



**North Carolina
Department of Commerce
Community Investment and Assistance**

**Beverly Eaves Perdue, Governor
J. Keith Crisco, Secretary**

**Henry C. McKoy, Asst. Secretary
Vickie L. Miller, Director**

BULLETIN: 11-6 (Replaces 10-15)
SUBJECT: Procedures for Securing Administrative Services
DATE REVISED: July 6, 2011
EFFECTIVE DATE: August 6, 2011
ATTENTION: All CDBG Recipients

Community Development Block Grant (CDBG) recipients may secure administrative services either through a competitive procurement process or through designation of another public agency. The local government must determine which method best meets its needs. In grants where the use of the state-wide Integrated Purchasing System (IPS) is required, grantees are to comply with 85.36 and North Carolina Community Development Block Grant Regulations 4 NCAC 19L.

Grantees and sub-grantees will make awards only to responsible administrators and contractors possessing the ability to perform successfully under the terms and conditions of a proposed procurement. Consideration will be given to such matters as contractor integrity, compliance with public policy, record of past performance, particularly involving Community Development Block Grants, and financial and technical resources.

Timing of the Selection Process

As noted in each section below, the selection process requires that the grantee provide a clear and accurate description of the services being procured. The final application specifies the scope and activities of the grant, which determine the administrative services that must be described in the solicitation or designation. Therefore, the selection process is not undertaken prior to the submission of the application to Community Investment and Assistance (CI).

The applicant may undertake the selection process after submission of the application and before announcement of grant awards. No grant funds may be obligated or expended prior to the execution of a grant agreement; therefore, if the applicant chooses to proceed with the process prior to executing a grant agreement, all expenses associated with procurement process must not be paid out of local committed or CDBG funds, and the process itself must meet all CDBG requirements. No agreements may be signed before execution of the grant agreement in accordance with North Carolina Community Development Block Grant Regulations 4 NCAC 19L .0901, Grant Agreement.

Competitive Procurement

In a competitive procurement process, both public and private agencies are openly solicited in accordance with the requirements of 24 CFR Part 85 *Administrative Requirement for Grants and Cooperative Agreements to State, Local, and Federally Recognized Indian Tribal Governments*, 85.36 *Procurement*. The grantee must have written selection procedures for the procurement.

The request for proposals (RFP) must clearly describe the services being solicited, must identify the evaluation factors and their relative importance, and must request that responses provide sufficient information for the evaluation and for execution of the contract in the event that the offer is selected. This information includes a fee schedule and a staffing plan that identifies key personnel and their individual responsibilities. The RFP must require either a fixed price or a "Not to exceed" price.

The pattern of responses must be reviewed against the requirements for full and open competition in 85.36(C) and for contracting with small and minority firms and women's business enterprise in 85.36(e). If the pattern suggests that inessential requirements, perceptions of organizational conflict of interest, insufficient publication of the RFP, or any other factor surrounding the procurement restricted the pool of qualified offers, these factors must be addressed and additional solicitation carried out before proceeding with the evaluation of the proposals received. Advertisement in a newspaper of more general circulation and expansion of the list of firms to be solicited may be required.

Two qualified responses constitute adequate competition if there are no indications that other qualified offers have been discouraged by any factor in the solicitation process; if the RFP was widely publicized, and there are no other known potential offers in the area, the grantee may proceed directly with the evaluation. Otherwise, additional solicitation must be carried out. After a complete solicitation process, two qualified responses constitute adequate competition for proceeding with competitive negotiation.

Each proposal must be evaluated on each of the selection factors identified in the RFP, and the proposal that is rated the highest according to the factors and their importance must be selected. This process must be documented in writing.

If a single response to a direct solicitation is received, the grantee must advertise in a newspaper with circulation in the grantee's area. If a single response to a newspaper RFP is received, the grantee must advertise in a different newspaper with circulation in the grantee's area. After the second advertisement and receipt of a single response, the grantee is to request, by letter containing dates and newspaper names, approval from CI to negotiate an agreement/contract with the single respondent. Upon receiving CI's written concurrence, the grantee may proceed with noncompetitive negotiation, including the cost analysis required in 85.36(d) (4) (ii).

The grantee must maintain documentation of the significant history of the procurement, including a list of firms solicited identifying small or minority firms and Historically Underutilized Businesses (HUB), newspapers used for advertisement with copies of the advertisements, responses received, and written evaluation of responses received. The N.C. Department of Administration maintains a searchable data base of HUBs at <http://www.doa.state.nc.us/hub/searchhub.htm>.

Designation of another Public Agency

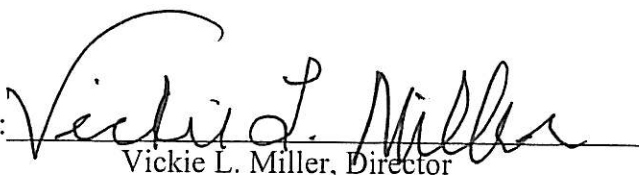
A local government may designate another public agency to undertake activities in the CDBG program without going through competitive procurement. To qualify as a public agency, an organization must be so chartered. The locality must negotiate a Contract with the designated public agency that includes a detailed scope of services along with costs and the basis of the costs. The contract must include all required clauses under the CDBG program, and the following: a specific description of the services to be provided, an itemized cost breakdown, a list of work products, a statement of the schedule of time to be spent on the project and times to be spent at the locality, and the schedule and amount of indirect costs to be charged, if any. This will include either a fixed price or a "Not to exceed" price.

A public agency that has received a contract through designation is subject to the requirements of OMB Circular A-87, *Cost Principles for State and Local Governments*. Costs must be necessary and reasonable for proper and efficient administration... [And] be allocable ... "and must be costs that are specifically designated as part of the approved project. Furthermore, the agency must follow competitive procurement procedures under 24 CFR 85.36 to procure the services of any subcontractor, including documentation of the significant history of the procurement".

The grantee must maintain documentation that payments to the designated agency conform to the requirements of Circular A-87.

Please address any questions or need for additional information to your grant Program Representative.

ISSUED BY:


Vickie L. Miller, Director


Date