

CONTRACTOR'S HANDBOOK

THE HOUSING REHABILITATION & SEPTIC REPAIR PROGRAM

Pioneer Valley Planning Commission
Program Administrator

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Introduction

Welcome to the housing rehabilitation and septic repair programs and thank you for requesting an application to participate as a qualified contractor. A number of Pioneer Valley communities have received public funds from the Massachusetts Department of Housing and Community Development's (DHCD) Community Development Block Grant Program to establish a loan program for private property rehabilitation for eligible residents. These city/towns can now make deferred payment loans to single and multi-family property owners to help cover these repair costs.

It is the responsibility of the city/towns to comply with all federal and state regulations regarding the use of these funds. In order to do this, the city/towns have hired the Pioneer Valley Planning Commission (PVPC) to administer and coordinate its housing rehabilitation and septic repair programs.

The PVPC is responsible for processing loan applications and making recommendations to the city/town for housing rehabilitation and/or septic system repair loans. In addition, the PVPC coordinates the use of the loan funds in order to comply with various federal and state policies and regulations, including assisting the property owner with specification development, contractor selection, securing bids, and construction monitoring.

This handbook has been designed to explain the policies and procedures that guide the program, as well as those issues which most frequently impact contractors. The format of the handbook is a series of questions and answers.

Before you complete the contractor application please review the handbook and its attachments thoroughly. If you need any assistance or have any questions, contact one of the PVPC Housing Rehabilitation Program staff at (413) 781-6045.

How do I become an approved contractor?

To become a qualified contractor for the housing rehabilitation and septic repair programs you must submit a completed application, which has been included with this package. Before filling out the application please review this handbook and its attachments thoroughly. The completed application must include a signed contractor handbook receipt, through which the contractor agrees to abide by the program's policies and procedures. Please mail the completed application along with the signed Contractor's Handbook receipt to the PVPC.

The PVPC Community Development Office (CDO) staff will review the application to determine if all the requirements have been met. Contractors will be accepted into the program, pending compliance with all application requirements, including satisfactory references and prior performance. If for any reason the application is found to be deficient, the CDO will contact the applicant so that he/she may take the appropriate action to complete the application process. No contractor may participate in any of the rehabilitation programs unless all qualifications are met.

The program's requirements for qualified contractors are:

- ◆ A minimum of three (3) years of documented experience in residential rehabilitation.
- ◆ A copy of the contractor's relevant license (i.e.: construction supervisor's license, home improvement registration, engineering registrations, etc.).
- ◆ A certificate of insurance for full and complete workers compensation insurance for all employees and sub-contractors' employees engaged in work on the contract premises, in accordance with state and local laws governing the same.
- ◆ A certificate of insurance for the coverage and limits described below:
 - **Housing Rehabilitation Contractor:**
Comprehensive General Liability Insurance Coverage protecting the Owner, the City/Town, and its agents for not less than \$1,000,000 in the event of bodily injury including death, and not less than \$500,000 in the event of property damage arising

out of the work performed by the Contractor. In addition, a certificate of Automobile Liability Insurance for all vehicles used in the performance of this contract for not less than \$100,000/\$300,000 bodily injury including death and not less than \$100,000 in property damage per accident.

- **Septic Contractor:**

Comprehensive General Liability Insurance Coverage protecting the Owner, the City/Town, and its agents for not less than \$1,000,000 in the event of bodily injury including death, and not less than \$300,000 in the event of property damage arising out of the work performed by the Contractor. In addition, a certificate of Automobile Liability Insurance for all vehicles used in the performance of this contract for not less than \$100,000/\$300,000 bodily injury including death and not less than \$100,000 in property damage per accident.

- **Septic Designer:**

Professional liability protecting the owner, the city/town, and its agents for not less than \$100,000. In addition, a certificate of Automobile Liability Insurance for all vehicles used in the performance of this contract for not less than \$100,000/\$300,000 bodily injury including death and not less than \$100,000 in property damage per accident. Comprehensive general liability insurance protecting the owner, the city/town, and its agents for not less than \$250,000 will be required from the designer for any site work (i.e. deep holes, test pits, etc.) performed on an owner's property. At the time that an invoice for payment for the design work is submitted, the designer must present evidence that the designer or the designer's site work subcontractor carries the required insurance. If evidence is not presented, payment for the site work may be withheld from the designer.

- ♦ Three (3) satisfactory references including all prior state/federally funded programs in which the contractor has worked.
- ♦ A signed Contractor's Handbook receipt.

How do I get a housing rehabilitation project?

For the housing rehabilitation program, the CDO program staff conduct the nodding process on the homeowner's behalf. An invitation to bid is sent to all approved contractors in the city/town where the project is located. The property owner may request that a contractor who is not on the approved contractor list be sent an invitation to bid. Any contractor who fails to respond to five consecutive bid invitations may be removed from the list of qualified contractors.

Contractors must attend a project walk-through with the program's housing rehabilitation specialist (HRS) and submit proposals for the project. The invitation contains instructions for submitting bids, including a closing date for bids to be received. A formal bid opening is held with all bids to be reviewed with the homeowner before the contract award is made. While the contractor submitting the lowest bid is usually chosen, the owner may choose any bid he or she wishes. The program, however, will not finance a loan for an amount other than that of the lowest bid that is qualified and approved by the staff, with the balance to be financed from other sources by the owner.

All contractors are notified as to which contractor received the award. Contractors are required to submit a work and payment schedule form before executing the owner-contractor agreement.

What should I expect during the construction period?

Once the construction award has been made, the owner and contractor sign a contract and a notice to proceed is issued. The contractor has ten (10) calendar days to initiate project construction from the date of the notice to proceed. Before the construction begins the contractor should make arrangements with the property owner for access to the site and contact the HRS.

The owner provides the contractor with all necessary utilities, including water and power, at no charge during the construction period. This also includes access to a telephone for receipt of messages and the placing of local calls. The contractor is responsible for obtaining all permits for construction. The permit requirement form must be submitted to the HRS prior to the start of construction and shall include attached copies of all permits. In addition, copies of all contractor and sub-contractor licenses and insurance certificates must be submitted to the rehabilitation specialist before the start of construction.

During construction, the HRS or the septic designer will make periodic inspections to ensure the work performed complies with the approved specifications. It is the contractor's responsibility to make sure that all the materials and construction are in accordance with the specifications. The HRS or the septic designer will make recommendations for approval of payment requests based on their inspections.

When a contractor submits a progress payment request it must be agreed to by the owner, the HRS or septic designer, and the CDO. Progress payments will only be made for completed items from the specifications. Housing rehabilitation progress payments generally are made at 33%, 66%, and 100% intervals and the release of retainage (30 days after completion). Payments for the septic repair program are made at the completion of the project and the release of retainage. The program holds back 10% retainage on all progress payments except for Aging in Place projects, in which case no retainage is held back. The contractor must provide the CDO with signed copies of permits, or a certificate of compliance from the building inspector at 100% completion. All progress payment requests must be accompanied by an invoice on contractor letterhead.

During the construction, a situation may be uncovered which requires a change in the specifications. If this occurs, the contractor must notify the owner and the HRS or the septic designer of the need, and the HRS or the septic designer will inspect the suspect area and determine if there is a need for a change order in writing. If the program determines a need for a change order, that change order must be agreed to in writing by the owner, contractor, HRS or septic designer, the CDO, and when appropriate the PVPC historic preservation specialist. Contractors should not act on a change order until the CDO approval has been given in writing. Payment may be forfeited if work proceeds before all approvals are in place.

The final inspection is conducted to confirm that all work has been properly completed according to specifications and that all noted code violations have been corrected. The HRS or septic designer prepares final documentation, consisting of a final report and/or statement noting that all work as specified has been completed and all items are functional with photographic documentation of the same. For historic housing rehabilitation projects, the report must also contain the final historic inspection conducted by the historic preservation planner. This must be agreed to by the owner, contractor, HRS or septic designer, the CDO, and when applicable, the historic preservation specialist. Usually there are a few items that need to be completed. The HRS or septic designer creates a punchlist of these remaining items for the contractor to complete during the retainage period (usually 30 days).

At the release of retainage inspection, the property owner will be asked to sign an owner's statement of completion. In addition, the contractor will be required to submit the contractor's statement of completion and the contractor's affidavit of payment of debts, release of claims, and warranty of workmanship forms. These forms must be in place before the release of retainage can be paid. As part of the release of retainage, the contractor must also provide the property owner with all material and equipment warranty information.

To disburse funds, the owner will be required to approve, in written form, all work that has been completed and the payment for same. Once this approval for payment has been made, a check in the approved amount will be made directly to the contractor. If during the application process a determination for an owner contribution was made, the owner contribution will be the first funds used toward the payment. After thirty days and upon receipt of all required approvals, a check made payable to the contractor will be issued for the release of retainage.

During the construction, the contractor must make every effort to keep the site as neat as possible. At the end of every workday, the contractor must clean the site and put away all of their tools. At the end of the project, the contractor must clean the site and remove all of their tools and equipment before the authorization of the release of retainage.

If the owner/resident needs to move out of the house for hazardous materials abatement, who tells the owner/resident?

When construction requires the removal of lead paint or asbestos, it may be necessary for the property residents to be temporarily relocated. Housing rehabilitation program staff will coordinate their temporary relocation. The CDO will notify residents that they will need to be temporarily relocated before the construction.

How do disputes get resolved?

Stop problems before they start— if something isn't going the way you feel it should, or if you don't understand it, CALL THE HRS OR SEPTIC DESIGNER and get an acceptable explanation or correction before it progresses further. If matters remain unresolved, contact the PVPC CDO at (413) 781-6045.

What if the owner asks me to change the specification?

All changes in the specifications, including equipment or material substitutions, must be documented in the official project specifications. The program only provides payment for the work as specified in the project specifications. Should an owner request a change in the scope of the work or the type of equipment or material, it is your responsibility to notify the HRS or septic designer. The HRS or septic designer will review the matter to determine the scope of the need and the eligibility of the item. Should it be determined that a change in the specification is appropriate, the change order procedure may be initiated (see below).

What if certain equipment or material originally specified is not available?

If the specified equipment or material is not available, please contact the HRS or septic designer. As stated earlier, equipment or material substitutions must be documented in the official project specifications. Deviation may require a formal change order.

What if a change order is needed?

Change orders may be required for a variety of reasons including unforeseen conditions, changes in work or material specification, and similar determinations. Change orders must be agreed upon and approved by all parties involved with the project, including the owner, contractor, HRS, program manager, designer (if applicable), and the CDO. Unless an emergency exists and verbal approval has been received from the HRS after conferring with the CDO, contractors should not proceed on any change orders until formally approved by the CDO.

Change orders submitted to the CDO by the HRS or Program Manager must be accompanied by evidence of verbal approval (if applicable), the proposed work (specification) by the HRS, and a justification by the HRS for the change order. No work should proceed until final approval by the CDO. Failure to follow this last directive may result in unauthorized work being undertaken at the sole expense of the contractor.

Why do I have to do a historic rehabilitation? Most owners want vinyl siding and vinyl replacement windows.

The funding sources for the housing rehabilitation program include a federal requirement that buildings that are classified as historically significant be rehabilitated to maintain their historic features. When a property owner signs their loan agreement, they agree to adhere to these regulations.

What if I need more time to complete the project?

Contractors should make every effort to complete the project in accordance with the work and payment schedule. However, due to unforeseen circumstances, a contractor may need more time than originally anticipated to complete the project. A contractor may request an extension from the owner using an extension request form. If the property owner approves the extension, the contract extension must be in place and received by the CDO before the last day of the original contract.

If the owner denies the contractor's extension request and the contractor's extension request is based substantially on an act or failure to act on the part of the owner or is deemed as a reasonable request, the CDO shall have the authority to approve the extension. The owner has agreed to provide the CDO with a copy of the contractor's request and the owner's response.

What are my responsibilities after the rehabilitation project is completed?

The agreement between the contractor and the property owner provides a one-year warranty on all work and materials from the date of the retainage inspection. Property owners are instructed to call the contractors directly should a problem arise. It is the contractor's responsibility to follow through on any problems. Failure to respond to an owner's reasonable requests may jeopardize one's standing in the program.

During the final inspection, the contractor will provide the property owner with all the material and equipment warranties. It may also be necessary to provide receipts of certain items, or upon reasonable request of the owner. After the contractor's one year warranty period is over, the property owner should pursue any problems directly with the manufacturer.

**HOUSING REHABILITATION & SEPTIC REPAIR PROGRAM
CONTRACTOR'S HANDBOOK RECEIPT**

By signing this form, I hereby certify that I have received a copy of the contractor's handbook and sample contracts.

I further certify that:

1. I have read and understand the contractor's handbook and sample contracts.
2. I have contacted the program staff with any questions and they have answered them to my satisfaction.
3. I understand and accept the policies of the housing rehabilitation and septic repair programs.

Principals of Firm

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