

**TNECD Bidding Procedures**  
**Grant Funded Projects**

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## Bidding Process Overview

This guide explains the required activities for grantees to comply with TNECD regulations when bidding and managing grant funded construction projects. The process generally follows these six major phases:

**Preparation of Bid Package → Bidding Procedures → Bid Award → Pre-Construction →  
Construction → Close-Out**

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### Phase 1. Preparation of a Bid Package

The grantee should closely monitor the preparation of the bid contract documents to ensure that all necessary items have been properly completed in order to avoid delays. A completed bid package will include Plans and Specifications.

#### Plans and Specifications

Plans, also referred to as “construction drawings”, must have an engineer or architect’s stamp on each page.

If necessary, the engineer or architect should obtain all necessary permits and historic zoning approvals, and coordinate with all utility companies regarding the proposed construction. Include utility and zoning details in the project plans.

Technical bid specifications, also referred to as “specs”, should be prepared by your project engineer or architect.

Specs must provide a clear and accurate description of the technical requirements for the materials and workmanship required for the project. Fillable bid documents are located on our [Grant Administration webpage](#). Prepared specs must include the following, which cannot be substituted or altered:

Specifications Coverpage, stamped by engineer

Advertisement for Bids

Information for Bidders

Bid Bond

Unit Price or Lump Sum Contract Document

Drug-Free Workplace Affidavit

Statement of Compliance Certificate Illegal Immigrant

Certificate of Non-Boycott of Isreal

Iran Divestment Act  
Central Procurement Notice  
Wage Rate Determination (if applicable)  
Notice of Pre-Construction Conference  
Agreement  
Certificate of Owners Attorney  
Payment Bond  
Performance Bond  
Notice to Proceed  
General Conditions Cover page  
Index of General Conditions  
Supplemental General Conditions

A review of the documents by the grantee's attorney may be performed to ensure compliance with applicable State and municipal law.

A provision to allow the rejection of any or all bids should be included.

The bid documents must be approved by TNECD before advertising. Submit one set of plans & specs via e-mail to your TNECD program point of contact for approval before advertising. The bid document should have all bid items listed above, just as the bidders will receive them. If items are missing from the bid document or corrections are needed, send a corrected copy to TNECD for approval before advertising.

**Advertising the project before approval may result in rebidding.**

### **Force Account Labor**

Force account labor occurs when municipal or county employees perform construction activities rather than the work being completed by a contractor. For force account labor to be approved, the municipality must own the equipment and the municipality's forces must do the work. For a grantee to use force account labor on a project, the Force Account Labor Request form must be submitted to TNECD for approval and can be found on our [Grant Administration webpage](#).

## Phase 2. Bidding Procedures

Once bid documents have been approved by TNECD in writing, the bid opening must take place **within 45 days**.

### Advertising For Bids

The invitation to bid must be published in a local newspaper of general circulation or publicly accessible website approved by TNECD, **at least 14 days prior** to the public bid opening. A copy of the advertisement and/or publication affidavit must be retained in the local grant file.

Local county and city governments have numerous procurement opportunities funded in part by state and federal grants, which require that these opportunities be advertised to Business Enterprises. To assist our local government partners in fulfilling this requirement, they must submit their advertisement opportunities to be posted on the [GO-BID website](#). All documents pertaining to these procurements will need to be hosted by the local governmental entities or contracting authority on their websites; the State is only providing hyperlinks to those postings.

If applicable, **ten days prior** to the advertisement for bids, verify that the wage decision used in your project has not expired or changed. Failure to include the correct wage rates in the contract could result in payroll violations which may be difficult to correct. The wage rates should be screenshotted with a timestamp from the applicable links below.

[Site Development Road Construction Projects](#)

[Federally Funded Projects](#)

**All addenda must be approved in writing by TNECD** before being distributed to contractors receiving bid documents. Addenda must be submitted to TNECD for approval **at least five (5) days prior** to the bid opening and made available to bidders **no less than forty-eight (48) hours before** the bid opening.

### Bid Opening

The following process must be followed when a bid opening is conducted:

- Requirements of the Tennessee Contractors Licensing Act of 1976 should be followed concerning information on the outside of the contractor's bid submittal envelope
- Bids must remain sealed until the opening
- Log time and date of receipt, name of bidder and procurement number on all bids received
- Bids must be read aloud to determine the apparent low bidder
- The administrator must keep minutes of the meeting for the grant file

### Phase 3. Bid Award

#### **Do not award the contract without TNECD approval**

#### **Within 14 days of the bid opening:**

The Project Engineer/Architect will:

- Review bids for technical and legal responsiveness
- Evaluate the bidder and their capacity for performing the services required
- Prepare the certified bid tabulations
- Draft & issue the recommendation for award

The grantee will:

- Accept or decline recommendation

The Project Administrator will send the following to TNECD for review/approval:

Certified bid tabulations

Recommendation for award

Bid for Unit Price Contracts or Lump Sum for the recommended bidder

Drug-Free Workplace Affidavit for the recommended bidder

Illegal Immigration Certificate for the recommended bidder

Certification of Non-Boycott of Israel for the recommended bidder

Iran Divestment Act Certificate for the recommended bidder

Newspaper bid advertisement or publishers' affidavit

TNECD will issue an approval letter which will include verification of contractor eligibility upon receipt of the bid tabs as well as provide instructions for how to proceed.

**Award the contract within 60 days of TNECD approval or reject all bids.** There must be enough money in the construction budget to cover the bids to award the contract, otherwise the budget must be revised.

If for any reason the **low bid is not accepted**, the administrator should submit the certified bid tabs, along with a written justification endorsed by the owner's attorney and an alternate proposal for completion of the project.

**If all bids exceed the construction budget**, the grantee may not negotiate the contract price with any bidder, particularly the lowest bidder. The grantee has three options for next steps:

- Provide the additional funds needed to pay for the contract from local funds. (May require a resolution for the commitment of additional local funds).
- Rebid the project (applicable if there was only one bidder).
- Alter the project through a mini-rebid process as follows (applicable only if there is more than one bidder):

Consult with the project engineer and decide which items can be adjusted from the construction bid specifications. Changes to bid specifications must not change the project's scope during the rebid process. If additive or deductive alternates were included in the original bid, a rebid is not required.

Submit a letter detailing all requested changes in the bid specifications to TNECD for approval.

After receiving written approval of these changes, contact all bidders from the initial bid by certified mail and request that they resubmit. Bidders must be informed that they have the right to change the unit price of any of the line items in their original bid, as long as they conform to the revised bid specifications.

Award the contract to the bidder submitting the lowest bid that conforms to the revised bid specifications.

**If all bids received in the second bidding are still greater than the amount of the budget**, grantees should repeat any of these three alternatives or notify TNECD that the project, as originally contracted, cannot be performed for the amount of money budgeted.

## Phase 4. Pre-Construction Activities

Once the contract has been awarded, the following activities must be performed before construction can begin:

Issue the Notice of Contract Award and Pre-Construction Conference at **least 10 days prior to the pre-construction conference.**

Pre-Construction Conference Agenda Items:

- Execute Contract Agreement between the owner and contractor.
- All bonding and insurance provisions must be met as required in the contract. These documents should be attached to the contract document.
- Certificate of Owner's Attorney shall be signed.
- The Contractor should be notified of their responsibilities regarding the wage decision and payrolls (if applicable) as required in the contract:
  - Classify all workers in conformity with the wage rate determination included in the construction contract.
  - Post the prevailing wage rates at the construction site and make these rates available to employees. Fringe benefits are not included in prevailing wage rates.
  - Submit weekly certified wage rates and other applicable documentation.
  - For all projects, pay overtime compensation of one and one-half times the basic rate of pay for all hours worked over 40 per week.
  - Make only those deductions from wages authorized by law.
  - Make employment records available for inspection.
- Issue the Notice to Proceed, which authorizes the contractor to begin work on a designated date. Retain a signed copy in the grant files.
- Invoicing and Reimbursement procedures.
- Periodic status updates shall be provided to the administrator.
- Administrator shall keep a sign-in sheet and create meeting minutes.

## Phase 5. Construction Activities

After construction has been initiated, the following tasks must be undertaken to administer the grant in accordance with TNECD compliance standards and to keep TNECD informed of project progress during this remainder of the project.

### Periodic reporting

All contracts include language regarding periodic, annual and close-out reporting. Each grant program has varying periodic reporting requirements which can be found on our [Grant Administration website](#). Reporting is reviewed during the monitoring process and can result in a finding if not timely and accurate. The designated grant administrator is responsible for submitting reports after consulting with the project engineer/architect to obtain a thorough update.

### Documentation Review

Construction pay applications should be signed, dated and notarized before undergoing a thorough review by the project engineer/architect. If found to be complete and accurate, the project engineer/architect must sign, date and stamp each construction pay application before submitting them to the grantee for payment or the administrator for inclusion in a reimbursement request.

Retainage must be withheld for construction activities in accordance with [Tenn. Code Ann. § 66-34-104](#) and released to the contractor only after the successful completion of the project. The grantee is obligated to place 5% of the construction expenses into an escrow account for projects of \$500,000 or more.

### Invoicing/Requesting Reimbursement

Activities that take place outside of the contract dates or the scope outlined in the grant contract are not eligible for reimbursement.

Invoices should be submitted for reimbursement no more than monthly and no less than quarterly, unless the grant program has specific provisions stating otherwise.

All invoices and back-up documentation must show dates of service and include a description of the service provided or work completed.

Individual project invoices must not include service dates that span across TNECD's fiscal year (June 30 – July 1). However, reimbursement requests may include invoices that represent services performed in multiple fiscal years.

## Change Orders

All change orders must be approved by TNECD prior to execution. If a change order results in an increase in the grantee's financial obligation, additional documentation will be required.

## Budget Revisions

Budget revisions will be needed throughout the project and should be initiated by the project administrator. The budget revision request form can be found on our [Grant Administration website](#) and submitted to TNECD for processing.

## Phase 6. Close-Out Activities

Inspection and acceptance of the work, close-out of construction and making the final payment involve the completion of the following tasks:

A final inspection should be arranged between the grantee and the contractor.

A final inspection report should be submitted by the engineer to the grant recipient.

All labor compliance activities must be completed. For applicable projects, weekly payroll documentation should be maintained in the grant file and will be reviewed during monitoring.

Notice of Completion should be publicly advertised with a request that anyone having a claim against the project notify the grantee. If no claims are made during a **10-day period**, the release of liens from the contractor may be accepted.

A final pay request can be submitted to [ecd.invoices@tn.gov](mailto:ecd.invoices@tn.gov) and should include:

Notarized Release of Liens

Notice of Completion with advertised date visible

Final construction pay request to draw down retainage

Closeout report should be submitted once the final reimbursement request has been submitted.

## Monitoring

Monitoring will be initiated by TNECD at a point after the project has reached 50% completion. Construction projects are often monitored in person, which includes a grant file review as well as a visit to the project site.

Grant file review includes an assessment of all documents related to the processes described herein. Compliance items outlined in the executed grant contract and other compliance items include:

- allowable activities and costs
- cash management
- labor compliance (if applicable)
- grantee eligibility
- equipment and real property management
- matching/level of effort/earmarking
- period of availability of funds, procurement and suspension and debarment, program income, real property acquisition and relocation assistance, reporting, subrecipient monitoring and special tests and provisions.