

Single Family Repair Program

City of Memphis Housing & Community Development

Response to the Questions

RFP#: 26663

(1) Q. It is my understanding that the “Contractor” will be reimbursed by the City after work is complete. If a customer defaults on the loan as described in section 2.2-3, who will be responsible for collections?

A. A home repair firm can make a request for one partial payment if the work is for \$10,000 or more, which will be paid by the Contractor (program administrator). Therefore in some instances, the Contractor will be reimbursed for a partial and final payment upon approval. The Contractor’s work will be considered complete (aside from reporting and record-keeping) when the repair work is done, and the City gives final approval to it. Regarding collections of loans to homeowners, the City of Memphis will be solely responsible for loan servicing, including collection.

(2) Q. The Contractor is required to employ a professional firm to check land titles. If [Respondent name removed] is able to perform this task could this be used as like kind leverage funds?

A. The RFP states that land title checks must be performed by qualified personnel. First, you have to demonstrate in your proposal that you have qualified staff for this purpose. Second, in the Cost Proposal section of your proposal, go ahead and put in a “cost” per title check and a total “cost” for 65 title checks and then add “In-kind donation”. The City will reserve the right to request and analyze more information to determine if the claimed value of the in-kind work is reasonable.

(3) Q. If [Respondent name removed] is willing to perform admin function at no charge; can this be used as “leveraged funding”?

A. Yes, this can count as leveraged funding. In your proposal, in the Cost Proposal section, put in what you believe to be the market value of the services you are

donating, and then, for each entry for which you propose to donate services, add the words, "In-kind donation". The City will reserve the right to request and analyze more information to determine if the claimed value of the in-kind work is reasonable.

(4) Q. Are you available to answer questions by phone or do they all have to be in writing?

A. All questions have to be in writing. No answers may be given verbally by staff, subsequent to the pre-bid meeting.

(5) Q. Is there a time that proposals are due on May 16, 2014?

A. 2:00 p.m. See page 15 of the RFP.

(6) Q. Is this for general contractors or is this more for consultant services?

A. The City is requesting proposals for an organization (called the "Contractor") to administer and operate the Single Family Home Repair Program. See the Scope of Services on pages 5-11 of the RFP.

(7) Q. Page 9 (of the RFP) The role of the homeowner and their responsibility vs. the Contractor concerning the hiring of a Home Repair Firm. How does this flow align with final inspection conducted by the Contractor's inspector and City inspector and not the homeowner?

A. The homeowner is borrowing the funds from the City and must sign the contract with the home repair firm. So in that respect, the homeowner is "selecting" the contractor. When the final program design is completed during the start-up period, the City expects this to include detailed guidelines and a work-flow process for; (a) selecting contractors to bid, (b) how bidding is conducted, and (c) how the successful bidder is selected.

The City will require that the bidding process be standardized for all clients. The City's intent is that capable homeowners should have a say in which home repair firms are: (a) selected to submit proposals, and (b) are selected to do the work. However, the Contractor will be expected to administer the bidding and selection for homeowners who aren't capable of completely understanding the process. And the Contractor will have the right to veto any homeowner's selection of a non-low-bidder with proper documentation.

(8) Q. With regards to the eligible repairs, who determines what work is eligible if the customer needs multiple measures? Example: A customer needs a new roof and a new HVAC system. Customer has in their mind that they want the roof. We

may determine that the HVAC would be better fit. Who gets to decide and what criteria should we use?

- A. First of all, the City expects the Contractor's inspector to follow the approved program design which will include hierarchy of priorities and approved eligible services based on available funds. The RFP describes a very limited list of eligible repairs. Before and during the start-up period, the City and the Contractors will work together to complete a final program design, which will include guidelines with regard to a hierarchy of priorities for different kinds of eligible work. However, the situations of homeowners and the condition of homes vary considerably, so the City expects that any guidelines will be applied with good judgment.

(9) Q. Will/can marketing of the program have to include acknowledgement of the City/HCD's association?

- A. Yes. The City will have to be mentioned (as well as the U.S. Dept. of Housing and Urban Development--HUD) as one of the sources of funding for the program. Acknowledgement of the City's and HUD's role and the prominences of any acknowledgement are negotiable.

(10)Q. At what point will the lead (paint abatement) funds be incorporated into the CDBG funds? Will the funds be included as needed or specifically when will that money be allocated?

- A. See page 9 and 10 of the RFP.
The City's Lead Department will set aside a minimum amount of funds to be used in conjunction with some of the homes. Some homes will be exempted from abatement. Homes that are not exempted will be referred by the Contractor to the City's Lead Department, which will inspect, test and develop a scope of work for remediation work and directly hire and pay remediation contractors to do the work.

(11) Q. There is no mention of Davis-Bacon Wages or Waste Stream Management. Do these apply?

- A. Davis-Bacon wages requirements do not apply in any respect to single-family home repair contractors. There is no specific requirement in this program for waste stream management other than complying with federal requirements and local codes for handling hazardous waste such as asbestos and lead paint chips and residue.

(12) Q. Is the OMB133 audit an eligible expense?

- A. It would not be eligible for direct reimbursement per the terms of the RFP. The cost should be reflected in the portion of a respondent's Cost Proposal identified

as “performance payments.” For example, a respondent might estimate the total cost of the annual audit, and pro-rate the cost to the per-project performance payment bid. If the respondent is already subject to an A-133 audit or other audit, the respondent might calculate only the incremental cost of including the program in the audit. The A-133 requirements are expected to apply to units of local government and nonprofits which submit proposals, since the federal funds expenditure is expected to exceed the A-133 threshold of \$500,000 per year. Similar requirements (for a “compliance audit”) apply to for-profit firms, who must complete an audit in a form similar to the A-133 requirements for nonprofits.

(13) Q. Who selects the contractor to perform the work, the homeowner or the administrator?

A. This question was answered. See Question 7.

(14) Q. If partially repaired and not up to code, who deals with code? Who decides when to pass on a job, that work exceeds the per-home cost limit?

A. From the standpoint of HUD’s CDBG rules, bringing a home to meet full housing code is not required. The RFP (page 1) states that “*The repaired homes will not necessarily conform 100% to local codes or HUD’s Housing Quality Standards, but all serious health and safety problems should be addressed to the extent that is financially feasible*”. Prior to the program start-up, the City will create Home Repair Standards to guide the Contractor on how and when the Contractor will address the Eligible Repair Items described in the RFP. These Standards will include “ineligible” scenarios. For example, if the home has one or more serious structural problems as described in the Repair Standards, it may be a “ineligible”, unless the structural problems can be repaired within the cost limits of the program.

(15) Q. How are change orders handled beyond contingency amounts? Does customer have say in work scope? Example: Home needs HVAC and windows. Who decides what customer gets?

A. Change orders may not exceed the contingency line item in the homeowner’s budget for uses of his or her loan. The City will not advance additional funds; therefore, the Contractor must be very careful in conducting inspections, specifying the work, and specifying an adequate amount of contingency funds.

The customer will have some say in work scope, when it comes to prioritizing eligible items but there will be instances in which the Contractor can overrule the homeowner. [See the answer to Question 8].

To respond to your example, generally HVAC repairs would have an absolute priority if the current HVAC system condition presented health and safety

threats. And generally speaking, unless a window frame is rotten or broken, replacement windows would not take priority over health and safety purposes.

(16) Q. Can you elaborate on the leverage funds?

A. The RFP and the Proposal Form are very specific about what can count for leverage and how it must be documented in the proposal. Examples include other sources of funding including grants of cash, volunteer labor and donated materials. Based on Question 3 (above in this document), the City clarified that if a Respondent proposes to forgo part or all of the administrative fees as an in-kind donation, this would count as leveraged funds. Methods of a respondent proposing this, and the City verifying this, are described in the answer to Question 3.

(17) Q. Can the administrator do all of the work using volunteers and subs without hiring Home Repair Firms?

A. Some work will require licensed tradespeople, such as electrical and HVAC work. In the RFP, the term "Home Repair Firm" refers both to general contractors and specialized trade contractors. The administrator (called the Contractor in the RFP), could deploy its volunteers and have individual contracts with several trade companies (HVAC, roofing, etc.). The decision of when to require a general contractor for home repairs is left up to the Program Contractor (administrator). The City's view is that when many paid trade companies are involved, a general contractor would normally be needed to coordinate their work. However, a Respondent could propose to provide a Construction Manager (on staff or an administrative subcontractor) who coordinates the work of those trades. If that were the case, the Respondent would need to include the cost of this additional coordination work in the performance payment portion of the Cost Proposal. In this situation, the Contractor would not be considered a general contractor in the normal sense of that term. Instead, the Contractor would be responsible for assuring that the work by volunteers is done, done properly and coordinated with the work of one or more specialized trade contractors. The scope of work for each repair project would include complete and accurate descriptions of all work being performed by volunteers. Each project budget would have to include a detailed list of materials that would have to be purchased for installation by the volunteers. The procurement of materials would have to be done in accordance with CDBG requirement. And the City would hold the Contractor completely responsible for the proper delivery and quality of the repair work by volunteers.

(18) Q. Are funds available for marketing?

A. Yes, up to \$8000, which City expects will be mostly spent during the first weeks of program implementation, to make best efforts to inform all eligible City residents of this opportunity.

(19) Q. Are administering fees over and above the \$650K or inclusive?

A. In making your proposal, assume that fees for administering the \$650,000 in CDBG funds must be paid from those CDBG funds. Fees for administering leveraged funds must be paid from leveraged funds or not charged at all—CDBG funds cannot pay for those additional fees. This is how the RFP is structured. If you wish to present an alternative scenario for the City's consideration, please see the instructions for doing so in the Proposal Form. Please note that you must first present a proposal that conforms to the RFP (as just described here), and then present the alternative approach under Section 9 of the Proposal Form and an alternative Cost Proposal added to Section 21 of the Proposal Form.

(20) Q. Are line of credit interest fees reimbursable if payment is delayed?

A. No, they are not reimbursable as direct cost. Respondents must estimate any Interest-carry cost and propose performance payments that are adequate to cover these costs.

(21) Q. Who will be the program administrator with the city? Who will process the reimbursements?

A. The HARP Construction Department will administer the program for the City. This department will process all reimbursements.

(22) Q. Must a Respondent have attended the pre-submission conference on April 16, in order to bid?

A. Proposals will only be accepted from organizations that had representation at the mandatory pre-proposal meeting.

(23) Q. Will the city process the loan of the CDBG funds or will the administrator be required to come up with a separate agency to process these loans? In regards to processing the loan I am referring to qualifying by means of credit, debt ratio, and other factors typically considered when granted a loan. I am aware that this is a grant that will be forgiven over time; however, I am assuming there may be loan guidelines attached to it affecting approval or disapproval.

A. The administrator (called "Contractor" in the RFP) or a subcontractor will have to be qualified to perform these functions. The debt service ratio will not be relevant because these loans have no monthly repayment requirement and will be forgiven over time.

(24) Q. Will the City provide the Area Median Income (AMI) to the administrator and will

there be a certain amount of the funds allocated to one area oppose to another?

- A. The administrator (called “Contractor” in the RFP) may obtain the current AMIs for Memphis, by household size, from the City or the HUD website. The City and the Contractor must base income eligibility on the published HUD AMI numbers. During the term of the contract, the published AMIs will be updated by HUD, and the Contractor must immediately implement those new income standards.

(25) Q. On Exhibit "A" where it calls for proposed sub-contractors, is this pertaining to subs that will be used by the administrator to do work on certain jobs the administrator acts as general contractor? This does not consist of the list of Home Repair Firms the administrator will be required to come up with upon being awarded the contract does it?

- A. This pertains only to subcontractors hired to perform start-up, marketing or other implementation tasks that the Respondent is bidding on. It does not refer to the Home Repair Firms—the reason being that the selected Respondent (called “Contractor” in the RFP) does not have full control over selecting the Home Repair Firms. From a legal standpoint, the Homeowner and not the Contractor is hiring the Home Repair Firms. Therefore the administrator (program Contractor) may not act as a general contractor or any form of home repair contractor; unless an alternative and beneficial approach was approved at the sole discretion of the City. For example, the answer to Question 18 above addressed how a Respondent might directly provide and manage volunteer labor as a leveraged resource—a situation in which the Contractor would take a very active role in construction management but still would not act as a general contractor (as that term is used in the construction industry). Finally, any Home Repair Firms receiving funding from the SFHRP will be under contract to the Homeowners, and none will have a subcontract relationship with the program Contractor.

(26) Q. In satisfying the minority participation goal, are companies certified as DBE allowed and awarded the same credit as using a contractor who is certified as a M/WBE?

- A. Companies must be certified by the City as M/WBEs in order for the Respondent to get points for them in the selection and, during program implementation, to satisfy the Respondent’s commitment (in the Respondent’s proposal) for a minimum participation by M/WBEs.

(27) Q. Does the contractor have to be a General Contractor since the repairs deemed to be under \$ 25,000.00?

- A. Each Respondent should study the RFP in its entirety for the scope of work and required qualifications of the Contractor. The RFP is for a Contractor to administer the program. The Contractor will not have any function as a construction contractor/general contractor. However, the Contractor will have construction management responsibilities. The only construction contractors to be involved are referred to as "Home Repair Firms" in the RFP. See Page 9 of the RFP for a description of how the program Contractor will determine whether a Home Repair project requires a general contractor, or not.
- (28) Q. Out of the \$650,000 program budget, is a percentage breakdown of administrative and program implementation available?
- A. No, there is not such a breakdown. The City is soliciting competitive bids and will base the administrative budget on the successful proposal, subject only to possible negotiations that could result in an amended price proposal.
- (29) Q. Citing the application, additional funding may be available further into the contract. How much may be available and would it significantly impact the number of home repairs?
- A. That statement was included in the RFP to put Respondents on notice that the program might be expanded. The City does not know whether this will occur, how much funding may be involved or when the funding might be made available. Respondents should bid on the basis that only \$650,000 will be available for the contract to administer the SFHRP, for both administrative and home repair costs.
- (30) Q. When is the contract start date?
- A. July 1, 2014
- (31) Q. Since the housing repair need is significant in Memphis, is developing a plan and spending money on marketing necessary as a way to expend the program funds?
- A. Each Respondent must submit a marketing/outreach plan as described in the RFP and Exhibit A. A Respondent must include enough funds in the Cost Proposal for outreach and marketing unless that effort will be provided in-kind and describes it as such in the Cost Proposal. In the first weeks of program implementation per the approved Program Schedule, the City expects the selected Respondent (Contractor) to make eligible residents of Memphis aware of the existence of the program and how to apply for it. In addition, in the event that sufficient applications are not received, the Respondent must be prepared and able to do additional marketing.

The marketing/outreach plan must say how these tasks will be carried out. Proposals will be scored on the quality and apparent effectiveness marketing/outreach approach, as well as its cost-effectiveness. In other words, an excellent marketing/outreach plan with a low proposed budget line item will result in marginally higher score for those aspects of a proposal.

(32) Q. Could the Home Repair Program and other funding be combined into one program - specifically with THDA Emergency Repair Program for Seniors?

A. As described in the RFP, the Single Family Home Repair Program (SFHRP) cannot literally be combined with another program. The CDBG funds cannot be co-mingled with other funds. The program calls for a separate application form, a loan agreement between Homeowners and the City, as well as contracts between the Homeowners and Home Repair Firms for City-funded work. Respondents must bid accordingly. However, a respondent can also include in the Proposal Form (Exhibit A) an alternative approach to delivering the program. The City is open to proposals that include the use of additional funding sources in tandem with SFHRP funds—meaning, a Homeowner would receive more than one source of funds and thereby get additional repair work completed. During negotiations with finalists or even after an award, the City is open to considering combined application forms and possibly contracts with Home Repair Firms that use separate funding sources. But such alternatives will be approved at the sole discretion of the City. If any such alternative were approved: (a) the City's CDBG funds could not be comingled with other funds, (b) any budget for a home repair project using multiple sources of funds would have to clearly delineate what repair items the City's funds are paying for, and (c) all draw requests from home repair firms and reimbursement requests to the City would have to clearly indicate the nature and amount of line items being funded by the City's loans to homeowners. Finally, such funding would not count as "leveraged funds" described in the RFP unless a Respondent provides the City with valid evidence that the Respondent has a firm commitment of such funds, contingent only upon award of the City's funds for the SFHR program.