



U.S. Department of Housing and Urban Development



Creating Effective Request for Proposals (RFPs)/ Request for Quotations (RFQs): Procurement Pro Tips!

2021 CDBG-DR & CDBG-MIT Virtual Training Series

Introduction

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Creating Effective Request for Proposals (RFPs)/ Request for Quotations (RFQs)



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Procurement – Know the Rules

- The guiding principle of procurement is that it must provide fair and open competition
- Determine the procurement rules that apply to your CDBG-DR grant
- Understand the CDBG regulations, the requirements in the Federal Register notice, and any waivers or alternatives provided in the notice.



Procurement – Nature of the Grantee Makes a Difference

- County or local government grantees must follow the federal procurement standards in 2 CFR 200.318 - 326
- This includes developing and following written procurement policies and procedures which meet applicable state or local laws and regulations
- State grantees must demonstrate compliance by establishing policies and procedures and may do this by following their own State laws and regulations or adopting the federal regulations either in whole or in part



Procurement

- Procurement laws and regulations are state specific
- Closely coordinate with your state's procurement office, if centralized, or have competent procurement staff in your program
- Request for Proposals (RFPs), Request for Qualifications (RFQs), Request for Quotations (also called RFQs), Request for Information (RFIs) are likely terms of art under your state's procurement statutes



Procurement

- You must understand the nature of what you are procuring and the definitional procuring structure in your state in order to successfully procure it
- When procuring property or services paid in whole or part with CDBG funds, the State shall follow its procurement policies and procedures, 24 CFR 570.489(g)



Requests For Proposals (RFP)

- Typically used when qualifications and price are used in evaluating proposals.
- RFP typically requests services, not products.
- Details goals, scope of the project, and the project schedule.
- The entity advertising the RFP will use the submitted proposal from the contractor/consultant to decide which contractor/consultant to hire.
- If large-scale services such as, construction, administration, legal advice, or project management are requested, then an RFP is the likely procurement method.



Requests for Qualifications (RFQ)

- Typically used to procure professional services such as engineering or architectural firms
- Uses a competitive negotiation method
- Price of services is not used as a selection factor
- The selection of the contractor/consultant is based upon their qualifications, subject to negotiation of fair and reasonable compensation



Requests for Quotations (RFQ)

- Typically used to procure products or goods
- Uses a competitive pricing method
- Price and quality of goods are typically used as a selection factor
- When using the term RFQ be sure the context is clear and that there is no question about whether the “Q” stands for “qualifications” or “quotations”



Requests for Information (RFI)

- Typically used to gather information from potential suppliers of goods or service providers
- Useful when the soliciting entity may not have expertise in the good or service or has little knowledge of possible vendors
- Structured way of gathering information that may lead to a contract
- Often used in connection with the IT industry but can be useful in many scenarios for developing resource knowledge



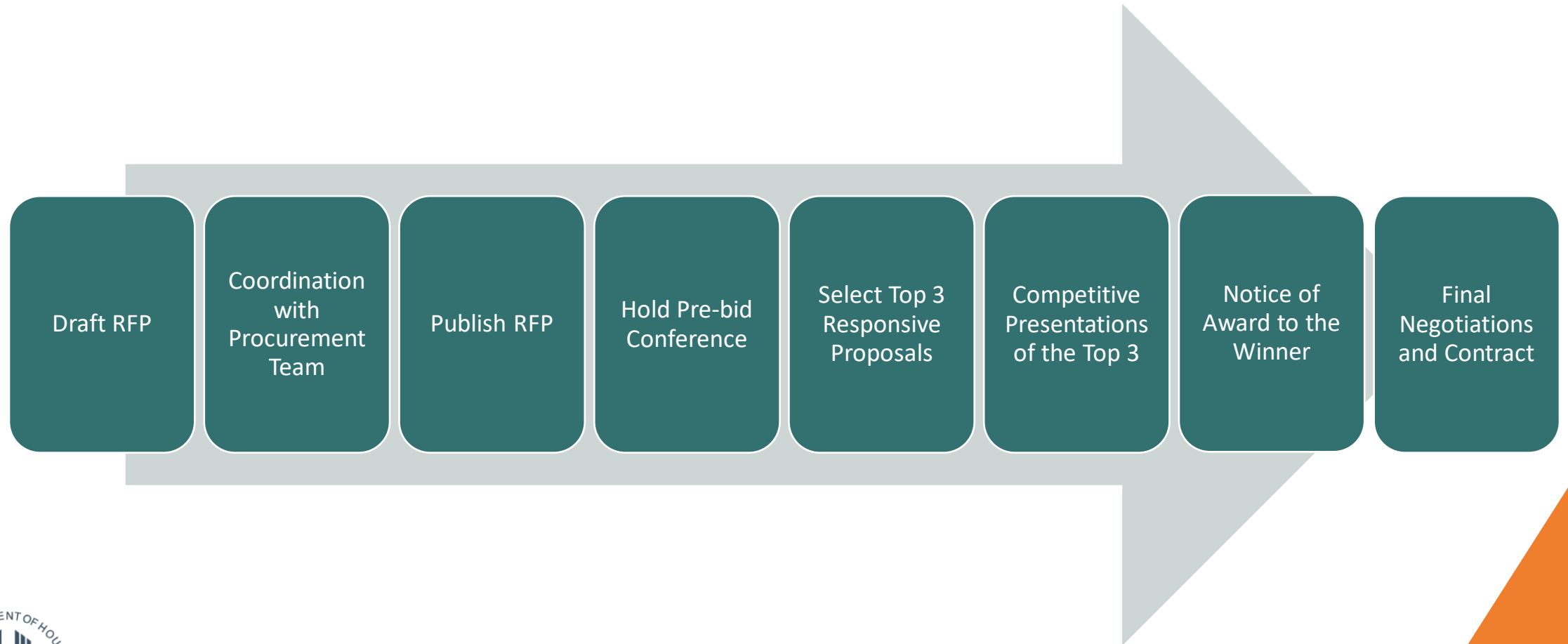
Commonalities

The RFP/RFQ should include a clear and accurate description of the technical requirements for the material, product, or service to be procured. At a minimum, the request package should include the following:

- Description of requirements and the scope of services
- Payment metrics
- Factors and significant sub-factors that will be used to evaluate the proposal and their relative importance
- Detailed instructions on proposal requirements
- Deadline for submission



Procurement – Process



Developing Your Procurement

Pro Tip -

Whether your CDBG-DR grant award is millions of dollars or billions of dollars, it is relative to the scope of disaster you suffered.

The award will never be enough to recover all aspects of the community. You must select only the most critical elements to recover and only serve the most vulnerable citizens.

Trying to do a little bit of everything (infrastructure, housing, economic revitalization) is likely to lead to a slow, incomplete, and unsatisfactory recovery on each front.



Developing Your Procurement – The Napkin Math

Grant Award

minus 5% administration

minus planning costs

minus estimated fees for vendor

remainder is the value available for direct costs/construction



Common Recovery Models

Grantee Management and Staff

<p><u>No Vendor</u></p> <p>State handles all aspects of recovery including intake, eligibility, and construction contracting</p>	<p><u>Split Vendors</u></p> <p>State contracts one vendor for intake and eligibility and one or more vendors for construction</p>	<p><u>Single Vendor</u></p> <p>State contracts a single implementation vendor who is responsible for intake, eligibility, and construction.</p>	<p><u>Time and Materials</u></p> <p>State hires vendors on a time and material basis</p>	<p><u>Subrecipient</u></p> <p>State provides subrecipient grants to local governments who hire contractors</p>
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Procurement Considerations

- System of Record
- Outreach Targets
- Eligibility Criteria
- Duplication of Benefits responsibility



Procurement Considerations

- Environmental Reviews
- Damage Assessments and Lead Based Paint reports necessary to support your homes completed goal
- You will have an applicant fallout percentage



Procurement Considerations

- Housing quality standards
- Cost Reasonableness justification
- Payment basis for rehabilitation work
- Consider fixed price for commoditized work
 - New home construction
 - New manufactured housing units



Procurement Considerations

- Quality control
- Compliance
- Warranty
- Closeout



Procurement – Metrics Pro Tips!

- Reward results. Never pay for effort, only pay for results
- Metrics should be a balance of carrots and sticks
- Need circuit breakers in place to stop poor performance



Procurement – Success

SC-HM16-07354, Georgetown

Before



After



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Q & A



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Resources



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Resources

- HUD Exchange CDBG-DR page:
 - <https://www.hudexchange.info/programs/cdbg-dr/>
- HUD Exchange CDBG-MIT page:
 - <https://www.hudexchange.info/programs/cdbg-mit/>
- HUD Exchange:
 - <https://www.hudexchange.info/resource/5614/buying-right-cdbg-dr-and-procurement-a-guide-to-recovery/>
- South Carolina RFP for Hurricane Florence 2018 Recovery
 - <https://florence.scstormrecovery.com/wp-content/uploads/2021/02/Hurricane-Florence-RFP.pdf>
- South Carolina RFP for Hurricane Matthew 2016 Recovery
 - <https://scstormrecovery.com/wp-content/uploads/2021/01/HM16-rfp-p1.pdf>



**THANK
YOU**

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