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ALABAMA DEPARTMENT OF ECONOMIC
AND COMMUNITY AFFAIRS

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DIRECTOR

STATE OF ALABAMA

October 1, 2008

**ALABAMA CDBG INTERGOVERNMENTAL
POLICY LETTER NUMBER 1
(Revision 9)**

To: Persons Interested in State
CDBG Program

From: Bill Johnson 
Director

**POLICY ON SELECTION OF ENGINEERS, ARCHITECTS, CONSULTANTS,
OTHER PROFESSIONAL SERVICES RELATING TO PROCUREMENT OF,
AND EXPENDITURES MADE, IN REGARD TO STATE CDBG FUNDS**

The method of procuring professional services for CDBG program purposes is governed by the Common Rule as revised by the ADECA.

Services Costing \$100,000 or Less

For services costing in the aggregate not more than \$100,000, the grantee may use "small purchase procedures." These are relatively simple and informal methods for the procurement of services, supplies, or other property. If small purchase procedures are used, price or rate quotations shall be obtained from an adequate number of qualified sources.

Services Costing More Than \$100,000

For professional services costing over \$100,000, the State is requiring that competitive negotiations be conducted as stipulated in the Common Rule as revised by ADECA.

Optional Three Year Selection

Should a community so choose, it may follow the competitive negotiation process as stipulated in the Common Rule as revised by ADECA, and select firms for professional services for a three year period. An agreement would be drawn up outlining the time frame and the relationship to include all CDBG requirements. Contracts for specific projects would be negotiated upon issuance of a Letter of Conditional Commitment with fees and services required to be in accordance with the State approved project, budget and fee scales. The three year period is defined as three CDBG fiscal year cycles.

Type of Contract

Either a fixed price or cost reimbursable (with a maximum amount specified) contract will be used. No percentage or cost plus percentage type contract will be allowed.

Payment for Services Rendered Prior to Grant Approval

Payment for services rendered prior to grant approval are not normally eligible. The only exceptions are reasonable costs for services necessary for the preparation of the application, such as securing accurate cost estimates, preliminary maps or drawings, and surveys required to establish the extent of need and those determined through the optional three year selection process. All costs of services for which reimbursement is expected must be separately identified in the application as preagreement costs. No more than \$2,500 will be approved as an eligible CDBG cost for application preparation. In no case will the payment be eligible on an unapproved application. The amount to be approved for administration or engineering/architectural services shall be based on the complexity of an application and shall be the State's determination.

Procurement of Non-Profit Agencies

An applicant will follow the procedures outlined in the Common Rule as adopted by ADECA when procuring the services of a non-profit agency. However, an applicant need not apply these procurement procedures if it chooses to contract with a regional planning and development commission for professional services. However, any non-profit agency may charge only the actual costs incurred in providing the services under contract. These actual costs incurred must be documented by the non-profit entity in accordance with OMB Circular A-110.

Exemption from Requirement for Cost or Price Analysis

The State will recognize as Match or pay from CDBG funds only those engineering or administrative costs that are within the State approved scales. In general, this ensures the reasonableness of costs and eliminates the need for cost or price analysis.

However, the State reserves the right to require a cost or price analysis when administrative fees do not appear to be appropriate for the complexity of the project or the scope of services to be provided.

Effective Date: Immediately