PURPOSE: Explain to a subrecipient (1) when a RFP/IFB is required for FTA funded purchases; and (2) how to obtain approval from DRMT.

1. FORMAL SOLICITATION (a/k/a RFP or IFB) REVIEW

The Caltrans Division of Rail and Mass Transportation (DRMT) Procurement Management Branch provides subrecipient purchasing oversight to ensure that federally funded purchases administered by DRMT meet federal and State procurement guidelines. Purchases and contract awards made without prior approval from DRMT may not be eligible for federal reimbursement. Federal procurement requirements include:

- 2 CFR Part 200 – Uniform Administrative Requirements, Cost Principals, and Audit Requirements for Federal awards; and

Subrecipient purchases of $150,000.00 or more are required by the FTA to be awarded from a formal solicitation process, i.e., Request for Proposal (RFP) or Invitation for Bid (IFB). A subrecipient may use the RFP/IFB process for lower purchasing thresholds as long as it is justifiable and complies with State and local requirements.

A formal solicitation requires written bids or proposals submitted as a result of a publicly advertised solicitation and the evaluation of proposals or bids based on the evaluation factors specified in the solicitation before making an award.

In addition to advertising and evaluation, a formal solicitation requires the subrecipient to establish independent estimates before receiving bids or proposals. The Independent Cost Estimate (ICE) should be used as the benchmark for evaluating the reasonableness of the contractor’s proposal. A subrecipient should develop an ICE at the beginning of a procurement request, i.e. when requesting funds during the grant application process. Procedures for development of an ICE can be found on the DRMT Procurement Management webpage.

A cost analysis may be required if price reasonableness cannot be determined based on a price analysis. Reasons for a cost analysis include:

A. Price competition is insufficient;
B. Only one bid is received;
C. The good or service is found to be available from only one source;
D. The price is the result of a contract modification; or
E. The solicitation called for specific cost elements, such as labor hours, overhead, materials, etc.
Federally supported contracts, including purchase orders, must contain required federal clauses applicable to the specific type of purchase or contract. Flow-down requirements to potential subcontractors are not absolute and are dependent upon the clause. Subrecipient should familiarize themselves with the required contract language and ensure that they are properly appended to or referenced in any purchase order or contract above the micro-purchase threshold of $3,500.00. Required federal clauses may be incorporated by reference by attaching the resource document, titled, “Third Party Contract Clauses” found on the DRMT Procurement Management webpage.

2. PROCEDURES

A subrecipient’s DRMT program liaison is the first point of contact for all project management and procurement related matters. All documents should initially be submitted directly to the program liaison.

The following procedures apply to procurement or contract document review:

(1) Subrecipient must include with their RFP/IFB solicitation document and third party contract submission to the DRMT either DRMT developed third party contract clauses, or the FTA required clauses matrix. Guidance on FTA required clauses is available on the DRMT Procurement Webpage.

- If using the July 2016 DRMT developed FTA third party contract clauses as an attachment, the subrecipient must reference the attachment in the RFP/IFB and draft third party contract. The subrecipient should complete the top portion of the attachment identifying the awarding agency, contractor (if known), and the project’s funding sources. Some contract clauses require subrecipient information. Contract clauses that require subrecipient information are highlighted. Contract clauses that are not required by the FTA based on the type of project or the project price do not need to be included in the RFP/IFB or third party contract and may be deleted.

- Alternatively, a subrecipient may copy and paste the applicable contract clause directly into the RFP/IFB and third party contract. Subrecipient may also use their own locally developed contract clauses as long as the language embraces the purpose and meaning for the intended requirement of the specific clause.

- Unless the required contract clauses are contained in a separate attachment, the subrecipient must submit a completed FTA Required Third-Party Contract Clauses Matrix with their RPF/IFB or third party contract. On the matrix the subrecipient supplies the contract page number for the
corresponding required contract clause. The completed matrix should be submitted along with the solicitation package.

(2) Additional components to be submitted along with the above are:

- Proposer’s/Bidder’s list
- Independent Cost Estimate (ICE)
- Draft Contract unless it is included with the RFP/IFB

(3) If the Subrecipient is submitting a 3rd Party Contract for retroactive approval, include the following additional documents with your electronic submission to the DRMT Program Liaison:

- Original Bid Solicitation & All Addendums
- Bid Summary
- Price or Cost Analysis
- Staff Report (if available)
- Proof of Advertisement
- Executed Contract and Contract Amendments

(4) DRMT Grant Program Liaison will review the submission for completeness and compliance with programmatic grant requirements before routing the solicitation or third-party contract package to the Federal Grants Procurement Management Branch for review. The Grant Program Liaison will contact the subrecipient to collect any missing documents and will not route the procurement package to the Procurement Branch unless it is complete.

(5) The Procurement Branch will reach out to the subrecipient confirming their receipt of the procurement review request. All aspects of the procurement review will be handled by the Procurement Branch.

(6) Once the initial review is made the Procurement Analyst will contact the subrecipient detailing any required and/or suggested changes.

(7) After the procurement documents are approved by the Procurement Branch the subrecipient and DRMT Grant Program Liaison will be notified with a formal letter.

(8) Before contract award, the Procurement Branch must review and approve the subrecipient procurement selection documentation. Refer to the Procurement webpage for selection and award guidance.

3. RESOURCES

Division of Rail and Mass Transportation (DRMT) Procurement management webpage: [http://www.dot.ca.gov/drmt/fedgpm.html](http://www.dot.ca.gov/drmt/fedgpm.html).
