

Resilience Innovation Fund (RIF) Application
Frequently Asked Questions
Last update: 1/14/2019

1. Can RISE RIF (CDBG-DR) funds be used for demonstrations/pilots at private properties?

UPDATED

RISE RIF (CDBG-DR) funds cannot be used for demonstrations/pilot installations (including labor and materials) at privately-owned properties.

2. Can RISE RIF funds be used to purchase equipment?

Equipment purchases are generally not eligible under CDBG funding. The purchase of construction equipment is ineligible, but compensation for the use of such equipment through leasing or depreciations is allowed. In addition, the purchase of equipment, fixtures, motor vehicles, furnishings, or other personal property not an integral structural fixture is generally ineligible. See [24 CFR 570.2017\(b\)](#).

3. What if one or two existing businesses are forming a new entity? How should we demonstrate capacity in our RIF application?

If you are forming a new entity (Company A), please explain how your existing company or companies (if two different companies are forming a new entity) are involved and contributing to Company A (for instance providing additional capital, leadership and management, intellectual property and so on). In other words, provide information regarding your existing company or companies that would help assess capacity of this new Company A. RISE can only have a grant or a loan agreement with one entity. If you are a team of existing entities, you either need to establish a new entity or select a prime and describe an arrangement you will have with other entities that are necessary to deliver the project.

4. A company/non-profit that is the prime (i.e., will sign a contract with RISE if awarded the RIF funds) already knows that it will need another company, a non-profit organization, and/or a university to deliver certain parts of the project. If the prime includes these entities as partners in the RIF application (without forming a new legal entity with these partners/subcontractors), does it mean that the prime awarded the RIF funds does not have to competitively procure services provided by these partners/subcontractors down the road? What level of commitment is needed from potential partners/subcontractors to be included in the application so that we don't have to procure them if awarded the RIF funds (CDBG-DR)?

UPDATED

The RIF applicant can "avoid" the procurement process, including breaking up contracts to stay below thresholds that trigger certain federal provisions. The application is taken in whole, so any included partners or subcontractors are incorporated into the review and scoring process. Since the scoring is predicated on the entire team, some level of commitment from the non-lead applicant(s)

would be beneficial as to the committed capacity and skill sets on the project team. RISE suggests the following:

- Subcontractors and Partners should provide a letter of intent to the primary applicant that indicates the following: The Subcontractor/ Partner has been involved in the application, has had input in the scoping they are intend to provide and is able to provide it, has provided information to the primary applicant on its credentials and capacity, and is committed to participating if the project if selected.
- This will provide a demonstrated commitment by the subs/vendors/partners to the project team and solution application that wouldn't exist between resumes and a project role.
- RISE will reserve the right to reevaluate an awardee's capacity if a partner backed out and was not replaced.

5. What are the procurement processes and thresholds?

In accordance with 2 CFR Part 200.320, RISE and by extension all RIF funds (CDBG-DR) recipients have to adhere to the following procurement methods. Each method is applicable to different scenarios:

a. Micro-Purchases

A micro-purchase is the acquisition of supplies or services that does not exceed \$3,500 (or \$2,000 in the case construction projects), in aggregate total. To the extent practicable, RISE distributes micro-purchases equitably among qualified suppliers.

Micro-purchases are awarded without soliciting competitive quotes if RISE has determined that the price is reasonable.

a. Small Purchases

A small purchase is defined as securing services, supplies, or other property that cost more than \$3,500 (or \$2,000 for construction) but less than the Simplified Acquisition Threshold (currently set at \$150,000).

If the small purchase procedure is used, RISE obtains a price or rate quote from an adequate number of qualified sources. Three quotes or more constitutes an adequate number of sources, unless the material or service needed is limited in supply. These quotes may be obtained from qualified sources via telephone, fax, email, mail, or other reasonable method.

While receiving quotes from qualified sources, RISE maintains written documentation on the names of the businesses contacted and how they were contacted; the prices that were quoted; and the basis for selecting one firm over the other(s) once all quotes have been received. To determine how to select one firm over the others, one or more of the following methods must be applied and documented in the procurement process:

- Compare competitive prices received in response to the solicitation to one another;

- Compare proposed prices with prices under existing contracts and with prices proposed in the past for the same or similar items/services;
- Apply rough yardsticks (e.g. dollars per pound, per square foot, per hour, etc.) to compare prices and highlight significant inconsistencies that warrant additional pricing inquiry; and
- Compare competitive price lists, published catalog or market prices of commodities and products, similar indices, and discount or rebate arrangements.

Cost analyses are not required for small purchases, but a price analysis must be done to ensure a reasonable total contract or purchase cost. Further, small purchases do not require sealed bids and price and terms of the agreement may be negotiated with the selected firm. The use of a pre-qualified list may be used for small purchases, in accordance with the requirements set forth for pre-qualified lists earlier in this document.

b. Sealed Bids

Sealed bids are a procurement method in which detailed bids are publicly solicited and a firm fixed-price contract (lump sum or unit price) is awarded to the responsible bidder whose bid, conforming with all the material terms and conditions of the invitation for bids, is the lowest in price. Sealed bids are the preferred method of procurement for construction contracts and is used assuming the following conditions have been met:

1. A complete, adequate, and realistic specification or purchase description is available;
2. Two or more responsible bidders are willing and able to compete effectively; and
3. The procurement lends itself to a firm fixed price contract and the selection of the successful bidder can be made principally based on price.

Bids must be solicited from an adequate number of known suppliers, providing them sufficient response time prior to the date set for opening the bids. The invitation for bids, which includes specifications and pertinent attachments, defines the items or services for the bidder to properly respond and all bids are opened at the time and place prescribed in the invitation for bids.

The invitation for bids is published in the journal of record, the publication which RISE chooses to submit its invitations to bid. The journal of record must have distribution across the municipality (such as the *Virginia Pilot*). RISE must also accept bids from a qualified and responsible bidder not on an existing pre-qualified list.

A firm fixed price contract award is made in writing to the lowest responsive and responsible bidder. A responsive and responsible bidder is one who:

1. Submitted a bid in substantial conformance to the conditions and specifications as detailed in the bid;
2. Has adequate financial resources to perform a contract;
3. Is able to comply with the legal or regulatory requirements of the contract;
4. Is able to deliver according to the contract schedule;
5. Has a history of satisfactory performance;
6. Has a good reputation regarding integrity;

7. Has or can obtain necessary data, equipment, and facilities; and
8. Is otherwise eligible and qualified to receive the award if their bid is chosen.

Where specified in bidding documents, factors such as discounts, transportation cost, and life cycle costs must be considered in determining which bid is lowest. Payment discounts are only used to determine the low bid when prior experience indicates that such discounts are usually taken advantage of. Unlike small purchases, the sealed bidding process does not allow for negotiation.

Finally, bids may be rejected if there is a sound, documented reason.

c. Competitive Proposals

RISE uses competitive proposals for professional consulting, architectural, or engineering services. In competitive proposal procurements, more than one source submits an offer and either a fixed price or cost reimbursement type contract is awarded. It is also used when conditions are not appropriate for the use of sealed bids. If the competitive proposal method is used, the following requirements apply:

1. Requests for proposals must be publicized and identify all evaluation factors and their relative importance. Any response to publicized requests for proposals must be considered to the maximum extent practical.
2. Proposals are solicited from an adequate number of qualified sources.
3. Contracts are awarded to the responsible firm whose proposal is most advantageous to the program, with price and other factors considered.

A process of elimination for other procurement types should be used to determine whether a competitive proposal method is the appropriate method for procurement. After determining that competitive proposal is the preferred or only applicable procurement method, RISE must draft and circulate a Request for Proposals (RFP) or Request for Qualifications (RFQ) through the same channels as outlined in the Sealed Bid process. An RFP is used to solicit the single most advantageous vendor or contractor, while an RFQ is written to maximize participation in the solicitation and develop a pool of qualified vendors or contractors. The RFP or RFQ outlines the format and substance of any responding proposal as well as indicate the relative point values for each item considered in the technical evaluation of received proposals.

A technical evaluation is conducted for the proposals received and this evaluation is used in determining the selected recipient(s). Contracts are awarded to the responsible firm whose proposal is most advantageous to the program, with price and other factors considered following the technical evaluation of the proposals received. A cost analysis for each individual element of the proposal is required in this procurement method. The selection is subject to negotiation of fair and reasonable compensation.

6. The RIF application asks for three references. Do we need to submit reference letters?

No. The RIF applicant should only submit names, affiliations, emails and phone numbers for their references.

- 7. Will a new entity, who has registered with the SCC and obtained a DUNS number, need to have also obtained a local business license under that entity's name from the Commissioner of Revenue prior to submitting the sam.gov registration request?**

No. You do not need DUNS or sam.gov registration to obtain a business license. Norfolk city business license information can be accessed at: <https://www.norfolk.gov/index.aspx?NID=744>

- 8. Are vendors/manufacturers that we use for prototyping (not actual field construction) subject to Davis Bacon wage reporting?**

Davis Bacon compliance only applies to construction contracts over \$2,000, not to manufacturing or to materials suppliers. Davis Bacon applies to activities that are clearly construction. Any labor involved in the actual field installation/construction would need to adhere to Davis Bacon requirements.

- 9. Do we need signed contracts with vendors/subcontractors in place when I submit the application?**

You don't have to have signed the actual contracts with subcontractors/partners in place when you submit the application. However, the prime will have to have a separate contract with each team member/subcontractor in order to pay them if the prime is awarded RISE RIF funds (CDBG-DR). The prime will be responsible to ensure that their sub-contractors have a DUNS number and are registered with sam.gov, that they are not debarred, and that all HUD compliance provisions that flow down to the prime from RISE are pushed to the subs.

- 10. Do I need a commitment letter from local governments prior to 1/15 or prior to a pitch to the Investment Committee if I need to install my project on a publicly-owned demonstration site?**

No, you do not need commitment letters from local governments. However, by the time of the presentation/pitch to the Investment Committee in February/March 2019, you should be able to convey a nature of your conversation with the City(ies) and their verbal willingness to accommodate your installation on a publicly-owned sites.

- 11. How should a new businesses entity formed by existing company(ies) respond to Questions 2 & 3 in Section 6 (Underwriting and Due Diligence Materials)?**

Question 2: A 2-year proforma Profit & Loss (P&L) Statement, by quarter for the applicant business

- a. Include a descriptive narrative and describe how this P&L links to the RIF solution proposal, including project milestones and investment returns

RISE Guidance: *Provide information on the new entity, and the relationship with existing entities (e.g., partnership agreements, legal agreements, financial contributions, profit sharing, IP, etc.) as well as the information requested in question 2 (as much as possible). Clearly, if it's a new entity there will not be P&L information available. A future-looking proforma should be included under Section 2: Business Plan, #3 "3 to 5-year financial projections of revenues and expenses, as well as cash flows."*

Question 3: If applicant is currently in business, or if a current business is backing the applicant, provide:

- b. Past 3 years of business tax returns
 - i. If business has been in existence less than 3 years, submit available tax returns and most recent P&L statement and Balance Sheet
- c. AR & AP aging report
- d. Attestation that all payroll and sales taxes are paid up to date.

RISE Guidance: *Provide this information from the existing entities that will be backing the new entity.*

12. Should I submit all documents as PDF?

NEW

Submission documents should be provided in PDF format, the worksheet in Excel format (if you prefer to PDF the worksheet, please make sure to PDF each individual sheet). Submission documents should be put into the finalists' dropbox folders such that they are timestamped by the deadline of 5:00pm EST Tuesday January 15th. If finalist prefers to email them to use instead, please let us know, and make sure the email will be timestamped "received" by the deadline time and date.

Please refer to the "RIF Application Submission Instructions" guidance document saved in your Dropbox folder for additional submission instructions.

13. How should I complete the Applicant/Recipient Disclosure/Report form?

NEW

Guidance on Applicant/Recipient Disclosure/Update Report form:

1. Line 1: Your entity's name, address & phone no
2. Line 2: Your entity's EIN
3. Line 3: Put "RISE Resilience Innovation Fund"
4. Line 4: Put your 100% solution amount from the worksheet
5. Line 5: Put "RISE, 501 Boush St., Suite A, Norfolk, VA 23510"
6. Part I – Q.1: Answer "yes"
7. Part I – Q.2: If you believe your 100% solution will require in excess of \$200,000 by Sept 30, 2019, then answer "Yes". Otherwise answer "no" **and the form is complete - proceed to sign and date the form.**

8. Part II: Complete only if your 100% solution will be receiving other government funds or funds from any other source.
9. Part III: Complete with names and addresses of people/entities describes in Part III 1 & 2 (to your best current knowledge)
10. Sign and date form.

14. Can we provide just schedule C for each year, or the whole return?

NEW

Section 6: Underwriting Materials: Q-3a: Schedule C from past tax returns will be sufficient at first. The underwriter will be in touch if he needs additional information.

15. In our original RISE submittal (Phase I) we uploaded several example documents, that you now have copies up. Can we assume that this information/document convey with the current documents or do we have to include them as attachments again?

NEW

The Investment Committee will not have access to the Coastal Community Resilience Challenge Phase I applications. You will need to include them as attachments again if you want the Investment Committee to review them as part of your RIF submission.

16. Who can I bring to the RIF Investment Committee oral presentation/pitch?

NEW

Only team members (including the prime, partners/subs) included in the application can be part of your presentation to the RIF Investment Committee.

17. Can we add slides to our biz plan before the presentation to the Investment Committee?

NEW

Once the submission is entered by 1/15, 5:00pm EST, it cannot be changed, and the Investment Committee will be judging that document. However, you can add slides for your biz plan at your presentation.