



CITY OF SALEM, MASSACHUSETTS

DEPARTMENT OF PLANNING AND COMMUNITY DEVELOPMENT

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HOUSING REHABILITATION LOAN PROGRAM CONTRACTOR GUIDELINES

A. CONTRACTOR PARTICIPATION

1. The program will solicit participation by as many local building contractors and subcontractors as possible. Contractors will be notified of the opportunity to participate in the program through direct mailings and advertisements in local papers. The program will also solicit contractor recommendations from homeowners and city officials.

2. Minimum requirements for contractors include:

- a) A Massachusetts Construction Supervisors license or trade license.
- b) Registration as a Massachusetts Home Improvement Contractor.
- c) Workman's compensation insurance at statutorily required limits.

d) Property and liability insurance. Contractors shall furnish the City with a Certificate of Insurance including "Public Liability and Property Damage Insurance" in an amount not less than \$500,000 for injuries, including accidental death to each person, and subject to the same limit for each person in an amount not less than \$1,000,000 on account of each accident and "Property Damage Insurance" in an amount not less than \$250,000 per accident and \$500,000 aggregate, to protect the City, property owner, and any sub-contractor against claims for injury and damage which may occur or result from work performed pursuant to this Agreement. The Contractor's Certificate of Insurance shall list the City of Salem as an additional loss payee.

e) Certificate of completed training in Safe Work Practices for the leader of the crew or all persons working on the project, if unsupervised. Per EPA rule 40 CFR Part 745, lead-based paint *Renovation, Repair, and Painting Program (RRP)* effective April 22, 2010, new Work Practice Standards certification is required for residences built prior to 1978.

f) Demonstrated experience in the appropriate trade(s).

3. Each contractor must fill out a registration form listing references and licenses and submit a certificate of insurance prior to receiving a contract award. References will be checked by program staff administering the housing rehabilitation program.

4. Once registered with the program, contractors will receive notice of projects when they go out to bid. Homeowners wishing to use contractors not included on the list may do so, provided the contractor registers with the program and submits the proper insurance certificates and references.

5. Contractors must take out all required permits prior to initiation of construction. The cost of the permits is to be included in the bid price.

6. If a participating contractor's performance or quality of work is unsatisfactory in the opinion of the Housing Rehabilitation Specialist, the contractor shall be issued a written notice describing specific problems with the contractor's work. This notice shall serve as a warning. If the problems, as outlined in this notice, are not addressed within the designated timeline, then, based upon the opinions of the Housing Rehabilitation Specialist, Housing Coordinator, and Department of Planning & Community Development Director, the contractor may be barred from working in the program. Any contractor that is disbarred from the program will be notified in writing.

B. CONTRACTOR BIDDING PROCESS

1. The work write-up and specifications must be approved by the property owner prior to initiating the bidding process.

2. Once approved, an Invitation to Bid will be sent to contractors who have registered with the program and are appropriate for the job. The Invitation to Bid will identify the type of work to be completed and the date, time and location where bids will be due. All bids will be due at a prescribed time and place.

3. A contractor committed to and/or working on two (2) projects may not be invited to bid on new projects.

4. The Housing Rehabilitation Specialist will conduct a pre-bid meeting at the project site for prospective bidders. Bids will not be accepted from contractors who do not attend the pre-bid meeting.

5. Bids received after the designated time specified in the Invitation to Bid will not be accepted under any circumstance.

6. Two or three bids, preferably three, will be obtained for each project. Should fewer than two bids be received, and the effort to secure more than one bid is documented, the bid can be accepted if it is within ten (10%) of the Housing Rehabilitation Specialist's cost estimate or appears reasonable to the Housing Rehabilitation Specialist and Housing Coordinator. DPCD reserves the right to send the project back out to bid.

7. The bids will be evaluated by the Housing Rehabilitation Specialist and the property owner. DPCD reserves the right to disqualify a bid that is 50% below the Housing Rehabilitation Specialist's estimate and/or does not demonstrate a clear understanding of the scope of the project, such as line-item costs that are much higher or lower than other bids for reasons that cannot be explained by the Contractor.

8. The City will base its funding on the lowest responsible bid from a qualified contractor. The owner may select any bidder provided that the owner pays the price difference between the low bid price and the selected bid price.

9. The City reserves the right to reject any and all bids of contractors and to waive any irregularities or items if it is in its best interest to do so.

C. CONSTRUCTION PROCESS

1. Periodic inspections will be conducted by the Housing Rehabilitation Specialist during construction. As part of the above process, all contractors' invoices will be checked against the actual work done before any payments are made. The Housing Rehabilitation Specialist will sign a form approving payment to the contractor prior to the payment being processed.

2. At the completion of work related to lead removal, a certified lead inspector will re-inspect the property.

3. At the completion of the job, a final inspection will be performed by the Housing Rehabilitation Specialist. If there are no deficiencies in the work and all City-required permits have been signed by the appropriate Building Inspector, a Certificate of Final Completion will be signed by the Rehabilitation Specialist and the property owner.

4. A 10% retainage is held by the program until all work has been completed. When all of the contract obligations have been fulfilled, the retainage will be released to the contractor.