



Texas Department of Agriculture
Texas Community Development Block Grant Program
PO Box 12847
Austin, TX 78711

POLICY ISSUANCE CDBG 24-01

Effective Date: January 16, 2025

SUBJECT: Competitive Procurement with Bid Alternates & Threshold for Fund Disbursement

Competitive Procurement with Bid Alternates

BACKGROUND: Based on recent experience, clarity is needed regarding TDA's expectations for the use of bid alternates in competitive procurement actions. This revision is issued as a Policy Issuance in order to provide guidance to Grant Recipients preparing sealed bid procurement documents in the coming weeks.

ACTION: The TxCDBG Project Implementation Manual is modified to reflect the revised guidance in the following locations:

- Chapter 5
- Appendix F*/HUD 4010 form – Federal Labor Standards Contract Provisions

IMPLEMENTATION: This change is effective for all bids opened on or after March 1, 2025.

Threshold for Group B Fund Disbursement

BACKGROUND: The maximum amount of funds to be disbursed for administrative services following completion of Group B Documents is updated to ensure consistency with the administrative penalty structure identified in Chapters 11 Grant Agreement Amendments and Chapter 12 Grant Agreement Closeout.

ACTION: The TxCDBG Project Implementation Manual is modified to reflect the revised guidance in the following locations:

- Chapter 2

IMPLEMENTATION: This change is effective for all Payment Requests submitted on or after February 1, 2025.

A handwritten signature in black ink that reads "Suzanne Barnard".

Suzanne Barnard, State Director
Texas Community Development Block Grant Program
Texas Department of Agriculture

5.3.2 Sealed Bid Procurement – Traditional Method

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. See **Appendix F and Appendix G** for sample bid and contract documents for construction and material contracts, respectively.

Step 1. Prepare Bid Package

The Grant Recipient must prepare a bid package detailing the specific goods or services to be provided by the contractor. This package should provide sufficient technical information for potential bidders to submit a competitive bid.

- The use of [additive](#) alternatives is [strongly recommended](#) to give Grant Recipients maximum flexibility to award a contract that fits within the available budget and provides the maximum benefit to the community.
- [Bid instructions must clearly outline how the alternate items will be considered in determining the low bidder.](#)
 - [Additive alternates are preferred. If unit prices for similar items differ from the base bid - for example, where bid prices differ for separate locations - the award documentation and invoicing must clearly delineate the work performed for each line item.](#)
 - [Replacement alternates must clearly state which bid item will be removed from the bid tab calculation if the alternate is selected.](#)
 - [Deductive alternates must reduce quantities using the same unit price identified in the base bid. The bid instructions must state whether a bid that proposes a different unit price for the deduction will be rejected or will be tabulated using the base bid unit price.](#)
 - [Subsequent change orders that increase or decrease quantities for a particular bid item and/or its corresponding alternate item must not modify the unit price established by the original bid.](#)
- If a construction contract includes both a TxCDBG project and a separate project not included in the Performance Statement of the Grant Agreement or claimed as match, to be paid by the Grant Recipient or another funding source, the construction contract should clearly indicate the work and the costs associated with each project.

Update the MSR regarding the bid package. Detailed step-by-step instructions for completing and submitting an MSR in TDA-GO may be found on the TDA website.

APPENDIX F

Bid and Contract Documents for Construction Contracts

SAMPLE INSTRUCTION TO BIDDERS FOR CONSTRUCTION

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4. Alternate bid items

No alternate bids or bid items will be considered unless they are specifically requested by the technical specifications.

OR

If Alternate A is selected, bid items 1 and 2 will be removed entirely from the base bid and replaced with alternate bid items A1 and A2 prior to determining the low bidder.

OR

If Deductive Alternate A is selected, the unit price for each corresponding base bid item will be applied to each deductive bid item. Do not alter the unit price in calculating the Deductive Alternate.

9. Unit Price

The unit price for each of the several items in the bid shall include its pro rata share of overhead so that the sum of the products obtained by multiplying the quantity shown for each item by the unit price bid represents the total bid. Any bid not conforming to this requirement may be rejected as informal.

The Department will sum the products of the quantities and the unit prices bid in the proposal form, including any selected alternates, to determine the official total bid amount. The official total bid amount is the basis for determining the apparent low Bidder. The total bid amounts will be compared and the results made public.

Special attention is drawn to this condition, as the unit prices will be used to determine the total bid price and the amount of any change orders resulting from an increase or decrease in quantities.

2.2 Thresholds for Fund Disbursement

Group B Documents

Once all Group B documents have been approved by TDA staff, the Grant Recipient may request the following, as costs are actually incurred:

- Up to 90% of the administration budget (with minimum \$3,000 retained),
- Up to 90% of the engineering budget, and
- Up to 75% of the construction activity budget(s).

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| Summary of Funding Thresholds                                                                              | Grant Budget Available                |
|------------------------------------------------------------------------------------------------------------|---------------------------------------|
| <b>General Administration Grant Budget</b>                                                                 |                                       |
| Acceptance of all Group A documents                                                                        | 0 to 50%                              |
| Acceptance of all Groups A and B documents                                                                 | 51 to 90%<br>(retain minimum \$3,000) |
| Acceptance of all Project Complete Group documents (approved after Issuance of Grant Closed notice by TDA) | 91 to 100%                            |