
CHAPTER 4
SERVICES REQUIRED OF PROJECT MANAGERS AND NURSING
HOME/HOSPITAL ADMINISTRATORS

- 4-1 Services Required of Project Managers. The purpose of a PM contract is to obtain professional PM services to adequately perform the day-to-day management duties that are required to operate, repair, and properly maintain the MFPD inventory. The GTR/GTM must assure that the PM fulfills its requirements pursuant to the terms of the PM contract. The PM must:
- A. Provide necessary professional and technical personnel, materials, equipment, supplies and facilities to manage projects in accordance with the HUD-approved management plan and sound management practices and applicable statutes, regulations, policies, procedures and directives.
 - B. Submit monthly certified PMS reports by the 15th of each month with the PM's invoice for services. Invoices must not be approved for payment if the report is missing or unacceptable. The content of the report may also be expanded to meet local needs. The monthly certified PMS reports include, but are not limited to, the following:
 - 1. Rent roll;
 - 2. Delinquency report;
 - 3. Vacancy List;
 - 4. Collections Report; and
 - 5. Cash Disbursements;
 - 6. Other reports required by the PMS User Manual.
 - C. Assist HUD in soliciting quotes and preparing specifications or solicitations for repair work or other procurements to be awarded by HUD, and providing inspection services, as specifically requested by the GTR/GTM;
 - D. Draft a Management Plan for each assigned project.
 - E. Maintain, at the PM's expense, computer equipment meeting the minimum specifications contained in the PMS User Manual.
 - F. Purchase, at project expense, equipment to be placed in project offices to access PMS. This equipment can only be purchased under a subcontract by a PM, not by
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HUD, and is to be subcontracted for and maintained in the same manner as any other piece of equipment purchased under a subcontract by a PM for a project office. This equipment becomes project property and is to be transferred to the new owner when the project is sold.

- G. Maintain logs and diagrams necessary for proper project operation.
- H. Maintain a drug-free living environment and work-place at each project.
- I. Subcontract for such supplies, materials, equipment, and services (other than personal services) as may be necessary for the maintenance, repair, and operation of assigned projects, as limited by the PM contract and as detailed in the section "Subcontracting for Supplies and Services" of this chapter. *

4-2 Sample PM and Administrator Contract Formats. Sample PM and Administrator contract formats, including all terms and conditions, are available from the Director, MFPD Division and must be used in all solicitations, and actively considered before exercising any options to extend existing contracts.

- A. The Sample PM solicitation/contract represents the input of many people nationwide. Provisions can be added to fit local conditions and the results of negotiations with offerors. However, solicitations and subsequent contracts prepared from the Sample format must not delete or revise provisions in the format, except for revisions to comply with changes to the FAR or the HUD Acquisition Regulations (HUDAR), without first consulting the Director, MFPD Division.

Suggestions for improvements, clarifications, etc., should be referred to the Director, MFPD Division.

The MFPD Division will continue to monitor the implementation and effectiveness of this format and may revise clauses as needed to improve management and/or comply with new statutes, regulations, etc. Such updates will be available through computer downloading to the RHD in the current HUD word-processing language.

B. DHMs must request the latest version of the sample contract formats from the RHD, RCD or Director, MFPD Division, prior to soliciting all PM or Administrator contracts.

C. The Sample PM solicitation:

1. Is a Request For Proposals (RFP), i.e., a negotiated procurement. A sealed bid procedure is not recommended, since it will generally be necessary to hold discussions with offerors to assure that contracts are awarded only to professional firms who fully understand the complexities of multifamily project management. Chapter 5 of Handbook 2210.3 and FAR part 15 contain procedures to follow to conduct a procurement using an RFP.
2. Provides for a contract term of two years with two one-year option periods.
3. Provides for designation of the Government Technical Representative (GTR), a Government Technical Monitor (GTM), and persons authorized to issue orders under the contract.

Designation of these individuals is extremely important, for these designations clearly establish HUD staff authority and responsibility. If a EM staff person is not named in the contract, he/she is not party to the contract.

4. Provides Factors for Award which reflect Departmental initiatives. Greater weight is to be given to potential contractors who have demonstrated successful experience with resident organizations and repair programs. An optional factor is provided if it is expected that the contract will cover ReSC's.
5. Provides different PM fees for occupied and vacant units in order to promote increased occupancy. While the goal is to maximize occupancy, field offices must closely monitor resident selection and rental delinquencies to assure that project managers are not selecting residents who are poor rent payers just so the

project manager can earn the higher fee for an occupied unit.

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4-3 Subcontracting for Supplies and Services. One of the PM's primary responsibilities is to subcontract for the supplies and services needed to operate Multifamily HUD-owned and MIP properties. The PM must subcontract in accordance with FAR clause 52.244-2, SUBCONTRACTS.

- A. The PM must subcontract for such supplies, materials, equipment, and services (other than personal services) as may be necessary for the maintenance, repair, and operation of assigned projects, where the cost of a single item or total cost of a series of related items to be procured at one time does not exceed the subcontracting authority specified in Section B of the PM contract.
- B. The Sample PM solicitation/contract requires the DHM to establish a level of PM subcontracting authority.

The DHM should set the subcontract authority at a level sufficient to allow the PM to subcontract for supplies/services needed to complete on-going repairs and to maintain decent, safe and sanitary conditions. Examples of such on-going requirements are replacing doors, repairing floors, painting exteriors, sealing parking lots, replacing appliances, removing trash, purchasing oil, etc. Expenditures for such items usually do not exceed \$50,000 and should not require prior GTR/GTM review.

Depending upon the condition of the current and expected MFPD inventory to be assigned to the PM and the amount of time it appears that HUD will be in possession, HUD may find it necessary to make capital expenditures. Examples of such capital expenditures are replacing roofs, heating plants, plumbing systems, etc. Such expenditures might easily be several hundred thousand dollars. If it appears that HUD will have to make capital expenditures of this magnitude, the subcontracting authority should be set at a level that will allow the PM to award such subcontracts. However, the PM should be required to obtain GTR/GTM review and approval prior to award of each such capital expenditure subcontract.

If the PM subcontracting authority level or GTR/GTM review level is set too low to allow the PM to

complete the necessary repairs in a timely manner, the number of HUD staff hours needed will increase dramatically and may cause the DHM to fall short of

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HUD's statutory requirement to maintain the MFPD inventory in a decent, safe and sanitary condition.

The DHM should request the Contracting Office to differentiate the higher subcontracting authority from the lower review requirements in Section B of the PM contract.

The DHM must also assure that an adequate contract administration system exists and that the GTR/GTM assigned to the PM contract reviews an adequate percentage of the subcontracts awarded by the PM. HUD prime contracts should be awarded for A or inspection Technical Support Services to assist the GTR/GTM. See Chapter 3. *

- C. PM purchasing authority is clearly and uniformly defined as subcontracting authority. This is intended to clarify and strengthen the fact that PM's are HUD contractors, not HUD agents.
- D. The PM must obtain competition in subcontracting to the maximum practical extent, and retain, in its files, documentation establishing the reasonableness of the price paid, in accordance with FAR 52.244-2. When required by FAR 52.244-2(b)(2), amongst other requirements, the PM must obtain subcontractor cost or pricing data.
- E. The PM must establish and maintain a subcontracting system acceptable to the Contracting Officer, to adequately track and document each project's subcontracts. The system must include, at a minimum:
 - 1. The level of competition on each subcontract. If competition was not sought or received, the PM's files must contain written justification of the reasonableness of the price(s) paid.
 - * 2. Procedures to obtain Davis-Bacon wage rates for applicable construction subcontracts. *
 - 3. A justification, if award was made to other than the low quoter, or if award was made to the same

quoter as the last purchase of that item/service.

4. A list of the items to be purchased through subcontracts.

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5. The name of the PM employee who is acting as the buyer.
 6. The PM's purchase order/contract number.
 7. The name, address and telephone number of each firm solicited, including the date and name of the person who provided the quote.
 8. The quantity and price of each item to be purchased and the total price of each quote.
 9. The proposed delivery date.
 10. The date of award.
 11. The name of the PM's employee(s) designated to receive the deliverables.
- F. The PM may only place subcontracts in accordance with the HUD authorized project budget and HUD approved Management Plan. Neither the Plan nor the Budget, however, authorize the PM to place subcontracts for the purchase of supplies and services in excess of the subcontracting authority provided in Section B of the PM's contract.
- G. The PM must perform periodic outreach to and utilize the services of small and small disadvantaged businesses in accordance with FAR 52.219-B. It must also perform outreach to minority-owned and women-owned businesses in accordance with the provisions of Executive Orders 11625, 12138 and 12432. A status report of such outreach must be included in the monthly invoice report required as a part of the contract.
- H. Subcontracts entered into by the PM under the terms of the contract will be paid by HUD in accordance with the PMS User Manual.
- I. If, because of a situation requiring immediate

attention, supplies/services are necessary whose costs are expected to exceed the subcontracting limit specified in Section B of the PM contract, and neither the Contracting Officer nor GTR/GTM can be contacted, the PM may procure necessary supplies/services. If this occurs, the PM must notify the Contracting Officer during the next

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business day or the earliest time possible, providing sufficient written documentation to justify the expenditure. Even in these circumstances, the PM must obtain, to the extent feasible, "full and open" competition for all subcontracts.

- J. HUD will not pay for PM subcontracts when such expenditures are not needed for the operation of the project, or the contracting officer determines the cost of supplies/services purchased is not allowable, allocable, or reasonable.
- K. The PM must provide inspection services, for its procurements, and, as directed by the GTR, for HUD contracted services. Such inspections must assure that supplies/services are timely completed, meet the quantities as stated, and work is performed in compliance with the specifications and in a manner acceptable to the Contracting Officer/GTR/GTM.
- L. The PM must promptly inspect work ordered and completed, and, if acceptable, forward payment requests to PMS within 5 business days of receipt of a proper invoice and/or inspection.

If work is not acceptable, the PM must, within 5 days, notify the vendor in writing to obtain acceptable corrective action.

- M. PM subcontracts are not subject to the Prompt Payment Act. Subcontract payment requests sent to PMS must state that the Prompt Payment Act does not apply, pursuant to the PMS User Manual.

Payment requests for subcontracts must be processed expeditiously, as if the Act did apply.

4-5 Subcontracting by a Nursing Home/Hospital Administrator.
Reserved.

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Reserved.

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