



## **Three-Bid Process**

**For Non-Profit Organizations**  
**Under the**  
**2002 Resources Bond Act**

### **FREQUENTLY ASKED QUESTIONS**

**Q. What is a Three-Bid Process?**

A. It is a process in which three or more service or contract providers compete for a particular job or contract.

**Q. Who generally uses a Three-Bid Process?**

A. Government agencies are required to follow this type of process for public works as outlined in California Government Code, Labor Code, Public Contracts Code and in Title 24 Code of Regulations.

### **THREE-BID PROCESS FOR NON-PROFIT ORGANIZATIONS**

**Q. Why do non-profit organizations need to follow this process if they have been awarded a grant as part of the 2002 Resources Bond Act?**

A. The Three-Bid process ensures a responsible selection of service providers and increases the efficient use of grant funds. All non-profit grantees are required to follow this process for all "paid" work on the project. Volunteer labor and services are exempt.

**Q. What are the basic steps of the Three-Bid Process for non-profit organizations?**

- A.
1. Announcement: The grantee advertises that they are soliciting bids for a service that is needed to complete the project, such as construction services.
  2. Qualifications Review: The grantee obtains at least three bids from potential service providers. These bids are based on criteria that the grantee has established in order to "screen out" unqualified providers.
  3. Evaluation: The grantee and its governing body review the bids.
  4. Selection: The grantee selects a service provider and formalizes the agreement for services with a signed contract.

**Q. What if there aren't three qualified service providers who bid on the project?**

A. The grantee may request a waiver from the Three-Bid process by submitting this request in writing to their Project Officer.

**Q. Is the grantee required to submit the bids to their project officer?**

A. No. The grantee retains this paperwork for audit purposes.

**Q. Is the grantee required to obtain approval of the selected contractor from the Office of Grants and Local Services?**

A. No. The grantee and its governing body make the decision as to which service provider to hire.

**Q. Must the grantee select the contractor with the lowest bid?**

A. No. However, justification must be documented regarding why the contract was awarded to a particular service provider. The grantee retains this paperwork for audit purposes.