



Texas General Land Office

Community Development and Revitalization

"The GLO stands ready to help our state maximize the use of this disaster recovery funding to build back stronger and more resilient communities."

~ George P. Bush, Commissioner

Requests for Qualifications (RFQ)



Agenda

- Procurement Scenario and RFQ Specifications
- Ground Rules
- Planning and Pre-Release Phase
- Evaluation & Selection
- Contract Award Phase
- Common Findings and Concerns
- Questions & Answers

Scenario: Drainage Project



- A community received a \$1 million CDBG-DR grant from GLO to fund a drainage improvement project
- Grant allows 6% of the award to go towards project delivery activities, and there is a 15% cap for engineering tied to the construction budget

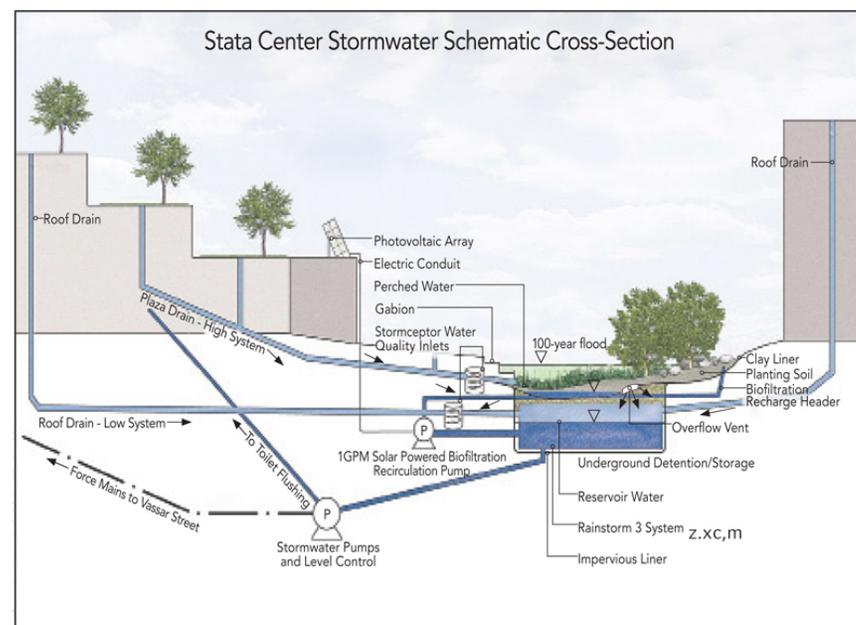




Scenario: Drainage Project

Project Implementation

- Grant consulting firm to assist the implementation of the project
- Engineer for project design and construction oversight
- Construction contractor to complete the project designed by the engineer



RFQ Requirements



1. Publicize RFQ and identify all evaluation factors and their relative importance
2. Solicit proposals from an adequate number of qualified sources
3. Consider any response to publicized RFQs to the maximum extent practical
4. Follow a written procedure to evaluate and select respondents
5. Award contract to the responsible firm whose proposal is most advantageous to the program, considering price and other factors

Difference between RFPs and RFQs



RFP

- Used for professional service such as Grant Administration, Legal Services, and Title Services
- Must include: **Cost**, Past Experience, Method of Implementation, and Capacity sections

RFQ

- Used for Engineering and Architect services
- Must include: Qualifications, Past Experience, and Capacity sections

Selecting a Procurement Method



1. A subrecipient wants to procure a **Grant Administrator** for their CDBG-DR funded infrastructure project. Should they use RFP or RFQ?
 - a. RFP – Request for Proposals
 - b. RFQ – Request for Qualifications

2. A subrecipient wants to procure a **contractor to design** their CDBG-DR funded infrastructure project. Should they use RFP or RFQ?
 - a. RFP – Request for Proposals
 - b. RFQ – Request for Qualifications

3. A subrecipient wants to procure a **construction contractor** for their CDBG-DR funded infrastructure project. What should they use?
 - a. RFP – Request for Proposals
 - b. RFQ – Request for Qualifications
 - c. Sealed bid
 - d. Competitive Bid

RFQ for Engineering Services



- Subrecipients may need to procure engineering services for the design and estimated costs of an infrastructure project
- Acquire engineering services through a “qualifications-based” procurement and comply with 2 CFR 200.320 (d)(5). Follow a two-step process:
 - Evaluate competing firms based on their qualifications to successfully complete the work in compliance with CDBG-DR regulations
 - Negotiate a fair and reasonable price, including profit
- Only use RFQs for engineering and architectural services
- Award contracts to the responsible firm whose proposal is most advantageous to the program, considering price and other factors



2 CFR 200 Compliance

- Follow procurement policies and procedures that reflect applicable federal, state and local laws and regulations that comply with 2 CFR 200
- Ensure that contractors perform work in accordance with the terms, conditions, and specifications of their contracts, task orders, or purchase orders
- Document the process for procurement and oversight in policies and procedures
- Maintain written standards of conduct covering conflicts of interest and governing actions of employees engaged in the selection, award and administration of contracts

 *Ensure procurement policies and oversight practices have the information for procurement staff to avoid costly, wasteful, and unenforceable contracts*

RFQ Allowable Uses



1. Can the RFQ method be used for the procurement of Uniform Relocation Act services or audit services?
 - a. Yes
 - b. No

2. Title 10 of the Texas Local Government Code allows RFQs for a variety of “professional services” (e.g., optometrists, landscape architecture), so can I use RFQs for these services?
 - a. Yes
 - b. No



Planning/Pre-Release Phase

Required RFQ Elements



- Basic introductions to the subrecipient and the grant
- Project overview stating the need for the project
- Clear description of scope of work including all service and technical requirements
- Information on the bidding process, including submission requirements, evaluation and selection criteria, and schedule
- Terms and conditions of the contract
- NOTE: if using one engineering solicitation for multiple projects, clearly define the projects in the scope of work

Ground Rules



- Maintain separation of duties
- Provide competencies and training to subrecipient staff
- Maximize competition
- Review procurement policies and procedures to ensure that they meet HUD and Office of Management and Budget (OMB) requirements
- Complete the procurement checklist and place it in the procurement file with corresponding documents
- Uphold ethics and address conflict of interest (COI)

 *Ensure procurement policies and oversight practices have the information for procurement staff to avoid costly, wasteful, and unenforceable contracts*



Preparing Scope of Work

- **Purpose:** Summarize responsibilities of the selected consultant
 - Separate Pre-Award and Post-Award Responsibilities
- **Role of Selected Consultant:** Describe responsibilities of the consultant in relation to other parties (parallels the discussion of roles of the parties)
 - Include Contract Management and Construction Oversight
- **Statement of Work:** include sufficient detail for an engineer to itemize the overall bid proposal
- [Sample RFQ Scope of Work](#)

Independent Cost Estimate (ICE)



Subrecipients may use multiple sources to develop an ICE, including:

- Price last paid for similar procurement
- Comparison of previous prices paid for similar services
- Personal experience
- Other historical information
- Detailed analyses
- Information from other communities regarding similar bid outcomes



Evaluation and Selection Committee



Subrecipient Responsibilities

- Select the committee before drafting the RFQ to get their input in defining the needs and evaluation/selection criteria
- Include members with relevant expertise (e.g., Project Managers, Procurement/Contracts) and establish roles and milestone dates based on the project schedule
- Require members to sign a letter concurring to no COI and confidentiality during the RFQ process

Committee Responsibilities

- Review relevant information (e.g., scope of work, purchase description/specifications) and develop weighted evaluation criteria
- Remember: Price should *not* be a factor



Scenario: Submission and Evaluation Requirements



- Summarize submission requirements (outline is recommended) in the RFQ
- List the proposal evaluation criteria and include the weighting for each criterion

RFQ Section	Page Limit
Approach to accomplish each task in the SOW	3 pages
Project Staffing	3 pages
Qualifications	4 pages
Financial Information	No page limit
References	3 pages



Scenario: Scoring the RFQ

- Include scoring criteria and the weighting for each RFQ requirement

Scoring Criteria	Weighting
Contractor Qualifications and Capacity	30 pts
Contractor Past Performance	30 pts
Schedule of Delivery	10 pts
Contractor Technical Approach	30 pts
TOTAL	100 pts

- Include other requirements (e.g., liability and worker's compensation insurance, liquidated damages, performance and payment bonds)

Schedule and Required Information



- Explain the selection process and the schedule for each step (e.g., proposals due, firm under contract)
- Give date(s) of any pre-proposal conference(s), the location, and whether attendance is mandatory
- State the requested contract type (e.g., fixed price) and include a copy of the draft contract in the RFQ
- List any rules, regulations, and licensing requirements that apply to the selected respondent
- State Section 3 and disadvantaged business requirements and your commitment to implementing these requirements
- Include your statement of equal opportunity employment

Schedule and Required Information



- Acknowledge that questions may arise about the RFQ and require them in writing
- Include the following language in the RFQ:
 - Subrecipient reserves the right to cancel the RFQ, reject any or all proposals, and waive minor informalities for proposers if in the public interest
 - Subrecipient will not consider procured consultants to be subrecipient personnel; the proposal of certain personnel is a statement of their availability to do the work for the entirety of the contract term
 - Subrecipient prohibits contact between respondents and subrecipient staff, board members, or residents during the selection process

Attachments



Include the following attachments:

- Form for each respondent's fee proposal (*optional*)
- Copy of draft contract with contractual obligations for selected respondents (include required contract provisions)
- Copy of required forms (e.g., Byrd Anti-Lobbying)
- Copy of applicable federal riders



M/WBE Requirements



Take all necessary affirmative steps to use small businesses, minority owned businesses, women's business enterprises, and labor surplus area firms when possible

- Include solicitation lists
- Ensure they are potential sources of products or services to be bid
- Divide total requirements, when economically feasible, into small tasks or quantities to permit maximum M/WBE participation (i.e. provide alternative bidding scenarios)
- Establish delivery schedules to encourage M/WBE participation (i.e. flexibility)
- Use the services and assistance of the Small Business Administration, and the Minority Business Development Agency, U.S. Dept. of Commerce
- Require the Prime Contractor to take affirmative steps to subcontract with M/WBE, if they award subcontracts



Evaluation and Selection of Proposals

Selection and Responsiveness



Subrecipient must ensure that respondents are **responsive** and **responsible**:

- Complies with all material terms and conditions of the solicitation and all requirements of the specifications and was submitted in form specified in the solicitation
- Complete debarment check to verify that respondent is not excluded from completing the work and does not have any liens

Other RFP requirements:

- Time, date, and place
- Bid, performance or payment security bonds
- Samples, literature, or other information
- Disclosure statements
- Attendance at mandatory (if made mandatory) pre-bid conference or site visit/inspection

Scenario: Evaluation of Responses



Experience and Qualifications

- 30 points available
- Use the stated criteria to assign points
- Do not assign points to individual questions, but award a total score for each criterion

Point Value	Criteria
0 pts	None. Not addressed or response of no value.
1-10 pts	Fair. Limited applicability.
11-20 pts	Good. Some applicability.
21-25 pts	Very good. Substantial applicability.

Scenario: Evaluation of Responses



Sample Evaluation Form for Experience and Qualifications

1. Do the individuals assigned to the project have experience on similar drainage projects?

Reviewer Comments:

2. Are resumes complete and do they demonstrate backgrounds that would be desirable for individuals engaged in the work the RFQ requires?

Reviewer Comments:

3. Does the project manager have a PMP?

Reviewer Comments:

4. How extensive is the applicable education and experience of the personnel designated to work on the project?

Reviewer Comments:

Scenario: Evaluation of Responses



Evaluator's Point Total		
Criteria	Maximum Points	Score
Qualifications & Capacity	30	29
Past Performance	30	25
Schedule of Delivery	10	8
Technical Approach	30	30
TOTAL	100	92

Scenario: Vendor Evaluations



Vendor Evaluations							
Criteria	Weighting	#1	#2	#3	#4	Total Points	Score
Qualifications and Capacity	30	29	27	23	27	106	26.5
Past Performance	30	25	19	14	21	79	19.75
Schedule of Delivery	10	8	8	7	9	32	8
Technical Approach	30	30	31	26	28	115	28.75
TOTAL	100	92	85	70	85	332	83



Scenario: Scoring the RFQ Responses

Weighted Scoring Matrix				
Criteria	Weighting	Company A	Company B	Company C
Qualifications and Capacity	30	29	26.5	23
Past Performance	30	25	19.75	14
Schedule of Delivery	10	8	8	7
Technical Approach	30	30	28.75	26
TOTAL	100	92	83	70

Scoring the RFQ



- Summarize RFQ responses in a spreadsheet to compare the scoring side-by-side
- Total the scores for all sections and award the bid to the highest scoring proposer; if two or more engineering firms are close in score, consider inviting them to provide an oral presentation to further assess their fit for the project
- After selecting a firm, negotiate a contract price and use the ICE (prepared prior to solicitation) to determine cost reasonableness
- If you do not select the highest scoring proposer, put a written justification in the procurement file explaining why the selected proposer was the best fit for the project

Scenario: Conduct a Cost Analysis



- The subrecipient negotiated a cost of \$151,000 for engineering services and compared the cost to the ICE to determine cost reasonableness
- Complete a cost analysis for any competitive proposal
- Major cost categories identified in the statement of work include direct labor, equipment, supplies, travel and per diem, subcontractors, overhead, general and administrative expenses, and profit
- Analyze profit as a separate element of cost, based on the complexity of the work, contractor risk, required investment, degree of subcontracting, and typical profit in the industry

Cost/Price Analysis for Profit Negotiation



- After the initial selection of the vendor, negotiate the price considering the ICE and walk away if the price is unreasonable
 - Complete a realistic cost analysis before initiating the procurement
 - Sufficiently document negotiations (e.g., meeting minutes, initial offer vs. BAFO, negotiation of cost between categories)
- Profit is the amount in excess of what it will cost the contractor to complete the scope of work
- Consider the following when negotiating profit:
 - Complexity of the work to be performed
 - Risk borne by the contractor
 - Amount of subcontracting
 - Quality of the contractor's past record

Scenario: Cost/Price Analysis for Profit Negotiation



- The construction project will require the oversight of an Engineer I and an Engineer III
- The average indirect cost rate in the market is 127%, so the **total cost of the project** = \$85,095

Role	Hourly Rate	Estimated Hours	Total Direct Cost
Engineer I	\$150	100	\$15,000
Engineer III	\$200	100	\$20,000
TOTAL	N/A	200	\$35,000

Scenario: Cost/Price Analysis for Profit Negotiation



Use of ICE to negotiate the contract and profit:

- An A&E firm is procured based on qualifications alone
- During contract negotiation, the firm requests \$130,000 for its services
- The subrecipient can use its cost analysis to estimate that the A&E firm is seeking a profit in excess of 50% ($(\$130,000 - \$85,095)/\$85,095 = 52.7\%$), barring information from the vendor regarding its labor category rates and indirect cost rate



If the subrecipient decides that a 25% profit is “necessary and reasonable”, and the A&E firm will not lower its profit, the subrecipient can end negotiations and negotiate with the next highest-rated firm or recompile entirely



Contract Award

Contract Award



- Include RFQ, complete scope of work, selected proposal, unit pricing, start date, completion date, liquidated damages, MBE/WBE and Section 3 requirements, insurance, 2 CFR 200 and HUD clauses
- Verify that the chosen vendor has no COI
- Notify proposers of the winning proposal
- Issue Notice to Proceed to vendor



Contract Requirements

All contracts must:

- Be signed by all required parties, including the vendor/contractor and Subrecipient representative
- Include required [contract reports](#) (submitted to GLO monthly)

GLO REQUIRED CONTRACT REPORTS

The GLO subrecipient contracts include various reporting requirements. Submission of reports should occur in accordance with the contract requirements and the [Implementation Manual](#).

→ [Monthly Report Form](#) 

→ [Audit Certification Form](#) 

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Contract Provisions



All contracts executed between the subrecipient and a contractor must include the following CDBG requirements:

- Performance requirements and penalties
- Project schedule including the performance period and completion date
- All Section 3 covered contracts shall include the Section 3 Clause 22
- Mandatory standards and policies relating to energy efficiency in the state energy conservation plan (in compliance with the Energy Policy and Conservation Act 23)
- May *not* be a cost-plus contract award

Contract Revisions



- Make any permitted changes via change order
- Categorize changes by type and number them sequentially
- Maintain a log of all executed change orders for each procurement that includes:
 - Name of the vendor and the original contract amount
 - Reason(s) for and the dollar amount of the change order
 - Running total of the value of the changes and the revised contract amount
- Subrecipients may not make material alterations to the SOW or insert a renewal clause in the contract (must be made via new procurement)

Common Findings or Concerns



- Prohibited use of cost-plus percentage of cost contracting (*use fixed-price contracts for competitive procurements*)
- Failure to prepare ICE prior to receiving proposals
- Failure to perform cost and price analysis on contract modifications or change orders
- Inclusion of non-competitive practices/requirements in procurement documents (e.g., geographic preference, minimal public advertisement)
- Failure to have an adequate contract administration system to track the history of each procurement action
- Failure to disallow an engineer with prior project knowledge to submit a proposal for the procurement



Resources & Training

Resources

- 2 CFR 200 (Part 318-326 starts on page 117)
- [Buying Right Guide](#)
- [Quick Guide to Cost and Price Analysis](#)
- [GLO Website \(Procurement Section\)](#)
- [GLO Procurement Checklist](#)

Upcoming Training

- Sole Source/Non-Competitive Procurements
- WebEx invite coming soon for 10/26 training





Questions?

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