REHAB CONTRACTOR'S HANDBOOK

CITY OF ROCKFORD, ILLINOIS
Community Development Department
Neighborhood Development Division
425 East State Street
Rockford, Illinois 61104

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CITY OF ROCKFORD, ILLINOIS

425 EAST STATE STREET
61104

LAWRENCE J. MORRISSEY
MAYOR

REID MONTGOMERY
DIRECTOR OF COMMUNITY & ECONOMIC DEVELOPMENT

FORWARD

Thank you for your interest in becoming one of our rehab contractors. Neighborhood Development depends upon the skills and attitudes of our contractor partners for its continued success.

The purpose of the handbook is to:

1. Establish requirements for becoming a rehab contractor with Neighborhood Development.

2. Describe the Standard Procedures and Contracting Norms to be used while working on properties financed by Neighborhood Development's home improvement program.

All holders of this handbook are expected to familiarize themselves with the HUD Guidelines and to follow the procedures, instructions and standards contained which will lead to high quality work and efficient operation.

When new procedures are developed and changes are made to current procedures, copies will be issued for inclusion in the handbook to all contractors on our mailing list.

If you have any questions concerning our procedures, please contact Neighborhood Development at 815-987-5600.

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Community Development Department **Neighborhood Development Division**
Office: 987-5600 **Fax: 967-6933**

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1. REQUIREMENTS TO BE A REHAB CONTRACTOR FOR NEIGHBORHOOD DEVELOPMENT

A. Basic Requirements

To be able to participate in Neighborhood Development's bidding process, a General Contractor must:

Submit a Contractor's Profile Form which provides information regarding company structure, financial references, name of insurance carrier(s) for commercial General Liability, Auto and Workers Compensation coverage, LEAD Liability (POI) Rider, names of principle suppliers, work specialties, and work references.

Submit proof of insurance listed in letter B and be able to provide a Performance Bond, Letter of Credit, or cashier's check listed in letter C. Submit proof of LEAD Abatement Contractors licenses.

Possess "tools of the trade" which include basic contracting tools, and vehicle for transporting materials, tools and accessing the property.

Have an acceptable past performance record.

B. Insurance Requirements

The Contractor shall be required to carry insurance, covering Workers' Compensation and Public Liability Insurance, and LEAD Hazard Liability Insurance (POI) in accordance with all State and Federal requirements. The Contractor shall furnish a Certificate of Insurance showing same to be in effect before signing a contract. The following insurance requirements shall apply to the successful firm for the duration of the contract unless explicitly waived by the Central Services Manager.

Worker's Compensation Insurance – Covering all employed persons engaged in work under this contract to the full statutory limits stipulated in the Illinois Workmen's Compensation Act.

Comprehensive general liability insurance shall be required of the successful firm. Liability limits shall provide for at least $500,000 per occurrence and $1,000,000 aggregate per year. The insurance form must be written on an occurrence basis. Policies written on a claims made basis shall unacceptable and will postpone execution of the contract until such time that the proper form of insurance is obtained. The City of Rockford shall be added as an additional insured on the comprehensive general liability policy. A certificate of insurance showing the additional named insured will be required within fifteen days following the award of the contract.

Commercial vehicle insurance – Minimum limits as follows:

(BI) Bodily Injury	$250,000 per occurrence
(BI) Bodily Injury	$500,000 aggregate
(PD) Property Damage	$250,000

The above requirements should not be interpreted to limit the liability of the Contractor under this Contract.

A thirty day cancellation clause with notice to the City of Rockford shall be included; words modifying the cancellation clause such as "endeavor to" provide notice will be unacceptable and must be stricken.

It shall be the Contractor's responsibility to provide or require similar insurance for each subcontractor. At the discretion of Neighborhood Development, the contractor will provide evidence that each subcontractor carries such insurance in like amount prior to the time a contract is signed.

C. Bond

The contractor, to whom a contract is awarded through the Finance Department, shall provide a performance bond, letter of credit, or cashier's check, in the amount of **20%** of the contract amount, to the City of Rockford before a contract with the homeowner is signed. The performance bond shall be written by an insurance or surety company licensed to do business in the State of Illinois. The performance bond shall be kept in full force and effect until such time that the work specified in the contract has been fully completed and a final inspection has been made by Neighborhood Development. An Irrevocable Letter of Credit from a bank doing business in the State of Illinois, which essentially provides the same coverage and protection, is an acceptable substitute for a performance bond.

2. STANDARD PROCEDURES

A. Contractor Selection Process

Bids on rehabilitation projects will be requested from General Contractors upon invitation from the owner.

The bid package will be prepared by the City of Rockford Purchasing Department and will include an invitation for bids, services summary, requirements for Equal Employment Opportunity, instructions to bidders, and a work item list detailing the work to be done, compiled by a Construction Specialist with the Neighborhood Development department.

After a mandatory walk-thru, a public bid opening will be held and all bids will be read aloud. The contract will be awarded by the homeowner to a responsible bidder submitting a bid that falls within acceptable budget guidelines. The following criteria will be used to determine the responsibility of a bidder: responsiveness to the bid specifications, qualifications of the bidder; and references, including any performance history on other contracts held with the City of Rockford.

B. Bidding

1. The General Contractor is ultimately responsible for the bid and it's contents, which encompasses the entire project. This includes site familiarity, inspection and review of the work write-up items, measurements and quantities as well as those listed by any subcontractor within the bid document.

2. Return the completed proposal to the City of Rockford Purchasing Department prior to the deadline established.

3. The Purchasing Department opens and reads aloud each of the bid proposals. The bids are then tabulated and sent to the Neighborhood Development Construction Specialist for review. The bids are tabulated based on the lowest and most responsible bidder. The Construction Specialist will then meet with the Homeowner and go over the proposals. Depending on the program, Neighborhood Development will contribute funds so the Homeowner can finance the costs associated with the lowest and most responsible bid. The Homeowner then selects the General Contractor they wish to hire.

4. The award of the contract by the homeowner shall be final.

C. Contract Documents

1. Work Write-Up – This write-up was prepared by Neighborhood Development's Rehab Staff who inspected the property. It identifies mandatory work items that must be included in the General Contractor's proposal as well as other Homeowner requested improvements (if applicable). The work is specified according to the priority schedule below:
   a. Housing Quality Standard Violations;
   b. Minimum Property Standard Violations;
   c. Lead Hazard Reduction;
   d. Energy Conservation;
   e. Incipient Violations; and
   f. General Property Improvements.

2. Bid Proposal Form – Complete this form showing both the itemized and the total bid price for the work, dollar amount of items that require a building permit, and any subcontractor information and license numbers (if appropriate).

3. Program Rehab Standards – All work must conform to current City of Rockford Building Codes and Minimum Property Standards. The contractor's workmanship and performance are subject to evaluation and acceptance by the Homeowner. Any disputes will be mediated by Neighborhood Development using the National Association of Homebuilders; Residential Construction Performance Guidelines. Failure to maintain an acceptable performance level will result in disbarment from future rehab work.

D. Rehabilitation Contract

Once the loan has been approved and closed, Neighborhood Development will prepare the Property Owner/Rehab Contractor Agreement and General Conditions. The contract is between the Homeowner and the General Contractor and will be executed by both the Homeowner and the General Contractor at the pre-construction conference. This conference will permit the Homeowner, General Contractor and Neighborhood Development to review the work write-up and contract documents.

E. Colors Selection

It is the responsibility of the Contractor and the Homeowner to discuss and make final color selections for items being replaced on the property.

F. Lead Hazard Reduction

Currently for all of the projects, we assume that all painted surfaces contain lead-based paint. Therefore, all work performed on painted surfaces must conform to lead-safe practices and be completed by State of Illinois Lead Licensed Abatement Contractors with workers who have passed a HUD approved lead safe work practices course or workers who are supervised by a licensed supervisor. Proof of current licenses should be submitted with bids. A General Contractor may sub out this work to another contractor who has these current licenses. These guidelines are in accordance with Illinois Department of Public Health Lead Rule and HUD regulations.

G. Relocation and Site Protection

Contracts that invoke extensive lead hazard reduction may require relocation of the occupants and their belongings. Once the structure is turned over to the control of a contractor for lead hazard reduction, the contractor shall remain fully responsible for all security during the work day and is encouraged to supplement the existing security as is prudent and reasonable. The contractor will make sure that the structure is secure when they leave the home during the day and at the end of the work day. While vacant structures are more efficient to rehabilitate, the relocation carries significant daily cost. The contractor must therefore use his/her utmost effort to complete the lead hazard reduction activities as indicated by a successful clearance examination within the allocated time period. The contractor shall be responsible for all direct additional relocation costs past the original completion date.

H. Notice to Proceed

The Notice to Proceed is issued by the Neighborhood Development department and authorizes the General Contractor to begin work. The notice also indicates when the work is to start and when it is to be completed.

I. Permits

The General Contractor or subcontractors are responsible for obtaining a) all permits required to complete the work item list, prior to starting construction on those items and b) any required Building Department inspection sign-off's during the rehabilitation. Evidence of permits and final inspections shall be made available to Neighborhood Development upon demand.

J. Required Progress Inspection

The Homeowner is expected to monitor the day-to-day progress of the job. However, the Construction Specialist will be required to make an inspection when the contractor submits a Request for Payment. The Homeowner may also request the Construction Specialist to inspect other work on an as needed basis.

K. Payment Procedures

When the General Contractor has progressed enough on the job, usually at 30, 60, 90% and final intervals, the General Contractor will request a progress payment from the Homeowner. The request will be submitted on a sworn statement provided by the Neighborhood Development Division. The request will be filled out in its entirety and signed by the Homeowner and General Contractor. The General Contractor will then submit the request to the Construction Specialist by 5:00 P.M. on Fridays. The Construction Specialist will then make a progress inspection. Once approved by all parties, the request will be submitted, with payment being made in approximately 14 days.

Prior to any payment authorization past the first 30%, Neighborhood Development will collect lien waivers or paid receipts from the General Contractor and all subcontractors and/or suppliers furnishing material for the items on the job of which payment is requested. Neighborhood Development will NOT provide "advance "money or authorize payment for items which are not completed or properly installed with the exception of "rough in" installations of plumbing, electrical or mechanical systems.

L. Clearance Examinations

The contractor is responsible for making sure that the work site is cleaned to obtain the necessary clearance levels. Cleaning includes removal of visible debris and dust by a HEPA vacuuming and wet cleaning as recommended in the HUD guidelines. Attaining clearance dust lead levels, by laboratory analysis and reporting, demonstrates that the work site has been cleaned of lead hazards to a level below the thresholds of 40 ug/ft.2 on floors; 250 ug/ft.2 on interior sills and 400 ug/ft.2 on exterior walls or throughs. The Neighborhood Development Division will include the cost of the first clearance test in the grant to the Homeowner. The contractor will be responsible for all additional cleaning operations required to attain the mandated clearance thresholds as well as any additional cost assessed by the clearance technician for repeated dust testing and laboratory fees.

M. Warranty

The General Contractor will be required to provide a twelve (12) month warranty, from the date of the last payment, on all materials and workmanship that were completed under the contract.

3. CONTRACTING NORMS

A. Resolving Disputes

The construction contract is between the Homeowner and the General Contractor. Staff will attempt to clarify misunderstandings and negotiate disputes between the Homeowner and the General Contractor. If a problem cannot be resolved in the field, the contract requires arbitration.

B. Disbarment

If the contractor fails to comply with the program requirements, or in the judgement of Neighborhood Development does not perform satisfactory work, he/she will be disqualified from the program and unable to secure a Rehabilitation Contract. The reasons for disqualification include, but are not limited to:

1. Failure to perform work in a workmanlike manner.

2. Failure to complete a contract or failure to make every attempt to fulfill the contractual obligations.

3. Failure to honor a bid.

4. Failure to maintain a professional working relationship with the client or Neighborhood Development.

5. Failure to comply with all the requirements of the Property Owner/Rehab Contractor Agreement and related documents.

6. Discrimination against, or denial of employment to, any individual in the performance of any rehabilitation contract on the grounds of race, color, national origin, age sex, handicap, belief or political affiliation, in violation of Title V and VII of the Civil Rights Act (A2 USC2000d) and the Age Discrimination in Employment Act (29 USC 794).

7. Collusion between the homeowner, contractor, or other party involving kickbacks, mutual effort to fix a bid, or to defraud any party in violation of a local, state or federal law.

8. Misrepresentation of a payment request.

9. Other causes of action as outlined in the Contractor Disbarment Policies.

B. Equal Opportunities

The contractor shall take affirmative action to ensure that employees and applicants for employment are treated without regard to their race, color, religion, sex, national origin, age, or disability. Such actions shall include but not be limited to the following: employment, upgrading, demotion or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. The contractor also agrees to post in conspicuous places, available to employees and applicants for employment, notices setting forth provisions of this non-discrimination clause.

In all solicitations or advertisements for employees placed by or on behalf of the contractor, state that all qualified applicants will receive consideration for employment without regard to race, color, religion, sex, national origin, age, or disability.

The contractor shall comply with the provisions of Federal Executive Order 11246 of 1965 as amended by Federal Executive Order 11375 of 1967 and the Equal Employment Opportunity Act of 1972. The contractor may be requested to furnish information and reports requested by Neighborhood Development of the U.S. Department of Housing and Urban Development to ascertain compliance with such rules, regulations or requests, or with this non-discrimination clause.

C. Conflict of Interest

In order to avoid personal conflict of interest in awarding contracts or making purchases of property or service under this program:

1. No contract or procurement will be made with any organization in which any person in an administrative capacity may benefit unless specifically authorized by the Rockford City Council and HUD as applicable in conformity with applicable federal, state and local laws.

2. No contract or procurement will be made to any organization in which an immediate family member of a person in an administrative capacity with out program may benefit unless authorized in writing to do so by the Rockford City Council, as applicable.

3. No employee or board official shall solicit or accept gratuities, favors or anything of monetary value from contractors, providers or potential subcontractors.

D. Office Hours

Office hours are generally 8:00 a.m. to 5:00 p.m. Monday through Friday.

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MAILING LIST STANDARDS

Active Bidding List

A contractor who has expressed an interest in being a contractor with the Neighborhood Development Division may, after submitting a Contractor's Profile and Acceptance Form, be placed on the mailing list which is maintained by the City of Rockford Community Development Department. A contractor will receive Invitations for Bid unless they are placed on the Inactive Mailing List.

Inactive Mailing List

A Contractor will not be mailed bid packages as a result of the following:

1. Failure to comply with insurance requirements.

2. Failure to complete awarded jobs within the agreed to time span as stated in the contract.

3. Failure to make satisfactory progress towards completion of any contract in construction.

4. If the contractor fails to respond to (3) consecutive Invitations to Bid by either not bidding or not notifying Neighborhood Development why he cannot bid.

5. By mutual agreement reached between the contractor and Neighborhood Development.

6. If the contractor fails to complete in a workmanlike manner any specified work under any contract or, if the contractor violates any term of condition established by the Building Department and Rehabilitation policy or if the contractor breaches any of the terms or conditions of the Property Owner/Rehab Contractor Agreement.

7. If the firm fails to conduct itself in a ethical, polite manner in their dealings with property owners, Neighborhood Development personnel or other contractors.

8. Failure to submit a Contractor's Acceptance and Profile form.

9. The contractor has been sanctioned under the Disbarment Policy.

10. An action deemed by Neighborhood Development to warrant being taken off the mailing list.

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CONTRACTOR DISBARMENT POLICIES

Policy:

Neighborhood Development Guidelines require that we finance work only with contractors who are qualified and reputable.

Purpose:

To establish rules for disbarment or sanctions against contractors, corporations, partnerships or other entities who do not fulfill their responsibilities to the Homeowners or Neighborhood Development.

Authorized Sanctions:

The following is a list of sanctions that may be imposed based on reasonable cause.

1. Temporary denial – temporarily being denied from bidding on any projects.

2. Suspension – immediate exclusion from bidding on projects based on adequate evidence of wrongdoing.

3. Disbarment – exclusion from bidding on projects for a period of time commensurate with the seriousness of the infraction.

4. Voluntary exclusion – voluntary exclusion by agreement with Neighborhood Development.

Typical Causes for Action (including but not limited to):

Unapproved material substitution, unreasonable/unexplained delays, unprofessional conduct on the part of the contractor or his employees.

Shoddy work, unsatisfied complaints, failures to follow program procedures, lack of liability insurance and acts or activities deemed unethical or unprofessional.

Misrepresentation of payment requests.

Discrimination, racial or sexists statements, offering bribes or kickbacks, drugs or alcohol use on the job site.

Failure to follow the provisions of the Rehab Contractor's Handbook, Property Owner/Rehab Contractor Agreement, or General Conditions of the Property Owner/Rehab Contractor Agreement.

Other causes for action as outlined in this Handbook or by Neighborhood Development.

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CONTRACTOR'S PROFILE AND ACCEPTANCE

_____
Name of Business Street City and State Zip Code

_____ Corporation ( ) Partnership ( ) Privately Owned ( )
Business Representative Telephone Number

Please enter the name of corporation officers (if corporation). Partners (if partnership), Owner (if private):

_____
Name/Title Address Phone Number

_____
Name/Title Address Phone Number

List the Construction Experience of the Business and its Principals:

No. of Years in Business_____ Experience:_____

_____

Business References (include banks, material suppliers, etc.):

_____
Name Address Phone Number

_____
Name Address Phone Number

_____
Name Address Phone Number

Recent customers with whom you have done business:

_____
Name Address Phone Number

_____
Name Address Phone Number

_____
Name Address Phone Number

Firms with which you have established credit:

Name	Address	Phone Number
Name	Address	Phone Number
Name	Address	Phone Number
Name	Address	Phone Number

Has any of the company's owners, officers, or partners ever filed for bankruptcy?	**YES**	**NO**
Has any of the company's owners, officers, or partners ever been convicted of a crime? (excluding traffic and parking tickets)	**YES**	**NO**
Have any of the company's owners, officers, or partners ever been a party to a civil lawsuit relating to the business.	**YES**	**NO**

List Your Insurance Carrier:

Name of Agency/Agent	Address	Phone Number

In consideration for being a Rehab Contractor with the City of Rockford, the undersigned firm by signing this Profile and Acceptance Form, agrees in full with the following conditions:

1. To abide by all the terms of the Rehab Contractor's Handbook.
2. Required Liability Insurance and Workman's Compensation will be maintained for the duration of the contract
3. To comply with the terms of all contracts, forms, or other instruments agreed to and signed by the Contractor.
4. Neighborhood Development has the authority to place contractors on the Inactive Mailing List or to invoke the Disbarment Policy when they do not fulfill their responsibilities to the Homeowner or Neighborhood Development.
5. That the contractor will perform the work in accordance with the description of work, general specifications and all applicable City, State, and Federal Codes and zoning regulations and be subject to final inspection by the City of Rockford.
6. That the contractor will abide by Equal Opportunity provisions of the Civil Rights Act.

Firm Name	Authorized Signature
Title	Date

Return the completed form to: Neighborhood Development, 425 E State St., Rockford, IL 61104