

Municipality of Anchorage



Construction

Policies and Procedures Manual

Revised 2023

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All solicitation of bids for goods and services to be paid with CDBG, HOME, and HTF Program funds must be conducted openly and competitively in accordance with the owners/developer written procurement policy. The policy must be in compliance with 2 CFR Part 200. All projects shall comply with the applicable Federal Programs (CDBG, HOME, HTF or others as they become available), federal procurement regulations, 2 CFR 200; environmental review regulations, 24 CFR 58; all other applicable federal regulations; Municipality of Anchorage Codes and Ordinances; State of Alaska Statutes; and Municipality of Anchorage, Anchorage Health Department, Construction Policies and Procedures.

I. Deficiency and Code Inspection

The management shall conduct a preliminary inspection and create a deficiency report for the property. The inspection for HOME and HTF shall include UPCS standards as protocols become available from HUD. All health and safety problems and code issues shall be included in the report. Additionally, the report shall also contain the management's recommendations for what should be included in the scope of work. Furthermore, the report shall incorporate any other comments, such as advocating for the use of specialized expertise (i.e., a structural engineer), that the management judges to be pertinent to the project. Concurrent with the preliminary-inspection procedure, the program administrator shall initiate the environmental-review process.

II. Scope of Work, Work Specifications, and Detailed Cost-Estimate

Using the deficiency list and preliminary inspection report, the management shall determine a scope of work containing the items that will be addressed in the project: for rehabilitation purposes and current code-compliance to the extent required under each HUD program.

From the scope of work, a work write-up shall be created. The work write-up shall provide a clear and accurate description of the technical requirements for the material, product, or service to be procured. The requirements shall consist of all the items the bidder/offeror must fulfill and all other factors to be used in evaluating bids or proposals. The work descriptions shall contain all the technical requirements in terms of functions to be performed, or performance required, including the range of acceptable characteristics or minimum acceptable standards. When requiring "brand name or equal", the specific features that bidders will be required to meet shall be included.

Work write-ups are also required when force-account labor is used for the projects. The work write-ups provide a basis upon which to create the cost estimate and to control the quality and economy of the project. Cost estimates shall be prepared prior to the bid process and may use some form of price or cost analyses as appropriate.

1. Price analysis, which may include comparisons of price quotes or market prices, may be used when purchasing single items such as boilers, light fixtures, windows, and other materials.

2. Cost analysis shall be used for installation or construction where there are multiple cost-drivers. A cost analysis is the review and evaluation of each element of cost to determine reasonableness, allocability, and allowability.

The deficiency report, scope of work, and work specifications are included in the bid packages. Bid packages shall be submitted to the Municipality prior to publication for approval along with the detailed cost-estimates.

III. Contractor Procurement

Bid-solicitation packages shall include information on when and where the packages may be obtained, date and place of pre-bid meetings (at a minimum, required for Davis Bacon review) and project walk-through (when necessary), when bids are due, where to turn them in, when opened, and expected award-date. The packages shall contain the same scope of work on which the cost estimate was developed. Also included in the packages are any necessary drawings or schematics, and bidder instructions. Jobs shall be broken out into units: roof squares; square feet, linear feet; time and material as applicable. There shall be no lump-sum bids. Additionally, the “cost-plus-a-percentage-of-cost”, “percentage of construction cost”, other “cost-plus” or any other open-ended methods of contracting shall not be used.

The instructions, at a minimum, shall inform the bidders of contractor responsibilities for permitting and building-code compliance, verification of job conditions pre-bid and the conditions for accepting change orders, and brand-name or equal conditions, inspection schedules and responsibilities, contractor liabilities for damages to property, payment procedures, and construction debris disposal. The program administrator shall verify on the System for Award Management, SAM System (www.sam.gov) that the contractor or subcontractor is not debarred; and, a debarment printout shall be obtained for all contractors and subcontractors.

If possible, a minimum of three bids shall be obtained. If three bids are not obtained in first round, then either a second round of bid solicitation shall be performed, or the reason for why more bids were not obtainable shall be documented in the project file. Bids shall be evaluated according to the conditions of the bid package only. Bids shall fall within $\pm 15\%$ of the cost-estimate; or, the package shall be examined for problems in the cost-estimate or bids. In some instances, the entire package may need to be re-bid or documentation placed in the project file explaining why the bids were so variant yet acceptable. Proposals omitting bid items shall be deemed non-responsive. Non-responsive bids shall be rejected. Proposals may not be changed or modified after bid opening unless the entire package is re-bid.

Bid packages shall be submitted to Municipal staff prior to publication for approval.

IV. Contract Awards

The most responsive bidders shall be awarded contracts, not necessarily the lowest cost. Most bid-packages contain evaluation criteria that include factors other than

price. In addition to the terms required in the contract to perform the work, all contracts shall contain the applicable provisions set forth in 2 CFR Part 200 for non-profit Subrecipients. All contracts shall require contractors and subcontractors to comply with the appropriate federal regulations (CDBG, HOME, HTF, etc.), State Statutes, and Municipal Codes and Ordinances. Contracts shall also contain provisions for bonding and/or insurance, warranties and lien waivers, and licenses and certifications. When applicable, required Davis Bacon documents, Section 3 and Contractor/Subcontractor HUD forms, Form 10-029 MBE/WBE, and Federal Administrative Requirements shall be included in Contracts and Subcontracts.

All bids and the proposed contract shall be submitted to Municipal staff for approval prior to the execution of the contract. Municipal staff shall be invited to all pre-bid and pre-construction meetings.

Copies of all executed contracts and subcontracts shall be submitted to the Municipality.

V. Pre-Construction/Davis Bacon Conference

A pre-construction conference shall be held before the Notice to Proceed is issued. The contractor, the management, and the Municipality shall review, for all but simple projects such as small testing and inspection activities, the rehabilitation contract, clarify the roles and responsibilities of each party, and review inspection procedures and the contractor's work and payment schedule. At all the pre-bid and pre-construction conferences, the Municipality shall present the Davis-Bacon requirements when Davis-Bacon is required. Pre-construction conferences will also be held for force-account laborers, which at a minimum shall include the Municipality's Davis-Bacon presentation when required. The management/owner, contractor, all subcontractors and the Municipality are required to attend a pre-construction conference.

VI. Interim Inspections

Interim inspections shall be conducted by Municipal and management staff to insure compliance with the scope of work, professional workmanship, and compliance with time schedules.

VII. Change Orders

Changes to the work write-up requires an authorized change order. Work covered by the change order may not commence until all parties have signed the change order. Change orders shall describe the precise modifications to the original scope of work and any change in the contract price. The change order must be cost-reasonable; a work write-up and cost-estimate must be performed. If the cost-estimate and the contractors charge are not within $\pm 15\%$, then the estimate and/or the vendor charge must be examined for problems. If the difference cannot be resolved, then the project shall be bid or the reason for the acceptance of the vendor charge shall be documented in the file. Change orders must be approved by the Municipality and documented in the project file.

VIII. Dispute Resolution

Contracts shall contain a provision for the resolution of conflicts, either by informal or formal mediation.

IX. Final Inspection/Project Close-Out

A final inspection shall be conducted when all work has been completed in accordance with the scope of work and work specifications. All permitted work shall have a final inspection by the appropriate Municipal Building Safety Inspector. The contractor must submit all copies of warranties and releases of liens and suppliers to the management. After completing the final inspection process, a certificate of final inspection signed by the contractor and management shall be issued. Project closeout will occur when the final Certificate of Occupancy is issued by the Municipal Building Inspector; and/or, management shall certify that the project meets the HUD property standards and fulfills all applicable HUD requirements.