United States Housing Authority

GENERAL MANUAL

PART THREE

From Loan and Annual Contributions Contract
through Construction Contract Award

31. ORGANIZING PERMANENT STAFF OF LOCAL AUTHORITY

The successful development of a low-rent housing project requires a permanent clerical and technical staff under competent supervision. Accordingly, one of the first steps to be taken by the local authority after the signing of a Loan and Annual Contributions Contract is to organize a permanent staff and arrange for the necessary office space and equipment. In most instances, this will involve a review and redefinition of the responsibilities of the staff members employed during the earmarking stage.

Recommendations with respect to the management personnel required in connection with low-rent public housing projects are contained in the Management Manual, p.___. Upon request to the appropriate Regional Office, the USHA will furnish suggestions as to the size, character, and economical management of other personnel required. (See also certain references in Section 13c, p.___, with respect to professional assistance.)

Certain recommendations of the National Association of Housing Officials as to local authority organization, as well as personnel standards and requirements, as set forth in its publication, "Local Housing Authority Administration, A Manual from Early Experience" (Chicago, July 1939), may also be reviewed in this connection.

The attention of local authorities is especially invited to the fact that the salaries of the members of its permanent staff should be commensurate with their respective responsibilities and with the size of the local program.

It should be noted that from time to time the USHA arranges or assists training sessions in the fundamentals of housing, in housing management, and in administrative procedure. Such sessions are valuable as aids in training local staffs. In addition, the USHA is prepared, upon request, to assist local authorities in dealing with problems of personnel relations.

32. PURPOSE OF ADVANCE LOAN

In recognition of the fact that immediately after the execution of the Contract for Loan and Annual Contributions, local authorities need funds and in recognition of the further fact that it often takes some time before permanent financing can be accomplished, the USHA has worked out a procedure under which local authorities may receive an advance on account of the loan.

The purpose of an advance will generally be to provide funds which the local authority will need for preliminary work and land acquisition before it is in a position to sell its definitive bonds to the USHA. Such an advance loan will be made after compliance with the conditions precedent to such an advance under the terms of the Contract for Loan and Annual Contributions (see Article 1 of "Terms, Covenants, and Conditions," which appears as Appendix C of this volume, p.___). USHA representatives will aid local authorities in determining the amount to be requisitioned.

The proceeds of the advance loan may be used only to meet the cost of the following items:

(a). Administrative expenses properly chargeable to preliminary work on the project. While funds may be requisitioned for costs incurred prior to the date of the Contract for Loan and Annual Contributions, no part of the funds advanced by the USHA shall be used to pay such costs incurred prior to the date of the contract, or to reimburse any fund out of which such costs may have been paid, until the USHA has audited such costs and authorized such payment or reimbursement.

(b). Carrying charges, including only estimated interest on advance loan note up to date of its exchange for definitive bonds.

(c). Architectural and engineering expenses, including fees for preparation of plans, specifications, and construction contract documents on site improvements and structures; and other services, including surveys, borings and test pits, blueprinting, models, and similar items of architectural and engineering expense.

(d). The cost of land and preliminary land-acquisition expenses, including surveys and maps, appraisal fees, title examinations, cost of taking options, legal expenses and fees in connection with land acquisition, and the costs of demolition and clearance.

The frequency with which requisitions are submitted will be governed by the anticipated needs for funds. In estimating the amount to be requisitioned for future expenditure, the local authority should, of course, give due regard to the desirability of keeping within a reasonable limit the interest costs on the funds advanced. However, the amount requisitioned should at least be sufficient to meet requirements during the following two months. Thus, without prior approval by the USHA, requisitions shall not be submitted more often than once every two months.

32a. PROCEDURE IN OBTAINING ADVANCE LOAN

Forms to be used in obtaining advance loans, including the Requisition for Advance Loan (Form USHA-402), will be furnished to the local authority when the Loan and Annual Contributions Contract is forwarded for execution. The first advance loan requisition may be submitted to the USHA at any time thereafter. Payment upon such requisition cannot be made, however, until after the contract has been finally executed by the USHA.

The necessary documents which must be completed and submitted by the local authority in this connection include a Certificate of Purposes (Form USHA-216), setting forth in detail the purposes for which such advance loan will be used. Further instructions for the preparation of Form USHA-216 are on the form itself. The USHA will also furnish to the local authority an advance loan transcript containing suggested proceedings for the authorization by the local authority of its note or notes to be issued to evidence the advance loan. Assistance in the completion of these forms and in the other action necessary in obtaining an advance loan will likewise be furnished by the USHA.

The note or notes should then be authorized by the local authority and, thereafter, it should promptly submit to the USHA three certified copies of the record of proceedings of the local authority relating to such authorization, accompanied by the completed Requisition for Advance Loan forms. The USHA will examine the record of proceedings in order to determine whether the note or notes have been legally authorized. It will also examine the requisition forms to determine whether the documents are in satisfactory form.

It should be emphasized that in Requisitions for Advance Loans, as well as in all formal documents relating to a local program, the name of the local authority should correspond with the correct and corporate name of the authority as it appears in the Loan and Annual Contributions Contract. For example, a document may describe the local authority as "Jonesville Housing Authority" where its correct corporate name is "The Jonesville Housing Authority," or as "Housing Authority of Blackacre" where its correct corporate name is "Housing Authority of Blackacre, Iowa." Since checks to local authorities are made out in their correct corporate name as appearing in the Loan and Annual Contributions Contract, discrepancies and delays will be avoided if care is exercised in this respect.

After examining the submittals made, the USHA will prepare an Authorization of Release of Payment if it is satisfied that the note or notes have been legally authorized and that the requisition forms are properly completed. This Authorization of Release of Payment will be forwarded to the Federal Reserve Bank in the district in which the local authority is located. A copy of the authorization will also be forwarded to the local authority, together with a letter of instructions as to the documents which must be submitted by the local authority to the Federal Reserve Bank. The Federal Reserve Bank will communicate with the local authority and arrange a satisfactory date for the closing of the advance loan. The closing will take place at the office of the Federal Reserve Bank.

The local authority will deliver to the Federal Reserve Bank the executed note or notes, together with signed and dated copies of the other required documents (as explained in the letter of instructions from the

USHA), on the date set for closing the advance loan. Such note or notes will be in the principal amount of the advance loan approved. If the note or notes and the accompanying closing documents are submitted in proper form, the Federal Reserve Bank will deliver to the local authority a check drawn upon the Treasury of the United States in the principal amount of the note or notes delivered.

The local authority will deposit the check received by it in payment for the note or notes in a separate account designated as the "Development Fund" in a bank which is satisfactory to the USHA. (See Section 37, p.____, for further discussion of the Development Fund.) The local authority will withdraw funds from this account only to pay such costs and fees as were set forth in the Certificate of Purposes as finally approved in connection with the advance loan requisition.

A Federal Reserve Bank will hold for the account of the USHA the note or notes delivered by the local authority until such time as the local authority is prepared to deliver definitive bonds. When the definitive bonds are ready for delivery, the USHA will, upon request by the local authority, authorize the Federal Reserve Bank to exchange the note or notes for an aggregate principal amount of definitive bonds equal to the principal amount of the note or notes. At the time of this exchange, the local authority will pay to the Federal Reserve Bank the interest due on the advance loan note or notes out of the proceeds originally received from the sale of the note or notes.

33. TEMPORARY FINANCING

As was pointed out in Section _____, the minimum interest rate on loans made by the USHA to local authorities is the going Federal rate of interest plus one-half of one percent. This statutory rate is applicable regardless of the size of the loan made by the USHA and regardless of the maturity of the USHA loan to the local authority.

As a consequence, the USHA has developed a plan under which it will be possible for local authorities to obtain funds through the construction period at a small fraction of the rates which the USHA is required to charge. Under this plan, after the requisition for advances in compliance with the provisions of the Loan and Annual Contributions Contract, the USHA will forward to the Federal Reserve Bank of the district in which the local authority is located, an authorization to pay the amount of its loan advance to the local authority on some specified date. On the basis of this commitment, the local authority issues short-term paper to public bidders offering the lowest rate of interest. As the short-term notes approach the date of maturity, the USHA will honor the requisition of the local authority by depositing the advance of Federal funds in the local Federal Reserve Bank. These funds are, in turn, used by the local authority to retire the outstanding local short-term loans.

It should be noted that before temporary financing is undertaken, the USHA will assist local authorities by preparing all the forms needed in this connection.

34. INFORMING THE PUBLIC

In submitting Applications for Financial Assistance, local authorities will have included in the Total Estimated Development Cost a tentative amount for informational expenses (see Section 27, pp._____). As soon as the Contract for Loan and Annual Contributions has been executed, a detailed Informational Expense Budget (Form USHA-825) should be prepared and submitted in triplicate to the USHA Regional Office for approval. An Informational Budget must be approved by the USHA before any funds will be advanced for expenditures under the Informational Expense Account (see Accounts Manual, p._____).

As has been pointed out, an informed public support must be the bases of any progressive, democratic program. Moreover, certain vital functions of public housing, such as tenant selection, cannot be efficiently performed unless all those eligible for tenancy are properly informed and are encouraged to apply. For these reasons, the expenditure of funds for informational work is a legitimate charge against development costs, provided that the amount to be spent is approved by the USHA as reasonable in relation to the size and needs of the project.

Informational expenditures are peculiarly subject to misinterpretation and even to abuse. They must be kept to a minimum in amount, and they should be restricted to purposes that are unquestionably justifiable. In determining what is justifiable, it should be remembered that public housing is not a commercial product. It does not have to buy good will. Like public education, it is a service that needs only to be explained. It affects the standard of living and the pocketbook of practically every

citizen. For this reason, various mediums for educating the public can generally be enlisted in behalf of public housing at little cost other than that of the effective preparation of material.

Thus the types of initial expenditures included in the informational budget should be carefully considered in the light of the needs of the particular project and of the particular community in order that the funds available may be judiciously expended. No expenditure, however justifiable, will be permitted to be included in the development cost of a project unless it is within the limits of the funds available under the approved budget for informational expenses.

Though most local authorities are by now well aware of the necessity for keeping the public informed, many of them came to full awareness the hard way. Uninformed opposition arose to challenge or temporarily to hamstring Cooperation Agreements with local governments. When it came to the application stage, applications for housing trickled in all too slowly from eligible families, despite the fact that market analyses may have indicated a widespread immediate need for new housing. Or tenant selection staffs were deluged with applications from families obviously ineligible for admission.

When such symptoms presented themselves, local authorities have necessarily been quick to remedy the situation and to prevent other problems from arising out of the same basic deficiency. In general, however, construction has been the thing, and public relations have remained relatively undeveloped, at least in any formal way, as a part of local authority administration.

34a. USHA ASSISTANCE IN INFORMATIONAL WORK

In the scores of localities where projects have developed from blueprints into reality, local authorities now have something concrete to tell the public about. As a natural and logical development of decentralization, local authorities are therefore taking over more and more of the function of informing the public. In line with this tendency, the USHA is in a better position than ever to integrate and coordinate housing information and experience, to view objectively the relative effectiveness of local methods, and to devote more of its efforts to advising and assisting local authorities in the development of their informational programs.

Under an effectively decentralized program, it is neither appropriate nor necessary for the USHA itself to publish informational material other than that of a very general nature concerning the operation of the program. In those instances where it is desirable for local organizations, publications, or individuals to receive such general USHA literature regularly through the mail, the local authority itself, wherever possible, should transmit to the USHA information blank forms filled out for this purpose.

A literature table is recommended for local authority offices. On it would appear not only local and USHA publications, but also current unofficial housing materials. It is important that at least some of the publications exhibited be available for free distribution to office callers.

Where USHA publications are distributed by the local authority, the local authority's name should be stamped upon each item. In view of the

fact that USHA publications are generally limited in quantity, attention is directed to the fact that many of the regular national USHA press releases and certain regular USHA publications can be adapted for local consumption by slight revision or the insertion of local material. Information appearing in Public Housing, the USHA news weekly, can likewise frequently be adapted to effective local use.

Local authorities may also wish to refer in this connection to a committee report of the National Association of Housing Officials, "Public Relations of Local Housing Authorities" (Chicago, July 1939), which reviews public relations objectives and discusses in detail certain practical methods of achievement, based on early local authority experience.

Since much of the educational or informational material needed is the same for all local authorities, it is possible for the USHA to render invaluable assistance to local authorities in connection with their information programs. In public relations as in other fields, the USHA is able to serve as a clearing house for local experiences relating to recurrent public relations problems. The experience of one local authority can thus become the experience, and react to the benefit, of all. This is particularly true of informational publications, but it applies also to all the other avenues through which the public is reached -- newspapers, exhibits, radio, movies, speeches, groundbreakings and dedications, demonstration units, and the like.

By taking advantage of the techniques and materials recommended, local authorities will not only be able to do more effective work and put

out better publications; at the same time considerable savings can be effected in the cost of local informational work, since less effort will be needed to adapt these materials and techniques than would be required in their initial preparation or formulation.

In addition to making basic material and general recommendations available regularly, and certain additional and more specific assistance available upon request through the appropriate Regional Office, the USHA will also, when necessary and feasible, assign field representatives to authorities in need of first-hand public relations assistance. In order to facilitate the informational assistance that can be rendered by the USHA, local authorities are urged to keep Regional Offices advised of progress made and problems encountered in informational program development.

It should be pointed out that the discussion here of informational needs and techniques is primarily with reference to public housing programs in cities and towns. Since rural informational work, like public housing itself in rural areas, has developed at a rate differing from that of urban program development, consultation between county housing authorities and the Regional Offices is an even more constant necessity. The utmost effectiveness in informing rural families can be achieved only by relying upon the common and cumulative experience as it develops.

34b. GENERAL CONSIDERATIONS IN INFORMATIONAL PROGRAMS

The needs and expenditures of each local authority for informational work will differ in some details from those of all other authorities. No universally applicable rules can be given. However, the following general principles may be of assistance to local authorities in planning their informational work.

Personnel to handle informational work will probably represent the largest single item of informational expenses. It is suggested, however, that some authorities may reduce, or in exceptional cases eliminate altogether, expenditures for personnel, and that all authorities may limit such expenditures, by setting up an advisory committee on informational service. This committee might consist of the editor of a newspaper, an advertising man, and some leading merchant or other outstanding citizen. Such men can generally be secured who are willing to devote their services without pay.

In the average city, however, it will generally be found necessary that a fully qualified person be retained or employed to conduct the public relations program for the local authority. In many situations it is perfectly possible adequately to carry on the work on a part-time basis. There are some cases where a person at present employed on the local authority staff can do an excellent public relations job if freed from routine work by the hiring of an additional clerk or minor office executive. Wherever the local program involves a project or projects to cost $5,000,000 or more, it is probably well to plan on making informational work a full-time job at least during most of the development

period of the project. As in the case of other local authority personnel, a memorandum on the duties and qualifications of local information directors will be made available to local authorities making such requests through USHA Regional Offices.

Printing will generally be an important item in an education or informational program. (See subsequent discussion on printed materials, as well as Section 55c, pp._____.)

In some communities, foreign language publications, or other materials prepared especially for distribution among groups unfamiliar with English, may be called for at various stages of local program development. Local authorities are advised to consult with Regional Offices wherever such publications seem desirable.

One general caution is appropriate in all local informational work. The more or less natural tendency to use housing jargon, technical terms, and other language over the heads of those to whom the local informational program is directed should be scrupulously avoided. Technical language lends precision only to the professional houser's understanding of a program. While everyday language, on the other hand, may fail to clarify professional concepts -- and may, in fact, seem less than accurate unless tediously qualified -- the net result for the general reader is greater rather than less clarity.

As indicated elsewhere, the USHA has determined that, where local budgets permit, reasonable expenses of attendance at meetings of housing associations or of groups of housing authorities may be included as general administrative expense in the development cost of projects, or as administration or operating cost, depending upon the local circumstances.

Where local authorities have projects in the development stage, travel expenses incurred in connection with attendance at such meetings of housing associations or groups of housing authorities are chargeable to the development cost of the projects. Generally speaking, such travel should be prorated between all the projects of a local authority in the same manner as other general overhead expenses of the local authority.

Where local authorities have projects in operation as well as projects under construction, travel expenses incurred in this connection should be distributed as fairly as practicable between the Development Cost Budgets (Account No. 1410.16 - Informational Expense) and the Operating Budgets (Account No. 4130 - Other Management Expense).

The local authority itself is normally in the best position to determine the appropriate portion of the travel expenses which should be borne by the projects in development and the appropriate portion which should be borne by the projects in operation. Similarly, the local authority is able to determine most accurately the funds presently available in Development Cost Budgets and Operating Budgets for the travel, and also the future charges for travel which will probably be made to the budgets of both types.

If the Development Cost Budgets involved do not contain unobligated funds sufficient to cover the cost of the travel or any share of it, however, the USHA will approve the charging of the cost of the travel to the Operating Budgets, provided the Operating Budgets contain sufficient unobligated funds to cover this expense.

Where all the projects of a local authority are in the management or operating stage, the USHA will approve the charging of the cost of the travel to the Operating Budgets (Account No. 4130 - Other Management Expense) for such projects.

Ordinarily, a local authority should not use project funds to send more than three representatives to such a meeting. The functions of these representatives should be sufficiently diversified to make the attendance of all of them desirable. They might include, for example, the chairman of the local authority, the executive director, and a member or employee of the local authority familiar with management problems. It is highly desirable that the person in charge of informational activities for the local authority be one of the representatives attending the meeting. [For a statement as to reasonable travel expenses, see Section 17h (2).]

Suggestions made by the USHA regarding methods of approach to the problem of disseminating information, expenditures in connection therewith, and the eligibility of items for inclusion in development costs should not be interpreted as any arbitrary attempt on the part of the USHA to limit or define the scope of the activities in which local authorities may or should engage. The activities of such authorities are matters for local determination in accordance with Federal, state, and local law. Statements made herein regarding the eligibility of items for inclusion in development cost, relate solely to the question of whether the item is so directly related to the project or so necessary to its development as to be approvable by the USHA as eligible for payment out

of development funds. Any authority which desires to engage in activities the cost of which are not eligible for payment out of development funds may, of course, do so with any other funds available to it.

Particular attention is called to the fact that no expenditure which is prohibited by state law may be included in the development cost of a project.

34c. PRINTED INFORMATIONAL MATERIALS

Printed materials, though by no means the whole of a well-rounded public relations program, are nevertheless one of its most important parts. Informational publications issued by local authorities fall into three categories:

(1). Introductory publications.

(2). Publications designed to inform prospective tenants.

(3). Annual reports and other general publications.

34c (1). INTRODUCTORY PUBLICATIONS

In the introductory period, a local authority's first responsibility is to give the public a clear understanding of the aims and methods of its slum-clearance and rehousing activities. Thus one of the local authority's early publications should be a questions-and-answers pamphlet or other expository material designed for those unacquainted with the program. Not only should a general picture of the immediate program be presented, but also some indication of the local authority's long-range housing plans.

Figures from surveys of the local need for decent low-rent housing are appropriate, as well as whatever statistics are available as to private residential construction in the locality in recent years.

If the community has one of the early PWA Housing Division projects, or if a Greenbelt community is nearby, the local authority's program should be carefully explained, at the very outset, in terms of the inherent differences between these various programs. Where local authorities have neglected this initial step, misunderstanding has invariably resulted.

As already suggested, local authorities planning introductory publications should also feel free to adapt regular USHA publications.

34c (2). PUBLICATIONS DESIGNED FOR PROSPECTIVE TENANTS

Publications designed to inform prospective tenants form a large part of every local authority's publication program. Since this phase of program development is properly a part of the Management Program, such publications are discussed in detail in Section 55c, pp._____.

34c (3). ANNUAL REPORTS AND OTHER GENERAL PUBLICATIONS

Annual reports and other general publications will be necessary as local housing programs develop. The local authority's first step with respect to its annual report should be to ascertain and meet the legal requirements as defined in the state law under which each local authority was created.

In some instances, local authorities will find that the legal requirements can be met and that in addition, a popular discussion of the progress indicated can be included so as to make the annual report valuable to local officials, and so as to stimulate news stories and editorials. In this event, statistical, technical, and financial materials preferably comprise the appendix.

In most cases, however, two publications are desirable: one meeting the legal requirements and the other presenting and interpreting the same facts in popular and nontechnical vein. The danger of misinterpretation of unexplained financial and other materials cannot be overestimated. Thus in no event should a mass of uninterpreted statistics be prepared or included in a publication intended for general distribution. Over-all facts as to the amount of private residential building locally in relation to the need, the extent of indecent and insanitary housing, and the like are illustrative of the type of information recommended for inclusion in the popular version.

Certain other general reports or publications covering local programs may be desirable, since keeping the public informed on the score of public housing does not end with the occupancy of a project, but is

a continuing responsibility. Case reports of typical applicant families investigated might be the basis of one such local publication, provided the families singled out are not identified. Several effective local publications have described life in public housing projects. Mimeographed statements showing the number of children in a project, family incomes, previous living conditions and rents, occupations, and the like have also been issued by local authorities, with favorable results.

More ambitious local educational programs will frequently include reprints of important speeches and newspaper articles dealing with the local authority's activities, with further introductory remarks about the local program. Leaflets explaining particular aspects of the public housing program, such as tax exemption, often anticipate and allay opposition arising from misunderstanding.

Dedication programs, on the other hand, are a type of general publication with limited use that is not always so justifiable. This applies particularly to such local publications on heavily coated paper with pictures of individuals, lists of visitors from Washington, and the like. Local newspapers can usually be relied upon to take care of these informational matters. In those instances where printed programs are felt to be essential, it is generally wise to limit such publications to no more than four pages, and to keep printing costs, including photographs, to the very minimum.

Rules prescribed by a project's management and set forth in the Tenants' Handbook are of limited interest, and should have a controlled

distribution. (See the Management Manual, p._____, for items required to be covered in the Tenants' Handbook.) Publication of ordinary project rules and regulations in general informational publications serves no purpose other than to bear out the no-regimentation idea. This being the case, a simple reassuring statement on that score is sufficient.

In local information programs, the expense of production and distribution is naturally a determining factor as to form, content, and method of reproduction of publications. Wasteful spending and distribution should by all means be avoided. Not only are they unjustifiable; they may serve to jeopardize otherwise effective public relations and defeat the very purpose of the information program.

Cuts, of course, add to the expense, but in most local publications they are usually considered necessary for effect.

In relatively infrequent instances, mimeographed rather than printed publications may prove desirable. Mimeographing is usually cheaper than printing, however, only when small quantities of the publication are needed. Printing is ordinarily cheaper in quantities of 5,000 or more.

In <u>all</u> local publications it is appropriate to include the name of the local authority, and to identify local housing activities with the USHA, without whose financial assistance the Nation-wide rehousing program could never have been undertaken. Though it would seem to be unnecessary to remind local authorities to identify themselves in their own publications, a number of local leaflets have appeared

with no such identification. In introductory publications, the roles of both the local authority and the USHA will usually be completely identified in the text. In other than introductory publications, USHA identification will, as a rule, simply mean the inclusion of some such statement as "Assisted by the United States Housing Authority."

34d. THE USE OF NEWSPAPERS IN INFORMATIONAL WORK

Sample news releases covering various phases in local program development are available, in manual form, through the USHA Regional Offices. Here again, local authorities can easily adapt the forms recommended simply by inserting or substituting local facts and figures.

In communities with special Surveys of Low-Rent Housing Needs under way, properly oriented informational work, including newspaper coverage of the survey's purpose and progress, is especially necessary to prevent misunderstanding and to promote cooperation (see Section 9a, p.___). Newspaper releases and other informational work relating to the relocation of occupants of areas to be cleared are also vital to successful public relations in communities in which direct slum-clearance projects are being undertaken (see Management Manual, pp.___).

The cooperation of local newspapers is especially important during the tenant application period. For a detailed discussion of news releases, feature stories, and special newspaper supplements that can be valuable during this period, reference should be made to Section 55c, pp.___.

34e. USING EXHIBITS TO INFORM THE PUBLIC

In most communities there are shows, fairs, and exhibitions of various kinds which attract large numbers of people. Local authorities will frequently be able to get local artists or architects or local WPA projects to construct exhibits of their work, of the need for their work, or both, simply by paying for the materials used.

The photographic record required (see the Design Manual, p.___) in connection with the construction of projects built with USHA aid will often be found to be extremely useful in exhibit work. For exhibition purposes, the record should include not only pictures of the new buildings, but also pictures of the slum sections of the city, of the site of the project before construction began, and of various phases of construction and occupancy.

A large-sized standard poster exhibit on public housing is now available to local authorities through USHA Regional Offices at a nominal cost. The lay-out of this exhibit is such that local pictures can be substituted. To assist in the promotion of public understanding by visual means, the USHA will also furnish local authorities with still photographs of a general nature, and with special exhibits, wherever possible, for important events in any given locality. (See Section 34g for information relating to the shipment of such exhibits.)

For discussion of the use of small posters during the tenant application period, reference should be made to Section 55c, pp.___.

34f. RADIO AS A MEANS OF INFORMING THE PUBLIC

Electrically transcribed radio programs can be sponsored by local authorities through master record pressings of 13 radio dramatizations now available upon request through the Regional Offices. A vivid presentation of the story of slum clearance and rehousing, this series of radio records entitled "Slums Cost You Money" is furnished free of costs for broadcasts by local radio stations. Each dramatization takes 14 minutes and, if made part of a 15-minute broadcast, allows 30 seconds at both the opening and closing for announcements as to sponsorship by the local housing authority, or similar messages. Public announcement of the broadcasts is preferably made by the local authority several days before the first program is presented. (See the following section for information concerning the shipment of these recordings.)

Experience has shown that radio stations will, if properly approached grant time without charge for the presentation of other information relating to local public housing programs. In rare cases there may be a very small "line charge", where broadcasts are made at the site of groundbreaking or dedication ceremonies, but experience has shown that the great majority of radio stations will waive this charge.

34h. USING SPEECHES TO INFORM THE PUBLIC

Some reasonable minor expenses in connection with mass meetings, public conferences, public study groups, and other public meetings may be eligible for inclusion in the development cost of a project. Fees to speakers should not, as a rule, be incurred, though expenses of visiting speakers may in special cases be met. Wherever possible, a group of volunteer local speakers should be trained by the public relations director to address meetings in the local community on housing.

Since official duties constantly necessitate that representatives of the USHA visit various communities throughout the country, arrangements can frequently be made to have such representatives speak at local meetings. Given enough time, the USHA can provide a speaker especially qualified for certain types of meetings. Whenever possible, requests for speakers should be made at least several weeks prior to the time of the scheduled meeting, and information should be furnished as to the sponsorship of the meeting, the number of persons expected to attend, etc.

Through its contacts with housing experts, women's organizations, social welfare groups, trade unions, educational institutions, business associations, and other agencies, the USHA can in some cases arrange to have leaders in these fields speak at local meetings.

35. ADOPTION OF ACCOUNTING PROCEDURE

In order that all transactions relating to the receipt and expenditure of funds in the development of the project may be properly recorded, the local authority should promptly engage the accounting personnel necessary, as well as establish an acceptable accounting procedure.

A satisfactory procedure is outlined in the Accounts Manual, pp.____, and the adoption thereof will expedite the approval of requisitions by the USHA and facilitate the auditing of the local authority's books. The USHA will also, upon request to the appropriate Regional Office, send a project auditor to assist in opening the local authority's books.

36. PERFORMANCE OF CONDITIONS IN LOAN AND ANNUAL CONTRIBUTIONS CONTRACT

The local authority will not ordinarily be able to make substantial progress with its program until an advance loan has been obtained from the USHA. Accordingly, all the conditions precedent to the advance of funds contained in the Loan and Annual Contributions Contract and related documents should be performed promptly. The performance of these conditions may entail negotiations with local municipal or county officials with respect to the following considerations:

(a). Equivalent elimination (discussed in Section 23, p. ____).

(b). Local contributions or other forms of local aid to achieve low rents (discussed in Section 22, p. ____).

(c). Assurances that at least 10 percent of the development cost of the project can be obtained from sources other than the USHA (see Section 21, p. ____).

All such negotiations should be completed expeditiously so that an advance loan may be obtained promptly when funds are needed.

37. EXECUTION OF DEVELOPMENT FUND AGREEMENT

The "Terms, Covenants, and Conditions" of the Loan and Annual Contributions Contract (see Appendix C, p.____) provide that the funds received by the local authority from the USHA shall be deposited in a separate account, to be known as the "Development Fund," in a bank or banks acceptable to the USHA.

To insure the application of this fund to the development of the project and, at the same time, to facilitate its use, the USHA requires the execution of a "Development Fund Agreement." This agreement provides for withdrawals from the Development Fund upon the basis of checks and supporting vouchers. Such vouchers must indicate the purposes for which the checks are drawn and must ordinarily be accompanied by certificates which certify that the checks are drawn to pay development costs The agreement does not, however, require separate approval of each withdrawal by the USHA. The depositary bank is authorized to honor, upon receipt, checks of the local authority supported by the appropriate vouchers and certificates.

Prompt selection of the depositary bank and prompt execution of the Development Fund Agreement will expedite the advance of funds by the USHA. The name of the proposed despositary bank should be submitted to the USHA for approval. Upon obtaining such approval, the local authority should forward promptly to the Regional Office two executed copies of the proceedings authorizing the execution of the agreement.

The procedure contemplated by the Development Fund Agreement is simple and expeditious and familiar to most banks. In addition, the

USHA has prepared, and will furnish upon request, a suggested form of Development Fund Agreement (Form USHA-425), which contains suggested forms of the certificates required. A suggested form of Accounts Payable Voucher is contained in the Accounts Manual (pp.___), as well as instructions relating to the financial reports required of local authorities during the development period (pp.___).

The USHA may also approve the establishment of a "Revolving Fund" in a bank account separate from the bank accounts under existing Development (or Administration) Fund Agreements in order that local authorities may make disbursements for expenses proratable among several statutory projects. The establishment of the Revolving Funds is discussed in further detail in the Accounts Manual, p._____.

38. ACCEPTANCE OF LAND OPTIONS

In the discussion of site acquisition in Section 15, the steps treated cover negotiations for options. It is obviously impossible to proceed beyond that step in site acquisition during the earmarking stage since the next step, the acceptance of land options, cannot be undertaken until funds are available. The availability of funds, through advance loans and through temporary financing, places the local authority in a position to proceed with the acceptance of land options.

Acceptance of options must not be commenced by the local authority until:

(1). The local authority has entered into a Loan and Annual Contributions Contract with the USHA and has made arrangements assuring that it will have funds available when needed to pay the purchase price of the properties.

(2). The local authority has submitted to the USHA a property line map, appraisals, and title information with respect to the entire site.

(3). The local authority has satisfied the USHA that it may exercise the power of eminent domain in cases where the site is in multiple ownership as this will assure the acquisition of clear title to the entire site.

(4). The local authority has scrutinized and by resolution proposed to the USHA the acceptance of such options.

(5). The USHA has approved the acceptance of such options.

Local authorities are reminded that the USHA requires complete Weekly Reports of Land Acquisition. Forms for making such reports (Form USHA-536) are obtainable from the USHA.

39. EMINENT DOMAIN

The exercise of the power of eminent domain to acquire title may be essential if any of the following conditions obtain:

(a). Options for all the parcels in the area cannot be obtained at a reasonable price.

(b). Such options have been obtained for all of the parcels but an eminent domain proceeding is the only effective method of clearing defective titles.

(c). The protection eminent domain affords against delays in land acquisition arising from other causes is necessary.

In no event should such proceedings be instituted until after consultation with and approval by the USHA. Reference should also be made to the discussion of site acquisition in Sections 15, 38, and 40.

40. PAYMENT AND TAKING TITLE

Payment (not in excess of option price) for property to be acquired by direct purchase may be made at any time after the USHA has approved the option with respect thereto, has released funds for land purchase, and has advised the local authority that acquisition of the site may be commenced.

Such payment should not be made for any parcel until the local authority has obtained title information showing that good and marketable title in fee simple will be vested in the local authority upon such payment.

In the event that title to property is to be acquired subject to any liens, encumbrances, or objections, the local authority should not make payment until the approval of the USHA has been obtained for its acquisition subject to the particular liens, encumbrances, or objections. Such approval will in general be given by the USHA at the time it authorizes acceptance of the options, if so requested by the local authority.

In the event the local authority is acquiring title to part or all of the site through the exercise of the power of eminent domain, no moneys should be disbursed by the local authority for the property to be so acquired until there is submitted to the USHA satisfactory evidence that, upon the completion of the eminent domain proceedings, a good and marketable title in fee simple to the property included in such eminent domain proceedings will be vested in the local authority. After satisfactory evidence to this effect has been submitted to and approved by the USHA, the local authority may then make disbursements in accordance with orders of the court entered in the eminent domain proceedings.

The local authority is expected to submit to the USHA a record or real-estate settlement showing distribution of the purchase price for each

parcel of property acquired and details as to the delinquent taxes thereon. This record must be attached to the voucher submitted to the USHA, evidencing payment for the parcel in question.

Upon the completion of the acquisition of the site, the local authority should obtain final proof of its title by having its title information continued to the date of complete acquisition of the site. As in the case of other title documents and information, a copy of final proof of title for the site as a whole should be furnished the Regional Office for each development as soon as possible. This final submittal should, in any event, be in the Regional Office at least 60 days prior to the scheduled bid advertisement date for the Series A Bonds issued with respect to the project including such development.

The various title documents and information required of local authorities by the USHA are summarized as follows:

(a). Five copies of an accurate survey map, certified to by a licensed surveyor, showing the property lines of the site of each development. This survey should be in such form that from it a legal description of the site of the development can be drafted and the final title information can be checked.

(b). If there are any streets, alleys, or other ways running through the site of a development which have been vacated, four certified copies of the proceedings vacating such streets, alleys, or other ways, together with an opinion from counsel for the local authority to the effect that (1) such proceedings are in accordance with law and do effectively vacate such streets,

alleys, or other ways, and (2) that title in fee simple is vested in the local authority.

(c). If any land within the site of a development is dedicated by the local authority, five copies of a survey showing the property so dedicated. (This survey may be incorporated in the survey map described above.) If the dedication is by conveyance, four copies of the conveyance, together with an opinion by counsel for the local authority that the conveyance has been duly accepted by the city or other appropriate local public body and four certified copies of the proceedings accepting such dedication. If the dedication is by plat, five copies of such plat, together with an opinion from counsel for the local authority that it was duly filed and accepted by the city or other appropriate local public body and four certified copies of the proceedings accepting such dedication.

(d). Four copies of a final opinion of title, or final certificate of title, or final title insurance policy with respect to each development. This document should describe the site of the development as a unit. If there are city blocks within the development area separated by streets which have not been, or are not to be, vacated, such blocks or such larger section may be described as separate tracts, although it is preferable in such cases to have one overall description subject to or excepting such streets. In any event, the descriptions should describe the development site in language which can be verified by the survey map. If an opinion of title is used, the opinion should state its basis. Where opinions are based upon examination of abstracts, accompanying statements should show who prepared the abstracts.

41. PREPARATION OF DEVELOPMENT COST BUDGET

In order to provide the local authority with a means of controlling the nature and extent of expenditures in the development of the project, the USHA has prepared a form of Development Cost Budget. A Preliminary and a Final Development Cost Budget are required for each project. The preparation and use of these budgets are discussed in the following paragraphs.

41a. PRELIMINARY DEVELOPMENT COST BUDGET

The Preliminary Budget guides the local authority in making expenditures and in requisitioning funds from the time of execution of the Loan and Annual Contributions Contract until this budget is superseded by the Final Budget (see Section 41c) at the commencement of construction. The Preliminary Budget will necessarily be based primarily upon the estimate of "Proposed Development Cost" submitted by the local authority as part of its Application for Financial Assistance, as modified and approved for purposes of the Loan and Annual Contributions Contract. The local authority need not resubmit this estimate to the USHA for budget purposes. The USHA will transpose the approved estimate to the Budget Form and the original copy of the estimate, as transposed, will be transmitted to the local authority as soon as practicable after the Loan and Annual Contributions Contract is forwarded for execution. The transposed estimate will constitute the Preliminary Budget.

41b. APPROVAL OF LEGAL FEES

It should be noted that the figures used in the item of legal fees in the Preliminary Development Cost Budget are merely the preliminary estimate of required legal services and expenses contained in the Application for Financial Assistance. Their inclusion in the Preliminary Budget does not imply approval thereof. Approval of gross legal fees is given only upon submission of a "Breakdown of Attorneys' Fees and Legal Expenses in Support of Requisition for Loan" (Form USHA-440) showing the breakdown of estimated legal fees. This submittal should be made as soon as practicable, and in any event within one month, following execution of the Loan and Annual Contributions Contract. Although this estimate will be subject to many contingencies which may necessitate subsequent revision, it should be carefully prepared by the local authority on the basis of the available plans and information.

If a current request for legal fees, contained in a requisition, raises the cumulative total in excess of the approved gross fees, it will be necessary for the local authority to submit a new estimate of gross fees in accordance with the procedure described above, and to obtain the necessary adjustment in the budget for the project.

41c. FINAL DEVELOPMENT COST BUDGET

The Final Development Cost Budget will be prepared by the USHA and submitted to the local authority for concurrence. To insure completion of the Final Budget on schedule and the prompt approval of loan requisitions after construction work has started, the local authority should make certain that it has submitted to the USHA budgets for legal fees and expenses (see Section 41b) and informational expenses (see Sections 27 and 34, pp. ___ and ___, respectively) and should obtain approval of such fees and expenses prior to the advertisement for bids on the construction contracts.

The Final Budget will reflect contract amounts wherever contracts have been awarded and, as to other items, will represent the latest estimate developed in connection with the completion of final plans and specifications and bids received. The amounts included will be distributed among the appropriate principal account classifications set forth in the Accounts Manual, pp. ___; that is, 1410, Administrative; 1420, Carrying Charges; and so on.

The amounts shown under the various principal account classifications will be net figures representing the actual estimate or commitment, as the case may be. The amount shown under Principal Account No. 1480, Contingencies, will (unless determined otherwise necessary by the USHA) be equal to five percent of the total of all the items set forth under the Principal Account Nos. 1410 through 1470 and is for the purpose of providing normal latitude for changes, extras, and overruns during development. (If the cost of site acquisition has been definitely determined at the time of

preparation of the Final Development Cost Budget, the amount represented by this item will be excluded from the total upon which the five percent for contingencies is calculated. In such case, no part of the amount provided for contingencies will be prorated against the item of site acquisition.) The total anticipated development cost of the project will be the total of the principal accounts less the amounts, if any, set forth under Principal Account No. 1490, Development Cost Credits.

After the budget has been prepared by the USHA and concurred in by the local authority, all variations of costs from the items therein shall be treated as underruns or overruns, as the case may be. Overruns in subaccounts which are compensated by underruns within the same principal account do not require USHA approval, except for items with respect to which specific limits have been previously approved by the USHA. In general, the following items are limited by the specific approval of the USHA: legal services; land purchase price; base fees; and contract amounts. If the local authority finds it necessary to exceed the total of any one principal account, the approval of the USHA must be obtained prior to the making of the commitments resulting in such excess.

The Budget Form will contain a summary of the principal accounts, broken down to reflect the division between dwelling and non-dwelling costs. The form also requires that certain items of the estimated development cost be supported by detailed schedules indicating the basis of the estimate for such items. The local authority should ascertain at this point whether

it has submitted to the USHA all the data necessary for the preparation of such supporting schedules prior to the date scheduled for the advertisement for bids. If the administrative elements of any subaccount under Principal Account No. 1410, or any of the other principal accounts, are proratable for two or more projects under one Loan and Annual Contributions Contract, the data submitted for the preparation of these supporting schedules should reflect the total cost of all such elements to all such projects collectively and the percentage applicable to each project individually.

The Final Development Cost Budget procedure makes it imperative that the Final Estimate of Total Development Cost be submitted by the local authority with the Final Plans and Specifications (see Section 48, p. ___) prior to advertising for bids. Any items submitted by the local authority on the Final Estimate of Total Development Cost form but not acceptable to the USHA <u>must</u> be resolved with the local authority during the bidding period in order to insure prompt completion of the final draft of the budget and concurrence therein by the local authority within 15 days after USHA authorization of award of construction contracts.

42. RELOCATING OCCUPANTS OF AREAS TO BE CLEARED

In order to guide local housing authorities in developing procedures for the relocation of site occupants, the USHA has worked out detailed recommendations concerning the rehousing of occupants of areas to be cleared for low-rent projects (see Management Manual, pp.____). These recommendations are concerned primarily with the relocation of site occupants who were renting dwellings on a project site.

No aspect of the USHA program requires more careful treatment than the relocation of site occupants. Local authorities are urged to study the suggested procedures carefully (making any modifications in them which prove necessary or advisable in particular cases), and to exert every effort to relocate site occupants in decent, safe, and sanitary dwellings well within their financial reach. The suggested procedures should insure fair and courteous treatment of site occupants and should, incidentally, supply another means of acquainting the public with the objectives of the USHA program.

Records of dwellings demolished on the site, as well as off the site, are required in connection with the equivalent elimination provisions of the United States Housing Act. The survey of site structures is ordinarily made concurrently with the relocation of site occupants. Instructions for making the site survey and for keeping equivalent elimination records are available through the Regional Office.

Local authorities are also required to submit a report on the relocation of site occupants. Detailed instructions concerning this report are likewise obtainable through the Regional Office.

43. DEMOLITION

As soon as a sufficient portion of the site has been acquired to permit an orderly demolition program, bids should be invited for the demolition of the buildings on the site. If the demolition contract is let before title to the entire site is acquired, the local authority should protect itself against any delays which may develop in the acquisition of the remaining parcels of the site.

The value of the salvage rights accruing to the contractor will in some instances make the actual cash consideration, if any, passing to or from the local authority under the demolition contract virtually negligible. Accordingly, the size of the performance bond to be required of the contractor by the local authority should be determined on the basis of an advance estimate of the cost to the contractor of demolishing or removing the buildings and structures from the project site, without any allowance for the value of salvaged materials. Unless there are local laws to the contrary, the amount of the bond should not be less than 50 percent of this estimated cost. If the value of the salvage material which is easily removable without demolishing the building is considerable, the amount of the bond should be increased accordingly.

Considerable general information applicable to demolition contracts is contained in the discussion of contract awards contained in Section 53, p._____. The USHA has also prepared, and will furnish upon request through Regional Offices, a suggested form of demolition contract.

44. CONTRACTS FOR ARCHITECTURAL SERVICES

Immediately after the execution of the Contract for Loan and Annual Contributions, the local authority should begin contract negotiations with the architect or group of architects selected for the project (see Section 13, p._____). Reference should also be made in this connection to pp._____ of the Design Manual.

As already suggested, the USHA has prepared and will furnish upon request a suggested form of architect's contract providing for general supervision of construction by the architect (Form USHA-426) and a suggested form providing for general supervision by persons other than the architect (Form USHA-427). A decision should be made at an early date as to whether the architect, or an appropriate staff member of the local authority, will supervise construction. Many local authorities are finding it advisable to have construction supervised by the architect.

In order to centralize responsibility, one architect's contract should, if practicable, be made covering all phases of the work rather than separate contracts for each phase. However, if the local authority wishes to make a separate contract with a landscape architect, or a consulting engineer, the USHA will have no objection to this procedure so long as the total architectural fee for the project does not exceed the schedule of fees meeting the approval of the USHA.

A copy of each proposed architect's contract and of each proposed engineer's contract should, pursuant to the "Terms, Covenants, and Conditions" of the Contract for Loan and Annual Contributions, be submitted

to the USHA for approval prior to the signing thereof by the local authority. Five conformed copies of the executed contracts should be forwarded promptly to the USHA.

As soon as practicable after the execution of the Loan and Annual Contributions Contract, a meeting is in order between the appropriate Regional Office staff members and the local architects, their designers, and engineers. Such meetings will be held in the Regional Office wherever possible. The architects should have at this meeting preliminary studies consisting of a site plan, sketch plans of the housing types, a description of the proposed type of construction, a tabulation of the unit distribution, and the pertinent data used in formulating the preliminary studies.

The preliminary studies should be based upon such considerations as the site boundaries and adequate information as to the topography, detailed knowledge or map of the utilities systems available and proposed, the proper system of heating, and the estimates of cost in the Application for Financial Assistance as approved, adjusted where necessary. The studies prepared in connection with the application will suffice for this purpose, if they fulfill the above requirements.

At this meeting there should be a comprehensive discussion of the entire problem, with the various specialists and technicians participating. This discussion should be continued to the extent necessary in order that the architects may obtain <u>working agreements</u> as to the following:

(a). Housing types.

(b). Heating, cooking, and utilities systems.

(c). Site plan and site engineering.

(d). Unit plans and unit distribution.

(e). Types and materials of construction.

(f). Program for tests of sub-soil conditions.

(g). Over-all estimates and cost limitations.

(h). The system of bidding.

(i). Minimum project community and recreational facilities.

(j). Other pertinent matters which can be readily disposed of at that time.

Such agreements should be reduced to sketches and memoranda, and should be sufficiently adequate to enable the architects to proceed expeditiously with the preparation of full preliminary plans and specifications. Failure to reach early decisions on such basic policy matters may cause the architects unnecessary planning difficulties. For a more complete discussion of these matters, including instructions as to preliminary studies to be sent in in advance, or brought in, see pp._____ of the Design Manual.

Recommendations and requirements with respect to commemorative tablets for projects built under the USHA program, including the use of architects', contractors', and officials' names, are also contained in the Design Manual, p._____.

44a. ARCHITECTS' FEES

As soon as practicable the local authority and the architect should determine, subject to the approval of the USHA, the amount of the fixed fee to be paid to the architect. The proposed fee should be submitted for approval promptly so that it may be established and prorated between dwelling and non-dwelling costs and be budgeted accordingly during the early stages of the development. The suggested forms of architect's contract provide that the fixed fee of the architect shall be computed by the local authority by applying a stated percentage to the Estimated Improvement Cost (excluding the items allowed for construction contingencies), and that the fee so determined shall be approved by the architect. The suggested forms of architect's contract also provide that this Estimated Improvement Cost shall be prepared by the architect and checked and approved by the local authority.

In appropriate instances, the USHA will approve architectural fees computed by the local authority and the architect on the basis of the estimated cost of improvements in the Application for Financial Assistance as approved for purposes of the Loan and Annual Contributions Contract (excluding the items allowed for contingencies). At this stage the costs of mechanical items may be indeterminate because of uncertainties as to the type of heating to be used. Similar uncertainties may make it practicable to fix only the architectural fee, leaving some, or all, of the other fees open to future determination when better information is available. However, any agreement providing for

the computation of the architect's fee on the basis of the Application for Financial Assistance should be predicated on the assumption that the number of dwelling units contemplated by the final plans and specifications will be approximately the same as the number contemplated by the Loan and Annual Contributions Contract.

If there should be any material change, plus or minus, between the number of dwelling units contemplated by the Loan and Annual Contributions Contract and the number contemplated by the final plans and specifications, the architect's fee should be adjusted as provided in relevant sections of the suggested forms of architect's contract.

The USHA has prepared, and will furnish upon request through the Regional Offices, a schedule of suggested architect's fees applicable to contracts providing for general supervision of construction by the architect, and a similar schedule applicable to contracts providing for general supervision by persons other than the architect. In these schedules the architect's fee is designed to apply to the total estimated cost of the project, including landscaping and engineering work. Fees for the landscape and engineering work are allowable in addition to the architect's fee.

In its submittal of the architect's fixed fee, the local authority should indicate how the fee was computed and the items excluded from the Estimated Improvement Cost in determining its amount. After the clearance of any points at issue, the USHA will indicate its approval of the fixed fee.

Occasionally, the question may arise as to whether the architect is entitled to a payment on account prior to the determination and

approval of the exact amount of the fixed fee. In such instances, the local authority will be guided by the particular circumstances involved. The local authority may, in justifiable situations, make such payments in the form of equitable lump sums to be deducted from the percentage amounts provided in the contracts and to be paid at progressive stages of the work. In no case, however, should such payments exceed the value of the work or service performed to the date of such payment.

44b. FEES AND WAGES TO BE PAID BY ARCHITECTS

At the time the proposed contract is submitted to the USHA for comment or approval, and prior thereto if practicable, there should also be submitted to the USHA a schedule of the fees and wages which the architect proposes to pay to the various classes of architects, technical engineers, draftsmen, technicians, laborers, and mechanics to be employed by him under his contract. This schedule should be supported by any available evidence obtained by the architect or the local authority which tends to establish such fees and wages as the fees and wages prevailing in the locality concerned. All contracts between the local authority and the architects should contain provisions requiring the architects to submit certified payrolls as prescribed in the Accounts Manual, pp._____.

The submittals specified here are necessary to enable the USHA to determine that the fees and wages to be paid are the fees and wages prevailing in the locality concerned, as required by the Housing Act and the "Terms, Covenants, and Conditions" of the Loan and Annual Contributions Contract.

The schedule of prevailing fees and wages approved by the USHA shall be effective as of the date of the Contract for Loan and Annual Contributions, and the architect shall, accordingly, adjust to the approved schedule any fees or wages paid after the date of the Loan and Annual Contributions Contract which are less than those appropriate under the approved schedule. All overtime shall be paid for on the basis of not less than time and one-half.

45. PLANNING THE SITE

In order to assist local housing authorities and architects in planning low-rent housing projects, detailed recommendations have been prepared by the USHA on planning the site and on site engineering design. These recommendations are contained in the Design Manual, pp.___. Basic site design principles, including the treatment of open areas for recreational purposes, planting and plant materials, and information essential to safety and economy in foundation design, are considered. Also included are recommended practices in the design of site improvements: grading and surface drainage, walkways, project streets and driveways, parking spaces, fences, location of utility lines, water distribution, gas distribution, sewerage systems, and street improvements.

Reference should be made to these recommendations of the Design Manual as soon as the local authority has contracted with the architect or group of architects selected for the project, whether on a contingent or final basis (see Sections 13 and 44, pp.___ and___, respectively).

The attention of local authorities is especially directed to the recommendations of the Design Manual with respect to foundation design. To assure economy in the construction of low-rent housing projects, as well as safety and freedom from expensive maintenance and repairs, it is essential that foundations be designed with care. This cannot be done by guesswork. Subsurface soil conditions must be thoroughly investigated.

These investigations may be limited to the verification of conditions which offer safe and economical support for the comparatively light

loads usually involved in low-rent housing developments. The importance of adequate investigation, however, cannot be exaggerated. Instances of serious, unequal, or excessive settlements have occurred on buildings with light loads. Disturbing conditions encountered during excavations, which were not anticipated in the foundation design, may involve sizable extra costs and construction delays for foundation redesign. More thorough and intelligent early study will serve to prevent such occurrences.

Moreover, if such studies are neglected, excessive or unequal foundation settlements may occur later which cause damage requiring repair and maintenance. Rents, consequently, may have to be increased.

In the preparation of the recommendations contained in the Design Manual, the USHA has analyzed the experience of the PWA Housing Division, questioned technicians of other government agencies and outstanding consultants in private industries, and reviewed important treatises on soil mechanics and foundation design for buildings. While the recommendations generally represent a consensus of opinion, differences of opinion are noted and explanations offered so that the designer may weigh the opinions and experience of others against his own.

The suggestions made in the Design Manual, however, in no way relieve the housing project designer of the responsibility for relating these recommendations to local building code requirements, local practices, and local geological conditions. That this be done is, in fact, the most important recommendation.

In inaugurating site-planning activities, local authorities should bear in mind that the worst building in the worst slum today was once a new house. So every house built today may become part of the slums

tomorrow. If the history of slums in all parts of the country is traced, it will be found that poor construction and bad design of individual buildings are not the only factors which result in slums. Failure to plan cities, failure to provide parks, and failure to build for those income levels of the population where the need is greatest--all may create conditions which produce slums. An individual building in an area where destructive forces operate is unable to resist them.

In low-rent housing, it is in the plan of the project as a whole--in the relation of the buildings to each other and to the land--that both insurance against deterioration of the neighborhood and the opportunities for the growth of a better community life can be provided.

These opportunities for a better way of life may be discussed in terms that are both simple and specific: privacy for each family within the four walls of the home and opportunity for group life outside the home; adequate space, sunlight and ventilation in the rooms; and adequate space out-of-doors for active games and for rest and relaxation.

A quiet, pleasant place located near the dwellings where the mother may sit and chat with her neighbors while keeping an eye on her small child digging in the sand pile; a play space where older children may find a safe outlet for their energies; and a common open area, the modern counterpart of the village green of our earlier communities, where all ages may engage in group activity, both active and passive--these may spell the difference between just a "group of houses" and a community of good neighbors.

The purpose of public housing is to improve the health, happiness, and social usefulness of the low-income groups in the community. Thus planning the site, like every other step in the development of a public housing project, should be considered in the light of that fundamental purpose.

46. DWELLING UNIT PLANNING

Before dwelling unit planning begins, the local authority and its architect or architects should review carefully the objectives of the United States Housing Act under which the new project is to be built.

The Act defines low-rent housing as "decent, safe, and sanitary dwellings within the financial reach of families of low income, and developed and administered to promote serviceability, efficiency, economy, and stability . . ." This implies good design and arrangement; the basic standards of adequate space and privacy, ventilation and light, and sanitary facilities; and economy in management, operation, and maintenance. It also implies design and planning which will "build in" these standards for the anticipated useful life of the dwelling units constructed under the Act.

The Act limits dwelling facilities cost to $1,000 per room, and $4,000 per dwelling unit, except in cities of more than 500,000 population where, in the discretion of the Authority, the limits may be $1,250 and $5,000, respectively (see Section 24, p.____).

It further states that loans are to be made only for projects which are undertaken "in such a manner (a) that such projects will not be of elaborate or expensive design or materials, and economy will be promoted both in construction and administration, and (b) that the average construction cost of the dwelling units (excluding land, demolition, and non-dwelling facilities) in any such project is not greater than the average construction cost of dwelling units currently produced by private enterprise, in the locality or metropolitan area concerned, under the

legal building requirements applicable to the proposed site, and under labor standards not lower than those prescribed in this Act" (see Section 25, p._____).

Thus, the Act clearly defines both its objectives and the limitations within which these objectives are to be achieved.

Regional and even local differences in living habits and requirements exist, which may have their origin in climatic difference, difference in racial background, or difference in custom. Architects should plan to interpret these differences sympathetically in terms of the objectives of the Act and within the limitations which it imposes. They should therefore give careful consideration to prevailing local building practices and methods of construction, available materials and labor skills, and dwelling patterns. Above all they should plan for maximum economy in first costs and maintenance costs, and the maximum durability feasible within these costs.

In order to help local authorities and architects achieve these objectives of the Act with reference to dwelling unit planning, basic recommendations have been prepared by the USHA. The Design Manual, pp___, sets forth, in considerable detail, technical recommendations concerning dwelling unit planning, structural design, and related matters for the guidance of architects and engineers concerned with designing and specifying for low-rent housing projects. In certain instances minimum requirements are set. In general, however, the recommendations made are not rules and requirements, but instead outline good practice in dwelling unit planning and in the design of the structural elements of residential buildings -- foundations, walls, floors, roofs, and related parts.

These recommendations do not attempt to cover matters which are common knowledge among architects and engineers, but rather to warn them about difficulties that may arise and faults that have occurred, and to suggest ways of overcoming them; to remind them of things sometimes overlooked; and to suggest methods which have been found economical or particularly adapted to low-rent housing design.

The USHA has analyzed PWA Housing Division experience in this connection and has questioned and consulted the technicians of many government agencies and trade associations, as well as outstanding architects, engineers, and building contractors. The recommendations and discussions of the Design Manual thus represent the collective experience of these and other research technicians.

Although it was not to be expected that all those consulted would be in complete agreement on all points, insofar as possible the recommendations presented represent a consensus of opinion. Some differences of opinion are set down, along with the reasons given, in order that the designer may weigh the opinions and experience of others against his own.

As already suggested, the recommendations of the USHA in no way relieve the actual designers of housing projects from the responsibility for relating these recommendations to local building codes and practices, the availability of materials, the quality of manufacture and the character and extent of local labor, and above all, local climatic conditions. Moreover, local authorities and architects are urged to exercise their skill and ingenuity in developing new ideas in project planning.

47. MANAGEMENT CONSIDERATIONS

At this stage of project planning various management considerations are in order. Factors in site planning and in the design of dwelling and nondwelling facilities which affect management are discussed in detail in the Management Manual, pp._____.

In this connection it should be noted that general arrangements for a cooperative program between the USHA and the National Youth Administration have been made, under which certain types of equipment may be produced in NYA shops for local housing authorities operating under the USHA program. Contributions to meet the cost of materials used, or the materials themselves, are to be furnished by the local authorities.

Types of equipment which may be produced include furniture, rugs and drapes, dishes and cooking utensils, park benches, and playground apparatus for demonstration units, social rooms, parks, and playgrounds. Designs and specifications for such equipment may be furnished by the local authority itself or by the NYA. (For a discussion of desirable types of park benches and waste receptacles which may be produced with NYA aid or obtained through other means, see pp._____, Design Manual.) All equipment produced with NYA aid remains the property of the local authority, and must be available for the use of the general public. At this stage of project development local authorities are advised to consider or make arrangements for such NYA assistance as is available.

47a. PLANNING FOR LOW RENTS

Low rents are a primary objective of the public housing program. Ultimate annual costs of housing projects and the rents which these costs reflect, depend in large part on the initial architectural and site planning of a project. These costs and rents are also affected by the administrative set-up.

Accordingly, the USHA attempts to bring to the attention of local authorities and their technical staffs those factors which influence the rents in housing projects. The Design Manual, pp._____, not only points out influential factors, but also suggests principles of planning that will lead to lower rents through lower management costs. Factors affecting rents are also discussed in the Management Manual, pp._____.

At this phase of project development, the local authority and its technical staff should therefore give very careful attention to the recommendations of the Design and Management Manuals with respect to planning for low rents. Thorough consideration of the recommendations contained therein will help lay the basis for efficient site and dwelling unit planning (see the preceding Sections 45 and 46) and for planning utility services and rate negotiations (see Section 49, p._____).

47b. DRAFT OF MANAGEMENT RESOLUTION

In order to insure that the administration of projects built with USHA aid shall be in keeping with provisions of the Housing Act as contemplated by the Application for Financial Assistance, the local authority must adopt a Management Resolution covering its management program. A management program is a statement of major policies and procedures with respect to tenant selection, tenant relations, operation and maintenance, personnel and business administration, and related matters in connection with the administration of a project, including rental schedules, operating budgets, and estimates of average annual income and expense.

At this stage Regional Offices will furnish a form of Model Management Resolution which may be made to cover one or more projects. Upon request, the services of a USHA representative, trained and experienced in management, are also available to advise and assist the local authority in laying the management program groundwork.

The Management Resolution procedure is first initiated before the selection of tenants begins, and is repeated at regular annual intervals during the entire period of administration of the project. Many of the management requirements, particularly the estimate of the project's annual income and expense, are controlling factors in connection with project design. The first draft of the proposed management program for a project should therefore be submitted at the time working agreements are reached by local authority and Regional Office representatives.

The final draft of the proposed Management Resolution covering the first 10 years of administration must be approved by the Regional Office prior to the award of the main construction contract.

Advance submission of the proposed management program minimizes the possibility of any local action which is inconsistent with the Housing Act or with the Loan and Annual Contributions Contract, and which might accordingly make it necessary for the USHA later to withhold payment of annual contributions until appropriate remedial measures have been taken by the local authority. Formulation of the proposed management program for an average annual budget period prior to the award of the main construction contract also permits rents, income limits, and standards of eligibility to be announced not later than the start of construction. This is essential in most cases in order to build up an adequate understanding of the program in the community by both prospective tenants and the public at large (see Sections 55c and 34, pp. _____ and _____, respectively).

For detailed discussion of the various items which must be covered in the Management Resolution, see the Management Manual. Section 55, p. _____, outlines the further development of the management program.

48. PREPARATION OF DRAWINGS AND SPECIFICATIONS

As indicated in the Loan and Annual Contributions Contract, final plans, specifications, and contract documents to be used for the construction of a project must meet with the approval of the USHA before construction contracts may be awarded by the local authority. To facilitate this approval, recommendations have been prepared by the USHA to aid local authorities and architects in drafting their plans and specifications in accordance with the applicable provisions of the United States Housing Act and of the loan contracts between local authorities and the USHA. The procedure in connection with the submittal of plans and specifications for USHA approval is also outlined in detail (see Design Manual, pp.__ _____).

48a. PRELIMINARY DOCUMENTS

The suggested forms of contract for architectural services provide for certain preliminary documents including drawings, outline specifications, and estimates of cost. Along with the detailed information furnished as to the preparation of these preliminary documents, the Design Manual (pp._____) discusses the use of the Job Program form as a check list. Since this procedure differs from that previously in use, local authorities are urged to study and follow the new procedure, which is designed to expedite the solution of problems arising in the preparation of preliminary plans and specifications.

The final plans and specifications will generally be reviewed in the field, while they are being prepared, by representatives of the Regional Offices, and working agreements will be reached from time to time to avoid delays in completion. In addition, when necessary and upon request of the local authority, any part or parts of the final plans may be submitted to the Regional Office for review, comment, and advice during this period.

The plans and specifications will not be given a final review prior to their acceptance for bidding purposes. Tentative agreements will, however, be reached in the field as to the appropriateness of the plans, specifications, and other contract documents for bidding purposes. Such tentative agreements will be confirmed by the Regional Office, subject to such qualifications as may be necessary, at the time authorization to advertise for bids is granted (see Section 52, p._____).

Ordinarily, the final review of plans and specifications will be made by the Regional Office after advertisement for bids, and any comments and advices based on such review will be transmitted to the local authority in time for incorporation in addenda issued during the period of bidding. The local authority should, accordingly, schedule a period of advertising for bids long enough to permit the issuance of any such addenda which prove necessary or appropriate.

48b. FINAL ESTIMATE OF TOTAL DEVELOPMENT COST

After the preparation of the construction plans and specifications has been completed, the local authority should submit to the Regional Office an itemized estimate of the total development cost of the project based upon the final plans and specifications, the actual costs incurred to date for all items (such as land, demolition, cost of preparing plans and specifications), and the latest estimates of overhead costs and of all other costs relating to the project. Four copies of this Final Estimate of Total Development Cost should be sent in at the same time final plans and specifications are submitted.

In order to facilitate preparation of this estimate, the USHA has prepared, and will furnish local authorities upon request, a suggested form of Final Estimate of Total Development Cost (Form USHA-614). It may be advantageous for the local authority to arrange for a representative of the Regional Office to collaborate in the field in the preparation of this estimate.

The Final Estimate of Total Development Cost form is generally similar to that provided in the outline of the Job Program, plus supplementary information on estimates of alternates to be taken and also on the local authority's preference as to the alternates to be accepted (see Section 52, p._____). Any part of an item in the estimate form not included in the bids to be taken should appear under the same item number, separately from the parts on which bids are to be taken, with the estimated cost of each such separated part. Throughout the estimate those items on which bids are being taken should be specially designated. At the end of the estimate there should also appear an estimated total of the amount of the construction contract on which bids are being taken with notations of the alternates.

49. PLANNING UTILITY SERVICES AND RATE NEGOTIATIONS

In planning for low rents, a basic consideration is the cost imposed on the tenant, in addition to the shelter rent, for the use of those utility services which must be provided in order that the dwelling be "decent, safe, and sanitary." These services may include water, heat, heating of water, light, cooking fuel, or refrigeration energy. The cost of these services must be carefully considered in relation to both shelter rent and the total budget allowance for rent and household operation of eligible families. It is obvious that it is this relationship between the budget allowance and the combined cost of shelter and utility services in the new housing, and not the relative cost of any one item, which must be the guide to planning for utility services.

The large-scale planning and centralized operation and maintenance which characterize all housing projects make possible combinations of services and types of purchase not ordinarily applicable to individual dwellings or dwellings in multiple ownership. A housing project by an arrangement of services which realizes fully its group characteristics, may be expected to achieve lower costs of utility services per dwelling unit than a scattered collection of dwelling units.

In planning utility services, the various types of fuel and energy, types of service, and types of purchase which may be combined should be studied from the viewpoint of initial costs of equipment and installation, repairs, maintenance, and replacements, and charges to tenants for fuel or energy consumed, in order to arrive at a comparative analysis of total monthly charges to the tenants for the various feasible types of service.

In order to assist in this phase of project planning, the USHA has prepared and set forth in the Design Manual (pp.___) minimum standards of dwelling utilities essential for health, safety and decency. In addition, the Design Manual (pp.___) contains technical information for use by architects and engineers in selecting the most economical and desirable utilities for projects undertaken with USHA aid. Also included are instructions for preparing economic analyses of the various utility services that may be combined, and for estimating the overall cost to the tenants of various combinations of service.

In order to assure the best possible utility rates, the USHA actively cooperates with local authorities in rate negotiations with public and private utility companies. Consequently, no steps toward securing or negotiating such rates should be taken by the local authority itself until USHA cooperation has been enlisted.

After rates and concessions for the various services have been obtained as the result of negotiations between USHA and local authority representatives, on the one hand, and the utility companies concerned, on the other, the utility combination best serving the purposes of the Act should be selected as immediately as practicable. In case it is necessary to obtain the approval of any state or municipal regulatory body in this connection, or where such approval may seem desirable, even though not required by law, USHA assistance will likewise be available. In any event, final selection and approval of utility services should by all means be obtained prior to the time a working agreement is reached with the architects (see Section 44, p.____) so that the project can be planned and developed with due regard to the type of utilities selected.

50. INSURANCE

The USHA is responsible under the United States Housing Act for making certain that all insurance coverages are obtained from financially responsible companies at the lowest possible cost. The negotiations conducted by the USHA in performing this function have shown that the published manual rates on insurance do not necessarily represent the lowest rates available for projects built with USHA aid.

USHA negotiations for more favorable rates on public liability insurance have resulted in a reduction of 50 percent in the published manual rates for owners', landlords', and tenants' public liability insurance on public housing projects. The national Bureau of Casualty and Surety Underwriters has offered to modify such reduced rates by the application of equity credits which will still further lower the cost of public liability insurance. Furthermore, certain casualty companies have offered percentage reductions in the reduced manual rates for public liability insurance. Substantial reductions in the cost of fire and supplemental insurance coverage for projects built under the USHA program have also been effected.

The USHA and local authorities have, in some instances, used rates in computing insurance costs which were considerably higher than those now available. As the Act requires economy in both the construction and administration of low-rent projects, local authorities who have made insurance contracts should reopen the subject of insurance and secure competitive bids from the various insurance companies and insurance company groups. If evaluation of the competitive bids indicates that insurance

costs can be reduced, the local authority should make the arrangements necessary to obtain coverage at the reduced rates.

The cost of insurance coverages, particularly during the project operating period, bears a close relationship to dwelling rents and usually will constitute an addition to the rent charge in the same amount as the insurance cost. In short, each dollar paid for insurance will usually make it necessary to increase the rent by that amount. All possible savings, irrespective of how small, should be effected in every item connected with the administration of projects built with USHA aid, including every type of insurance. Only in this way can maximum operating economies be obtained and rents be reduced to the lowest practicable level.

50a. OBTAINING INSURANCE BIDS

As already stated, drastic reductions have been effected in the cost of insurance on projects undertaken with USHA assistance. Local authorities should be able to accomplish still further reductions by negotiating with representative insurance companies. In fact, the only procedure by which the local authority can obtain the lowest available rates for insurance is as follows:

(1). To obtain competitive bids from the various insurance companies and insurance company groups.

(2). To analyze and evaluate the competitive bids.

(3). On the basis of this analysis of competitive bids, to award the insurance on its projects to the financially sound company or company group which offers insurance at the lowest net cost.

In assisting local authorities in the preparation of Applications for Financial Assistance, Regional Project Advisers will have supplied certain estimates of insurance rates. In connection with these estimates, it should be noted that the data used in estimating fire and extended coverage rates are based upon general rates quoted by certain financially responsible assessable mutual fire insurance companies, and that the data used in estimating public liability insurance rates are based upon rates submitted by certain financially responsible assessable mutual, non-assessable mutual, and stock participating companies. The rates so computed and furnished may or may not constitute the lowest rates available to the local authority from financially responsible companies.

The lowest rates available can be determined only by obtaining firm proposals from all such companies which have evidenced an interest in underwriting insurance on the projects involved. (At an early date it should be determined whether the general procedure recommended by the USHA must be modified because of state or local legislation which might preclude the local authority from taking advantage of the lowest rates available from financially responsible companies. If so, the assistance of Regional Office representatives will be available in connection with such modification.)

USHA Loan and Annual Contributions Contracts contain an "Insurance Condition" to the effect that the USHA shall not be obligated to advance funds under any such contract until the local authority submits evidence satisfactory to the USHA that the insurance coverages required for the project or projects under loan contract will be procured at the lowest rates available from financially responsible companies. The USHA will not, however, withhold advances on account of the Insurance Condition if the local authority, immediately after the signing of the Loan and Annual Contributions Contract, adopts an "Insurance Resolution" reciting, in effect:

(1). That, as soon as possible after the award of the principal construction contracts, the local authority will obtain firm insurance proposals from all financially responsible companies which have evidenced an interest in underwriting insurance on the projects;

(2). That the local authority will place such insurance with the financially responsible companies offering the lowest available rates therefor;

(3). That the local authority does not violate any state or local law in so placing such insurance; and

(4). That the local authority has adopted the Insurance Resolution for the purpose of inducing the USHA to advance funds under Loan and Annual Contributions Contract No. ___ (identifying the contract involved), and that the Insurance Resolution will not be amended or rescinded without the written consent of the USHA.

This Insurance Resolution will be accepted by the USHA as evidence of the intention of the local authority to comply with the Insurance Condition in the Loan and Annual Contributions Contract, and will be sufficient to support the advance of funds under the contract pending the actual placing of the insurance at the lowest rates available from financially responsible companies.

As soon as practicable after USHA approval of final plans and specifications, the local authority should secure proposals and quotations from all companies and types of companies which have evidenced an interest in underwriting insurance on its projects. Each interested company should be invited to inspect the plans and specifications and to make a firm proposal upon the basis of this inspection, giving the cost for one-, three-, or five-year periods, and stating, if it is a dividend-paying company, the anticipated dividend together with the anticipated net premium based upon the past experience of the dividend-paying compa

A statement of the dividend record should also be secured from dividend-paying companies.

The local authority should arrange to secure the competitive bids and within a reasonable time after the receipt of the insurance proposals, to evaluate them (in the manner suggested in Section 50b).

The question as to whether only sealed bids should be accepted should be considered by the local authority. The USHA has no requirements with respect to sealed bids on insurance coverages and this question should, accordingly, be determined in each instance by the local authority.

50b. EVALUATION OF INSURANCE BIDS

Upon receipt of the competitive bids, the local authority should proceed to analyze and evaluate them. In evaluating bids the local authority should, of course, give adequate weight to the differences in practices of the different types of insurance companies.

There are two main types of insurance companies. One type comprises the "dividend-paying" companies. This group of companies charges a gross deposit premium and pays dividends to policyholders on this premium at the end of the policy period. On the other hand, policyholders in dividend-paying companies are ordinarily subject to assessments if assessments prove necessary. However, an examination of the record of dividend-paying companies will disclose that the leading companies in the dividend-paying group have never levied assessments upon their policyholders, and have never failed to pay a substantial dividend to their policyholders. The dividend payments of each of the leading companies of this type have also tended to be substantially uniform in amount.

The second main type of insurance companies comprises the "fixed-premium" companies. The companies in this group charge a fixed premium and pay no dividend thereon to policyholders. On the other hand, the standard policy forms of companies in this group do not permit assessments to be levied upon policyholders.

As stated above, dividend-paying companies charge a deposit premium and the net premium charged by such companies can be determined only by subtracting the anticipated dividend from the deposit premium. For

purposes of initial bid evaluation in cases where the deposit premium charged by a dividend-paying company is greater than the premium charged by a fixed-premium company, interest at not exceeding four percent should be computed on the difference between the deposit premium and the fixed premium, and added to the anticipated net premium charged by the dividend-paying company. This procedure will assure a fair basis of comparison between fixed premiums and deposit premiums for the initial policy period.

The local authority should also remember that public housing projects represent a special type of insurance risk and should obtain insurance rates which accurately reflect this risk. In addition to the reductions in rates for fire and supplemental and public liability insurance, the USHA has been able to obtain authorization for local authorities (as special risks) to purchase burglary and robbery insurance on the standard bank form at bank rates.

The local authority is, of course, responsible for having its low-rent projects adequately covered by insurance during both their development and operating periods. The following Sections 50c through 50f discuss the various coverages that are required.

50c. INSURANCE COVERAGES REQUIRED OF CONTRACTORS DURING DEVELOPMENT

In order to safeguard public housing projects, certain insurance coverages are required to be carried by contractors and subcontractors during the development period, in addition to those carried by the local authority itself during this period (see Section 50d). The specific coverages required are set forth in subsections 50c (1) through 50c (4).

50c (1). CONTRACTORS' PERFORMANCE BOND

The local authority is to require each construction contractor to furnish a performance and payment bond or bonds in an amount not less than that prescribed by the applicable state or territorial law and in no event less than 50 percent of the contract price of the work covered thereby. These bonds shall guarantee the performance of the contract and the payment of laborers and materialmen. If the applicable law requires a separate bond for the protection of laborers and materialmen, the local authority is to require the contractor to furnish such a bond in addition to the performance bond.

Performance and payment bonds for demolition contracts shall be in an amount not less than 50 percent of the estimated cost of the labor and materials necessary to perform the work under the demolition contracts.

A certified copy of each performance and payment bond should be attached to the executed set of the contract documents required by the "Terms and Conditions" of the Loan and Annual Contributions Contract.

50c (2). WORKMEN'S COMPENSATION INSURANCE

The local authority is to require the contractor to carry workmen's compensation insurance for all his employees engaged in work at the project site, and also to have his subcontractor or subcontractors carry such insurance for all their employees working at the project site. Such insurance protection is to be provided in accordance with state workmen's compensation laws in states having such laws. In states not having such laws, employers' liability insurance with not less than 10/20 thousand dollar limits shall be carried, as well as such other insurance, acceptable to the USHA and the local authority, as is deemed necessary for the protection of employees.

50c (3). PUBLIC LIABILITY INSURANCE

The local authority is to require the contractor to carry manufacturers' and contractors' public liability insurance with not less than 20/40 thousand dollar limits for injury to or death of one or more than one person, to protect the contractor against claims for bodily injury and/or death as a result of accidents which may occur at the site from operations under the contract. The contractor shall require each of his subcontractors to carry such insurance. Coverage shall be provided for hod and material hoists, if used, and for animal-drawn and motor vehicles on the project premises.

The USHA does not require property damage insurance since experience has indicated that such insurance is unnecessary in most instances. However, if this coverage is deemed necessary, it shall be provided in amounts determined by the local authority.

The local authority is to determine, within its own discretion, whether to require the contractor to carry protective liability insurance. In the event the local authority requires such coverage, limits of 20/40 thousand dollars are suggested.

50c (4). FIRE AND SUPPLEMENTAL INSURANCE

The local authority is to require the superstructure contractor, at the beginning of the superstructure work, to carry builder's risk insurance upon all work in place and/or material stored at the building site including foundations and building equipment, whether or not erected or installed by the superstructure contractor. Builder's risk insurance need not be carried on excavations, piers, footings, and landscape work nor upon foundations or building equipment, until such time as the superstructure contractor starts work.

The fire and supplemental insurance policy or policies shall provide for builder's risk insurance coverage for the benefit of the contractor and the local authority for the account of whom it may concern as their interest may appear, against loss by fire, lightning, windstorm, cyclone, tornado and hail; explosion, riot, riot attending a strike; and aircraft, vehicle, and smoke damage. In localities particularly susceptible to earthquake disturbances, additional builder's risk insurance shall be carried against loss by earthquake.

Policies shall furnish coverage at all times for the full cash value of all completed construction as well as materials in place and/or stored at the site, whether or not partial payment has been made by the local authority. Policies should be endorsed to cover buildings in all stages of construction or reconstruction, the exceptions with reference to buildings in course of construction or reconstruction stated in the policy to the contrary notwithstanding. This insurance shall remain in full force

and effect (limited to the policy period) until the project has been completed and taken over by the local authority. A contractor may, of course be relieved of coverage on specific buildings as they are taken over for occupancy by the local authority.

If the premium for coverage is contingent on a periodical report form, duplicate signed copies of each of the reports shall be obtained from the contractor by the local authority.

50c (5). GENERAL INSTRUCTIONS ON COVERAGE DURING DEVELOPMENT

All policies carried by the contractor (or a subcontractor) shall bear an endorsement providing that the policies shall not be subject to cancellation or to a reduction in the required limits of liability or amounts of insurance, until 10 days after receipt by the local authority of written notice as evidenced by a return receipt of a registered letter.

The USHA recommends that the local authority maintain a record of the contractor's and subcontractor's policies in order to make certain that coverage is maintained until the work covered thereby has been completed and accepted by the local authority. The USHA is prepared to assist local authorities in determining whether the insurance coverages obtained by the contractors and subcontractors meet all necessary requirements.

This Section 50c is not to be construed as prohibiting the local authority from requiring, with the approval of the USHA, any other kind of insurance which the local authority deems necessary or proper.

50c (6). REPORTS ON CONTRACTORS' COVERAGE DURING DEVELOPMENT

Immediately after the award of the construction contract and prior to the commencement of any work on the project, the local authority should advise the contractor to present to it for approval the original and one certified copy of his insurance policies, the original and one certified copy of his subcontractors' insurance policies, and the original and three signed copies of Form USHA-299 (available upon request) on Contractor's Insurance Coverage. If a subcontractor has blanket policies covering many locations, certificates examined by and filed with the local authority may be presented in lieu of the original and certified copy of the insurance policies.

The local authority is to examine carefully all policies and certificates to make certain that they meet the requirements of the construction contract. If and when satisfactory, the local authority will sign and return to the contractor the original of Form USHA-299, together with the original policies. Two copies of Form USHA-299, reflecting approval by the local authority of evidence of insurance coverage submitted by both the general contractor and subcontractors, shall be furnished to the USHA by the local authority prior to the date work is actually started. The local authority shall also submit on Form USHA-299 evidence of subsequent changes and renewals in insurance coverage to the construction adviser. A certified copy of each policy, and a copy of Form USHA-299, shall be retained for the files

of the local authority. Where the contract stipulates that specified insurance coverages shall be carried by contractors and subcontractors and a performance bond does not cover the contract, it will be necessary to forward the contractors' and subcontractors' insurance policies to the USHA for review.

50d. INSURANCE COVERAGES REQUIRED OF LOCAL AUTHORITIES DURING DEVELOPMENT

Certain insurance coverages are required of local housing authorities during the development periods of their projects, in addition to those which are carried by contractors and subcontractors (see Section 50c). The specific coverages required of local authorities are set forth in the subsections 50d (1) through 50d (4).

50d (1). WORKMEN'S COMPENSATION INSURANCE

The local authority is to carry workmen's compensation insurance on all its officers and employees. Protection is to be provided in accordance with state workmen's compensation laws in states having such laws. In states not having such laws, employers' liability insurance with not less than 10/20 thousand dollar limits shall be carried as well as such other insurance, acceptable to the USHA and the local authority, as is deemed necessary for the protection of employees.

50d (2). PUBLIC LIABILITY INSURANCE

The local authority is to carry owners', landlords', and tenants' public liability insurance with recommended limits of not less than 50/100 thousand dollars from the time land and buildings are acquired until construction is completed and the buildings turned over to the local authority by the contractor. The premium for this policy should be developed under Code 301 B of the public liability manual, which provides for a flat rate based upon disclosed conditions at the site during the various stages of development. This policy provides coverage against direct liability of the local authority, but not the indirect (contingent) liability resulting from the operations of the contractor during the development period.

Based upon existing policy forms and available rates, the USHA does not recommend that the local authority obtain owners' protective liability insurance during the project development period. This type of policy provides mainly for defense which is already available to local authorities either through their own counsel or through counsel for the city. However, the final decision as to the carrying of owners' protective liability insurance during the development period is for the determination of the local authority.

Property damage insurance should not be included in either of the above coverages.

To protect it from claims arising out of bodily injury or death caused by its employees at the project site, the local authority is to carry manufacturers' and contractors' public liability insurance with

recommended limits of not less than 50/100 thousand dollars. Premium for this coverage should be based on pay roll audits for engineers, architects, and inspectors under "Code 2475, Engineers or Architects -- Consulting -- Not Engaged in Actual Construction."

Where automobiles are owned by local authorities, public liability insurance with recommended limits of not less than 50/100 thousand dollars is to be carried to protect the local authority against claims arising out of bodily injury caused by automobiles owned by the authority. Property damage insurance, with a minimum coverage of $5,000, is also to be carried.

If privately owned automobiles are operated in the business of the local authority by officers or employees of the local authority, employer's nonownership liability insurance with recommended limits of not less than 50/100 thousand dollars, and property damage insurance with a minimum coverage of $5,000, are also to be carried. Premium for this protection is based on Class I and II drivers. Local authority employees are Class II drivers, since their use of motor vehicles is incidental to their employment. In securing blanket coverage it may be necessary to include one Class I driver.

50d (3). FIDELITY BONDS

The USHA has available a form (Form USHA-874) which provides fidelity protection during both the development and operating periods. Depending on the project size, the positions of check-signer and countersigner should be bonded in amounts ranging from $25,000 to $50,000.

During development, the position of voucher certifier should be bonded in amounts ranging between $5,000 and $25,000, provided that the person occupying the position of voucher certifier does not also occupy the position of either check-signer or countersigner. If he does, he should be bonded only under one of these latter positions.

50d (4). FIRE INSURANCE

The local authority is to carry fire insurance on its furniture and fixtures. The USHA does not require fire and supplemental insurance on buildings to be demolished. However, if such coverage is deemed necessary by the local authority, such buildings may be covered for their net salvage value only and the policy should be canceled when buildings are turned over to the demolition contractor.

50d (5). GENERAL INSTRUCTIONS ON INSURANCE COVERAGE

If the local authority finds that additional insurance is necessary for protection during the development period, such additional coverage may be carried, subject to USHA approval.

50d (6). REPORTS ON LOCAL AUTHORITY COVERAGE DURING DEVELOPMENT

Before making a premium payment on coverages ordered, the local authority should submit a certified duplicate copy of each policy to the USHA for approval.

50e. INSURANCE COVERAGES REQUIRED OF LOCAL AUTHORITIES DURING OPERATION

As soon as the project (or a portion thereof) has been finally accepted by the local authority and taken over for occupancy, the primary responsibility for carrying insurance coverages thereon shifts from the contractor to the local authority. The specific coverages to be carried by the local authority during the project operating period are set forth in subsections 50e (1) through 50e (6).

50e (1). FIRE AND SUPPLEMENTAL INSURANCE

The local authority is to carry fire and supplemental insurance on each project. The insurance shall provide blanket coverage against damage resulting from fire, lightning, windstorm, cyclone, tornado, and hail; explosion, riot, riot attending a strike; aircraft, vehicle, and smoke damage on all buildings together with their additions and extensions as well as on furniture, fixtures, equipment, and supplies belonging to the assured and located at the project. The USHA recommends that extended Coverage Endorsement No. 4 be used for the above supplemental coverages.

Hot water tanks at various locations on the project premises, where hot water is generated by means of steam coils through the tanks, are covered under Endorsement No. 4. This form of endorsement is not in general use throughout the country. However, other forms of endorsement, giving the same coverage, are generally available. For example, Supplemental Endorsement 173 G supplies the same coverage as Extended Coverage Endorsement No. 4. The policy is to contain a provision that the property covered thereby may remain vacant or unoccupied as occasion or necessity may require.

In states and territories particularly susceptible to earthquake, insurance against damage by earthquake shall also be carried. The assured shall be the local authority and the USHA for the account of whom it may concern as their interest may appear.

The insurance shall be in an amount representing 80 percent of the replacement value of the dwelling and non-dwelling structures and equipment excluding architects' fees, overhead charges, excavations and foundations which are below the under surface of the lowest basement floor, or where there is no basement, below the surface of the ground. The policy should bear a Civil Authorities clause and a waiver of the Fall of Building clause.

An exception may be made to this 80 percent requirement in cases where a higher co-insurance clause is necessary for a blanket policy. In such cases, the percentage of the coverage may be raised. Blanket policies should not contain a pro-rata distribution clause.

50e (2). WORKMEN'S COMPENSATION INSURANCE

The local authority is to carry workmen's compensation insurance on all its officers and employees. Protection is to be provided in accordance with state workmen's compensation laws in states having such laws. In states not having such laws, employers' liability insurance with not less than 10/20 thousand dollar limits shall be carried as well as such other insurance, acceptable to the USHA and the local authority, which is deemed necessary for the protection of employees. The insurance is to be carried on both temporary and permanent staff members, office personnel as well as maintenance personnel. All employees of the project other than officers and clerical office employees should be rated under Workmen's Compensation Manual Code, "Buildings - Operation by Owner or Lessee - Including Care, Custody, and Maintenance of Premises."

50e (3). PUBLIC LIABILITY INSURANCE

The local authority is to carry owners', landlords' and tenants' public liability insurance with recommended limits of not less than 50/100 thousand dollars against claims arising from accidents resulting in bodily injury or death, by reason of the use, operation, maintenance, ownership, or control of the project. An endorsement should be added providing coverage for "extraordinary alterations and repairs made by employees of the assured" with the understanding that a premium charge is to be made only if such alterations and repairs are made.

Where automobiles are owned by local authorities, public liability insurance with recommended limits of not less than 50/100 thousand dollars, and property damage insurance with a minimum of $5,000, are to be carried to protect the local authority against claims arising from bodily injuries caused by automobiles owned by the authority.

If privately owned automobiles are operated in the business of the local authority by officers or employees thereof, employers' non-ownership liability insurance with recommended limits of not less than 50/100 thousand dollars, and property damage insurance with a minimum of $5,000, are to be carried. The premium for this protection is based on Class I and II drivers. Local authority employees are Class II drivers, since their use of motor vehicles is incidental to their employment. In securing blanket coverage it may be necessary to include one Class I driver.

50e (4). EXPLOSION INSURANCE

For all projects where boilers are installed, the local authority is to carry boiler-explosion insurance against property damage only, in an amount determined by a consideration of the damage that may occur to boiler, equipment, and building in the event of a boiler explosion. Such insurance shall protect the local authority against damage arising out of explosion, collapse, or rupture of boilers. (Coverage for pressure piping, tanks, cracking, and furnace explosion is not recommended by the USHA. Personal injury coverage will be provided in the local authority's public liability and/or workmen's compensation policies.) This coverage entitles the assured to boiler inspections. The insurance company carrying the boiler policy should be instructed to submit to the local authority sufficient copies of all inspection reports to enable the local authority to submit three copies thereof to the USHA.

The amount of boiler insurance coverage required may be roughly estimated by applying the following percentages to the approximate value of the heating plant which is shown under the "Boiler Explosion Section" of Form USHA-460. In no event should such coverage exceed $100,000. The decision as to the amount of boiler insurance to be purchased is, of course, the responsibility of the local authority.

(a). Percentage for low-pressure boilers (that is, under 15 lb.). If the central plant is in a separate building, coverage is to be obtained for 50 percent of the total value of the plant (building and equipment).

If the group heating plants are in separate buildings, coverage is to be obtained for 75 percent of the total value of one plant (building and equipment).

If group heating plants are located in the basements of dwelling buildings, coverage is to be obtained for 75 percent of the total value of one plant plus the value of the dwelling units adjacent to one plant.

(b). Percentage for high-pressure boilers (that is, over 15 lb.). If the plants contain high pressure boilers, the coverages specified for low pressure boilers are to be increased by 50 percent.

Furnace explosion coverage is not to be placed under the boiler insurance policy, as this coverage is included in the "Extended Coverage Endorsement" to fire insurance policies. Similarly, tank explosion protection for tanks other than steam containers is included in the fire insurance policy under "Extended Coverage Endorsement No. 4" or the corresponding endorsement which the USHA recommends for use.

50e (5). BURGLARLY AND ROBBERY INSURANCE

(a). Inside Protection. Inside robbery insurance in adequate amounts is to be carried at all times. In purchasing this insurance, care should be taken to have the policy cover the premises rather than any specific building location so that robbery coverage will be provided for any collections made on trips to tenants' apartments. If rent collections are kept on the premises overnight, the local authority is to carry burglary insurance in adequate amounts to protect funds of the project pending the transfer of such funds to the depositary. If rental collections are not retained on the premises overnight, the local authority need not carry burglarly insurance.

The USHA recommends that the local authority procure for each rental office a burglarproof chest (of "H" classification) with an inner compartment having a two-key lock door and a slot over this inner door. The outer door should be of solid steel and provided with a combination lock with relocking device. This safe should bear Underwriters Laboratory's approval of "H" classification. (The USHA will furnish specifications for this safe upon request.) The chest should be inbedded in a solid reinforced concrete block weighing approximately 1,000 pounds. The USHA has obtained authorization for local authorities as special risks to purchase burglary and robbery insurance on the standard bank form at bank rates. The above described safe, or burglarproof chest, would entitle the local authority to a further substantial discount which will offset the cost of the safe in a very short time.

As this section indicates, the local authority is to procure burglary and inside robbery insurance on the standard bank form of policy which is available to local authorities. This policy supplies protection for the loss of money and securities only. The burglary (safe) portion of the policy covers loss by burglary of money and securities from within the safe and damage to the premises, furniture, fixtures, equipment, safe and vault caused by burglary or attempted burglary or by vandalism or malicious mischief. For the purpose of the policy, burglary is defined as the taking of money or securities by forcible entry into the locked safe which leaves marks of such forcible entry on the exterior of the safe.

The inside robbery (holdup) portion of the policy covers loss by robbery of money or securities belonging to the local authority from any part of the project premises and damage to the premises, furniture, fixtures, equipment, safe and vault caused by robbery or attempted robbery or by vandalism or malicious mischief. For the purpose of the policy, robbery is defined as the taking of money or securities by putting the custodian thereof in fear of physical violence.

(b). Outside Protection. The actual transfer of funds by project personnel may be protected by outside robbery (messenger) insurance. The local authority may find it possible to secure free police escort service which will reduce the cost of the messenger insurance. Armored car service may be substituted for outside robbery insurance where the amounts to be

transferred and the time saved or hazard involved so warrant. The USHA has prepared a standardized form of armored car service contract designed to secure the broadest service at a minimum cost.

The attention of local authorities is also invited to the fact that in some cities bank depositaries render free pick-up service for their depositors.

Outside robbery (messenger) is robbery that occurs outside the project premises. Protection against this type of loss is not afforded by the standard bank form of burglary and robbery policy. This coverage is provided, however, on a messenger and paymaster robbery form.

(c). Theft Insurance. Money abstracted by stealthy seizure (theft) from a cash drawer is not covered under the standard bank form of burglary and robbery policy. The theft of equipment is also beyond the scope of this policy. Similarly, loss of money by burglary from any part of the project premises other than the locked safe is not covered on the standard bank form of policy. The local authority is to provide administrative safeguards against losses of the character described in this subparagraph, and is to make certain that any funds collected and retained on the premises overnight are kept in the safe.

50e (6). FIDELITY BONDS

During the operation period, the positions of check-signer and countersigner should be bonded in amounts ranging between $5,000 and $25,000, depending on the project size.

During operation the position of voucher certifier should be bonded in amounts ranging between $5,000 and $25,000, provided that the person occupying the position of voucher certifier does not also occupy the position of either check-signer or countersigner. If he does, he should be bonded only under one of these latter positions.

During operation persons in the employ of a local authority occupying a position in which is vested possession, custody, or control of funds or property should be bonded in amounts ranging between $1,000 and $10,000. Such positions would be bookkeeper, collector, cashier, and the like.

Reference is made to Section 50d (3), in which is discussed the availability of Form USHA-874, which provides fidelity protection during both the development and operating periods.

50f. INSURANCE COVERAGES REQUIRED OF CONTRACTORS DURING OPERATION

The local authority is to require each contractor performing repair, replacement, alteration, or betterment work, or performing work required by guaranty clauses or performance bonds, to submit evidence of adequate workmen's compensation and public liability insurance coverages before beginning performance of the work.

50g. REPORTS ON COVERAGE DURING OPERATION

As soon as practicable after approval of final plans and specifications and receipt and evaluation of competitive bids, the local authority is to prepare and submit to the USHA two complete copies of Insurance Information, Form USHA-460. The information submitted on this form is particularly important to the USHA staff members since it supplies the basis for working out an insurance program with the local authority. The attention of the local authority is invited to the fact that this form calls for separate information for each type of construction on separate sheets.

The spaces provided on Form USHA-460 for public liability measurements apply to apartment dwellings only. An apartment classification is used where there are five or more family dwelling units served by a common entrance. In such a case, rates are based on both area and frontage charges. Rows or groups of dwellings containing three or four family dwelling units, completely divided from foundation to roof by solid party or building walls, have rates established on a floor area basis only. Rows or groups of buildings containing one-family or two-family sections have rates established at a flat charge per dwelling.

In filling out Form USHA-460 for projects composed of buildings other than apartments, the local authority should attach to the form a supplement containing the following information:

One-family dwelling sections . . . . . Number . . . . . .

Two-family dwelling sections . . . . . Number . . . . . .

Three-family dwelling sections . . . . . Total floor area . . . . . .

Four-family dwelling sections . . . . . Total floor area . . . . . .

Area and frontage measurements for the above types of dwelling sections are not to be included on Form USHA-460 but are, as indicated above, to be included in a supplement to the form.

Since these various bases exist for public liability premium development, the local authority should ask for proposals based on an inspection of the plans and specifications by interested bidders and should not attempt to furnish the bidders with the information upon which to base the bids.

50g (1). REPORTING FIRE AND EXTENDED COVERAGE LOSSES

Two copies of every report to insurance carriers covering fire and extended coverage losses should be sent to the USHA. Upon repair of the damage and settlement of the claim the actual amount of the loss and the amount of the settlement should be reported to the USHA.

50g (2). REPORTING PUBLIC LIABILITY ACCIDENTS OR CLAIMS

In the event of an accident, two copies of the notice and reports to the carrier should be forwarded to the USHA. Should any claim, notice, summons, or other process in suit ensue as a result of an accident, two copies of each should be furnished to the USHA. In case of personal injuries sustained as a result of fire or boiler explosion, the accident should be reported to the public liability carrier as above. Form USHA-511 is to be used in reporting all accidents. (The same procedure is to be followed in reporting any such losses which may occur during the project development period.) These reports will enable the USHA to obtain data to formulate recommendations with respect to safety factors that may prove helpful to all local authorities, and also will aid the USHA in conducting rate negotiations with respect to public liability insurance on public housing projects.

50g (3). OTHER INSURANCE REPORTS

Two copies of every report in connection with loss, damage, or accident made to carriers under any other form of coverage should be forwarded to the USHA.

50h. GENERAL INSTRUCTIONS ON COVERAGE DURING OPERATION

Upon issuance of all definitive policies, a certified duplicate copy of each policy shall be forwarded to the USHA. This requirement is deemed necessary in order to facilitate the sale of local authority bonds to parties other than the USHA.

The USHA reserves the right to pass upon all insurance policies and performance bonds obtained by the local authority for compliance with the terms of the contracts between the local authority and the USHA. However, the failure of the USHA to examine any policy, or to call attention to any needed corrections or changes therein, does not relieve the local authority from its duty to comply with the terms of its contracts with the USHA.

51. PROTECTION OF LABOR STANDARDS

In order to protect labor standards, the United States Housing Act sets forth certain requirements which must be followed in the development and administration of projects. These requirements are stated in detail in Section 16 of the Act (see Appendix A, p.____). Certain other labor provisions are included in the "Terms, Covenants, and Conditions" of the Loan and Annual Contributions Contract.

Among other requirements, prevailing wage rates or fees must be paid all architects, technical engineers, draftsmen, technicians, laborers, and mechanics employed in the development or administration of projects undertaken with USHA aid. Where prevailing wages are established by state or local statute, such wages shall be submitted by the local authority to the USHA for its approval and adoption. Except in cases of wages paid on minor items with a value or contract price not in excess of $2,000 (see the following Section 51a), wage rates for each classification of workers covered by the Act must be submitted to the USHA for its approval and determination as to whether they are prevailing rates, before the local authority enters into contracts for work to be performed.

Recommendations for wage rates for architectural, engineering, and surveying contracts should be submitted immediately after the execution of the loan contract for the first project to be built by a local authority. The original determination or adoption of wage rates for these types of contracts will then apply to all projects of the local authority, and it will not be necessary to submit recommended wage rate schedules for any additional projects undertaken.

In the case of labor for construction, wage scales must be established for inclusion in specifications before advertisement for bids, or included in an addendum before the opening of bids. Two months before the date set for advertising bids for the first contract for development work on the project site, a complete schedule of wage rates should be submitted covering all classifications which will be needed in the development of the project, including architectural, engineering, and surveying classifications.

This master schedule, as determined or adopted, will apply to all contracts let in the development of the particular project involved, but, with the exception of the architectural, engineering, and surveying classifications, will not apply to any other project. Changes in and additions to the original master schedule should be recommended whenever necessary to keep approved schedules in line with local prevailing wages and employment requirements.

Where additional classifications of labor are found necessary after the execution of a contract has been authorized, but for which wage rates have not been provided in the contract specifications or otherwise had approval by the Administrator, additional wage rate recommendations should promptly be submitted by the local authority through the Regional Office for approval.

The same procedure outlined for contract wage rates governs submission of recommendations for wage rates for maintenance and other employees

of a local authority who are subject to the prevailing wage rate provision of the Housing Act. Maintenance wage rate recommendations should be submitted not later than two and a half months before the date set for submission of the Management Resolution for the first management period of the first project under the jurisdiction of a local authority. Maintenance wage rate recommendations will apply to all projects under the jurisdiction of a local authority, and additional schedules will therefore not be required for any additional projects. As in the case of contract wage rates, however, changes should be recommended in the approved schedules wherever necessary to keep such schedules in line with local prevailing wages and project employment requirements.

In connection with labor matters, Regional Labor Relations Advisers are available to assist in settling matters involving serious labor difficulties, jurisdictional disputes, and compliance with safety codes which are within the terms and conditions of local authorities' contracts.

51a. WAGES AND FEES ON MINOR ITEMS

The USHA will not require local authorities to submit for approval itemized lists of wage rates or fees for architects, technical engineers, draftsmen, technicians, laborers, and mechanics engaged in work undertaken by local authorities which has a value or contract price not in excess of $2,000. Such work may be undertaken by means of any of the following:

(1). Contracts to be performed during the development stage of the project.

(2). Contracts to be performed during the operation or administration stage of the project.

(3). Force account by persons not included in regular maintenance and operation personnel for which wage rates or fees have been approved by the USHA.

In lieu of the submittal of an itemized list of the wage rates or fees to be paid on such work, local authorities may satisfy the procedural requirements of the USHA and the Housing Act in this respect by:

(1). Certifying, upon the completion of all such work performed by employees directly engaged by the local authority, that the local authority has paid the wages or fees prevailing in the locality to all architects, technical engineers, draftsmen, technicians, laborers, and mechanics employed upon such work. (If any employee claims that the rate of wage or fee being paid to him is less than the rate of wage or fee then prevailing in the locality, the local authority shall submit the matter to USHA for determination and shall pay the rate of wage or fee approved by the USHA as prevailing.)

(2). Inserting in each contract for such work the following provision:

"The contractor and each subcontractor shall pay to all architects, technical engineers, draftsmen, technicians, laborers, and mechanics engaged under this contract, in work on or about the site of the project, not less than the wages or fees prevailing in the locality for such classification; and, if any employee claims that the rate of wage or fee being paid to him is less than the wage or fee then prevailing in the locality, the contractor agrees to submit the matter to the USHA for determination and to pay the rate of wage or fee approved by the USHA as prevailing. The contractor shall, upon completion of the work, certify that he and each of his subcontractors have, in the performance of the work, complied with the requirements of this paragraph."

51b. EMPLOYMENT OF APPRENTICES

Experience has demonstrated that the employment of apprentices is frequently desired by construction contractors. Local authorities will therefore save both time and trouble by including at the outset specifications for apprentice labor in the general scale of prevailing wage rates submitted to the USHA for approval. The construction contract should likewise contain such a provision.

Since apprentices are learning a particular trade, they are often permitted to perform some of the duties usually delegated to skilled workers. As apprentices, however, they are paid at a rate of wage considerably below the minimum wage for the skilled workman. In view of the fact that the Housing Act provides, among other items, that all laborers and mechanics employed in the development of projects built with USHA aid are to be paid prevailing wage rates as determined or adopted (subsequent to a determination under applicable state or local law) by the USHA, some control must be exercised over the employment of apprentices, in order that their use may not result in breaking down the established minimum wage rates for skilled labor.

To effect this end, no apprentice rates will be approved for inclusion in the minimum wage rate schedules set forth in contracts unless there is also included in the specifications a provision in substance as follows:

"The wage rates specified for apprentices shall apply only to persons working with the tools of the trade they are learning under the

direct supervision of journeymen mechanics. The ratio of persons working in such capacity (i.e., as apprentices) to journeymen shall not exceed the ratio of apprentices to journeymen which is found by the local authority and the USHA to be prevailing in the locality for the trades or occupations involved. The terms and conditions of the employment of the apprentices by the contractor shall also conform to one or more of the following: (1) the standards recognized by the United States Department of Labor and established by joint committees of employers and employees, if such committees have been set up; (2) a written agreement with the apprentice, which provides for not less than 4,000 hours of reasonably continuous employment for such apprentice, for his participation in an approved schedule of work experience through employment, and for at least 144 hours per year of related supplemental instructions; and (3) a written agreement between the contractor and an employee organization governing the conditions under which he is to employ apprentices. In addition to complying with such standards or agreements, the contractor shall also comply with any existing state or local laws governing the employment of apprentices."

In the case of contracts which do not contain these provisions, when it develops that the contractor desires to employ apprentices in certain trades, the local authority or the USHA Construction Adviser for the project or projects concerned may recommend apprentice rates for these particular trades. Concurrently, there should be submitted to the USHA a signed statement from the contractor describing the proposed

terms of employment, with special reference to the conditions enumerated in the preceding paragraph, and stating the maximum ratio of apprentices to journeymen. In such cases, authorization of the requested rates will depend upon the adequacy of the proof, as determined by the USHA, that the prescribed standards for apprentice employment will be met.

51c. NONCOMPLIANCE WITH WAGES AND HOURS PROVISIONS

USHA Construction Advisers will make a representative check of each occupation in the payrolls for employees of all contractors (and their subcontractors) engaged at the project site, architects, engineers, or others under contract with a local authority, to discover any evidence of noncompliance with the wages and hours provisions of the contracts. Local authorities will record any noncompliance in accordance with the labor provisions of the contract on the reverse side of each contractor's Weekly Payroll Summary (Form USHA-284), the latter being transmitted through the Construction Adviser to the Regional Office.

On receopt of information evidencing noncompliance, Regional Offices will advise local authorities to attend to the correction of such noncompliance. The local authority must in turn furnish satisfactory evidence of compliance in the form of supplementary payrolls.

52. OBTAINING BIDS

Two of the most important steps to be taken by a local authority are the obtaining of bids and the awarding of contracts (the latter step is discussed in the following Section 53). An adequate number of bids must be secured, and these must be on such a basis as to insure that there has been open and competitive bidding for each and every construction, equipment, material, and landscaping contract, as required by the "Terms, Covenants, and Conditions" of the Loan and Annual Contributions Contract. Contract awards, including those for demolition, for soil investigations such as test pits and borings, engineering investigations, material tests, and other similar items of a preliminary nature, must be made on a basis that is fair and above criticism from every point of view.

The discussion of construction contracts in the Design Manual (pp.____) considers the question of splitting the general construction work of a project into two or more sections, and suggests that consideration be given to such procedure. A related question is that of separate contracts segregated as to types of construction. The local authority should endeavor wherever possible to put all of the related construction work under one contract, and to avoid segregated contracts. However, it is recognized that in many instances this will be impracticable, and that more than one contract will be necessary. For example, in some cases it will be advisable to let a separate contract for landscaping.

Again, the applicable state statutes may require that a segregated contract be let for each phase of the construction work, such as electrical, heating and ventilating, plumbing, and the like. If split or segregated contracts are to be let, the several contracts should be drawn so as to provide for full coordination and reduce interference to a minimum.

A suggested form of construction contract is available through the Regional Office for the use and guidance of the local authority. This form contains all the applicable requirements of the Housing Act and of the Loan and Annual Contributions Contract.

The whole question of the system of bidding and alternate bids is discussed in considerable detail in the Design Manual, pp._____. Local authorities are particularly urged to give this discussion full and careful consideration.

The general suggestions made in the following subsections are offered to help local authorities obtain wide competitive bidding. Included are certain USHA requirements which are necessary in order to effect compliance with applicable provisions of the Housing Act and of the Loan and Annual Contributions Contract.

52a. OPEN AND COMPETITIVE BIDDING

Any restriction as to the source of materials, equipment, supplies, bonds, or insurance involved in the execution of a contract obviously operates to limit open and competitive bidding and hence to increase costs. Therefore, except to the extent required by the laws of the state in which the public housing agency is located, no such restrictions should be included in any of the documents upon which bids are based.

The technical specifications upon which contracts are based should be so drafted as to secure the widest competition possible, and should not discriminate against any materials, supplies, or equipment suitable for the purposes intended. To that end, and consistent with the objective of low development costs as required by the Act, local authorities should, to the fullest extent possible, allow contractors the option of using one of two or more specified materials, supplies, or items of equipment. While it is realized that this procedure is not always feasible and that it cannot fully supplant the practice of taking alternate bids, it is nevertheless, generally productive of obtaining lower bids.

52b. ACCEPTANCE OF ALTERNATE BIDS

Since the United States Housing Act in effect requires that projects be of the lowest initial cost consistent with low rents, base bids must contemplate construction on that basis, and the acceptance of alternate bids calling for increased expenditures cannot be justified by the USHA in approving contract awards.

The introduction of a large number of alternate bids tends to discourage bidding and hence, in effect, may increase costs. Therefore, even alternate bids believed to be deductive should not be invited unless there is doubt as to whether the low base proposal will be within the statutory or Loan and Annual Contributions Contract limitations applicable to the project. A deductive alternative bid will generally involve the use of cheaper materials or methods, which in turn will normally result in a higher maintenance or operating cost, or both; construction costs should therefore be substantially reduced in order to justify the acceptance of such an alternate.

For these reasons, the USHA is opposed to approving acceptance of alternate bids unless the basis for such acceptance has been determined prior to the opening of bids [see Section 52j (5)]. Local authorities are therefore requested to determine, prior to the opening of bids, the amount by which the construction cost, as evidenced by the lowest responsible base proposal, will be reduced in order to justify the acceptance of such alternate bids. Local authorities should advise the Regional Offices, prior to the opening of bids, of the amounts so determined.

52c. UNUSUAL LOCAL CONDITIONS

Occasionally there exists a combination of circumstances under which contractors from other localities are reluctant to compete in the bidding, or which will limit competition between local contractors or subcontractors. These conditions are not always openly recognized or well understood, but are vaguely known to exist and are accepted as insurmountable. The USHA believes that such difficulties may often be met if they are recognized at a time well in advance of advertising for bids.

Local authorites are urged to bring to the attention of the Regional Offices for open and frank discussion, any circumstance or combination of circumstances which the local authority believes to be opposed to free and open competitive bidding. The USHA will cooperate to the fullest extent with the local authority in meeting any or all such problems.

52d. TIMING OF BIDS

Wherever a large volume of projects goes on the market for bids, it is highly important that the spread be as wide as possible in order to avoid an excessive number of bids being taken in one general locality during the same period of time. This is a problem which individual local authorities may not readily perceive, since they are primarily concerned with their own projects. Nevertheless, each authority may be adversely affected by poorly considered timing of bid dates over the country as a whole.

As soon as the plans and specifications and other contract documents have been completed, and when so authorized by the Regional Office the local authority is ready to advertise for bids. The local authority shall advise the Regional Office as to the proposed time and place for receiving bids.

The Regional Offices, working with each local authority, schedule, well in advance, the dates when bids are to be received, and local authorities agree with the USHA to work to these schedules. Since these schedules contemplate the widest feasible spread of bid opening dates in a given locality, it becomes highly necessary, for the benefit of the work as a whole, that each authority adhere closely to its own dates in the schedule. Local authorities should therefore, before committing themselves to a specified date, feel quite sure that this can be met, and thereafter should make every possible effort to meet its commitments. The USHA will cooperate with the local authority to that end.

There may be occasions when the Regional Office will find it desirable, for the benefit of the program in its entirety, to suggest to a local authority that it modify the date of bid opening. Local authorities are requested to cooperate in such procedure. A USHA representative will ordinarily attend the bid opening and be available to the local authority for advice and counsel with respect to any questions which may arise.

52e. THE BIDDING PERIOD

Local authorities should allow not less than 30 calendar days for bidding on any major construction work, and if the plans and specifications are not ready for delivery on the date of advertising, this period should be increased so that bidders may have the plans and specifications in their possession for a full 30 days.

While it is true that three or even two weeks may be an adequate time for the actual work of taking off quantities and preparing bids, a longer period permits a more thorough combing of the market. Moreover, it often happens that contractors who would otherwise be interested are limited for time because of bidding on other work, and in such cases they will not bid unless a generous time is allowed.

As previously suggested (see Section 48a, p._____), since the final review of plans and specifications may not be completed by the Regional Office until after the bidding period begins, certain addenda incorporating comments and advices may be necessary. The period of advertising for general construction bids should be long enough to permit the issuance of any such addenda.

52f. BREAKING DOWN LARGE PROJECTS FOR BIDDING PURPOSES

While the USHA has cautioned local authorities as to certain difficulties incident to breaking down a project into a large number of relatively small construction contracts (see Design Manual, pp._____), due consideration should be given to the fact that a large number of housing projects going on the market during a comparatively short period of time may limit the number of bidders who are able and willing to contract for large projects. Thus, in many cases, it may be found increasingly necessary to divide large projects into two or more general construction parts in order to appeal to a wider range of contractors.

However, the precautions referred to in the Design Manual should continue to receive consideration. It is particularly important that the subdivision not be too great; complicating alternate bids for the whole work must, in all cases, be taken unless prohibited by applicable state or local law.

52g. PUBLICIZING THE ACCEPTANCE OF BIDS

The usual process of advertising for bids cannot always be depended upon to secure the necessary publicity, and for that reason local authorities are urged to make every possible effort in order to secure the maximum number of bidders. The following are suggested as steps which would be advisable to take in each case:

(1). Wherever there are local or nearby agencies maintaining plan rooms, plans and specifications should be furnished to these without charge, or on the basis of refundable deposits. While this does not ordinarily produce a larger number of general contractors, such a procedure will frequently result in a greater number of sub-contract bids to the general contractors, which, of course, tends to produce lower figures. The deposit required on sets of plans and specifications should always be reasonably consistent with their reproduction value.

(2). Normally it is advisable for local authorities to contact representative organizations of contractors and of construction bond companies. The latter may often obtain the interest of contractors in other cities through their branch offices.

(3). Local authorities should furnish Regional Offices with a number of copies, preferably about 12, of advertisements for bids immediately upon their publication. Where this is done promptly, the USHA will in turn transmit bid information to national contractor organizations for

the purpose of helping local authorities obtain a larger number of bids through wider publicity. It should be noted, however, that the procedure outlined in this paragraph does not apply to such proposed contracts as grading, demolition, kitchen equipment, and landscape work, since national contractor organizations have indicated that they cannot be of service in these connections.

(4). It is desirable that the advertisement for bids be published in adjacent cities, in addition to publication through the local press.

52h. WITHDRAWAL OR MODIFICATION OF BIDS

There have been cases where low bidders have sought to withdraw or increase their bids after the bids have been opened. The usual reason given in such cases is that an error has been made, and that as a result the contractor could not fulfill his contract for the amount stipulated in the bid without suffering a loss. When such a question arises, it warrants the most careful consideration, since, on the one hand, general experience has proved that unsatisfactory results derive from construction contracts below actual costs or even without opportunity for a reasonable profit, while, on the other hand, bidders are under bond to execute contracts for the amounts named in their bids, and it seems reasonable to believe that experienced contractors will exercise the utmost care in preparing and checking their figures.

Section 52j sets forth the USHA requirements which local authorities should follow in determining whether or not it is equitable to permit the withdrawal of a bid after the bids have been opened. Under no circumstances should a bidder be permitted to increase his bid after it has been opened. If such a proposed increase is based upon proved errors, the bid should be rejected instead, subject to the USHA requirements set forth in Section 52j.

52i. REJECTION OF BIDS

Local authorities will often be confronted with low bids from contractors whom they do not believe to be financially, technically, or otherwise qualified to perform the work. Such situations are somewhat similar to those mentioned in the preceding section, and merit the same careful consideration before action is taken. Local authorities should be guided by the USHA requirements included in the following Section 52j in reaching their determinations.

52j. USHA BIDDING REQUIREMENTS

The following requirements must be met by local authorities in order to comply with the provisions of Loan and Annual Contributions Contracts relating to competitive bidding and award of contracts, and to comply with the provisions of the Housing Act requiring that projects built with USHA aid shall not be of elaborate or expensive design or materials, and that economy will be promoted in construction:

(1). All contracts for the furnishing of either labor; labor and materials; or materials, supplies, or equipment, shall conform to the applicable laws and/or regulations for such contracts in effect at the time the contracts are signed. In addition to this requirement, all such contracts involving an amount in excess of $500 shall be publicly advertised (except those involving personal services requiring specialized skill and training), and the specifications for the work involved in the contracts advertised shall be submitted to the Regional Office for review at least three weeks prior to the date for advertising.

(2). The specifications for all such contracts shall be drafted to insure the widest competition possible, and no materials, supplies, or equipment suitable for the purposes intended shall be discriminated against, nor shall the specifications designate any preference for local materials, equipment, supplies, bonds, or insurance involved in the execution of such contracts unless required by the laws of the State in which the public housing agency is located.

(3). Local authorities shall contract for labor; labor and materials; or materials, equipment, and supplies in a manner best suited to secure the development of the project in the most economical manner possible. Unless otherwise required by state laws, and, except for demolition work, landscaping, and the furnishing of those materials, supplies, and equipment which are usually not included in normal construction contracts, a bid for the entire work in connection with the development of the project shall be requested, even though bids are also requested for the same work in parts. The work in connection with the development of the project shall not be so divided as to place an unreasonable administrative burden on the local authority, nor which would intend to encourage possible collusion among bidders.

(4). Alternate bids shall be limited to the minimum required for economical and sound construction.

(5). Every contract shall be awarded on the basis of the <u>lowest bid received</u> from a responsible bidder [see Sections 52j (8) and 52j (9) for further discussion of "responsible" bidders] as soon as practicable after the opening of bids, unless such bid is in excess of the estimated cost of such work, or is otherwise considered to be for an unreasonable amount.

Some local authorities have interpreted the term "lowest bid received" so as to permit the evaluation of bids on a basis other than the cost of procuring labor or material, or both. This interpretation cannot be approved by the USHA. The term "lowest bid received," as used in the

requirement that all contracts shall be awarded on the basis of the lowest bid received, means the bid which will provide the items described in the specifications at the lowest initial cost.

To assure the award of all construction, equipment, and material contracts on this basis, Regional Offices will be guided by the following general principles in passing on proposed contract awards:

(a). The USHA will not approve any specifications or bid documents which contain clauses permitting an evaluation of bids on any basis other than the cost of procuring the labor or materials involved, or both, and will not approve any specifications containing a multiplicity of alternates which will permit the switching of bidders by the selection of a particular alternate.

(b). If the local authority deems it necessary or advisable to ask for alternate bids [see Sections 52b and 52j (11)], the USHA requires, first, that a definite understanding be reached by the Regional Office and the local authority involved, prior to approval by the Regional Office of the specifications, as to the basis and order of accepting or rejecting alternates; and second, that all bidders be informed of this understanding.

If the local authority requests alternates but does not set up in advance any basis or order to determine the selection of alternates, the Regional Office will not approve any contract award which is not made on the basis of the lowest initial cost obtainable under the bids received. Furthermore, to receive USHA approval of the award in such a case, all alternates which deduct from the base bid, without reducing the number of dwelling units, must be accepted in determining the lowest initial cost.

(6). Experience has shown that construction, equipment, and material contracts on which tie low bids are received from responsible bidders should not be "split" or awarded between the bidders submitting the tie low bids. The USHA is compelled to disapprove the proration of a contract among responsible tie low bidders because of the effect such a proration might have upon bidding practices.

If the local authority receives from responsible bidders two or more tie low bids on any construction, equipment, or material contract, and determines that the amount of such tie low bid is reasonable and should be accepted, the local authority shall arrange a public drawing of the names of all responsible bidders submitting tie low bids, and shall recommend the award of the entire contract to the bidder whose name is drawn. The drawing may be witnessed by the tie low bidders or their representatives. If so requested by any tie low bidder, the time of the drawing shall be set in advance and due notice thereof given to all such bidders.

If the local authority finds that the tie low bids were submitted as a result of collusion between any of the tie low bidders, the local authority shall advise the Regional Office of such finding at the time the local authority makes its recommendation of award. The USHA may, in the event of tie low bids, require the rejection of all bids and the readvertisement of the contract involved.

(7). Bidders shall not be permitted to withdraw their bids subsequent to the time of opening because of an alleged mistake in the amount of their bids unless the amount of the bids are such as to place a reasonable man on notice that an error has been committed by the bidder, and further, that an award, under such circumstances, would be inequitable. Where a bidder claims that a mistake has been made, the local authority to which the bid was submitted shall require, before taking action in regard to any request for the withdrawal of a bid, the submittal by the bidder of his original estimating sheets from which the bid was computed, a sworn statement to the effect that an error has been made by the bidder, and all evidence in the possession of the bidder tending to corroborate the claim of error.

(8). No bidder shall be permitted by a local authority to withdraw his bid unless the bid submitted is at least 10 percent lower than the estimated cost of the work included in the contract, as prepared by the local authority and approved by the Regional Office.

(9). No bid shall be rejected by a local authority because of lack of responsibility of the bidder unless one or more of the following conditions is plainly evident:

(a). The bidder is not financially qualified to carry out his contract.

(b). The bidder is not technically fitted to carry out the proposed work, through lack of experience, adequate personnel, or equipment.

(c). The bidder has refused or failed to accept the award of a contract tendered to him in accordance with a bid submitted by him.

(d). The record of the bidder in the performance of other contracts is such as to indicate plainly that the bidder is not responsible.

(10). Before rejecting any low bidder on the basis of irresponsibility, the local authority shall make definite findings of the facts upon which its conclusion of irresponsibility is based, and shall submit the same to the Regional Office. Mere matters of opinion unsupported by any facts evidencing the lack of responsibility of the contractor will not be accepted as a basis for rejecting a low bidder.

(11). No contract for equipment, supplies, or materials shall be awarded to other than the low bidder in the interest of standardization of equipment or materials, ultimate economy, or expeditious development of the project unless the two following conditions have been met:

(a). Prior to the opening of bids the local authority shall have submitted to the Regional Office notice of its intention to take these factors into consideration in awarding bids (such notice having set forth the differential to be used by the local authority in determining the bidder to whom the contract is to be awarded).

(b). The USHA must have approved, in advance of the award, the procedure to be followed and the differential or formula for determining the same [see Sections 52b and 52j (5)].

12. The USHA has the right to refuse to lend further financial assistance in the way of the purchase of bonds or the making of annual contributions, or both, either as to the entire project or as to the amount of the contract involved, in the event of a violation by a local authority of the requirements of this Section 52j.

52k. SUBMITTALS REQUIRED IN CONNECTION WITH BIDS

Upon receipt of the bids, the local authority will study them and before awarding a contract, submit to the Regional Office the original and four copies of a statement as to the award or awards it proposes to make, including the disposition of alternates. With this statement there should be included the following:

(1). Four copies of a tabulation of bids and an analysis thereon on the basis of the proposed award.

(2). Four copies of a comparison of the Final Estimate of Total Development Cost as earlier submitted and modified (see Section 48b, p. _____), with the computation of Total Development Cost and of dwelling facilities costs per room and per unit as contemplated in the proposed contracts. This comparison shall be based upon the proposed awards and the estimated (or actual) costs of items not included in the proposed awards.

(3). Four copies of all addenda and other information, including drawings, issued during the bidding period.

(4). One original and three conformed copies of all bids, including all forms in connection therewith.

(5). Four copies of other pertinent information which may have been prepared and is considered useful in reaching a determination with regard to the award of contracts and disposition of alternates.

53. AWARD OF CONSTRUCTION AND OTHER CONTRACTS

After the local authority has submitted to the Regional Office the items required in connection with the review of bids received (see preceding Section 52k), the Regional Office will check the bid figures against the Final Estimate of Total Development Cost (discussed in Section 48b, p._____) and against the provisions of the United States Housing Act and the Loan and Annual Contributions Contract. The Regional Office will then notify the local authority that the proposed award is either acceptable, acceptable subject to certain qualifications, or not acceptable for specified reasons.

If the proposed award is acceptable, the local authority may execute the contract with the successful bidder. For the public drawing procedure to be followed in connection with two or more tie low bids, see the preceding Section 52j (6). Section 52 also discusses instances where the rejection of all bids and the readvertisement of the contract involved may be required.

53a. SUBMITTALS REQUIRED IN CONNECTION WITH CONTRACTS

In some instances the USHA has discovered that it does not have available all the information which it needs to assist local authorities in making certain that their construction and other contracts in excess of $2,000 are awarded and executed in a manner which makes them binding agreements. In order to make Regional Office assistance more effective in this connection, the attention of local authorities is invited to the following points:

(1). The local authority should submit to the Regional Office two certified copies of the proceedings authorizing the award of contracts in excess of $2,000.

(2). The local authority should also submit to the Regional Office information supporting the execution of contracts in excess of $2,000. The proceedings authorizing the award of a contract may, of course, also designate an officer to execute the contract, and, in such case, the proceedings submitted should cover the execution as well as the award of the contract, and no additional information supporting the execution of the contract need be submitted. However, the by-laws of the local authority or a general resolution thereof may designate an officer to execute contracts. If a contract in excess of $2,000 is executed pursuant to such a by-law, the material submitted in connection with the execution of such contract should include merely a citation of the applicable by-law. If, on the other hand, a contract in excess of $2,000 is executed pursuant to a general resolution designating an officer to execute contracts, the information submitted in

connection with the execution of such contract should include two certified copies of the proceedings by which such resolution was adopted, unless two or more certified copies of such proceedings have previously been submitted to the Regional Office. Proceedings previously submitted need merely be identified.

If information corresponding to that required by the foregoing paragraphs has been, or will be, submitted with respect to a contract in excess of $2,000 pursuant to other USHA requirements, the provisions of these paragraphs shall be deemed inapplicable to such contract, and no additional information is required.

One executed counterpart of the construction contract (including accompanying plans and specifications) and four conformed copies of the executed contract (but including only <u>two</u> sets of plans) shall also be furnished promptly to the Regional Office. If these copies are all in good order, the Regional Office will return one set to the local authority with an indication that they are approved for construction. Upon receipt of such approval by the Regional Office, the local authority will, ordinarily, advise the contractor to commence work under his contract, and the actual construction of the project will begin.

(For detailed discussion and recommendations concerning drafting, awarding, and administering construction contracts, see the Design Manual, pp._____.)

DATE	ISSUED TO