**City of Dunham**

**NCHFA Updates**

Created: 10/9/24

Changes Made: new model document for partners wanting to act as the general contractor (self-contracting)-staff reviews updated 10/24/24.

**Instructions for use of the ESFRLP Procurement and Disbursement Policy-Self Contracting**

1. The yellow highlighting in the document is used by NCHFA to show specific reference items which must be reviewed and likely revised. The blue highlighting in the document is used to show model language for optional practices. The green highlighting is used to show revised language in the ESFRLP24 cycle. **NOTE:** This is a very basic document. You should use it as a supplement for the ESFRLP program to the procurement and disbursement policies already in place for your organization. Before submitting this document to NCHFA for PAD approval, be sure that your organization’s authority has approved its content.

2. To facilitate reduced NCHFA approval times for content changes your organization makes to the policy, use green or other color highlighting to show changes to your organization’s assigned NCHFA case manager.

3. Date submitted: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

4. Person for NCHFA to contact concerning revisions: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

5. Provide any notes to your NCHFA case manager below:

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

6. When adopting (getting your local signed approval for) this policy:

1. Please review to ensure that the policy mirrors the way that your organization functions.
2. Change all personnel, location, income and date references as needed, at minimum, and delete all highlighting.
3. Once all adjustments are made and your NCHFA case manager has approved your URP Policy, delete this page prior to adoption.

**Procurement and Disbursement Policy**

**For the 2024 Cycle of the**

ESSENTIAL SINGLE-FAMILY REHABILITATION LOAN POOL

**PROCUREMENT POLICY**

**General – applies to all types of procurement**

1. To the maximum extent practical, the City of Dunham (the City) promotes a fair, open and competitive procurement process as required under the North Carolina Housing Finance Agency’s Essential Single-Family Rehabilitation Loan Pool (ESFRLP). Work under ESFRLP will be procured through private contractors (Section A), a combination of City staff and volunteer labor (Section B), and/or through the use of subcontractors for specialized trades (Section C), as described below. The City of Dunham will primarily act as the general contractor and utilize staff and volunteer labor and subcontractors for specialized trades except as described in Section A.
2. For some units, the City will use general contractors for jobs that are completed “turn-key” by the contractor, involving little or no staff or volunteer labor or City -managed subcontractors. The majority of jobs, however, will be completed by a combination of staff, volunteer labor, and City -managed subcontractors (where the City acts as the general contractor); subcontractors will be used when special skills or licenses are needed to complete a portion of a job. All contractors or performing or sub-contracting $40,000 or more of construction work shall be licensed general contractors as per NCGS 87-1.
3. For all pre-1978 units, the City is responsible for either acting as or ensuring that a Renovation, Repair and Painting Rule (RRP) Certified Renovator working for Certified Renovation firm is on-site. The RRP contractor must have both firm certificate and qualified renovator’s letter on file. For units where abatement is required or with more than $25,000 of construction costs not attributed to Lead-Based Paint (LBP) stabilization/removal, projects must use a certified lead abatement firm as required by North Carolina’s Lead Hazard Management Program for Abatement Activities (LHMP). Both firm types are listed at this website: <https://schs.dph.ncdhhs.gov/lead/accredited.cfm> .
4. The City of Dunham is an equal opportunity employer, implements non-discriminatory practices in its procurement/disbursement and will make special outreach efforts to include M/WBE (Minority/Women Business Enterprise) businesses within its contractor and subcontractor pools. Contractors will be chosen by the above criteria without regard to race, color, religion, national origin, age, sex, familial status and/or disability.
5. The City reserves the right to reject any or all bids at any time during the procurement process.
6. The general contractor is responsible for obtaining a building permit for the project before beginning work if supported by the local jurisdiction. The permit(s) must be posted at the house during the entire period of construction. If applicable, the general contractor will obtain (or cause to be obtained) a permit for lead hazard related activities or any other sub-contracted work requiring a permit.
7. To protect personal property the homeowner will be responsible for working with the general contractor toward clearing work areas of personal property as needed as much as practical. The general contractor will be responsible for all clearing and cleaning activities necessary due to construction activities.
8. No work may begin prior to a contract being awarded and executed and a written order to proceed provided to the general contractor. An executed contract is required even when the City is acting as the general contractor. In addition, a pre-construction conference and “walk thru” shall be held at the work site prior to commencement of repair work. At this time, the homeowner, general contractor and ESFRLP City of Dunham program representatives will discuss the details of the work to be completed. Starting and ending dates will be finalized, along with any special arrangements such as weekend or evening work hours and disposition of items to be removed from the home. Within 24 hours of the pre-construction conference, the City of Dunham will issue a "proceed order" formally instructing the contractor to commence work by the agreed-upon date.
9. Any change to the original scope of work must be reduced to writing in the form of a change order to be agreed upon and signed by all parties to the original contract including at minimum, the homeowner, the contractor or subcontractor and two representatives of the City. The change order must also detail any changes to the original contract price and completion date.
10. City of Dunham ESFRLP staff will closely monitor the general contractor (using separate personnel when the City is acting as the general contractor) during the construction period to make sure that the work is being completed according to the work write-up (which is made a part of the rehabilitation contract by reference) and in a timely fashion. Local Code Enforcement Officials will inspect the work for compliance with the NC State Building Code and the local minimum housing code, when applicable.

**A. General Contractors**

A1. The City of Dunham will bid out projects when {insert circumstances when a GC will be procured}. Bids are invited from Contractors who are part of the City’s Approved Contractor Registry. Any current contractor listed with and approved by the City and in good standing (ie. no unresolved past performance issues and not listed on the federal or state debarred list) will receive automatic approval status on the Approved Contractor Registry.

A2. To be listed in the Approved Contractor Registry, a contractor must complete an application, have their recent work inspected, reviewed and approved by the City’s Rehabilitation Specialist and submit proof of insurance.

(Option) Describe the process to qualify (describing eligible characteristics) or disqualify contractors from bidding. (provide language) Qualified vendors are those substantially meeting the applicable specifications and laws, taking into consideration quality, performance and the time specified in the bids for performance of the contract. Contact the City for an application to become a qualified vendor.

A3. At least three eligible contractors on the City’s Approved Contractor Registry shall be invited to bid on each job and the lowest responsive and responsible bidder shall be selected for the contract. “Responsive and responsible” means (a) the contractor is deemed able to complete the work in a timely fashion, (b) the bid is within 15%, in either direction, of the City’s cost estimate, (c) the contractor has not been suspended or debarred and (d) there is no conflict of interest (real or apparent.

(Option) Describe the process and requirements used to notify contractors of projects available for bidding. (provide language) The City will conduct a public or virtual (describe the medium like ‘via Zoom’) bid allowing qualified vendors to provide quotes, bids or proposals for the product or services needed. Every reasonable effort will be made to receive at least three quotes, bids or proposals.

A4. Although bid packages may be bundled for multiple job sites, the bids for multiple job sites shall be considered separate and apart when awarded and shall be awarded to the lowest responsive and responsible bidders for each job site.

A5. Bid packages shall consist of an invitation to bid, work write up(s) and bid sheet(s) for each job, including instructions for distribution and receipt of bids. Contractors will be given no less than seven days in which to inspect the property and prepare bid proposals. Each contractor will need access to all parts of the house in order to prepare a bid.

A6. Bids must include a cost-per-item breakdown with line-item totals equaling the submitted bid price. Discrepancies must be reconciled prior to a contract being awarded. If the amount of the bid exceeds the amount that is available for the unit, the same item(s) will be removed from the cost-per-item breakdown from every bid package submitted.  No negotiations will take place with the chosen contractor.

A7. (Option) A bid opening will be conducted in the Commissioner’s Board Room located at the Kucab County Court House, 111 Main Street, Dunham, NC at a specified date and time, with all bidders invited to attend.

**OR**

(Option) All sealed bids will be opened publicly at a time and place to be announced in the bid invitation. All bidders are welcome to attend.

Within 72 hours of the bid opening, after review of bid breakdowns and construction schedules, the winning bidders will be selected. All bidders and the homeowner will be notified in writing of 1) the selection of the winning bid, 2) the amount of the winning bid, 3) the amount of the City’s cost estimate, and 4) the specific reasons for the selection, if other than the lowest bidder was selected.

A8. In the event of a true emergency situation, the City reserves the right to waive normal procurement procedures in favor of more expedient methods, which may include seeking telephone quotes, electronic bids and the like. Should such methods ever become necessary the transaction will be fully documented. In the event phone bids are used, the City of Dunham will call the first three responsive contractors on the Approved Contractor Registry who have indicated a desire to be on the telephone call list. The City will track who has been called and responsive, and will rotate through the full list before beginning the rotation again.

**B. Staff and Volunteer labor**

B1. The City is responsible for procuring all material under the Essential Single-Family Loan Pool program in a fair, open and competitive process.

B2. Work write-ups on each job and cost estimates will be completed by the City with materials broken down by line item. All ESFRLP work write-ups and cost estimates will be reviewed and approved by the City’s Rehabilitation Administrator prior to the job being bid.

B3. Three to ten local suppliers shall be invited to bid annually on a City-developed materials list that includes a sample of typical materials used for jobs that involve staff and volunteers. The City will make special efforts to include M/WBE businesses in this process. The City will select at least three suppliers that can be used over the course of the year. The lowest responsive and responsible suppliers shall be selected. “Responsive and responsible” means (a) the supplier is deemed able to complete the material request in a timely fashion, (b) the bid is within 15%, in either direction, of what the City has estimated the materials to cost, (c) there is no conflict of interest (real or apparent), and (d) the suppliers agree to B4 as stated below.

B4. The City will establish an account with the selected suppliers and detail all requested materials by unit. The supplier will bill the City directly.

B5. City staff will be responsible for signing for all material receipts from the suppliers and maintaining itemized materials invoices.

B6. An itemized summary account will be supported by original source documentation such as itemized materials invoices in each client’s file.

B7. Volunteer labor will only be used for a project if the following are in place:

1. an agreement between the City and the homeowner allowing the use of volunteers;
2. liability insurance for coverage of the volunteers on at the jobsite;
3. an agreement between the City and each volunteer as required for insurance purposes to indemnify the City and
4. all volunteers are over the age of 18 unless pre-approved and can legally consent to provide volunteer labor. [if you anticipate using volunteers under the age of 18 for construction activities, provide a more detailed paragraph in consultation with legal counsel]

**C. Subcontractors**

C1. The City is responsible for procuring all subcontracted services under the Essential Single-Family Rehabilitation program in a fair, open and competitive process.

C2. The City will annually review and update its pool of subcontractors by inviting area subcontractors to submit a bid for a sample job(s). The City will make special efforts to include M/WBE businesses in this process. There will be a sample job for each of the major trades for which the City needs to have a pool of subcontractors: plumbing, roofing, electrical, HVAC, gutters and insulation, masonry, concrete, tree trimming, and others as needed. The lowest three to five responsive and responsible suppliers shall be added to a pool for their specified trade. “Responsive and responsible” means (a) the subcontractor is deemed able to respond to a work order in a timely fashion, (b) their bid is within 15%, in either direction, of what the City has estimated the sample job to cost, and (c) there is no conflict of interest (real or apparent). Subcontractors must also have recent work inspected, receive favorable references from recent clients, submit proof of licensure (if needed) and insurance at the appropriate levels required by the Agency, and not have a history of poor performance or responsiveness with the City.

C3. When it is determined that a particular job will require the use of a subcontractor, the City will, at its discretion (based on availability of the subcontractor, demands of the job, and recent history of performance) select a subcontractor from the relevant pool to engage for the job. Identified subcontractors will be provided with detailed work write-ups on each job and must submit a similarly detailed cost estimate for each job. The subcontractor will bill the City directly.

**DISBURSEMENT POLICY**

1. All repair work must be inspected by (a) the City’s Rehabilitation Specialist, (b) the local building or minimum housing code inspector when applicable and (c) the homeowner prior to any payments to contractors. If all work is deemed satisfactory and all other factors and written agreements are in order, payment shall be issued upon presentation of an original invoice from the general contractor or subcontractor. The general contractor or subcontractor should allow 21 business days for processing of the invoice for payment.
2. If any of the work is deemed unsatisfactory, it must be corrected prior to authorization of payment. If the general or subcontractor fails to correct the work to the satisfaction of the City’s Rehabilitation Staff, payment may be withheld until such time the work is satisfactory. (Both general contractors and subcontractors may follow the City of Dunham’s Essential Single-Family Loan Pool program Assistance Policy if a dispute occurs; however, all shall abide by the final decision as stated in the policy).
3. The general contractor or subcontractor is entitled to request two partial payments and a final payment. The first partial payment may be requested when the work is 50% complete. The second partial payment may be requested when the work is 85% complete. When a payment is requested, the Rehabilitation Specialist will inspect the work within three days, determine percentage of job completion and calculate a payment based on 90% of the total work completed.
4. Following construction, the Rehabilitation Specialist and general contractor will meet with the Homeowner in a post-construction conference. At this conference the general contractor will hand over all owner's manuals and warranties on equipment and products to the homeowner and be available to answer homeowner questions.
5. Project Closeout: When the general contractor declares the work complete, the Rehabilitation Specialist will thoroughly inspect the work. If any of the work is deemed unsatisfactory, it must be corrected prior to authorization of final payment. If the general contractor or subcontractor fails to correct the work to the satisfaction of the City’s Rehabilitation Specialist, payment may be withheld until the work is deemed satisfactory. (General contractors and subcontractors may follow the City’s Essential Single-Family Rehabilitation Loan Pool Assistance Policy if a dispute occurs; however, all contractors shall abide by the final decision as stated in the policy). The Homeowner, Project Administrator and Rehabilitation Specialist will sign off on the work. After receipt of the general contractor's final invoice, inspections, certificate of completion and lien releases, the final payment will be ordered. All material and workmanship will be guaranteed by the general contractor for a period of one-year, using the date the Rehabilitation Specialist declares all work complete and approves the final invoice for payment, the homeowner will be provided the one-year warranty date in writing.
6. The City of Dunham. assures, through this policy, that adequate funds shall be available to pay all general contractors, sub-contractors and suppliers for satisfactory work.
7. All general contractors, subcontractors and suppliers must sign a lien waiver prior to disbursement of funds.

This Procurement and Disbursement Policy is adopted this the \_\_\_ day of \_\_\_\_\_ 20\_\_\_.

**City of Dunham**

BY: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Attested by: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

**CONTRACTORS STATEMENT:**

I have read and understand the attached Procurement and Disbursement Policy.

BY:\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

COMPANY NAME:\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

WITNESS:\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_