

Yes. An Independent Cost Estimate should be developed and used as a tool to determine cost reasonableness when analyzing the costs of proposals received. A more detailed Independent Cost Estimate will result in a better tool for cost analysis when proposals are received.

Scopes of work identified for each procurement should be supported by the appropriate Independent Cost Estimate(s).

Throughout the negotiation, procurers should reference the Independent Cost Estimate(s) and Cost Analysis to identify any differences between assumptions made in the preparatory documents and actual costs. Significant differences between estimates and proposals could be an indicator of an
unclear scope of work or additional risk perceived by the respondents. Procurers proceeding to award with inconsistent estimates versus winning proposals would benefit from creating a memo explaining the circumstances surrounding the significant difference, and why the responses were deemed cost reasonable.

To facilitate subrecipients in the reasonableness of cost analysis, the solicitation document should identify the itemization of costs, as applicable. Requesting an overall bid, without requesting the cost components, may result in hidden costs that may not otherwise be identified.

An RFP/RFQ can't be based on costs, though. So, would the engineer/admin just provide an estimate of hours performed for each task?  
Independent Cost Estimate  
200.323 Cost and Price Analysis Standards  

Both Requests for Proposals (RFP) and Requests for Qualifications (RFQ) require an Independent Cost Estimate be prepared by the subrecipient. Respondents should use the knowledge of their trade to respond to each offering according to the stated scope of work. Subrecipients should then weigh the responses received against the scope of work requested to assess responsiveness and cost reasonableness using the tools prepared (Independent Cost Estimate(s), Cost Analysis, etc.)

Can we talk to vendors, who may be submitting bids in the procurement, to solicit cost information from them without disqualifying them from participating in the procurement?  
Independent Cost Estimate  
200.323 Cost and Price Analysis Standards  

No. Allowing a potential respondent to provide an estimated price creates an unfair advantage and conflict of interest at the time of procurement.

In order to obtain a valid cost estimate without conflicting potential vendors, Procurers can contact other municipalities, refer to historical data, review similar project costs, check unit prices, examine prevailing wage rates, etc. Additionally, procurers can refer to the GLO Contract Reports to see what vendors offering the services requested have cost other entities: https://recovery.texas.gov/local-government/hud-requirements-reports/quarterly-legislative/index.html
Applicants should carefully document their efforts and resources for the data included. If estimates cannot be established prior to the issuance of a solicitation, subrecipients should consider postponing the solicitation issuance date until such information becomes evident.

Are there funds available for grant writing services?
GLO Technical Assistance Question

There are no funds available for pre-award grant writing services. Applicants will be subject to the detail provided in local procurement documentation regarding any services procured for application purposes.

GLO-CDR provides tools and materials to assist with local procurement on the GLO website at: https://recovery.texas.gov/local-government/resources/procurement-contracting/index.html
Also, Mitigation Application guidance is provided at: https://recovery.texas.gov/mitigation/competitions.html

Some application costs may be determined eligible for reimbursement for those receiving an award.

I need to procure an administrator to help create an application and help the County find a project worthy of the mitigation funds. How should I go about doing this? How would I write my scope of work? How do I put a number on the project cost?
Independent Cost Estimate
200.323 Cost and Price Analysis Standards

Regarding the need for application assistance, applicants should thoroughly review the Mitigation Competition Application Guide to determine which tasks can be performed locally and which tasks should be procured. The list of tasks that should be procured will determine the scope of work to be used in the procurement effort. Some additional elements to consider are the estimated amount of time necessary to develop eligible projects and fill out the application. Also, how many meetings may potentially be required. To determine cost reasonableness, rates from previous local bids for similar services or efforts made by neighboring counties or cities can be used in the development of the Independent Cost Estimate.

Please see the example scope of work on the GLO's website concerning Grant Administration services, [https://recovery.texas.gov/local-government/resources/procurement-contracting/index.html](https://recovery.texas.gov/local-government/resources/procurement-contracting/index.html).

In selecting a GA & Engr to help with the App and projects if funding is received, if we are blessed to receive multiple awards, can we establish additional teams from the RFP & RFQ issued or do we go back out?

**GLO Technical Assistance Question**

Generally, receipt of additional awards after the initial scope will require additional procurement actions, adding scope without competitive procurement practices is considered "piggy-backing" and is prohibited.

The complexity of including multiple scopes, while not prohibited, is extremely difficult. We would advise against it, particularly when there are unknowns that preclude a clear scope of work and estimated costs from being determined.

**What is the role of the GLO caps and why should we not use them to justify cost reasonableness?**

**Competition**

**200.319 Competition**

A cap does not ensure that a cost is reasonable. The complexity of service usually determines whether the full or lesser value of a cap is necessary. The subrecipient's administrative budget allows for costs incurred by the subrecipient to include costs for grant administration services. As a result, an independent cost estimate is critical in determining the amount that will be allocated between subrecipient and grant administrator.