

August 16, 1995

ALABAMA CDBG INTERGOVERNMENTAL
POLICY LETTER NUMBER 21

TO: Persons Interested in State
CDBG Program

FROM: Edwin I. Gardner
Chief, Planning and Economic
Development Division

CLARIFICATION OF POLICY ON CONSTRUCTION CONTRACTING

After careful review the State has determined that a construction contract bid for both labor and materials, wherein a unit of government purchases the materials from a vendor selected by the contractor and wherein the construction contractor only invoices a unit of government for labor, is not consistent with the Common Rule. Consequently, effective this date, a contract awarded using this procedure will result in disallowed costs.

The State will continue to consider solely material bids to be acceptable. Further, materials and labor can be bid together as well as separately.