



Managing Construction and Professional Services Contracts

2019 CDBG-DR Problem Solving Clinic

Kansas City – Overland Park | July 30 – August 1, 2019

Welcome & Speakers

Session Objectives

- Provide best practices and tips for procuring and managing contractors

Speakers

- Phyllis Foulds - Financial Analyst, HUD DRSI
- Chuck Bearman - Chief Compliance Officer, MS Development Authority
- Joe Boyes – Director of Operations, SC
- Jeff Haley - Program Director, Housing; LA Office of Community Development, LA
- Calvin Johnson – Director, CDBG-DR; Office of Management and Budget, New York City



Agenda

1. Welcome and Introductions
2. Overview of the Agenda
3. Background on the Programs of our Panelists
4. Q & A on Contractor Management
5. Questions from the room



Practical Tips for Contractor Management



Start at the Beginning and Look to the End!

- Good contractor management includes: good program design, appropriate scope of work in the RFP, a well written contract and policies & procedures that support oversight
- Set milestones and only adjust when unexpected situations demand it
- Don't rely on termination clauses - set performance requirements and reasonable liquidated damages



Why is Contractor Management Important?

- Critical to overall success
- Stewardship of Federal taxpayer dollars
- Consistency and Stability fosters good Contractual Relationships
- Failure to manage vendors leads to:
 - Duplicative work
 - Substandard work
 - Delays in implementation
 - Repayment
 - Bad publicity
 - Lawsuits



Cost Principles

All costs need to comply with general cost principles:

- Allowable (2 CFR 200.403)
- Reasonable (2 CFR 200.404)
- Allocable (2 CFR 200.205)



Contracted Professional Services

- Professional Service Costs (2 CFR 200.459)
 - Determining allowability of costs must consider the following:
 - Are the services needed?
 - Could the grantee have done the services in-house?
 - Is it cost effective to contract vs. in-house with existing or additional staff?
 - Is the contractor qualified?
 - Are the costs appropriate for the services being provided?
 - Is the contract adequate?



Contract Requirements

At a minimum, contracts must include:

- Description of services to be provided
- Additional Contract Considerations:

Fixed Fee Contracts:

- List & description of specific deliverables
- Frequency/due date for each deliverable

Time/Material Contracts:

- List of staff/positions who will perform each task
- Estimated time to perform the task
- Hourly rate of each employee
- Other costs that may be added



Documentation

Contractor invoices must include the following (*at minimum!*):

Fixed Fee Contracts:

- Description of each task
- Calculation of costs due:
 - Unit cost X Number of Units = Extended Cost; OR
 - % of Task Completed (based on progress/benchmarks)
- Documentation to support each “deliverable”
NOTE: Tasks/Deliverables must be well defined.
- Any other documentation that may have been required

Time/Material Contracts:

- Amount billed for each task
- Staff Name X Number of Hours = Extended Costs
- Timesheets for contractor staff
- Itemized list of any additional costs (with supporting documents)
- Any other documentation that may have been required under the conditions of the contract



Our Panelists & Their CDBG-DR Programs



Our Panelists



Phyllis Foulds



Jeff Haley LA



Chuck Bearman MS



Joe Boyes SC



Calvin Johnson NYC



Q & A



Question 1:

If you had it to do it over, what would you do differently around program design and procurement? For instance, what would you include in the scope that you didn't?



Question 2:

What advice do you have for grantees regarding Consultant Contractor oversight? What worked and what hasn't? How do you keep your consultants on task?



Question 3:

What advice do you have for grantees regarding Construction Contractor oversight? What worked and what hasn't? How do you keep your consultants on task?



Question 4:

What are the most difficult documentation issues that you have experienced?

We know that Reporting, Compliance, Monitoring and Closeout are important components in CDBG-DR programs, where have you seen issues?



Resources

- The CDBG-DR Toolkit
 - <https://www.hudexchange.info/programs/cdbg-dr/toolkits/program-launch/>
- Buying Right CDBG-DR and Procurement: A Guide to Recovery
 - <https://www.hudexchange.info/resource/5614/buying-right-cdbg-dr-and-procurement-a-guide-to-recovery/>
 - <https://files.hudexchange.info/resources/documents/Buying-Right-CDBG-DR-and-Procurement-A-Guide-to-Recovery.pdf>
- Procurement and Contract Management
 - <https://files.hudexchange.info/resources/documents/CDBG-DR-Contract-Management.pdf>



Questions?

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Peer to Peer Networking Event at Registration

