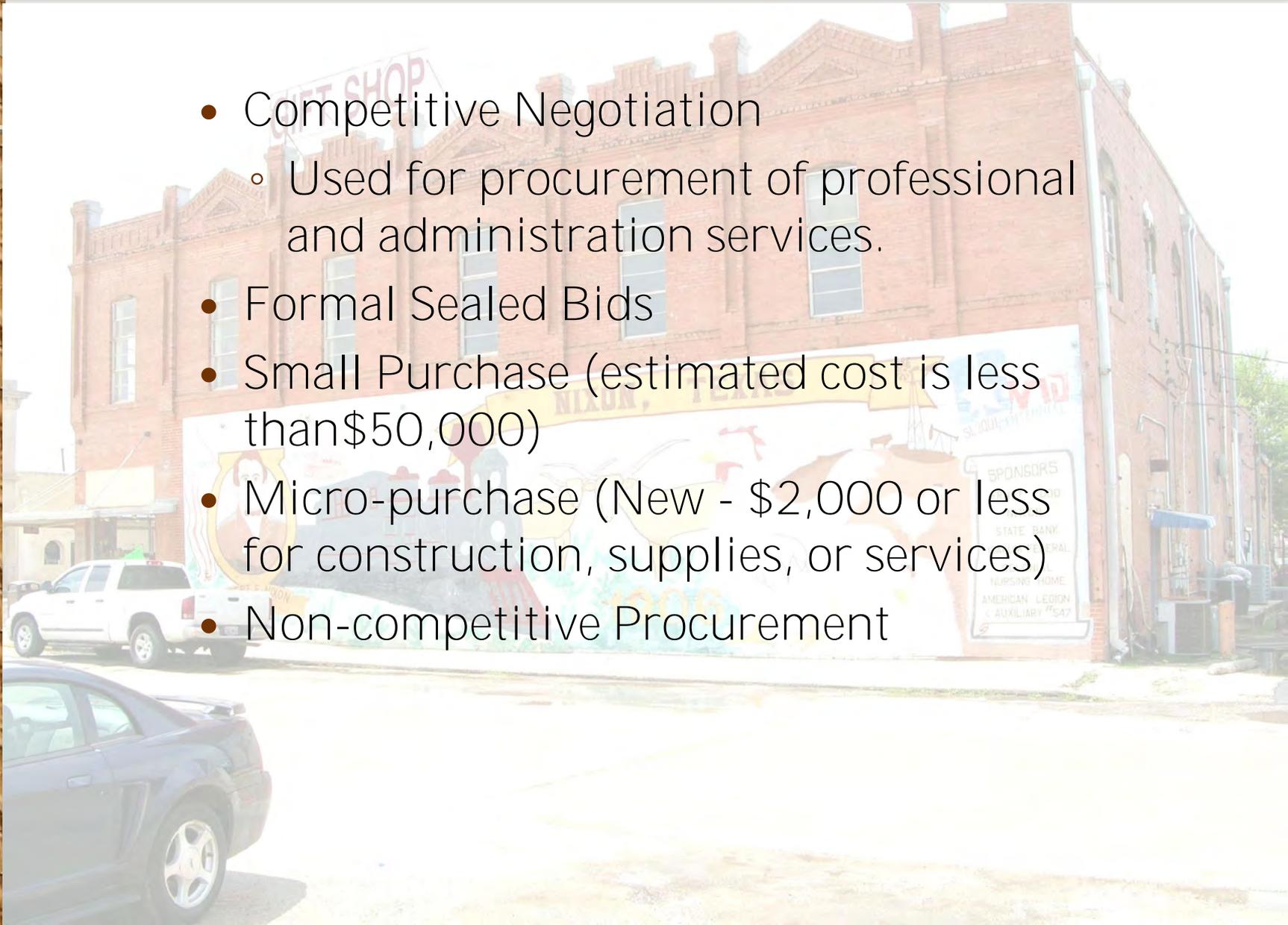


Procurement Standards

- As of December 26, 2014, new federal regulations govern procurement standards in the TxCDBG Program.
- New standards are at 2 CFR §200.317 – 200.326.
- Replaced HUD regulations at 24 CFR §85.36.
- Generally, all procurement transactions must be conducted in a manner providing full and open competition (2 CFR §200.319).

Methods of Procurement

- Competitive Negotiation
 - Used for procurement of professional and administration services.
- Formal Sealed Bids
- Small Purchase (estimated cost is less than \$50,000)
- Micro-purchase (New - \$2,000 or less for construction, supplies, or services)
- Non-competitive Procurement



Competitive Negotiation

- All professional and administrative services related to TxCDBG projects must be procured competitively, regardless of the source of funds.
- If any part of a contract is paid for with TxCDBG funds, the Grant Recipient must follow the competitive negotiation procedure in Chapter 5.
- Failure to competitively procure professional or administrative services could result in ineligible costs for grant funding or match credit.

Step-by-Step Selection Procedures

- Establish local Selection Review Committee
- Determine the Scope of Services
- Establish written selection criteria
- Develop RFP package
- Advertise and distribute the RFPs for Professional Services
- Rate proposals and document process
- Select the Professional Service Provider
 - Architect, Engineer, and Surveyor must be selected based on qualifications, then may negotiate price.
- Award contract

Financial Interest Report – Form A503

FINANCIAL INTEREST REPORT
Form A503

Grant Recipient Name: _____ Contract Number: _____ Region:

Contact Information	
Name of Company	<input type="text"/>
Tax ID Number	<input type="text"/>
Name of Owner	<input type="text"/>
Point of Contact	<input type="text"/>
Phone No.	<input type="text"/>
Email	<input type="text"/>
Mailing Address	<input type="text"/>
Type of Procurement	<input type="text"/>
Trade	<input type="text"/>
Service Provided	<input type="text"/>

Financial Interest Disclosure Report		
TxCDBG Funds	Other Funds	Total Dollars
<input type="text"/>	<input type="text"/>	<input type="text"/>
<input type="checkbox"/> Prime Contractor <input type="checkbox"/> Subcontractor		
If a subcontractor, list Prime		
<input type="text"/>		

Section 3 Report	
<input type="checkbox"/> The company reported qualifies as a Section 3 Business Concern.	
<input type="checkbox"/> The contract reported is for \$100,000 or more. (Company is subject to Section 3 reporting requirements if checked).	

Minority Business Enterprise Report	
<input type="checkbox"/> The company reported is a business with a contract for at least \$10,000 . (Report MBE info below if checked.)	
Race of Owner	<input type="text"/>
Ethnicity of Owner	<input type="text"/>
Gender of Owner	<input type="text"/>

Clearances	
Environmental Clearance Date (for activity)	<input type="text"/>
Excluded Party List System Clearance Date (Contractor Verification/Clearance at SAM.gov)	<input type="text"/>
Contract Executed Date	<input type="text"/>

Describe the work to be completed:
(if more than one business will be procured for similar work, indicate the specific work included in this contract)

Tax ID Number Instructions: TDA is now required to report to HUD the Tax Identification Number for all contractors and subcontractors procured each year.
Please enter:
- Tax ID issued by Texas Comptroller's Office
- Sales Tax Permit number (sole proprietorships providing taxable service)
- Sole Proprietor, no ID available (sole proprietor providing no taxable services)
Do not provide a Social Security Number of a sole proprietor or other person associated with the business.

This form must be submitted to TxCDBG for all contracts of \$2,000 or more within 30 days of executing the contract
This form is required as of October 1, 2015 - all previous versions no longer valid.

- Must be submitted prior to drawing administration & engineering funds
- Correct MBE/Section 3 information is critical!

Construction Contracts: Formal Bidding

- Procurement of construction, materials, or equipment contracts whose total cost is **more than \$50,000**
- Sealed bids are publicly solicited and a firm, fixed-price is awarded to the responsible respondent whose bid, conforming with all the material terms/conditions of the invitation for bids, is lowest and best in price

Formal Sealed Bidding

- Prepare bid package
- Comply with Davis-Bacon Act requirements
 - ✓ Confirm wage decision within ten days but not less than five days before bid opening.
- Advertise invitation for bids
 - ✓ Publish once a week in a newspaper for 2 consecutive weeks prior to bid opening
 - ✓ Advertising the invitation for bids in the Dodge Report is recommended
- Hold the bid opening
- Clear the contractor on SAM prior to award
- Award the contract
- Execute the contract

Formal Sealed Bidding

- The Grant Recipient must obtain acknowledgement of receipt from all bidders for any bid addenda issued prior to bid opening.
- The Texas Local Government Code requires that invitation for bids must be published at least once a week for two consecutive weeks in a newspaper published locally. The date of the first publication must be before the 14th day before the date set to publicly open the bids.

DATE OF FIRST PUBLICATION 9-1-15	DAY 1 (Fourteenth day before the date set to publicly open bids.) 9-2-15	DAY 2 9-3-15	DAY 3 9-4-15	DAY 4 9-5-15	DAY 5 9-6-15	DAY 6 9-7-15
DAY 7 9--8-15	DAY 8 9-9-15	DAY 9 9-10-15	DAY 10 9-11-15	DAY 11 9-12-15	DAY 12 9-13-15	DAY 13 9-14-15
DAY 14 9-15-15	BID OPENING 9-16-15					

Financial Interest Report – Form A503

FINANCIAL INTEREST REPORT
Form A503

Grant Recipient Name: _____ Contract Number: _____ Region:

Contact Information	
Name of Company	<input type="text"/>
Tax ID Number	<input type="text"/>
Name of Owner	<input type="text"/>
Point of Contact	<input type="text"/>
Phone No.	<input type="text"/>
Email	<input type="text"/>
Mailing Address	<input type="text"/>
Type of Procurement	<input type="text"/>
Trade	<input type="text"/>
Service Provided	<input type="text"/>

Financial Interest Disclosure Report		
TxCDBG Funds	Other Funds	Total Dollars
<input type="text"/>	<input type="text"/>	<input type="text"/>
<input type="checkbox"/> Prime Contractor <input type="checkbox"/> Subcontractor		
If a subcontractor, list Prime		
<input type="text"/>		

Section 3 Report	
<input type="checkbox"/>	The company reported qualifies as a Section 3 Business Concern.
<input type="checkbox"/>	The contract reported is for \$100,000 or more. (Company is subject to Section 3 reporting requirements if checked).

Clearances	
Environmental Clearance Date (for activity)	<input type="text"/>
Excluded Party List System Clearance Date (Contractor Verification/Clearance at SAM.gov)	<input type="text"/>
Contract Executed Date	<input type="text"/>

Minority Business Enterprise Report	
<input type="checkbox"/>	The company reported is a business with a contract for at least \$10,000 . (Report MBE info below if checked.)
Race of Owner	<input type="text"/>
Ethnicity of Owner	<input type="text"/>
Gender of Owner	<input type="text"/>

Describe the work to be completed:
(if more than one business will be procured for similar work, indicate the specific work included in this contract)

Tax ID Number Instructions: TDA is now required to report to HUD the Tax Identification Number for all contractors and subcontractors procured each year.
Please enter:
- Tax ID issued by Texas Comptroller's Office
- Sales Tax Permit number (sole proprietorships providing taxable service)
- Sole Proprietor, no ID available (sole proprietor providing no taxable services)
Do not provide a Social Security Number of a sole proprietor or other person associated with the business.

This form must be submitted to TxCDBG for all contracts of \$2,000 or more within 30 days of executing the contract
This form is required as of October 1, 2015 - all previous versions no longer valid.

- Submit for all contracts of \$2,000 or more within 30 days of executing the contract:
 - ✓ A503
 - ✓ Bid Tabulation
 - ✓ Bid Schedule

Small Purchase Procurement

- The Small Purchase procurement method uses relatively simple and informal procurement methods to secure construction services, supplies, equipment, or non-professional services that cost, in the aggregate, **less than \$50,000** in accordance with state law.
- The Local Government Code prohibits separate, sequential, or component small purchases to avoid the competitive bidding requirements.
- Aggregate purchases exceeding \$50,000 for items that in normal practices would be procured in one contract may result in disallowed costs.

Construction Contract: Small Purchase Procurement (Cont.)

A504

Small Purchase Procurement Record

Scope of Service/Item Description:

Contacts Made:

1.	_____ Name of Firm/Supplier (No. 1)	_____ Date Contacted
	_____ Name of Person Contacted	_____ Quoted Price
2.	_____ Name of Firm/Supplier (No. 2)	_____ Date Contacted
	_____ Name of Person Contacted	_____ Quoted Price
3.	_____ Name of Firm/Supplier (No. 3)	_____ Date Contacted
	_____ Name of Person Contacted	_____ Quoted Price

Based on the contacts made concerning the above-referenced scope of services/item description, I authorize _____ on _____, 20____ to begin work or to supply the item(s) for the quoted price.

Signature of Authorized Person _____ Date _____

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- Obtain Wage Decision
 - Complete **Wage Rate Issuance Notice - Form A702** (If under \$2,000 not required)
- Contact three vendors
 - Submit **Small Purchase Procurement Record (Form A504)** to assigned Regional Coordinator
- Confirm Wage Decision
 - Complete **Ten Day Confirmation (Form A703)**
- Verify Eligibility Status
 - Record on **Labor Standards Record (Form A706)**
- Submit **Labor Standards Record (Form A706)** to labor@TexasAgriculture.gov

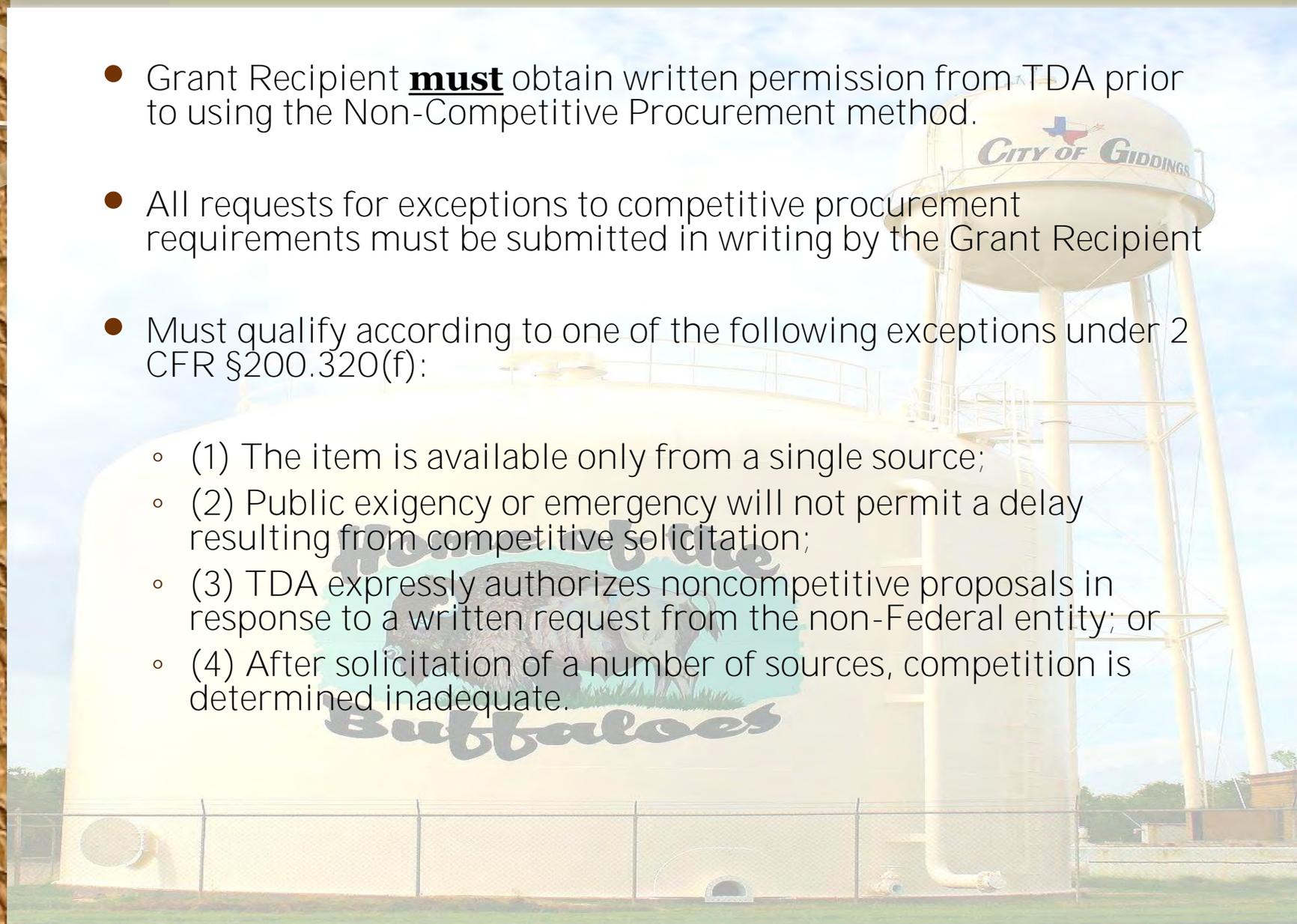
Micro-Purchases

- Micro-purchases is non-competitive procurement which may be used for supplies or services valued at \$2,000 or less.
- Purchase orders may be awarded without soliciting any competitive quotations if the Grant Recipient considers the costs to be reasonable and local laws and policies do not prohibit this method of procurement.
- Grant Recipient must verify that contractor is not debarred under the System for Award Management (www.SAM.gov).
- TDA will monitor the use of micro-purchases to ensure that they are not being used to circumvent competitive procurement.



Non-Competitive Procurement

- Grant Recipient **must** obtain written permission from TDA prior to using the Non-Competitive Procurement method.
- All requests for exceptions to competitive procurement requirements must be submitted in writing by the Grant Recipient
- Must qualify according to one of the following exceptions under 2 CFR §200.320(f):
 - (1) The item is available only from a single source;
 - (2) Public exigency or emergency will not permit a delay resulting from competitive solicitation;
 - (3) TDA expressly authorizes noncompetitive proposals in response to a written request from the non-Federal entity; or
 - (4) After solicitation of a number of sources, competition is determined inadequate.



Construction Contract - Bonding

- Bid Bond – Required by 2 CFR §200.325 (a). Must be for 5% of bid price.

In addition Texas Government Code 2253.021 requires:

- Performance Bond
 - ❖ Required on **all** public works projects costing more than \$100,000 for counties and cities
- Payment Bond
 - ❖ Required on **all** public works projects costing more than \$25,000 for counties and \$50,000 for cities
 - ❖ If a locality fails to obtain a bond from the prime contractor, they become liable for paying workers, subcontractors and material suppliers

Change Orders

- The Grant Recipient must have sufficient grant or local funds available to meet any increased costs
- Change orders may not:
 1. Increase the original contract price by more (25%)
 2. Decrease the original contract price by more than (25%) for municipalities and (18%) for counties without the consent of the contractor

Change Orders (Cont.)

A505

**Texas Department of Agriculture
Construction Contract Change Order**

Owner (Contractor Locality): (Name & Address)		Contract For (project description): Project Location:		Region TxCDBG Contract No. Change Order No.	
Contractor: (Name & Address)			Engineer: (Name & Address)		

Owner is requesting TDA review to determine eligibility of change order expenses.

Changes to Existing Line Items (Items from original bid or added in previous change order only)

Item No.	Item Description	Current Quantity	Unit	Unit Price	Change in Quantity (+/-)	Change in Contract Price

New Items Requested (Items without a unit price in the original bid)
Provide Explanation (attach separate documentation if necessary):

Item No.	Item Description	Unit	Unit Price	Change in Quantity (+/-)	Change in Contract Price

Change in Contract Price		Change in Contract Time	
Original Contract Price:	\$	Original Contract Time:	days
Previous Change Order(s) No. to No.:	\$	Net Change From Previous Change Orders:	days
Contract Price Prior to this Change Order:	\$	Contract Time Prior to this Change Order:	days
Net Increase/Decrease of this Change Order:	\$	Net Increase/Decrease of this Change Order:	days
Contract Price With all Approved Change Orders:	\$	Contract Time With all Approved Change:	days
Cumulative % Change in Contract Price:	%		

Notice: * Generally, a cumulative change in the contract price in excess of 25% cannot be approved.
* Reimbursement of costs submitted in this change order are subject to approval by the Department.
See TxCDBG Project Implementation Manual Section 5.2.5.

To request approval, submit:

- ✓ **Construction Contract Change Order Approval Request (Form A505 – both pages)**
- ✓ Chief local elected **official's signature** on either Form A505 or a cover letter
- ✓ Any necessary supporting documentation
- ✓ Explanation of any unusual items

Change Orders (Cont.)

- **ALL** Change Orders must be submitted for review, whether or not the work will be paid with grant or matching funds, so that we have a complete record of the construction contract.
- TxCDBG recommends that the Grant Recipient submit a Change Order **prior** to fully executing it.
- If executed without TxCDBG approval, the Grant Recipient is obligated to pay for any changes that are not approved.
- Change Orders may also trigger an amendment or modification to the Performance Statement and/or Budget and should be submitted together
- Any difference in price from the Labor Standards Record (Form A706-rev) to the Certificate of Construction Completion (Form A709) must be accounted for on the Change Order.

Common Pitfalls

- Make sure that the Grant Recipient has properly executed the Determination of Exemption for Activities Listed at 24 CFR §58.34 prior to execution of engineering and grant management contracts.
 - ∞ Failure to comply could result in sanctions.
- Ensure that invitations for bids are published during two consecutive weeks in accordance with state law.
 - ∞ TDA cannot waive statutory requirements for published notices.
- Ensure that all required contract provisions and inserts are included in bid packets and contracts.
- Recordkeeping – maintain copies of bids and proposals received.

08/01/2008

What's New

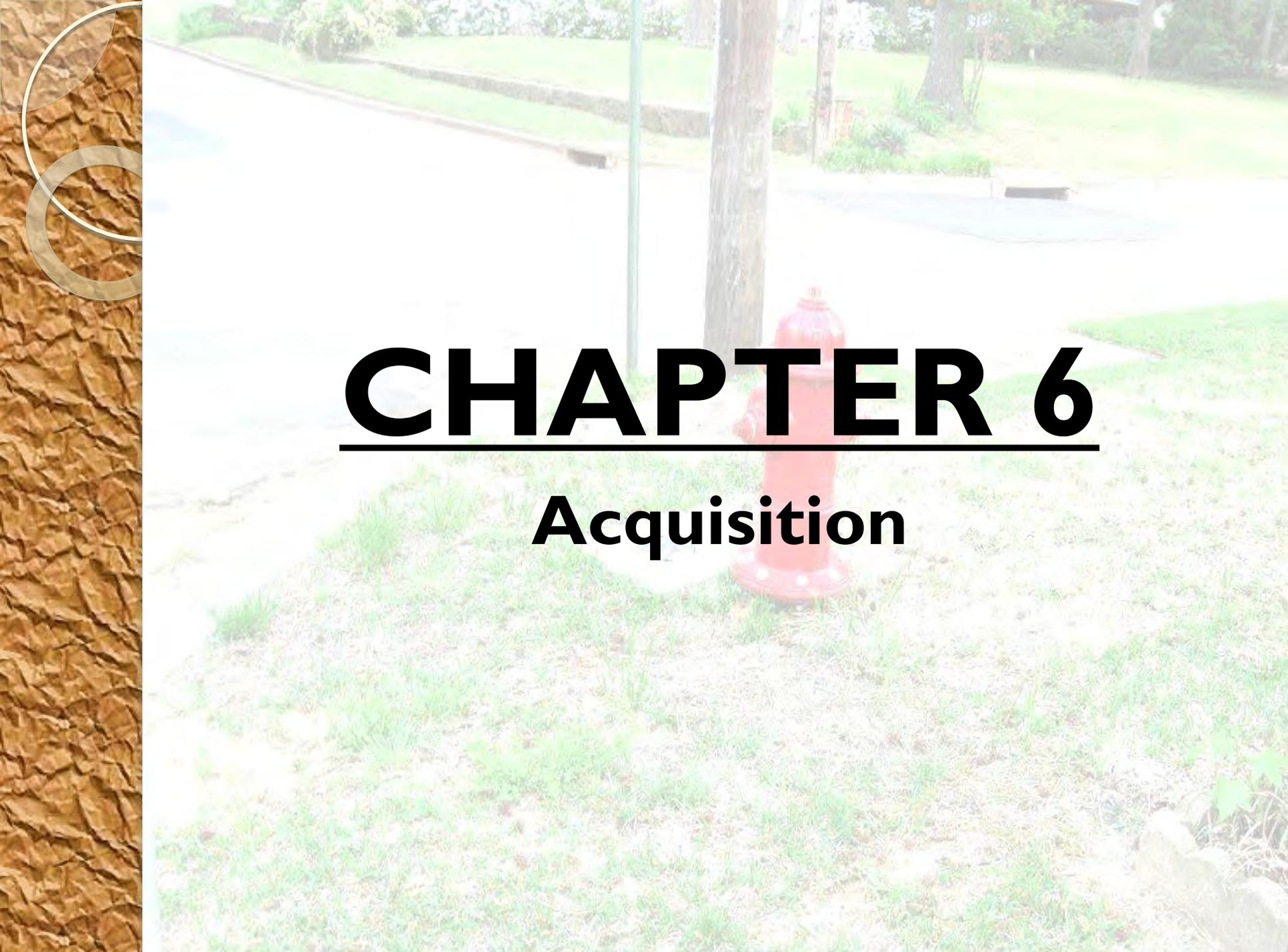
- Micro-purchases – new procurement category.
- Contractors that develop or draft specifications, requirements, statements of work, or invitations for bids or requests for proposals must be excluded from competing for such procurements (2 CFR §200.319(a))
- Grant Recipients must negotiate profit as separate element of price for contracts greater than \$50,000 and contract is not competitively procured (2 CFR §200.323(b)).
- Appendix II of 2 CFR §200 provides required contract provisions (replaces 24 CFR §85.36(i)).
 - New table arranges required provisions according to contract type and cost.
- For purchases greater than \$10,000 in a fiscal year, the Grant Recipients and their contractors must procure materials that contain the highest level of recovered materials practicable, while adhering to competitive bidding processes (2 CFR §200.322 and 40 CFR §247).

08/01/2008



Questions

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CHAPTER 6

Acquisition

Acquisition Laws & Rules

- The Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (URA)
- 49 CFR Part 24
- HUD Handbook 1378 - Tenant Assistance, Relocation & Real Property Acquisition
- Section 104(d) of the Housing & Community Development Act

URA Purpose

- ✓ To ensure that owners of real property acquired for federal and federally assisted projects are treated fairly and consistently,
- ✓ To encourage and expedite acquisition by agreements with such owners and to minimize litigation
- ✓ To ensure that persons displaced as a direct result of federal or federally assisted projects are treated fairly, consistently and equitably

