



Procurement Planning and Management for HUD-Funded Programs

City of Detroit

Office of Development and Grants

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PURPOSE:

This HRD policy supplements the OCP Policy “Standard Operating Procedure (SOP) Manual, City of Detroit Office of Contracting and Procurement, August 2016 Edition”.

In accordance with the United States Office of Management and Budget (OMB) Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards found at 2 CFR Part 200, and corresponding regulations (specifically under Subpart D, 2 CFR 200.317-327), grantees of federal awards must ensure that regulations for procurement are properly followed when contracts are funded with federal funds. **This applies to HUD funds obligated (contracted) by the City of Detroit after December 26, 2014.**

The Housing and Revitalization Department (HRD) is the department responsible for administering HUD-funded programs in the City of Detroit. This includes selecting subrecipients to implement the work on HRD’s behalf and procuring contractors to provide goods or services.

Where HRD needs to procure goods or services, HRD is the department to initiate the procurement and works with the Office of Contracting and Procurement (OCP), which implements the procurement process and executes the contracts with Detroit City Council.

SCOPE:

This policy pertains specifically to the procurement of contractors (as defined at 2 CFR 200.331) for HUD funded programs, **including, but not limited to:**

1. Community Development Block Grant (CDBG);
2. Section 108 Loan Guarantee Program (Section 108);
3. HOME Investment Partnerships (HOME);
4. Emergency Solutions Grants (ESG); and
5. Housing Opportunities for Persons with AIDS (HOPWA).

To comply with 2 CFR 200, HRD (and its subrecipients) must properly document that it has followed local, state and federal procurement requirements. This policy does not pertain to the selection of subrecipients (see P&P “Determining when to use a Subrecipient and Execution of a Subrecipient Agreement for HUD-Funded Programs”).

ROLES & RESPONSIBILITIES:

Housing and Revitalization Department (HRD): HRD program staff are responsible for initiating the procurement and procurement requests, developing the scope of work and budget (including upfront Independent Cost Estimate (ICE) for all procurements over \$2,000), answering contractor questions, providing information for vendor outreach, and evaluating responses to select final vendor. The HRD division lead requesting the procurement shall assign a manager to oversee the process. HRD's Contracts and Procurement Manager is responsible for aiding throughout the procurement process as needed and at the request of the program manager, may review the professional services contract prior to execution to ensure all applicable federal requirements are included, in coordination with the Law Department.

Office of Development and Grants (ODG): ODG staff are responsible for supporting procurement planning of grant funded programs and reviewing scopes of work to confirm grant allowability.

Office of Contracting and Procurement (OCP): OCP staff are responsible for implementing the procurement process and the execution of contracts with Detroit City Council. OCP also assists with editing scopes of work (SOW), when needed, to ensure a successful bidding process. OCP is part of the evaluation process for selecting the winning bid and supports vendors in navigating the City's procurement software, Oracle.

Law Department (Law): The Law Department reviews and approves the City of Detroit's Professional Services Agreement (Contract) for Federally Funded Contracts annually, and/or as needed, to ensure all applicable federal requirements are included in the contract. Law is also responsible for assisting in the drafting process, when requested, and reviewing each contract before it's sent to City Council for approval.

POLICY:

All procurements whether federally funded entirely or in part must follow the five rules below:

1. Adherence to the City of Detroit documented procurement policy (2 CFR 200.318) found in the "Standard Operating Procedure (SOP) Manual, City of Detroit Office of Contracting and Procurement, August 2016 Edition".
2. The procurement must be a necessary and reasonable expense for the project (2 CFR 200.318).
3. All procurements must have adequate support documentation for the procurement process including:
 - a. The rationale for the method of procurement;
 - b. The selection of contract type

- i. Fixed-Price Contracts,
 - ii. Cost-Reimbursement Contracts;
- c. Contractor selection or rejection;
- d. The basis for the contract price;
- e. Procurements that exceed the Simplified Acquisition Threshold (\$250,000) must include a cost and/or price analysis depending on the nature of the procurement.
- 4. Procurements must abide by, and the City (and its contractors) must document a code of conduct including:
 - a. An organizational conflict of interest (2 CFR 200.318);
 - b. A commitment to full and open competition (2 CFR 200.319);
 - c. The use of shared agreements/contracts for the purchase and use of goods (avoid duplicative purchases 2 CFR 200.318); and
 - d. Complete transparency (2 CFR 200.318).
- 5. Geographical preferences may NOT be used in procurement where federal funds are being used, except in cases where federal statutes mandate or encourage it (2 CFR 200.319). Efforts should be made to use Women and Minority Business Enterprises (W\MBE) (2 CFR 200.321).

PROCEDURE:

HRD is responsible for creating and maintaining the procurement file for HUD-funded procurements. This file is for HRD's use only and program staff are fully responsible for ensuring all necessary documentation is included. The items listed in **Exhibit A – HRD Procurement Checklist for HUD-Funded Programs** must be included for it to be complete. The HRD program manager who is assigned to a project must maintain a procurement history for each transaction and maintain this program file in accordance with the period of record retention required by the City of Detroit and HUD (whichever is longer). *See the City of Detroit Procurement Manual, Section 6.5: e-filing and Record Retention and HRD Records Retention and Disposition Policy.*

It is necessary to create and maintain documentation for every decision, analysis and check performed over the course of the procurement. When OCP performs any of these checks or analyses the HRD program manager should receive a copy immediately from OCP and maintain

documentation that the procurement was properly conducted in their program file (**Exhibit A – HRD Procurement Checklist for HUD-Funded Programs**).

HRD's process for HUD-Funded procurements includes the following steps:

A. PROCUREMENT PLANNING & PRE-SOLICITATION:

1. Prior to Procurement

Prior to procurement, the assigned HRD program manager should confirm the following has been completed:

- a. Confirm funding availability with their Division Director and the Office of Departmental Financial Services (ODFS) in Oracle for the anticipated amount of the contract;
- b. Confirm with the HRD Grants Management Director that the activity is in the Annual Action Plan/Con Plan; and
- c. Conduct an Environmental Review and complete the Environmental Review Form. (<https://app.smartsheet.com/b/form/ea02522fc0d048a99632444eeba5dfc8>)
- d. If the procurement includes the construction, alteration, maintenance, and/or repair of a physical structure, determine whether the Build America, Buy America Act applies to the procurement. *See Build America Buy America Act Compliance for HUD-Funded Programs.*

2. Procurement Planning Meeting

Once project budgets are confirmed for the new fiscal year or when a new project is identified, the HRD program manager or designee shall hold a procurement planning meeting with the Office of Development and Grants (ODG) Grants Implementation Team to determine which activities will require the procurement of goods or services.

During this meeting with ODG, HRD shall document whether a Contractor or Subrecipient will be used by completing the Subrecipient/Contractor Determination Checklist (**Exhibit B**) for each activity. Keep this documentation with the procurement file and attach it to the procurement request form.

HRD must identify the need for the expenditure (the goods or services) or the contract before the transaction. This rationale must be documented per 2 CFR 200.318. (**Exhibit C – Identification of Need/Description of Procurement**).

3. Develop Statement of Work (SOW/Specifications)

Using the SOW template from OCP ([OCP Procurement HUB](#)), begin preparing a draft statement of work for the bid. The SOW should be clear and concise. See **Exhibit H – Guidelines for Preparing a Statement of Work**.

All solicitations must incorporate a clear and accurate description of technical requirements for the material, product, or service, and identify all requirements which offerors must fulfill, and all other factors used in evaluating bids or proposals (2 CFR 200.318). Expenditures and/or contracts are only to be awarded to responsive and responsible parties (2 CFR 200.318(h)).

The below items are required and must be included in solicitations with clauses included in the bid requirements:

- a. Davis Bacon labor requirements. Applicable for construction projects > \$2,000. (Construction contracts only)
- b. Section 3 clause, if funded by the Department of Housing and Urban Development (HUD). The Section 3 program requires recipients of certain HUD financial assistance, to the greatest extent possible, provide job training, employment, and contract opportunities for low- or very-low-income residents in connection with projects and activities in their neighborhoods. (Construction contracts only)
- c. Nondiscrimination, affirmative action, and equal employment opportunity in employment.
- d. Requirement of affirmative efforts to hire women business enterprises and minority business enterprises.
- e. Debarment certification

NOTE: HRD cannot work with potential vendors on creating the SOW. If it is found that a vendor responded to an SOW they helped create, it can result in the City taking corrective actions against the vendor and/or staff involved.

4. Complete an Independent Cost Estimate (ICE)

Before a contract goes out to bid, HRD must conduct a market analysis to determine a reasonable cost range for the relevant goods or services. The Independent Cost Estimate (ICE) may need to be updated if more than 6 months elapses or market conditions change before bids are received.

An ICE is required for all procurements above the federal micro purchase threshold of \$10,000.00 and for construction contracts over \$2,000.00.

The ICE must be documented in the procurement file.

Suggested research methods:

- a. Recent prices paid by the City or other government entities for similar procurements.
- b. (Goods only) Catalog, advertised prices or indices.
- c. Comparison of previous bid prices.
- d. Outreach/market survey.
- e. See 2016 City of Detroit Procurement Manual. (Section 2.2: Market Research)

5. Determine Method of Procurement

The method of procurement being used must be documented in order to comply with federal requirements at 2 CFR 300.320. This documentation must be maintained in the procurement file.

HRD program staff should verify prior to procurement with OCP, what the City thresholds are, and confirm they are either in compliance with 2 CFR 200 or a City requirement if more restrictive. If at any time, the City thresholds are less than the federal requirements, HRD must follow the federal requirements, and the HRD Program staff person should notify OCP and a supervisor of the non-compliance.

Types of procurement can be found below and in **Exhibit I- Methods of Procurement Table**.

- a. Types of procurement (per the Uniform Administration Guidelines found at 2 CFR 200):
 - i. Micro-Purchase – under micro-purchase threshold (2 CFR 200.320(a)(1))
 - ii. Small Purchase – expense between \$10,001 and \$250,000; (2 CFR 200.320(a)(2))
 - iii. Sealed Bid – firm fixed price contract that can be evaluated on cost alone because the end result of the contract is known; price analysis and cost analysis (2 CFR 200.320(b)(1))
 - iv. Competitive Bids – fixed price or cost reimbursement contract, not sure of end result, formal Request for Proposal; price analysis and cost analysis (2 CFR 200.320(b)(2))

- v. Sole Source – any cost, must be pre-approved or urgent or unique; cost analysis (2 CFR 200.320(b)(3))

6. Identify Potential Contractors and highlight MWBE entities.

HRD shall identify potential contractors, including Minority and Women Owned Business Enterprises (M/WBE). HRD shall prepare a list with contact information for OCP so that they may provide notice of solicitation to those firms.

To confirm if a firm is already certified by the Detroit Civil Rights, Inclusion and Opportunity Department (CRIO), you can check the City's database here: [CRIO MWBE Database](#).

Due diligence regarding MWBE firms is required by HRD and must be documented in the file. Vendors should be referred to the CRIO Department to certify as an MWBE. Firms must be certified at the time their bid is submitted. Firms must certify on an annual basis. Process to certify may take up to 45 days.

- a. MWBE Due Diligence – Provide documentation demonstrating that HRD researched potential MWBE firms, consulted with CRIO, and made sure any identified firms received bid notifications. This must be documented for the file.
- b. Potential MWBE vendors should be referred to the Detroit Civil Rights, Inclusion and Opportunity Department (CRIO) via website at <https://detroitmi.gov/forms/mbe-wbe-declarations> to certify in advance of the bid if possible.

OCP and CRIO hold outreach events twice a year in each City Council District, HRD may request to participate in those events to increase outreach. In addition, HRD may request OCP to hold an outreach event to identify potential vendors. The request must be made at least 30-60 days prior to the release of the bid. Requests must be made to the OCP Outreach Team/Deputy Director.

NOTE: HRD staff should not directly reach out to any entity regarding bid opportunities. All solicitations must be done through OCP. HRD needs to document steps OCP takes in soliciting MWBE firms.

7. Review and Request Changes (As Applicable) to the Professional Services Contract (PSC)

HRD staff overseeing the procurement process should review the most recent PSC (can be obtained from OCP) and may request changes from the Law Department as applicable. Any review or requested changes to the PSC shall include the HRD Chief Operations Officer and HRD Contracts and Procurement Manager to ensure all changes are necessary and all applicable federal provisions are included.

When changes are necessary, the project manager should make the request first to their direct supervisor along with the Chief Operations Officer and Contracts and Procurement Manager, and then to the Law Department, with the HRD Contract and Procurement Manager copied. Once approved by the Law Department, the project manager should notify OCP of the requested changes during submission of the PRF.

See **EXHIBIT F: PSC DRAFT Exhibit D- Federal Provisions** for examples of information most often required in a PSC when using HUD funds.

a. Review PSC to ensure federal clauses included:

- i. Breach of contract terms including administrative, contractual, or legal remedies when contractors violate or breach contract terms and providing such sanctions and penalties as may be appropriate.
- ii. Termination for cause and for convenience by the City of Detroit (Contracts > \$10,000).
- iii. Compliance with Executive Order 11246, Equal Employment Opportunity (All construction contracts and subcontracts > \$10,000).
- iv. Compliance with Copeland "Anti-Kick-Back" Act (All construction contracts and subcontracts > \$10,000).
- v. Compliance with the Davis-Bacon Act (All construction or repair contracts or subcontracts > \$2,000).
- vi. Was the correct wage rate included in the contract documents?
- vii. Compliance with Sections 103 and 107 of the Contract Work Hours and Safety Standards Act. (All construction or repair contracts or subcontracts > \$2,000, and > \$2,500 for other contracts which involve the employment of mechanics or laborers.)
- viii. Notice of the awarding agency requirements and regulations pertaining to reporting. (All contracts.)

- ix. Notice of the City of Detroit and awarding agencies requirements and regulations pertaining to patent rights, copyrights, and rights in data? (All contracts.)
- x. Access to any books, documents, papers, or records of the project by the City of Detroit, Federal agencies, and the Comptroller General of the United States.
- xi. Records must be maintained for no less than five years after the City of Detroit formally closes out each program.
- xii. Compliance with the Clean Air Act, Clean Water Act, and EPA regulations. (All contracts, subcontracts, and sub grants in amounts > \$10,000).
- xiii. Recognition of mandatory standards and policies relating to energy efficiency contained in the State Energy Conservation Plan.
- xiv. Does the contract contain a clause allowing the City of Detroit and Federal Agencies to be permitted to require changes, remedies, changed conditions, access and record retention, and suspension of work clauses approved by the governing body.
- xv. Prohibited contracts--Agreements and/or contracts must not contain "cost plus percentage of cost" and "percentage of construction costs" pricing structures.

8. Submit Procurement Request in Oracle

Once the above steps are completed, HRD must initiate the procurement process by submitting a procurement request, also known as a requisition, in Oracle with the following attached:

- a. DRAFT SOW
- b. Independent Cost Estimate (ICE)
- c. DRAFT Budget that includes not to exceed amount, quantity if applicable, etc.
- d. Identification of need/ description of procurement
- e. Updated PSC (if applicable)
- f. Subrecipient/Contractor Determination Checklist

- g. Exhibit D (Federal Provisions)
- h. If applicable, Sole Source Procurement Request Form found at:
<https://app.smartsheet.com/b/form/c65e3bd3077e44b8a3cd181fe1660290>
- i. If applicable, Emergency Procurement Request Form found at:
<https://app.smartsheet.com/b/form/969e66b71e7342d8acced9ec975b74b3>
- j. List of potential vendors (highlight MWBE's and those certified with CRIO)
- k. Completed Environmental Review Form (unless otherwise approved by the HRD Environmental Officer)

Once the procurement request is submitted, the approver (often the direct supervisor or division supervisor) should review the scope and budget and check to ensure all attachments have been uploaded before approving.

Upon HRD submission and approval, ODG reviews and approves the scope of work and budget for allowability. ODG will either reject for modifications or approve.

Once the requisition is approved, an assigned OCP buyer will schedule a kickoff meeting within three business days with HRD to discuss all items, evaluation criteria and timeline.

HRD program managers update ODG throughout the program year (via scheduled touchpoints or other communication channels) with any changes in the approach to procurements, to enable ODG support for implementation.

9. Request a Davis Bacon Wage Determination Immediately after Submitting the Procurement Request (when applicable)

Applicable construction contracts in excess of \$2,000 must include a wage determination (set of wages, fringe benefits, and work rules) that the U.S. Department of Labor has ruled to be prevailing for a given labor category in a given locality. To confirm if your project triggers Davis Bacon and/or to obtain a wage determination, submit a Request for Wage Determination Form to HRD's Director of Labor Compliance.

The wage rate must be checked no more than 10 days before the bid date and included in the bid documents. Document the wage determination by printing the 1st page of the wage rate with the date checked on the bottom of the webpage. If no change was made hand write on the page and place in the file.

B. BID PROCESS, EVALUATION & AWARD

10. Outreach

The City must be able to demonstrate open and fair competition for procurements. When using HUD funding for procurements, there must be purposeful outreach to foster participation in contracting opportunities, especially for Minority and Women Owned Enterprises.

Adequate and inclusive outreach to potential vendors may be accomplished through a variety of ways including, but not limited to:

- a. Active engagement with potential contractors to raise awareness of opportunities prior to bid release (this may require upfront research by HRD to identify those potential vendors);
- b. Attend events for local suppliers, professional associations and/or program partners that align with the proposed procurement (i.e. attending a meeting for the local chapter of National Association of Black Women in Construction (NABWIC) to promote awareness of bids coming for a Scattered Site Single Family project);
- c. Newspaper Advertisements;
- d. Public Notices (i.e. City Council, Detroit Public Access Channel, GovDelivery email);
- e. Postings on the City of Detroit Website and/or the City or its Departments official Social Media.
- f. When possible, outreach should be conducted in advance of the bid being released (at least 14 days, depending on the type of procurement).

11. Public Advertisement

- a. Invitations to Bid for formal procurement methods, specifically sealed bids (per federal definition) must be publicly advertised (2 CFR 200.320 (b)(1)(ii)(A)). HUD guidance requires advertising on a widely accessible public platform.
- b. While 2 CFR 200 does not require advertisement of bids in a newspaper of general circulation, HRD must conduct some type of outreach and advertising and the Detroit Free Press is one option. (For procedures on how to request an advertisement with the Detroit Free Press see HRD Advertisement Policy). Other options include, but are not limited to, requesting that OCP advertise the procurement on its home page, advertising on GovDelivery, and promoting the procurement at CRIO/OCP outreach events.

- c. OCP will also advertise in the Legal News the day the bid is posted, as well as post on their webpage ([OCFO-Office of Contracting and Procurement](#)).
- d. HRD must include a copy of the newspaper advertisement and/or any other public advertising and outreach in the procurement file.

12. Review Bid Timeline with OCP

OCP will schedule a meeting with HRD to discuss and finalize the following:

- a. Posting date;
- b. Pre-bid conference date;
- c. Question and answer close date;
- d. Bid close date;
- e. OCP will confirm whether to record the pre-bid conference.

13. Identify Evaluation Committee Members, Complete Conflict of Interest Form (COI) and Confidentiality Agreement for All Members

HRD will identify and provide to OCP the evaluation committee members (preferred odd number).

Once the bid closes, the identified evaluation committee members are sent by the buyer, the conflict of interest and confidentiality agreements to complete and return. The forms are self-reporting.

- a. Are there any potential conflicts of interest? A conflict of interest could arise if the employee, officer or agent; any member of his/her immediate family; his/her partner; or an organization which employs or is about to employ any of the above, has a financial or other interest in the firm selected for award. **See HRD Conflict of Interest Standards of Conduct for HUD funded programs.**

14. Pre-Bid Meeting/ Q&A

OCP is responsible for holding a pre-bid meeting for interested vendors.

- a. HRD will work with the Buyer on the agenda for the pre-bid meeting.
- b. Meeting agenda may include Oracle overview, scope of work overview, award criteria overview, and other pertinent information as required.
- c. HRD is responsible for answering any questions regarding the scope of work and award criteria specific to the SOW.
- d. Buyer will document and distribute the questions and answers from the pre-bid meeting in Oracle.
- e. OCP sends the procurement out for bidding on a specified timeline. HUD guidance recommends at least 30 days, but allows for no less than 14 days when circumstances require a shorter timeline.

15. Vendor Interviews (as applicable)

OCP is responsible for scheduling vendor interviews.

- a. There is a standard format for all interviews with a set list of questions as modified by specific needs or the response of the vendor. Buyer will work with HRD to develop those questions in advance of the interview.
- b. Vendor is provided with agenda and questions prior to interview.

16. Request an Updated Davis Bacon Wage Determination (when applicable)

The wage rate must be checked no more than 10 days before the bid date and included in the bid documents.

- a. If the wage determination expires prior to the bid opening date, a new request must be submitted.
- b. If the wage determination expires after the bid opening, but prior to the start of work, an extension may be requested. If denied, then a new request must be submitted.

17. Conduct a Price and/or Cost Analysis (OCP & HRD)

After receiving all bids, but before awarding a contract or even modifying a contract, the City must conduct a price and/or cost analysis, depending on the nature of the procurement:

“The non-Federal entity must perform a cost or price analysis in connection with every procurement action in excess of the Simplified Acquisition Threshold, including contract modifications.” (2 CFR 200.324)

Whether a price and/or a cost analysis is needed and how in depth the analysis needs to be will depend on the facts of each procurement action. Generally, a simple price analysis is needed for micro or small purchases, simple competitive bids under \$250,000 where price is the only determining factor, and there is fair competition with at least 3 quotes/bids received. A more in-depth cost analysis is used for procurements over \$250,000, complex procurements where price is not the determining factor for the award, there is little competition or the procurement is a sole source, there is a contract modification with a change in scope that modifies the price, or quotes received vary widely from the Independent Cost Estimate. See chart

A Price Analysis is a straightforward comparison of the total cost quoted by contractors to each other, the ICE, and other sources. It is simply to shop around and compare prices, and evaluate the proposed price without accounting for other cost factors (2 CFR 200.324). Results should always be documented.

a. Price Analysis

- i. Required for most procurements, including contract modifications, using federal funds.
- ii. Performed by OCP after all bids are received and used to determine price reasonableness before making an award.
- iii. Micro-Purchases and Small Purchases require a Price Analysis only and are exempt from Cost analysis because they are less than the Simplified Acquisition Threshold (currently \$250,000).
- iv. When evaluating the price analysis, check the accuracy of the pricing information (especially the application of pre-negotiated or audited costs such as indirect cost, labor, or fringe cost, rates, the vendor's history of containing costs, and the projection of the vendor's cost trends) and compare costs with previous costs (or estimates) by the same or other vendors and the grantees estimate (2 CFR 200.324).
- v. **A price analysis is required for every sealed bid procurement.** The tabulations of bids with date and time of bid opening notated; along with any evaluations of the proposals documented will meet this requirement. A price analysis is essentially price comparison. It is the evaluation of a proposed price (i.e., lump sum) without analyzing any

of the separate cost elements it is composed of. Price analyses are used to compare lump sum prices (not estimates) received from contractors in a competitive pricing situation (when sealed bids are obtained).

- vi. **A Cost Analysis is needed for a micro or small purchase if it is a sole source or if less than 3 bids are received.** *Note- OCP may re-bid in cases where bids are insufficient in number or quality. OCP will document this in Oracle with an explanation for either choosing to re-bid or not.*

- 1. For sealed Bids an Independent Cost Estimate must be completed before bids are opened - This must be a detailed cost breakdown for the overall estimate providing the elements, such as labor and materials, of the total cost. Cost estimates must be documented and placed in the applicable procurement folder. Any e-mails and/or written documentation concerning cost estimates should be retained in the procurement folder.

b. Cost Analysis

- i. **A Cost Analysis is needed for a micro or small purchase if it is a sole source or if less than 3 bids are received.** *Note- OCP may re-bid in cases where bids are insufficient in number or quality. OCP will document this in Oracle with an explanation for either choosing to re-bid or not.*
- ii. For sealed Bids an Independent Cost Estimate must be completed before bids are opened - This must be a detailed cost breakdown for the overall estimate providing the elements, such as labor and materials, of the total cost. Cost estimates must be documented and placed in the applicable procurement folder. Any e-mails and/or written documentation concerning cost estimates should be retained in the procurement folder. A cost analysis requires evaluation of the separate factors that make up the total cost of the expenditure (2 CFR 200.324). A cost analysis is proof that each expenditure is (1) allowable, (2) reasonable, and (3) allocable (See Exhibit E). It is important to prepare this analysis prior to receiving competitive bids for procurement. The following factors should be considered:
- iii. Allowable (2 CFR 200.403) "Allowable Costs" refers to items of cost, that in general, are costs that can be funded with federal grant dollars

if the cost fits within a framework of responsible stewardship of public funds.

1. **Is the cost necessary?** A cost is “necessary” if it meets an important program objective - it must address an existing need.
 - a. Does the cost meet the requirements of the federal award?
2. **Is the cost reasonable** (what a prudent person would pay in a competitive marketplace)?
 - a. Prudent is acting with or showing care and thought for the future. Wise, sensible, sage, well advised, cautious, economical, reasonable, vigilant, far-sighted, discerning, tactical.
 - b. Prudent is not a person who spends as little money as possible despite the need existing. Careless, foolish, hasty, inattentive, incautious, indiscreet, rash, reckless, thoughtless, wasteful, unwise.
3. Does the purchase adhere to the procurement procedures?
4. The purchase cannot be included as cost/matching.
5. Is the procurement determined with General Accepted Accounting Principles?
 - a. [https://www.ojp.gov/sites/g/files/xyckuh241/files/medi a/document/GAAP Guide Sheet 508.pdf](https://www.ojp.gov/sites/g/files/xyckuh241/files/medi a/document/GAAP_Guide_Sheet_508.pdf)

iv. Reasonable (2 CFR 200.404) A cost is “reasonable” if, in its nature and amount, it does not exceed that which would be incurred by a prudent person.

1. Is the cost ordinary and necessary?
2. What are the current usual prices for the expense (based on historical costs or currently advertised or published prices)?
3. Are there any extraordinary circumstances (i.e. government requirements, terms of the federal award) that affect the cost?
4. Was the procurement made with sound judgment?
5. Are the same procurement procedures followed for federally funded and non-federally funded procurements?

v. Allocable (2 CFR 200.405) A cost is allocable to a particular Federal award if the goods or services involved are assignable to that Federal award in accordance with relative benefits received.

1. Is the cost specific to the grant?
2. Does the procurement apply to other programs/projects, and can the cost be shared?
3. Does the grantee/subgrantee have an approved indirect cost plan?

- vi. Certain special circumstances, types of contracts, also have special cost analysis requirements:
 - 1. Cost Reimbursement Contracts: requires cost analysis.
 - 2. Architecture and Engineering Contracts: cost analysis is required on the cost portion of the contract to determine whether it is reasonable and fair.
 - 3. Construction Contracts: if these contracts are awarded by means of Sealed Bids, they do not require cost analysis; however, the evaluation conducted prior to awarding the contract should be reviewed.
 - 4. Modifications: changes in scope, budget, or overall cost require further cost analysis; even if the cost is reduced (unless the contract includes the cost adjustment).
 - 5. Termination: a cost analysis must be conducted on the negotiation of the termination settlement if the grantee terminates the contract for convenience.
- c. Confirm and document if the procurement received sufficient responsible (at least three quotes) offers to demonstrate cost reasonableness through adequate price competition and the price is comparable to the initial cost estimate, no additional price analysis is required.
- d. Confirm and document if the procurement is over the current Simplified Acquisition Threshold AND did not receive sufficient responsible offers to demonstrate cost reasonableness through competition (i.e., sole source, lack of response), OCP will need to negotiate a fair and reasonable price with the bidder. The price will be based on previous costs incurred for similar items and/or actual costs previously incurred by the same bidder.

C. CONTRACT EXECUTION

18. Conduct Debarment Checks

- a. OCP must verify that if the expenditure is for a contract, the vendor must not be debarred or suspended from federally assisted programs, 2 CFR 200.213). **Applicant must be registered with the Federal System for Award Management at SAM.GOV, and the City must complete its debarment search using SAM.GOV to ensure contractors are not debarred from receiving federal funding. The printed page from the SAM.gov website with the date of the check must be included in the procurement file.

- b. If the contractor has been found to be suspended, debarred, proposed for debarment, or declared ineligible as of the bid opening date was the contractor's bid rejected, and the next lowest eligible bidder checked for debarment?
- c. It is the HRD program staff's responsibility to verify that these same eligibility verifications take place for any subcontractors that the contractor may distribute work to. These requirements are outlined in the contract template for HUD-funded contracts. If the contractor procures subcontractors, HRD program staff will require the contractor submit documentation of debarment checks and SAM.gov checks for all subcontractors at the time of the first pay app that includes the subcontractor. HRD program staff should maintain documentation of these verifications in the procurement file for records retention.

19. Notice of Award

- a. OCP issues a Notice of Award to all bidders via email and will cc HRD staff upon request.
- b. When applicable, OCP requests bond with 7 business days from Notice of Award.
- c. Work is not authorized to begin without a Notice to Proceed issued from HRD. (This typically occurs after a kick-off meeting with the contractor to review contract scope and budget, along with timelines, but depending on the program, may require additional follow up documentation such as construction timelines, architectural renderings, etc.)

20. Types of Contracts Prohibited

- a. A cost-plus-a-percentage-of-cost contract must never be used and is prohibited (2 CFR 200.323(d)). A cost-plus-a-percentage-of-cost contract is a contract that requires the buyer to incur all of the costs the seller expends on a project and an additional percentage for profit.
- b. Under 2 CFR 200.318(j)(1-2), the City may use a time-and-materials type contract only after a determination that no other contract is suitable.
 - i. Time-and-materials type contract means a contract whose cost to a non-Federal entity (the City) is the sum of:

- The actual cost of materials; and
 - Direct labor hours charged at fixed hourly rates that reflect wages, general and administrative expenses, and profit.
- ii. Since this formula generates an open-ended contract price, a time-and-materials contract provides no positive profit incentive to the contractor for cost control or labor efficiency. To mitigate risk, the City must:
- Set a ceiling price in the contract that the contractor exceeds at its own risk; and
 - Assert a high degree of oversight in order to obtain reasonable assurance that the contractor is using efficient methods and effective cost controls.

21. Vendor Protests

An actual or prospective bidder whose direct economic interest would be affected by the award of a contract or the failure to award a contract has the right to protest any aspect of the solicitation, evaluation, or selection process of a City of Detroit procurement.

A protest by a prospective bidder which challenges the terms of the solicitation itself must be received by the City no later than 4:00 p.m. EST of the business day prior to the date scheduled for the bid closure. Failure to meet this deadline shall result in a protester waiving its ability to challenge the terms of the solicitation.

A protest by a bidder which challenges a contract award must be received no later than 4:00 p.m. EST five (5) business days after the award of a City procurement. Failure to meet this deadline shall result in a protester waiving its ability to challenge the contract award.

All protests must be submitted in writing and received by the required timeframe.

The Chief Procurement Officer (CPO), or as delegated, the Deputy CPO, has the sole authority to respond to, decide and act upon supplier protests.

See The Office of Contracting and Procurement SOP, Section 3.7 for the full policy.

22. Contract Kick Off Meeting

OCP will schedule meeting with Contractor(s) & assigned Buyer in OCP to discuss next steps (certificates, documents required).

23. Finalize Contract Scope and Budget

The HRD Project Manager will work with OCP to draft Scope and Budget to be added to the Contract Template. OCP will send the Draft contract to Department Director or designee(s) and Contractor for review & to be signed by both parties. The Project Manager will prepare for Mayor FRC/Council and follow up with Buyer on status frequently.

- a. A Contract must be placed on the Mayor's FRC meeting agenda for approval if it meets one of the following criteria:
 - i. Cost is over \$750,000.00; and/or
 - ii. Time is more than 2 years.

24. City Council Approval

- a. Once all documentation is in order and Law has completed a final review, OCP is responsible for submitting the contract to the City Clerk's Office for referral to the City Council's agenda.
- b. As early as possible, a request should be made to the HRD City Council Liaison to add the contract to the monthly Planning, Housing and Development (PHD) meetings with each council member to prepare for the Committee and Formal City Council sessions.
- c. HRD staff, in conjunction with OCP and Law when necessary, are responsible for presenting and discussing the Contract when it's before Council. Educating Council members on HRD programs and contracts/agreements may be done in one-on-one meetings before an item is on the agenda.
- d. Contracts are not fully executed until signed by the City's Chief Procurement Officer.

25. Execution

- a. After Council approval, the contract will be sent to the Mayor and the Chief Procurement Officer (CPO) for signature. Once the CPO signs off, the contract is considered executed.
- b. OCP will send HRD a copy of the executed agreement and will create a Purchase Order (PO) for the vendor to begin invoicing against.

- c. HRD will send the vendor a Notice to Proceed when the work is to commence.

D. CONTRACT MANAGEMENT AND OVERSIGHT

Throughout the entire process, oversight and supervision by the HRD Program Manager must be maintained to ensure vendors perform in accordance with terms of contracts, any conditions, or specifications as well as established procurement policy and regulations (2 CFR Part 200.318(b)).

26. Contract Management and Controls

- a. HRD program managers are responsible for monitoring and managing contract drawdown, scope, and timeframe for the duration of program implementation. Several tools and reports support this management:
 - iii. **Oracle Access.** HRD program managers should be able to view and manage their active contracts via their PO inquiry access in Oracle. Training for this view in Oracle is via the OCP eProcurement SMEs.
 - iv. **OCP Expiring Contracts Report.** OCP Audit & Compliance Team will send the expiring contracts report to ODFS Agency CFOs on a monthly basis. ODFS Agency CFOs distribute to the ODFS team, which distributes to HRD division directors. HRD division directors distribute to relevant program staff. Departments receive 12 months of notice for contract expiration at a time and a requisition should be initiated at minimum 4 months prior to the end date. HRD division directors are responsible for distributing this report to all program managers. This report includes a listing of all contracts, sorted by department and end date. Report fields include:
 - Contract number
 - Type
 - Status
 - Supplier
 - Description
 - Agreement amount
 - Amount released
 - Agency
 - Buyer
 - Approved date
 - Start date
 - End date

E. Change Orders

- a. Cost analyses for change orders must be completed and placed in the procurement file. Copies of subsequent modified cost estimates must be kept with the original with some explanation why they changed it after the bid process. Keep documentation of cost estimates, comparisons, and worksheets to attach to the cost analysis as backup.
- b. If proper processes and procedures are not followed for contract management, HRD program managers are responsible for notifying their direct supervisor. The HRD program manager is responsible for communicating with OCP and ODFS and taking the appropriate action to resolve the issue. This may include but is not limited to notifying the subrecipient or contractor, or City Council; amending the contract or processing a new contract if the period of performance is completed; or coordinating repayment to HUD if necessary.

F. CONTRACT AMENDMENTS OR RE-BIDDING

If HRD determines that a contract for services needs to be modified or extended, staff must determine whether an amendment or a new bidding process is most appropriate. Document the analysis and conclusion in the procurement file.

- a. When to Rebid a Contract:
 - i. Significant Increase in Funds: Total amendment(s) to the contract would result in more than a 50% increase to the cost of the original contract
 - ii. Significant Change in Scope: Substantial changes made to the scope of services or contract requirements.
 - iii. Extended Duration with Increase in Funds: Services under the original contract have been completed and you would like to extend services past 12 months of the contract's original end date.
 - iv. Significant Changes to Market Conditions: It has been determined through research or field experience that changes to market conditions have resulted in the City potentially overpaying for services.
 - v. Cost and Budget Considerations: Significant variations in costs compared to initial estimates or changes in the budget may necessitate rebidding to control expenses.

- vi. Performance Issues: There are persistent performance issues or dissatisfaction with the contractor's performance that cannot or have not been resolved through amendments or corrective actions.
- vii. Regulatory or Legal Changes: Changes in local, state, federal law, or City policy affecting the contract require rebidding to ensure compliance.

Under any of these circumstances, a contract may still be amended with proper justification as determined by HRD's director in consultation with Law, OCP, and ODG as applicable.

b. When to Amend a Contract:

- i. Minor Adjustments: Minor adjustments in scope or deliverables that do not fundamentally alter the contract are needed. (e.g., adding a new person to the team providing services under the contract, without increase). (Council approval not needed)
- ii. Price Adjustments/minor increase in funds: Price adjustments due to unforeseen circumstances, such as changes in labor rates or materials are needed. Change in costs must be within reasonable limits and justifications must be documented. (e.g., Increase in BSEED permit costs).
- iii. Contractual Terms: There is a need to update terms related to compliance, insurance, or other legal requirements that will not substantively change overall contract.
- iv. Time Extensions: A time extension that does not exceed the renewal options as stated in the contract or 12 months (whichever is greater) is needed for the contractor to complete the original scope of services.
- v. Service Extensions: It is prudent to allow the contractor to continue services beyond the original contract because the services still needed are so small in time and amount that it doesn't warrant a new contract.
- vi. Lapse in Service: The City requires an extension to continue needed services while the services are rebid.
- vii. Exercising an Option to Renew: There is a renewal clause within the contract that specifies the number of times it can be extended and for how long.

- c. If an amendment is needed, HRD staff will go through a similar process to that of the original contract:
 - i. Identify additional funding, if applicable;
 - ii. Work with Law to draft an amendment to the original contract;
 - iii. Submit a requisition in Oracle with the following documents attached:
 - i. Original contract;
 - ii. Independent Cost Estimate (ICE), if adding funds;
 - iii. Completed environmental review form (original and updated form, if applicable);
 - iv. Draft amendment;
 - v. Draft budget, if applicable;
 - vi. Contract Amendment Justification Form found here: <https://app.smartsheet.com/b/form/48bfc400f09e4176b5b04d1f478390f3>
 - iv. Work with OCP to move the contract through the required workflow;
 - v. Present the contract to Council for approval.

DEFINITIONS

MICRO-PURCHASE: Micro-purchase means a purchase of supplies or services using simplified acquisition procedures the aggregate amount of which does not exceed the micro-purchase threshold (or as determined by OCP if lower than the federal requirement).

SMALL PURCHASE: Small Purchase is a relatively simple procurement method used for securing supplies, services, or other materials. The Small Purchase method should be used when the services, supplies, or equipment will not exceed \$250,000 individually or in the aggregate. (Please note that locally the City requirements are more restrictive than the federal requirements, the City requires a competitive bid for all purchases equal to or greater than \$10,000).

SEALED BID: Sealed bidding is a method of contracting that employs competitive bids, public opening of bids, and awards. Invitations must describe the requirements clearly, accurately, and completely. Sealed bids

(Please note that locally, the City refers to all of its bids as “sealed”, however they may reflect federal procedures for both sealed and competitive bids depending on the service being procured. This is important to understand when documenting federal requirements).

COMPETITIVE BID: Competitive bidding is a formal process to identify and request products and/or services so that potential vendors can review those requests and submit bids for them.

SOLE SOURCE: A sole source exists when goods or services, because of unique characteristics or other reasons, are only available from a single source.

CONTRACTOR (or SUBCONTRACTOR): A contract is for the purpose of obtaining goods and services for the recipient's own use and creates a procurement relationship between the recipient and the contractor. A contractor relationship may have one or more of the following characteristics:

- Provides goods and services within normal business operations.
- Provides similar goods or services to many different purchasers.
- Normally operates in a competitive environment.
- Provides goods or services that are ancillary to the operation of the Federal program.
- The entity may earn a profit under the contract.
- Legal contract in which the purpose is to provide supplies and/or services primarily for the benefit of the pass-through entity.
- Does not support the goals of the grant directly. Instead, the contractor provides supplies and/or services that are ancillary or supportive to the operation of the grant or the organization.
- Provides supplies and/or services for use by the pass-through entity that are supportive to the operation of the project or the organization. The pass-through entity must follow compliant procurement policies and procedures, but the contractor is not subject to programmatic and Uniform Guidance compliance requirements and does not have decision making authority over the funded project.
- Performance is measured against the delivery of goods and services. The terms of the agreement will define the performance.
- The scope of work may be less flexible and more difficult to amend. Firm delivery schedule with deliverables subject to rigorous inspection.
- Payment is made by invoice according to the terms agreed to in the contract.

RESOURCES:

HUD CDBG-DR AND PROCUREMENT - BUYING RIGHT

<https://files.hudexchange.info/resources/documents/Buying-Right-CDBG-DR-and-Procurement-A-Guide-to-Recovery.pdf>

HUD CPD MONITORING HANDBOOK (34-3, 34-3(a))-

https://www.hud.gov/program_offices/administration/hudclips/handbooks/cpd/6509.2

STANDARD OPERATING PROCEDURE (SOP) MANUAL, CITY OF DETROIT OFFICE OF CONTRACTING AND PROCUREMENT

The OCP Manual can be found on the City's Intranet page (link below). You must be logged into the City's network to view.

<https://intranet.detroitmi.gov/departments/office-contracting-and-procurement/ocp-documents>

ATTACHMENTS

Exhibit A: HRD Procurement Checklist for HUD-Funded Programs

Exhibit B: Subrecipient/Contractor Determination Checklist

Exhibit C: Identification of Need/Description of Procurement

Exhibit D: Sample Price Analysis Form

Exhibit E: Sample Cost Analysis Form

Exhibit F: Professional Services Contract (PSC) DRAFT Exhibit D – Federal Provisions

Exhibit G: Sample Procurement Advertisement

Exhibit H: Guidelines for Preparing a Statement of Work

Exhibit I: Methods of Procurement (Table)

EXHIBIT A: HRD PROCUREMENT CHECKLIST FOR HUD-FUNDED PROGRAMS



HRD Procurement Checklist for HUD-Funded Programs

Description: This checklist is provided to serve as a guide for Housing and Revitalization (HRD) staff to document a completed procurement file for HUD Funded programs and serves as an Exhibit to the HRD P&P titled “HRD Procurement Planning and Management for HUD-Funded Programs” which serves as a supplemental document to the Office of Contracting and Procurement (OCP) “Standard Operating Procedures Manual, City of Detroit Office of Contracting and Procurement, August 2016 Edition.”

How to use this document: This checklist is to be used by a HRD staff person assigned to overseeing procurement of a HUD-funded contract. It can be used for a variety of the purchasing methods, including Small Purchase, Sealed Bids, Competitive Bids and Non-Competitive Bids. The checklist should be completed by the HRD staff person assigned to the program/project with source documentation attached and be saved in the project or program file for audit.

This document must be utilized for all HUD-funded procurement and is the responsibility of the HRD staff person assigned to oversee the procurement process. Use of the checklist provides a tool to cover most requirements experienced within the City of Detroit related to Federal procurement. The Housing and Revitalization Department (HRD) will maintain a project file and will need all pertinent documentation and a copy of this checklist saved in the project or program file upon execution or modification of an award.

Project/Program Title:
Description of Item/Service:
Document goods and services are necessary for the grant:
Funding Source & Year:
Method of Procurement:

Prepared By:

I. Procurement Planning and Pre-Solicitation:

- ☐ Confirm the ability to move forward with the procurement. *(HRD, ODFS)*
 - ☐ Budget
 - ☐ Environmental Review Form
- ☐ Hold a procurement planning meeting with ODG and determine whether to use a subrecipient agreement or contract. *(HRD, ODG)*
 - ☐ Identify the need for the expenditure and document the rationale.
 - ☐ Subrecipient/Contractor Determination Checklist.
- ☐ Develop a Statement of Work (SOW) *(HRD)*
- ☐ Complete an Independent Cost Estimate (ICE) *(HRD)*
 - ☐ ICE form.
- ☐ Determine the method of procurement. *(HRD)*
 - ☐ Document the method of procurement with reasoning.
 - ☐ Emergency Procurement Request form, if applicable.
- ☐ Identify potential contractors & conduct MWBE outreach. *(HRD, OCP, CRIO)*
 - ☐ List of identified contractors.
 - ☐ Proof of MWBE outreach: research, consultation with CRIO, procurement outreach events, etc.
- ☐ Get an updated Professional Services Contract Template and Exhibits D & E from Law, OCP, or HRD's procurement manager. *(HRD, Law, OCP)*
- ☐ Submit a procurement request/ requisition in Oracle with attached documents. *(HRD)*
 - ☐ Sole Source Procurement Request Form, if applicable.
- ☐ Request initial Davis Bacon Wage Determination, if applicable. *(HRD)*
 - ☐ Wage Determination.
- ☐ Meet with the OCP buyer within three business days after the requisition is approved. *(HRD, OCP)*

I. Bid Process, Evaluation and Award:

- ☐ Work with OCP to conduct public advertising (*HRD, OCP*)
 - ☐ A copy of any advertisements.
 - ☐ Documented outreach in general and for WMBE (ie. social media, emails, phone calls, etc.)
- ☐ Review bid timeline with OCP. (*HRD, OCP*)
- ☐ Work with OCP to complete final copies of the bid documents for their review. (*HRD, OCP*)
 - ☐ Final SOW.
- ☐ Identify evaluation committee members. (*HRD*)
- ☐ Have committee members complete a conflict of interest form and confidentiality agreement. (*HRD*)
 - ☐ Completed conflict of interest forms.
 - ☐ Completed confidentiality agreements.
- ☐ In conjunction with OCP, hold a pre-bid meeting and Q & A session for vendors. (*OCP, HRD*)
 - ☐ The pre-bid conference list of attendees and notes.*
 - ☐ A copy of bid questions and answers.*
 - ☐ OCP puts the procurement out to bid. (*OCP*)
- ☐ OCP Initiates bidding process. (*OCP*)
- ☐ Conduct interviews with vendors, if applicable. (*HRD*)
 - ☐ Notes from interviews. *
- ☐ Update wage rate determination, if applicable. (*HRD*)
 - ☐ Update wage determination.
- ☐ Confirm OCP completed a price analysis, if applicable. (*OCP*)
 - ☐ Price analysis documentation.*
- ☐ Complete a Cost Analysis, if applicable. (*HRD*)
 - ☐ Cost analysis documentation.
- ☐ Choose vendor. (*HRD*)
 - ☐ A copy of final evaluation committee scores.*
 - ☐ A copy of all bid proposals.*
 - ☐ Record of respondents rejected as not responsible or not responsive*

- ☐ Documentation of reason for rejecting any or all bids.
- ☐ Documentation of prompt written notification to all rejected bidders stating the basis for the determination and that a proposal revision will not be considered.
- ☐ Proof of proposals from at least three (3) qualified firms.*
- ☐ Documentation of any disputes that were made during the procurement process, and if they were handled, resolved and disclosed.*

II. **Contract Execution:**

- ☐ Conduct debarment check on SAM.gov for all sub-contractors, if applicable. (*OCP, HRD*)
 - ☐ Printed page from the System of Award Management (SAM).*
 - ☐ A list of any subcontractors.
- ☐ Issue a Notice of Award. (*OCP, HRD*)*
 - ☐ The Notice of Award letter.*
- ☐ Review the Professional Services Contract to ensure all necessary clauses are listed in the contract. (*HRD*)
- ☐ Hold a kick-off meeting with the contractor and OCP buyer to discuss next steps and necessary documents. (*HRD, OCP*)
- ☐ OCP will gather necessary documents. (*OCP*)
 - ☐ A Copy of the City of Detroit Treasury Clearance.*
 - ☐ A Copy of the Certificate of Authority.*
 - ☐ A copy of the Consolidated Affidavit.*
 - ☐ A copy of the contractor's insurance certificates.*
 - ☐ A copy of a performance bond for the contract, if applicable.*
- ☐ Work with OCP to draft Scope and budget to be added to the contract template. (*HRD, OCP*)
- ☐ If the procurement was a competitive negotiation, where price is not the only factor, confirm a cost ceiling was clearly established in the contract which may not be exceeded without a contract amendment. (***OCP, HRD***)
- ☐ If the procurement was a competitive sealed bid procurement, confirm it was a firm fixed price contract (either lump sum or unit price) awarded to the responsible bidder whose bid is lowest in price and conforms to all the material terms and conditions of the advertisement for bids. (***OCP, HRD***)
- ☐ OCP submits the contract for the Mayor's approval at the FRC review meeting if needed.

- ☐ Assist OCP in moving the contract through the procurement 'workflow' where necessary signatures are obtained and Law conducts a final review. (*OCP, Law, HRD*)
- ☐ OCP submits the contract for Council approval. (*OCP*)
 - ☐ A copy of the executed contract with applicable federal provisions signed and dated by both parties.
 - ☐ Documented approval by City Council and the Chief Procurement Officer.*
- ☐ If the contract was not awarded to the lowest bidder in the case of a competitive sealed bid procurement, provide justification. (*HRD*)
 - ☐ Documented justification.
 - ☐ Documentation demonstrating City Council was informed of the decision (ie. meeting minutes).
- ☐ After contract execution, OCP issues the purchase order (PO). (*OCP*)
- ☐ Hold a kick-off meeting with the vendor. (*HRD*)
 - ☐ Meeting notes including discussion on:
 - a. How to invoice through Oracle, change orders and amendments; and
 - b. Environmental regulations, labor standards and Section 3 requirements where applicable.
 - ☐ List of attendees.
- ☐ A Notice to Proceed or Notice of Commencement is issued when HRD is ready for the contractor to begin work. (*HRD*)

III. **Contract Management and Oversight:**

- ☐ View and manage active contracts via their PO inquiry access in Oracle.
- ☐ Monitor expiring contracts via the expiring contracts report.

IV. **Change Orders:**

- ☐ Identify additional funding, if applicable. (*HRD*)
- ☐ Work with Law to draft an amendment to the original contract. (*Law, HRD*)
- ☐ Submit a Procurement request form. (*HRD*)
 - ☐ New environmental review, if applicable.
 - ☐ New cost analysis, if applicable.
 - ☐ Amendment Request Form, if applicable.
- ☐ Work with OCP to move the contract through "workflow". (*OCP, HRD*)
- ☐ Present the contract to Council for approval. (*HRD, OCP*)

- ☐ Executed amendment.
- ☐ Updated standard documents.*

V. Contract Amendments or Rebidding:

- ☐ Conduct analysis using the factors outlined in this SOP to determine whether an amendment or new bidding process is most appropriate for the procurement.
 - ☐ Document the analysis and conclusion.

* OCP will provide when available.

EXHIBIT B: SUBRECIPIENT/CONTRACTOR DETERMINATION CHECKLIST

Exhibit A. Subrecipient Determination Checklist

The following checklist serves as a guide to the City in its rendering of professional judgement on the designation of a prospective service recipient/entity:

This document was developed as a tool to give the City in determining if a service provider is a subrecipient or is a contractor/supplier in alignment with 2 CFR Part 200 Subpart D §200.331.
Please answer each question below to help inform the City decision to designate a service provider as a subrecipient or a contractor/supplier.

Subrecipient Selection Considerations	Yes	No
Is the service provider going to be delivering a program(s) on behalf of the City and are they authorized to make program decisions or eligibility decisions?		
Will Uniform Administrative Requirements and compliance standards (2 CFR Part 200) be applied to the agreement between the entity and the city?		
Is the City most concerned with selecting the entity that can best meet the goals and objectives of the program, provided that costs are reasonable in accordance with 2CFR §200.404?		
Does the service provider have the organizational capacity and capabilities to implement programs that align with the City’s priorities for federal funding?		
Will the service provider be tracking and/or monitoring project outputs and outcomes? Will the service provider be tracking and reporting per HUD program requirements (e.g., accomplishment forms or other details to be submitted with reimbursement and/or monitoring requests)?		
Will the City implement a Notice of Funding Available (NOFA) or other subrecipient selection process that does not meet the definition of procurement?		

In consideration of the above, the City (HRD) has determined that (organization - if single provider/ sole source) _____ will be treated as a (subrecipient or contractor)
_____ for (project name) _____.

Preparer Name and Title (Print): _____

Preparer Signature: _____

Date: _____

ODG Representative Name: _____

ODG Representative Signature: _____

Date: _____

If determined through the completion of this checklist that you will utilize a subrecipient agreement, provide a copy of the completed checklist to the Director of Subrecipient Monitoring, Felicia Andrews (andrewsf@detroitmi.gov). If you will be using a single provider subrecipient agreement, please also request that the financial ratio analysis and risk assessment are completed for the subrecipient organization.

EXHIBIT C: IDENTIFICATION OF NEED/DESCRIPTION OF PROCUREMENT

Project/Program Title:
Funding Source & Year:
Prepared By:

Why is the expenditure necessary?

Describe the product or service:

Which method of procurement is being used and why?

EXHIBIT D: SAMPLE PRICE ANALYSIS FORM

#1 Vendor: _____

Cost: _____

Specifications:

Product Description:

#2 Vendor: _____

Cost: _____

Specifications:

Product Description:

#3 Vendor: _____

Cost: _____

Specifications:

Product Description:

EXHIBIT E: SAMPLE COST ANALYSIS FORM

Is the expenditure allowable per the federal grant? YES NO

- ✓ Is the cost necessary?
- ✓ Does the cost meet the requirements of the federal award?
- ✓ Is the cost reasonable (what a prudent person would pay in a competitive marketplace)?
- ✓ Does the purchase adhere to the procurement procedures?
- ✓ The purchase cannot be included as cost/matching.
- ✓ Is the procurement determined with General Accepted Accounting Principles?

Is the expenditure reasonable? YES NO

- ✓ Is the cost ordinary and necessary?
- ✓ What are the current usual prices for the expense (based on historical costs or currently advertised or published prices)?
- ✓ Are there any extraordinary circumstances (i.e. government requirements, terms of the federal award) that affect the cost?
- ✓ Was the procurement made with sound judgment?
- ✓ Are the same procurement procedures followed for federally funded and non-federally funded procurements?

Can the expenditure be allocable per the federal grant? YES NO

- ✓ Is the cost specific to the grant?
- ✓ Does the procurement apply to other programs/projects, and can the cost be shared?
- ✓ Does the grantee/subgrantee have an approved indirect cost plan?

EXHIBIT F: EXAMPLE PROCUREMENT ADVERTISEMENT

When formal advertising is used the following conditions shall be met.

- i. The advertisement for bids shall be publicly advertised.
- ii. The advertisement for bids, including the specifications and pertinent attachments, shall clearly define the items, end products or services needed in order for the bidders to properly respond to the advertisement.
- iii. All bids shall be opened publicly at the time and place specified in the advertisement for bids.

Example of items you may want to include in your advertisement:

Bid Number

Bid Title: [Grantee Name] [Project Name] Construction Bid

Description:

ADVERTISEMENT FOR BIDS

[Project Name]

[Grantee Name] will be soliciting bids for [Project Name or Description] on the property located next to [Project Site / Address]. The [Project Name] is a [Project Description] with several functions for the [Targeted User Description] community. The structure comprises of structural steel and masonry/concrete work and all site development scope of work and all other miscellaneous work required for completion of the project. There will be a full kitchen, serving area, program spaces, as well as a FEMA shelter within the [Project Name or Type].

This project is being supported with U.S. Department of Housing and Urban Development, Community Development Block Grant, Disaster Recovery grant funding. Therefore, certain restrictions and other federal requirements attach to this opportunity.

Separate sealed bids for [Project Name] will be received by [Grantee Contact] at [Grantee Building and Room] [Street Address], [City, State and Zip Code] until [Time and Date of Submission Deadline], and then at said office publicly opened and read aloud. Any person with disability requiring special accommodations must contact the [Grantee Name] no later than 7 days prior to the bid opening.

A MANDATORY Pre-bid Meeting will be held at [Time and Date], [Grantee Designated Location]. All bidders are required to attend the Pre-Bid Meeting and sign the attendance sheet at the meeting. Bids received from bidders who have not attended the Pre-Bid Meeting and signed the attendance sheet at the meeting will be considered nonresponsive.

All bid documents may be examined at the following: [Grantee Designated Location for Detailed

Bid Documents], [Street Address], [City, State and Zip Code]. To obtain DIGITAL Plans and Specifications, please email [Grantee Contact] at [Contact Email].

[Grantee Name] hereby notifies all bidders that it will affirmatively insure that in any contract entered into pursuant to this advertisement will be afforded full opportunity to submit bids in response to this invitation and will not be discriminated against on the grounds of race, color, sex, or national origin in consideration for an award. [Grantee Name] is an Equal Opportunity Employer. We encourage all small and minority owned firms and women's business enterprises to participate. No bidder may withdraw his bid within (60) days after the actual date of the opening thereof.

Bidders must agree to comply with Prevailing Wage Rate provisions per the [Grantee's State Agency, if applicable] in addition to the Federal Davis-Bacon Act, whichever is higher. Contractor's must not appear on Sam.gov disbarment list.

A bid bond or certified check for five percent (5%) of the total bid amount must accompany each bid. The successful bidder will be required to furnish a performance bond in the amount of his bid and shall, before entering on the work of said contract, be licensed as a contractor of the [Grantee Name].

The owner reserves the right to waive any informalities or to reject any or all bids.

Publication Date/Time:

Closing Date/Time:

Bid Opening Information:

[Time and Closing Date] [Grantee Designated Location]

Pre-bid Meeting:

Mandatory [Date and Time]

Contact Person:

Questions - [Grantee Contact], [Contact Phone], [Contact Fax] [Contact Email]

Download Available:

[Grantee Purchasing Website or Other Designated Site]

Plan & Spec Available:

To obtain DIGITAL Plans and Specifications, please email [Grantee Contact] at [\[Contact Email\]](#). Digital copy Plans and Specifications may be secured for no fee, all printing, shipping and other required costs are at the contractor's expense.

Special Requirements:

A MANDATORY Pre-bid Meeting will be held at [Time and Date], [Grantee Designated Location]

Related Documents:

[Grantee Designated Recovery Plans, Historic Guidelines, Etc.]

EXHIBIT G: GUIDELINES FOR PREPARING A STATEMENT OF WORK (SOW)

- ☐ Use the SOW template and checklist from OCP ([OCP Procurement HUB](#)). In addition, there is a procurement SOW training recording and Government Performance Lab SOW training presentation available
- ☐ Ensure Scope of Work is clear and concise.
- ☐ Specifications and solicitation must not contain features that unduly restrict competition such as unreasonable or unnecessary experience or bonding requirements. A "brand name or equal" description may be used to define the performance or other important requirements of the procurement such as procurement of equipment to integrate with a particular brand of equipment.
- ☐ Does the RFP or RFQ contain a detailed list of tasks in the proposed scope of work expected to be accomplished?
- ☐ Does the solicitation identify all significant evaluation factors or selection criteria, including the corresponding point system to be used to rate the proposals/qualification statements? These factors include past performance, the ability of professional personnel, willingness to meet time and budget requirements if applicable, related experience on similar projects, and recent and current work for the City.
- ☐ Is this a solicitation for architectural/engineering (A/E) professional services? A/E professional services must be solicited with a RFQ. The method where price is not used as a selection factor, can only be used in procurement of A/E professional services.
- ☐ If this is not a solicitation for A/E professional services, does the RFP contain cost as an evaluation factor? Request for proposals for services other than A/E, shall always include cost and at least one-non cost qualitative evaluation factor such as experience with like projects.
- ☐ Notice of use of funding agency funds – List that funding is being provided by the U.S. Department of Housing and Urban Development (HUD) and which program funding is being used (ex: CDBG).
- ☐ Must include the following clauses where applicable:
 - Davis Bacon labor requirements. Applicable for construction projects > \$2,000.
 - Section 3 clause, if funded by the Department of Housing and Urban Development (HUD). The Section 3 program requires recipients of certain HUD financial assistance, to the greatest extent possible, provide job training, employment, and contract opportunities for low- or very-low-income residents in connection with projects and activities in their neighborhoods. A link to the HRD Section 3 page should be included: [Section 3 Program](#).

- Nondiscrimination, affirmative action, and equal employment opportunity in employment.
- Requirement of affirmative efforts to hire women business enterprises and minority business enterprises.
- Debarment certification.

EXHIBIT H: METHODS OF PROCUREMENT (TABLE)

Procurement Type	Cost Reasonableness	Solicitation Method	Application	Subject (Example)	Spending Threshold *As of 8/31/2020	City Spending Thresholds	Notes	
Micro-Purchase	Price Analysis	No quotes necessary	Distributed Equitably	Supplies, products	\$0-\$10,000	\$0-\$2,000		
Small Purchase	ICE Price Analysis	Get quotes (at least two)	Negotiable prices	Supplies, products	\$10,001-\$250,000	\$2,001-\$9,999	Requires three quotes	
Sealed Bid	ICE Price Analysis Cost Analysis	Must have numerous quotes	Request for Quote (invitation to bid for a specific need)	Construction	>\$250,001	>\$10,000	\$25,000+ Requires City Council Approval	RFQ (Request for Quote) - Responsible Bidder (per ordinance) - Providing "Goods" - specific need, vendors met min. requirements
Competitive Bids	ICE Price Analysis Cost Analysis	Must have numerous quotes	Request for Proposal (invitation to bid for a solution to a problem)	Professional Services	>\$250,001	>\$10,000	\$25,000+ Requires City Council Approval	RFP (Request for Proposals), "Services" not ONLY price, negotiations allowed - solution to a problem
Sole Source	ICE Cost Analysis	No quotes necessary	Single Source Emergency Pre-approved Competition Inadequate	Need extensive documentation to support	<\$10,000	>\$0	\$25,000+ Requires City Council Approval	Requires non-standard procurement form (NSP) to be attached to PRF. NSP not required for inadequate competition, but justification (supporting documentation) documented, sometimes needed to be re-bid.
**All City of Detroit bids are considered "sealed" – they follow similar process steps. However, the steps taken during the procurement will align with the procurement method (ex: Proposals vs. Construction Bids). Please review with the HRD Contracts and Procurement Manager for additional guidance.								

APPENDIX A

Update Summary

The following lists the changes to this policy/procedure since the last approval:

Policy/Procedure Section	Change

No changes – this is a new policy/procedure

No changes – existing policy/procedure

APPENDIX B

Distribution & Training Plan

The following lists the Distribution & Training Plan for this policy/procedure:

Item	Description	
Implementation Leader	Individual responsible for distribution and training of the P&P (likely the P&P Author).	Contracts and Procurement Manager
Audience	List of teams/roles/entities for which P&P applies; this includes HRD, OCFO, and other COD staff (e.g. Law), as well as external partners (e.g. subrecipients and contractors).	Department Wide
Distribution & Training Plan	Distribution Method (likely Email):	Email
	Anticipated Distribution Date:	Annually or as amended
	Distribution Recipients:	HRD
	Training Required (Yes/No):	Yes
	Training Method (Virtual, In-Person, All-Staff Meeting):	TBD
	Anticipated Training Date:	Within 90 days of any amended version of this policy
	Training Recipients:	Department Wide