

MIAMIBEACH

Policy for the Selection of Contractors for Projects Awarded Pursuant to the State Housing Initiatives Partnership (SHIP) Program

I. Purpose

The purpose of this policy is to establish internal controls for the selection and award of contractors for projects awarded by the City of Miami Beach, Florida (the City), pursuant to the State Housing Initiatives Partnership (SHIP) program for owner-occupied construction projects funded by the Florida Housing Finance Corporation (FHFC)'s SHIP program. Pursuant to the Local Housing Assistance Plan (LHAP), previously approved by the City Commission, the City may provide income eligible homeowners with SHIP funds in connection with repairs or improvements that are needed for safe or sanitary habitation, correction of substantial code violations, or the creation of additional living space (Rehabilitation) or disaster mitigation repairs (collectively, City's Housing Rehabilitation Program).

This Policy is intended to:

- Ensure compliance with State of Florida requirements for the selection and award of contractors for State Housing Initiatives Partnership (SHIP) program projects funded by the Florida Housing Finance Corporation (FHFC)'s SHIP program
- Ensure homeowners have access to prequalified contractors for all owner-occupied repairs;
- Ensure that projects are awarded in a competitive manner that maximizes available funds;
- Ensure homeowners have a platform for performance evaluation of contractors;
- Ensure contractors have clear guidelines to complete work and receive timely payments; and
- Ensure vendors comply with Building Department, Code Compliance and insurance requirements.

II. Definitions.

- A. Project Manager.** Third-party consultant responsible for conducting site inspections, drafting scope of work inclusive of projects specifications that will form the basis for the bid documents that will be submitted to the List of General Contractors.
- B. SHIP Program Coordinator.** Office of Housing and Community Services (HCS, the Department) staff, responsible for seeing day-to-day operations of the SHIP program, including program monitoring, homeowner certifications, contractor qualifications approving payments and reporting data to the Florida Finance Housing Corporation.

III. Contractor Qualifications. Contractors seeking to participate in the City's Housing Rehabilitation Program must be prequalified through the City's SHIP Contractor Prequalification Process.

- A. Annually (at a minimum), the City will issue a Request for Qualifications (RFQ) for those contractors interested in being prequalified to submit their statements of qualification for the City's consideration. Once prequalified, contractors must maintain the required licensing and insurance to be eligible for future projects awarded through this policy.
- B. The City Manager, in his sole discretion, may approve or reject any contractor to be added to the list of prequalified SHIP contractors. Additionally, the City Manager may remove any contractor that has failed to maintain the qualification requirements or for which the City has documented unresolved or a history of performance issues. Any contractor wishing to appeal the City Manager's decision to not prequalify or to remove from prequalification, shall submit its reasons for the appeal directly to the City Manager.
- C. Any party who has been suspended or debarred by U.S. HUD or any other Federal Executive Branch Agency and is listed on the Current Exclusion List will not be accepted to participate in the program until at least six (6) months after the expiration of the applicable suspension or debarment. HCS will maintain a current listing of prequalified contractors that will be utilized to seek bids for the Housing Rehabilitation Program. The list will also be made available to City residents on the Department's website. Contractors are responsible for maintaining insurance and licensing information current; and providing updates to the City. All prequalified contractors will be invited to attend Pre-Bid meetings held by a HCS SHIP program staff at the project site. Contractors will be provided with the approved Specification of Work Report that will detail the work to be completed for that particular project. Contractors will be given a deadline to submit questions and bids.

IV. Scope of Work and Specifications. The City contracts a third-party consultant (Project Manager) for project management services. The Project Manager will assist the SHIP coordinator in drafting the Specification of Work, project monitoring/evaluation and project closeout.

- A. The Project Manager will attend a walk through at the eligible homeowner's residence to assess needed repairs and will provide HCS with the Specification of Work that can be completed within the available project budget. Once the scope of work is approved by the homeowner, the SHIP coordinator will prepare the bid document.
- B. The bid document will include the Specification of Work and any other applicable documents, (e.g. floor plans, demolition plans, sketches, product specifications).
- C. The Project Manager will assist SHIP coordinator and any other City staff in the evaluation of the bids submitted by the Contractor. The Building Department may be provided with a copy of the Specification of Work for their review and any other applicable documents, in order to facilitate the expediting of applicable building permits.

V. Required Competition. HCS SHIP Coordinator shall seek at least three written quotes from pre-qualified contractors and shall make reasonable efforts to maximize competition, including seeking quotes from all pre-qualified contractors.

- A. Upon the expiration of the established Bid Deadline, the bids will be reviewed and itemized on a bid tabulation. The HCS Director may approve awards to lowest responsive, responsible bidders for projects up to \$50,000. Projects above \$50,000 require the approval of the City Manager. In determining an award, the factors outlined in Section 2-369 of the City Code shall be considered. In rare cases when three quotes cannot be obtained, the approval of the City Manager shall be required regardless of the value of the project.
- B. Once the contractor is selected, a contract shall be executed between the City, the selected contractor and the homeowner. At a minimum, the contract shall state the payment schedule, scope of work, and schedule of work. Additionally, the homeowner will execute the permit application and the Notice of Commencement. Contractor must record the Notice of Commencement.
- C. Contractors will only be awarded one project until they have completed a project that is in compliance with all project requirements, including no change orders or delays, and is satisfactory to the Owner and Department staff. Contractors may be awarded a maximum of two projects concurrently, as recommended by the State funder. If a contractor has two active projects, they will not be awarded any additional projects, unless the Contractor's performance is satisfactory in current or previous awards. Contractors are encouraged to participate in the bidding process regardless of the number of projects awarded.

VI. Permits. The SHIP program prioritizes the repairs or improvements that are needed for safe or sanitary habitation, correction of substantial code violations, structural or systems faults, or the creation of additional living space. The work performed must be compliant with the City's building requirements.

- A. Once contractor is issued a contract, Notice of Commencement and permit application, they must follow the City's Building Permit procedures.
- B. The City will offer expedited permitting, as per the Local Housing Assistance Plan (LHAP), previously approved by the City Commission.
- C. The Contractor will provide all plans required by the Building Department with no typos or errors.
- D. The Contractor is responsible for ensuring that the project is compliant with requests, recommendations or suggestions provided by the Building Official/Inspector.

VII. Payments. Progress and final payments to the contractor shall be approved by the City only after the work has been inspected by the housing inspector and determined to comply with the contract and the project bid specifications.

- A. The City will retain a percentage of all approved Draws, as allowed by Florida Statute, until final inspection and project completion. If a Contractor fails to complete the project and does not comply with the Specification of Work, that Contractor will not have the retainage released.
- B. There shall be a maximum of three (3) progress payments and final release of retainage once all permits are closed and final work product is approved by HCS.
- C. Upon completion of a project, a final inspection must be requested by the Contractor. The request must include a copy of the Final Draw Form and copy of all Permit cards with final approval from the Building Department Inspectors. The request is made by the contractor and requested from the independent inspector.
- D. All Draw Requests must be approved by the SHIP Program Coordinator and Department Director. The SHIP Program Coordinator may reasonably request releases and waivers of lien in connection with the application of any progress payments. The Finance Department will only process any Draw Requests once they are reviewed and approved by the Director or his/her designee.
- E. If the homeowner does not receive satisfaction from the Contractor, the Department may withhold payment and/or retainer if deemed necessary, until a resolution is achieved. Likewise, the Department reserves the right to intervene on the Contractor's behalf if the homeowner is refraining from approving a Draw request without just reason. The Department could proceed to pay the Contractor for the work completed as required without the Homeowner's approval.

VIII. Change Orders. Any change order that does not increase the project amount greater than the amount stipulated herein may be approved administratively by the City Manager. The HCS Director may approve changes that increase the project value up to \$50,000. Change orders for projects above \$50,000 require the approval of the City Manager, in an amount not to exceed \$200,000.

IX. Dispute Resolution. If a problem arises between the homeowner and contractor, the City may intercede in order to ensure the project's completion.

- A. If a complaint relating to post-construction work deficiencies is received, the SHIP Program Coordinator will evaluate the complaint within ten (10) working days.
- B. If the complaint is determined to be valid and the contractor has not addressed the complaint in accordance with the construction contract, the contractor shall be suspended from further program participation pending corrective action.

- C. Corrective repair work through a different approved contractor may be initiated by the SHIP Program Coordinator if any emergency or extremely hazardous conditions exist or if the contractor fails to show good faith at correcting the problem within the specified time limit.
- D. If the complaint is not valid, the homeowner will be so notified in writing. Owners are to be encouraged to contact the contractor directly in an attempt to resolve construction concerns prior to contacting the City.
- E. If a complaint relating to processing, policy, or procedures is received, the City staff will respond in writing. The staff response will explain applicable policy when necessary and specify corrective action if any is required.
- F. Under the terms of the construction agreement, the City has the authority to decide all questions relative to the interpretation of any contract documents and fulfillment of the construction contract as to the character, quality, amount and value of any work and materials furnished under the contract. City decisions regarding all claims, questions and disputes shall be final.
- G. In the event that the need for arbitration should arise, the Department may use the Construction Housing Inspector as an arbiter. The City's contracted Housing Inspector is an impartial and neutral third party.
- H. All disputes not resolved by program staff should be reported to Florida Housing Finance Corporation for possible resolution before the move to arbitration. All unsettled claims or disputes between the homeowner and the contractor arising out of related to the work shall be submitted to arbitration under the laws governed by the State of Florida. Notice of the demand for arbitration shall be filed in writing with the other party to this agreement, and shall be made within a reasonable time after a dispute has arisen.

X. Project Closeout. Once project checklist is completed, final inspections are conducted by the Building Department and the City's housing inspector, the final draw request will be reviewed.

- A. The contractor must provide all warranties, the Contractor's Final Payment Affidavit and final unconditional releases of lien from all contractors, subcontractors and suppliers before the payment is processed. Any and all extended warranties beyond one year shall be provided to the homeowner at the completion of the contract.
- B. If the contractor fails to respond to and remedy a warranty issue, they will be disqualified from the program for one year and must reimburse the Department for any work contracted to and correct the warranted work.
- C. If the contractor fails to reimburse the City for work covered under the Contractor's warranty, the contractor will be permanently removed from the

Active Contractor List and will be reported to the Florida Department of Business and Professional Regulation.

- D. The project must meet property standards, as discussed in the pre-bid meeting and in the contract. Final payment will include release of retainage.

XI. Vendor Performance. If, at any time during the project, the HCS finds that a contractor fails to meet his/her obligations with the homeowner and/or the City, and does not remedy the situation as stipulated by the HCS, the contractor will be removed from the list and will be unable to participate in the City's Housing Rehabilitation Program, until resolution of any issue that caused the removal.

- A. HCS staff will conduct an evaluation at the conclusion of each project which shall be retained in the contractor's records. Prior to each award of a project, the following shall be considered. there shall be considered the following:
 - (1) The ability, capacity and skill of the bidder to perform the contract.
 - (2) Whether the bidder can perform the contract within the time specified, without delay or interference.
 - (3) The character, integrity, reputation, judgment, experience and efficiency of the bidder.
 - (4) The quality of performance of previous contracts.
 - (5) The previous and existing compliance by the bidder with laws and ordinances relating to the contract.