

# Texas Community Development Block Grant Program



## CDBG Over Coffee

Today's Topic:

Important Communication When Bidding

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TEXAS DEPARTMENT OF AGRICULTURE  
COMMISSIONER SID MILLER



## Procurement and Contracting

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Procurement processes are designed to ensure:

- Free and open competitive process
- Document the process
- Observe the rules
- Properly bond and procure
- Use local businesses, small, minority and/or women-owned



When a Grant Recipient elects to hire a contractor, whether to administer a program, complete a task or do construction, those contractors must be procured competitively. When developing the procurement process, it is important to comply with the following:

- The process follows a free and open competitive process in securing the services.
- Properly document the purchasing activities and the decisions made.
- Observe the special rules for any kind of purchases such as small purchases, competitive sealed bids, and sole source procurements.
- Properly bond and insure work involving large construction contracts and/or subcontracts.
- Includes the use of local businesses and contract with small, minority and/or women-owned businesses to the maximum extent feasible.

## Before Getting Ready To Bid

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Environmental clearance must be completed before the Grant Recipient executes any construction or materials contract.



And as a kind reminder, prior to **executing** a construction contract, please make sure the Environmental Review for the construction site is completed and approved by TDA.

## When Preparing the Bid Package

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The Grant Recipient must prepare a bid package detailing the specific goods or services to be provided by the contractor.

- Specific goods and/or services is the CDBG approved activity
- Additive alternatives



Sealed bids are publicly solicited and a firm, fixed-price contract (lump sum or unit price) is awarded to the responsible respondent whose bid, conforming with all the material terms and conditions of the invitation for bids, is lowest and best in price.

The Bid Package must be prepared by the Grant Recipient and must detail the specific goods or services in other words the CDBG approved activities- to be provided by the contractor. Also, this package should provide sufficient technical information for potential bidders to submit a competitive bid.

- When preparing the packaged, we strongly recommended the use of additive alternatives, to give maximum flexibility to award a contract that fits within the available budget and provides the maximum benefit.
- Also, if by any chance, a construction contract includes both a CDBG project and a separate project not included in the Performance Statement or claimed as match, the construction contract should clearly indicate the work and the costs associated with each project.

## Davis-Bacon Act Compliance

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### Obtain prevailing wages

- Labor Standards Officer obtains applicable Wage Decision from SAM.gov
- Form A705- Request for Additional Classifications and Rate



Visit Chapter 7 Davis-Bacon Labor Standards in the 2023 TxCDBG Project Implementation Manual for specific information on the Davis-Bacon Act.


### **Comply with Davis-Bacon Act Requirements**

For bids that include construction work, the Grant Recipient must obtain prevailing wage rates for the local area as required by the Davis-Bacon and Related Acts and incorporate those wage rates into the procurement for construction,

Please be sure that if the wage decision issued does not include classifications needed (i.e electrician, boring operator, welder) the LSO must submit the additional classification in writing. See from A705 Request for Additional Classifications and Rate

## Advertising for Bids – Requirements

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- Publish once a week for two consecutive weeks
  - **First publication date is at least fifteen (15) days – NEW for Municipalities and Counties**
  - Ensure two published notices at least seven days apart
  - Describe work
  - Include time and place
  - Include name and position of employee
  - Indicate whether lump-sum or unit
  - Indicate method of payment
  - Indicate type(s) of bond(s) required
  - Indicate whether contract will be awarded
  - Identify TxCDBG grant agreement number
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### **Advertise for Bids**

The invitation for bids must be publicly advertised and bids solicited from an adequate number of suppliers. The publication should be published at least once for two consecutive weeks in a newspaper of general circulation, providing sufficient time prior to bid opening. If the publication period is not of sufficient time to attract adequate competition, the bid may have to be re-advertised.

- For municipalities and counties ensure that the first publication date is at least fifteen days prior to the bid opening date;

Need to elaborate on the above bullet

## Holding the Bid Opening

### Evaluate and Select the Low Bidder

- Carefully review the bids submitted
- Allow time to research
- **No time for MATH-**
  - Do not correct errors in bid price
- Re-bid when bids exceed the budget
- **No NEGOTIATION** - WILL RESULT IN THE DISALLOWANCE OF TxCDBG FUNDS FOR CONSTRUCTION COSTS



### Holding the Bids

Now that the bids are with the Grant Recipient or its designee, usually the project engineer,

- Should carefully review the bids submitted and the low bidder's statement of qualifications and references. Awarding the contract on the same date as the bid opening does not generally allow sufficient time to research and review the documents and ensure that the low bidder has provided all the required forms, bonds, certifications, as well as qualifications and references.

**Please Note:** *That once the bid has been opened it may not be changed for the purpose of correcting an error in the bid price.* In other words, the bid must be accepted and not corrected and/or amended due to math miscalculations or corrections in unit prices. Any corrections made may result in a compliance finding.

- Municipalities and Counties **are required** by state law to award the contract to the lowest responsible bidder.

If the bids received exceed the designated budget, the Grant Recipient can then:

- Reject **all** bids and re-bid the project.
- Accept the deductive alternates in the bid packet, if applicable.
- Accept the low bid and provide additional local funds.
- Execute the contract with the low bidder and proceed with a Change Order to delete an item with the contractors agreement.

If all bids received exceed the amount of the construction budget, **THE GRANT RECIPIENT MAY NOT NEGOTIATE THE CONTRACT PRICE SOLELY WITH THE LOW BIDDER.** To allow one bidder to negotiate the contract price is not fair to the other contractors who submit bids. **NEGOTIATION OF THE CONTRACT PRICE SOLELY WITH THE LOW BIDDER WILL RESULT IN THE DISALLOWANCE OF TxCDBG FUNDS FOR CONSTRUCTION COSTS.**

If bids exceed the construction budget and you have to re-bid the project - consult with your Grant Specialist for guidance on next steps.

Also, an important note: The use of Small Purchase procurement should not be used in place of sealed big procurement.



## Essence of Good Procurement

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Summarized as follows:

- Identify and clearly specify standards
- Seek competitive offers
- Use a clear written agreement
- Keep good records; and
- Have a quality assurance system



The “essence of good procurement” can be summarized as follows:

- Identify and clearly specify standards for the goods or services the grantee or subrecipient wants to obtain;
- Seek competitive offers to obtain the best possible quality at the best possible price;
- Use a written agreement that clearly states the responsibilities of each party;
- Keep good records; and
- Have a quality assurance system that helps the grantee or subrecipient get what it pays for.

Thank You For Your Attention

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Time for Questions

