

RD TX AN No. 520 (1924)

December 10, 1999

SUBJECT: Contractor's Qualifications and
Waiver of Competitive Bidding Procedures

TO: All Offices
Rural Development, TX

PURPOSE/INTENDED OUTCOME: This Texas Administrative Notice (AN) is intended to establish uniform procedures for determining a contractor's qualifications and for requesting a waiver of competitive bidding for a Rural Rental Housing (RRH) project.

COMPARISON WITH PREVIOUS AN: This AN replaces TX AN No. 508 (1924) which expired on September 30, 1999.

IMPLEMENTATION RESPONSIBILITIES: In cases where a RRH applicant wishes to use a negotiated contract in lieu of public bidding, the following material will be submitted to the State Office to determine suitability of contractor for Rural Development's development and whether a waiver of competitive bidding is appropriate.

1. **Material Required for Review of Contractor's Qualifications:**

- a. Contractor's resume indicating the contractor's history, ability, and experience.
- b. Current, dated and signed, financial statements of the construction firm (including the balance sheets and statements of income and expense) from current and one prior year indicating the payment status of the contractor's accounts and any contingent liabilities that may exist. Rural Development personnel will be responsible for analyzing the financial statements as to the sufficiency of the contractor's financial capability to carry out construction. The financial statement must demonstrate the ability of the contractor to pay all bills prior to receiving periodic draws of funds from the lender. (Note: This financial statement must be up-dated and re-submitted annually in order for the contractor to remain qualified).

EXPIRATION DATE: 11/30/2000

FILING INSTRUCTIONS:
Following RD Instr. 1924-A

- c. Credit report on contractor (obtained at no expense to Rural Development) attesting to the contractor's credit standing.
 - d. List of trade references that can be contacted to substantiate the contractor's experience and good standing.
 - e. Statements from other persons for whom the contractor has done similar work, indicating the scope of the work and that person's evaluation of the contractor's performance.
 - f. Form HUD-2530, Previous Participation Certificate, completed on the construction firm. The State Office will forward the form to the Department of Housing and Urban Development (HUD) for processing.
2. **Material Required for Request for Waiver of Competitive Bidding**
Refer to FmHA Instruction 1924-A, Section 1924.13 (e)(1)(vii).
- a. Applicant's written request for Waiver of Competitive Bidding procedure, stating the reasons and justification for the request.
 - b. Current, dated, and signed trade-item cost breakdown of the estimated total development cost of the project prepared and signed by the contractor on Form FmHA 1924-13 (rev. 3-94).
 - c. Written, dated, and signed statement of owner agreeing to provide any funds necessary in excess of the applicant's contribution and the loan amount to complete the project (Attachment I).
 - d. Example of the ledger-type accounting system that the contractor proposes to use in maintaining a running record of the actual cost of the project. It must allow for trade item basis comparison of the actual and estimated costs in accordance with FmHA Instruction 1924-A, Section 1924.13, paragraph (e)(2)(i)(H).
 - e. A written dated, and signed statement by the applicant and contractor agreeing to permit Rural Development or any of its duly authorized representatives access to books, documents, papers, and records which are directly pertinent to this proposal.
 - f. Copies of Contract Documents and negotiated contract for State Architect's review.
3. **The information on Attachment II is to be developed by the Rural Development Local Office and submitted to the State Director for review of the competitive bidding request.**

Material in paragraphs 1 and 2 above is to be collected by the Rural Development Manager. Material in paragraph 3 above is to be completed by the Rural Development Manager. All material is then to be submitted to the State Director with recommendations for approval.

If you have any questions regarding this AN, please contact Eugene Pavlat, CF/MFH Program Director, at (254) 742-9760 or Quincy Berlin, State Architect, at (254) 742-9790.

/s/ Steven A. Carriker

STEVEN A. CARRIKER
State Director

Attachments

Attachment I

_____ will provide any additional funds in
(Applicant's name)
excess of Maximum Debt Load (MDL) for completing planned
construction for _____ from personal
(Name of Project)
resources.

Signed: _____
(Applicant)

Date: _____

Project Name: _____

Project Location: _____

This proposal is for ____ units of elderly, family or congregate housing (circle one) with the following bedroom mix:

- _____ 1 bedroom
- _____ 2 bedroom
- _____ 3 bedroom

We have examined the estimated construction and development costs submitted on Form 1924-13. The following is our analysis of the cost figures:

General Requirement of _____ = _____ percent of line 38

Builder's Overhead of _____ = _____ percent of the sum of lines 38 & 39

Builder's Profit of _____ = _____ percent of the sum of lines 38 & 39

Total Architectural Fees of _____ = _____ percent of line 44

- Square feet of floor area _____
- Construction cost per square foot _____
- Development cost per square foot _____
- Per unit construction cost _____
- Per unit development cost _____
- Total development cost _____

The total development cost does not exceed that which is typical for similar projects in the area. The cost data from the following projects support this finding:

<u>Location & Project Name</u>	<u>#Units</u>	<u>Total Development</u>	<u>Per Unit Cost</u>	<u>Per Sq. Ft. Cost</u>
------------------------------------	---------------	--------------------------	----------------------	-------------------------

COMMENTS AND RECOMMENDATIONS:

Signature and Date

