

MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY

REQUEST FOR PROPOSALS

DATE OF ISSUE: November 30, 2007

TO: Potential Providers of Services

RE: Request for Proposals for Tenant Rental Assistance Certification System (TRACS) Processing

I. Services Sought by Authority:

The Michigan State Housing Development Authority ("Authority") is seeking an individual or firm that is authorized to do business in Michigan to carry out Tenant Rental Assistance Certification System (TRACS) processing to assure the flow of federal dollars to the Authority. The successful Contractor of this RFP will perform such tasks and duties as are mandated by the Department of Housing and Urban Development ("HUD"), pursuant to HUD Handbook 4350.3 and the "Automation Rule" (24 CFR Part 208 – Electronic Transmission of Required Data for Certification and Recertification and Subsidy Billing Procedures for Multifamily Subsidized Projects) and certain obligations for the Authority as the Contract Administrator under its agreements with HUD and the HAP Contracts. A detailed description of the work is described in the Scope of Work, which is attached as Exhibit A to this Request for Proposals.

The initial term of the contract for the prospective contractor will be three (3) years with the possibility of two 12-month extensions, based on Contractor performance.

II. Required Qualifications:

The Authority has identified the following qualifications that it believes are necessary for the successful performance and completion of the services described in the Scope of Work. The prospective contractor ("Prospective Contractor") must:

- A. Have a minimum of five (5) years of experience providing the services described in the Scope of Work or similar services to at least two (2) Public Housing Agencies (PHA) (as defined by HUD).
- B. Assign experienced personnel to perform the services required of the Section 8 and Section 236 Rental Subsidy programs as may be necessary to perform the Prospective Contractor's obligations.
- C. Review and verify Section 8 and Section 236 housing vouchers and tenant certifications for covered units.
- D. Utilize the TRACS system and other programs required for the performance of this agreement as described in the Scope of Work.

- E. Have access to HUD's Secure Systems for TRACS.
- F. Demonstrate they have the capacity and facilities to receive resident certification and recertification data (form HUD 50059) and voucher data (form HUD 52670) electronically from the owners or management agents in a form consistent with reporting requirements specified by HUD for the HUD TRACS System.
- G. Must provide a proposed plan for the transfer of responsibility from the current contractor to themselves that includes, but need not be limited to, how the Prospective Contractor will be prepared to begin operations within 60 days of the date the contract is awarded. Such tasks may include:
 - 1. Baseline all contract units, if applicable;
 - 2. Download TRACS data to the Authority.
- H. Must demonstrate their ability to comply with all processing and reporting requirements as mandated by HUD applicable to the TRACS functions in this RFP. This will include requirements outlined in Section 208.108 of 24 CFR – Electronic Transmission of Required Data for Certification and Recertification and Subsidy Billing Procedures for Multifamily Subsidized Projects. *(Also known as the Automation Rule).*
- I. Be capable of implementing revisions in processing and reporting, as specified by HUD, to conform to changes in present or future policies and procedures pertaining to administration of Section 8 and Section 236 contracts.
 - 1. Be a Michigan entity (limited partnership, limited liability company, for profit corporation or non-profit corporation), a firm that is authorized to do business in the State of Michigan, or a division or office of a Michigan municipality or unit of government. The Prospective Contractor will be required to submit a Certificate of Status or Good Standing issued by the Commercial Services Bureau of the Michigan Department of Labor & Economic Growth.
- J. Have phone, internet, and e-mail access. Internet and e-mail access must be adequate to allow Prospective Contractor to download and upload data and files and receive files and attachments from Authority staff.
- K. Agree to satisfy the following requirements prior to the execution of the contract with the Authority:

To indemnify, defend and hold harmless the Authority, its members, officers, employees and agents, from and against all losses, liabilities, penalties, fines, damages and claims (including taxes), and all related costs and expenses (including reasonable attorneys' fees and disbursements and costs of investigation, litigation, settlement, judgments, interest and penalties), arising from or in connection with any claim, demand, action, citation or legal proceeding against the Authority, its employees and agents arising out of or resulting from (1) the services to be provided ("Services") under the contract or (2)

performance of the Services, duties, responsibilities, actions or omissions of the Contractor or any of its subcontractors under the contract, including but not limited to:

- i. any claim, demand, action, citation or legal proceeding against the Authority, its employees and agents arising out of or resulting from a breach by the Contractor of any representation or warranty made by the Contractor in the Agreement; and
- ii. any action or proceeding threatened or brought against the Authority to the extent that such action or proceeding is based on a claim that any piece of equipment, software, commodity or service supplied by the Contractor or its subcontractors, or the operation of such equipment, software, commodity or service, or the use or reproduction of any documentation provided with such equipment, software, commodity or service infringes any United States or foreign patent, copyright, trade secret or other proprietary right of any person or entity, which right is enforceable under the laws of the United States.

2. To maintain and provide evidence, satisfactory to the Authority, of the following insurance coverage:

- i. General Liability Insurance for \$1,000,000 with the Authority shown as additional insured.
- ii. Errors and Omissions Insurance for \$1,000,000 for each occurrence and \$1,000,000 annual aggregate.
- iii. Worker's Compensation Insurance (if required under state law).

L. Agree to execute a contract acceptable to the Director of Legal Affairs. For purposes of illustration only, a draft of the proposed contract is attached.

III. Submitting Proposal:

Firms wishing to submit proposals must submit one (1) original and three (3) copies of a proposal to provide the services described in Exhibit A (Scope of Work). Submitted proposals must respond to and address the questions listed in Exhibit B (Proposal Instructions and Selection Criteria).

The due date for the Authority's receipt of the proposals responding to this Request for Proposal ("RFP") is January 25, 2008 no later than 4 p.m.

The Authority shall not be liable for any costs that a firm or individual may incur while preparing a proposal. The Authority shall not be liable for any costs that a firm or individual may incur prior to the complete execution of a contract. If the Authority enters into a contract, the Authority's consideration (payment) shall be limited to the term of the contract.

IV. Communications with Authority Staff Prior to Selection of Proposal

Any questions raised by Prospective Contractors concerning this RFP may be submitted in writing, via mail, email or fax, using "TRACS RFP" in the subject line to the attention of:

Daphne Wells, Office of Asset Management
MSHDA
735 East Michigan Ave.
PO Box 30044
Lansing, Michigan 48909

E-mail: WellsD2@michigan.gov
Fax: (517) 335-6050

To ensure a fair and impartial process, Authority staff will not address non-written questions concerning the RFP. Phone calls involving the RFP or related questions will not be accepted. Firms submitting bids shall not contact any Authority Board members or staff except Daphne Wells. **All communications with Daphne Wells must be received in writing by December 14, 2007.**

Authority staff will answer appropriate questions received in a timely manner (e.g., information not covered/answered in the RFP, interpretation issues, etc.) by postings on its website under Frequently Asked Questions on or before **January 11, 2008**. The Authority will hold no question sessions or bidders conferences. Prospective Contractors will be responsible to check for additional information posted on the website and incorporating any necessary changes or clarifications into their proposal.

If, prior to the proposal deadline, the Authority deems it necessary to provide additional clarifying information, or to revise any part of the RFP, supplements or revisions will be provided to all recipients of the RFP who have indicated they will submit a proposal. Proposals will then be evaluated based on the terms and conditions of the RFP, any supplements or revisions thereof, and the answers to any written questions.

V. Selection of Proposal:

The Authority's Office of Asset Management ("Office of Asset Management" or "OAM") *will* select the proposal based on Selection Criteria, which are set forth in Exhibit B (Proposal Instructions and Selection Criteria).

VI. Processing Required Forms & Contract Execution:

The required forms will be submitted to Civil Service for approval, **prior** to Authority approval. Contracts that equal or exceed \$25,000 must be submitted to an Authority board meeting for formal approval. Thereafter, a contract will be forwarded to the firm that submitted the selected proposal ("Contractor") with instructions to execute and return three copies. Upon receiving the executed copies, the Office of Legal Affairs will

submit the executed copies to a duly authorized Authority signatory for execution on behalf of the Authority.

VII. Michigan Freedom of Information Act

Documents submitted to the Authority shall be subject to the Michigan Freedom of Information Act ("FOIA"). In the event a request for submitted documents is made to the Authority, the Authority's FOIA Coordinator will redact or withhold information and/or documents that are exempt from disclosure under FOIA. See *MCL 15.243*. Please note that any requests by non-MSHDA personnel to review proposals will be denied until the deadline for submission of the bids has expired. See *MCL 15.243(1)(j)*.

RFP - EXHIBIT A

SCOPE OF WORK

Overview:

The Office of Asset Management of the Michigan State Housing Development Authority "Authority" is seeking an individual/firm to provide monthly reviews of Project-Based Section 8 and Section 236 vouchers as required under the "Automation Rule" (24 CFR Part 208 – Electronic Transmission of Required Data for Certification and Recertification and Subsidy Billing Procedures for Multifamily Subsidized Projects). While the successful individual/firm will perform monthly voucher reviews, the Authority will retain the process of making monthly payments to Owners.

The Authority seeks these services to fulfill the requirements of the U.S. Department of Housing & Urban Development (HUD). All voucher reviews will be done using tenant and voucher information received and transmitted through the HUD Multifamily Housing Tenant Rental Assistance Certification System (TRACS). The scope and nature of the reviews are guided by HUD Handbook 4350.3, the TRACS Monthly Activity Transmission (MAT) Guide, the Contract Administration Guidebook, and Authority policy.

Without this specialized technical support, the Authority could not fulfill this federally prescribed duty consistent with HUD's requirements. A nationally recognized company specializing in the provision of such services to states participating in the HUD Performance Based Contract Administration (PBCA) Initiative for State and Federally administered low income housing programs typically performs these services.

I. The successful candidate will have:

- a) At least five (5) years of experience performing similar functions for at least two (2) Public Housing Agencies (PHA), as defined by HUD;
- b) Experienced success in voucher payment IBPS standards of 99.9% or better;
- c) Demonstrated ability to integrate their processes, reporting requirements and systems with PHAs;
- d) Experience performing TRACS reviews for vouchers and Excess Income reports for Traditional Contract Administrators, including Contract Administration review of RAP, Rent Supplement and 236 properties;
- e) Demonstrated ability to maintain effective and cooperative working relationships with HUD staff;
- f) Demonstrated ability to provide responsive, customer-oriented and customer-friendly service to Owners;
- g) Demonstrated leadership within the housing industry related to TRACS;
- h) Clean audit findings;

- i) Ability to consistently and accurately interpret the HUD 4350.3 Handbook and other authoritative documents which guide voucher review;
- j) Expertise in TRACS and an established TRACS training program; and
- k) Will be current on all HUD regulatory issues and changes.

II. Objectives, Tasks & Activities, and Deadlines:

A. Objectives: To successfully perform the services described in Section I above, the selected contractor ("Contractor") must satisfy the following objectives:

1. Verify accuracy of monthly Section 8 and Section 236 vouchers for all properties assigned to MSHDA's Traditional Contract Administration portfolio.
2. Monitor Owner compliance with all HUD reporting requirements set forth in the HUD 4350.3 Handbook, the TRACS MAT Guide and the Rental Housing Integrity Improvement Project (RHIP) Tenant Optimum Compliance requirement, both current and as amended in the future, governing and administration of Section 8 and Section 236 contracts.
3. Submit required information accurately and timely to HUD TRACS.
4. Realize disincentives for IBPS requirement 6 at a rate lower than .01% (higher than 99.95%).

B. Activities/Responsibilities Necessary to Complete Scope of Work:

To achieve the objectives, the Contractor shall perform the following activities or tasks:

1. Review monthly HUD-52670 and 52670A Part 1 Housing Assistance Payment vouchers to ensure Owners receive the correct amount of subsidy.
2. Monitor accuracy of all required data fields on the HUD 50059 Tenant Certification, for compliance with HUD 4350.3 Handbook
3. Monitor accuracy of all fields on the HUD 52670 and 52670A part 1 Housing Assistance Payment vouchers.
4. Monitor Owner compliance with the HUD Tenant Optimum Compliance (RHIP) reporting requirement, in order to minimize the number of properties missing monthly payments due to inadequate tenant information on the HUD TRACS system.
5. Receive TRACS files submitted by Owners, using the HUD TRACSMail System. Evaluate files received, submit acceptable files to the HUD TRACS system, return informational and error messages generated reviewer and by TRACS electronic format acceptable for receipt by Owner software. Return of informational and error messages shall be done using TRACSMail, per the TRACS MAT guide, and will use identifiers originated by Owner software so that Owner software has the information necessary to link TRACS responses to files generated by the Owner.

6. Recommend payments to the Authority before transmitting MAT30 HAP vouchers to the TRACS system.
7. Provide Owners with written monthly review summaries, which include information on a) amounts recommended for payment by the Authority; b) any discrepancies and unresolved issues; c) any other information consistent with review objectives.
8. Track all unresolved issues noted on Owner vouchers, through to resolution.
9. Maintain auditable information for period specified by the Authority.
10. Provide the Authority real-time online access to voucher review process, contacts with Owners, voucher review progress and voucher review results.
11. Provide progress reporting to the Authority no less than twice weekly. Progress reporting will include, for each contract in the Authority's portfolio: dates which TRACS tenant files, TRACS voucher files and paper HUD52670 and 52670A part 1 vouchers are received; identification of individual performing monthly voucher review status and progress of monthly review, including date which review is started and completed; date the Authority approves transmission of MAT30 electronic HAP voucher to HUD; date MAT30 electronic HAP voucher transmitted to HUD; voucher status returned by the HUD TRACS system, updated daily; comments on status of property.
12. Monitor owner's compliance with entry of all resident certification and recertification data in TRACS.
13. Verify that the amount of HAP paid on behalf of each resident is accurate.
14. Verify that all re-certifications are completed by the owner agent in a timely manner and entered into TRACS.
15. Verify that payment request does not include any units where housing assistance has been abated.
16. Analyze adjustments required to prior month's vouchers to determine accuracy and validity.
17. Determine if authorized rent or utility allowance adjustments have been implemented timely and accurately.
18. Verify that project owners are complying with current HUD rules and regulations.
19. Verify pre-approval of Section 8 Special Claims.
20. Complete Regular Vacancy Special Claims.
21. Participate in the HUD/MSHDA Annual Conference, the HUD Compliance Review, and other HUD meetings as required.
22. Monitor owner's follow-up efforts on discrepancies identified as a result of any future income matching initiatives by HUD.
23. Coordinate with the Office of Asset Management; provide Asset Management information on Owner's ability to effectively perform voucher billing function using TRACS.
24. Mirror all TRACS files sent to HUD and MSHDA's TRACSMail address, for Quality Control purposes.
25. Provide tenant data to the Authority.
26. Effectively establish and maintain close integration with the client, with an emphasis on teamwork.

27. Maintain an accurate list of properties in the Authority's Traditional Contract Administration portfolio.
28. Participate in monthly conference calls with Authority staff.

C. Deadlines for Completing Objectives:

The Contractor shall complete/satisfy the objectives by the following dates:

1. Verify voucher submissions by owner through TRACS system by the 10th day of the month preceding the month for which the owner is requesting payment.
2. The Contractor must verify and provide written documentation of the accuracy of payment requests by the last day of each month before the Authority issues payments for the verified request.
3. If applicable, the Contractor must have all properties base-lined within the contract by June 1, 2008.
4. The Contractor must be prepared to begin operations on June 1, 2008.

III. Standards for Performance:

A. Standards:

The Contractor shall perform the tasks/activities and complete the objectives in accordance with the following standards.

1. Demonstrate ability to perform Voucher review.
2. Provide a proposed Quality Control Plan that is built into daily processing. Fully demonstrate a superior detailed quality control program that will:
 - Ensure that the contract performance requirements are met.
 - Provide specific internal controls to provide for accountability and separation of duties to detect and prevent potential fraud, waste, and abuse of funds.
 - Identify processes and procedures to prevent, detect, and resolve actual or appearances of conflicts of interest of any staff working with the contract or associated with the entity.
 - Provide the names and qualifications of the individuals responsible for performing the quality control reviews and the specific areas/services these individuals will inspect.
 - Identify performance deficiencies and to take corrective action to ensure against unsatisfactory performance.
3. Document all quality control reviews and any required corrective action.
4. Establish and maintain files for such documentation through the term of the contract. The files shall be the property of the Authority/HUD and be made available to the Authority/HUD upon demand during the contractor's regular business hours. The files shall be turned over the Authority within 10 business days after completion or termination of the contract.



RFP EXHIBIT B

PROPOSAL INSTRUCTIONS AND SELECTION CRITERIA

I. PROPOSAL DELIVERY/SUBMISSION:

- A. **Due Date:** The due date for the Authority's receipt of the proposals responding to this Request for Proposal ("RFP") is **January 25, 2008** at 4 p.m.
- B. **Originals and Copies:** Submit one (1) original and three (3) copies of a proposal to provide the services described in Exhibit A (Scope of Work).
- C. **Delivery of Proposal:** Addresses for the delivery of proposals are as follows:

DELIVERY VIA HAND DELIVERY OR COMMERCIAL OVERNIGHT SERVICE:

Daphne Wells, Office of Asset Management
Michigan State Housing Development Authority
735 E. Michigan Avenue
Lansing, MI 48912

DELIVERY VIA U.S. POSTAL SERVICE:

Daphne Wells, Office of Asset Management
Michigan State Housing Development Authority
P.O. Box 30044
Lansing, MI 48909

DELIVERY VIA E-MAIL

Wellsd2@michigan.gov

- D. **Selection of Proposal.** It is anticipated that the Authority's review, selection, and approval process will take six to eight weeks after the closing date for submitting proposals. The selected proposal will be announced following Civil Service approval, on or before **March 31, 2008** via e-mail and posting on the Authority's website.

II. PROPOSAL FORMAT:

- A. **Overview:** Proposals must be submitted in the format described in Section B. There should be no attachments, enclosures or exhibits other than those considered by the prospective contractor ("Prospective Contractor") to be

essential to a complete understanding of the proposal. Each section must be clearly identified with appropriate headings.

The proposal should be clear, accurate, and complete, with sufficient detail to enable the Authority to evaluate the services and methods proposed. Brevity is appreciated.

B. Format of Proposal:

1. BUSINESS ORGANIZATION. Answer/Address the following:

- a. Full name and address of Firm:
- b. Branch office if applicable:
- c. Type of entity (e.g., Michigan Corporation, Michigan nonprofit corporation, Michigan Limited Liability Company):
- d. If entity is foreign (i.e., non-Michigan), is it licensed to do business in Michigan?
- e. Submit Certificates of Status or Good Standing dated within 30 days if firm is a Michigan entity.
- f. Submit Certificate Authorizing Firm to Do Business in Michigan dated within 30 days if firm is a not a Michigan entity.

2. MANAGEMENT & PERSONNEL: Answer/Address the following:

- a. **Officer and Management Summary:** Identify officers and managers by name and position. Identify managers and/or officers who will manage the contract if it is awarded. (*Resumes or Curriculum Vitae of managers or officers may be provided.*)
- b. **Bidder's Authorized Contact:** Include the name and telephone number of person(s) in your organization authorized to expedite any proposed contract with the Authority. An official authorized to commit the bidder to the terms and conditions of the proposal must sign the proposal. The Prospective Contractor must clearly identify the full title and authorization of the designated official and provide a statement of bid commitment with the accompanying signature of the official (see Section B.7. below).

3. EXPERIENCE

- a. **Prior Experience of Contractor:** Indicate prior TRACS experience of your firm with at least two (2) other Public Housing Agencies (PHA). Include sufficient detail to demonstrate the relevance of such experience. Include descriptions of qualifying experience, including project descriptions, costs, and starting and ending dates of projects successfully completed. Also include name, address, and telephone number of the responsible official of any state or local PHA who may be contacted.
- b. **Experience of Proposed Personnel Assigned to Provide Services:** Describe the education and experience of personnel

who will likely be assigned to provide the proposed services, including managers who may oversee work of personnel. (Provide resumes or curriculum vitae of assigned personnel as attachments/enclosures.)

- c. **Additional Information and Comments:** Include any other information that is believed to be pertinent but not specifically asked for elsewhere.

4. **PROPOSED SERVICES**

- a. **Service To Be Rendered:** Describe the service to be rendered. (This section should address the services sought through the Scope of Work.)
- b. **How Service Will be Rendered:** Describe how the services will be rendered. Address and describe the process used to render the services.
- c. **Use of Subcontractors:** If any work will be subcontracted, describe the following:
 - i. Work that will be subcontracted;
 - ii. The process used to select the subcontractors;
 - iii. The subcontractor's experience and expertise; and
 - iv. The names of the firms/individuals (s) who will perform the subcontracted work.
- d. **Standards:** Describe or address the following:
 - i. The standards that the services will satisfy. (If standards of a professional association will be followed, identify the standards and the association.)
 - ii. How quality of service will be monitored and ensured.
 - iii. Whether "best practices" will be followed. (If applicable, identify the organization and/or document that establish such standards.)
- e. **Security of Data:** If the services to be rendered require the collection and/or use of confidential and/or personal data, confirm the following:
 - i. Has your firm established and used a policy to address the security of paper and electronic data. (*Please do not submit a copy of your security policy.*)
 - ii. Does your policy address the removal of confidential and/or personal data from storage media? (For example, does your firm's policy include the removal or "wiping" of data from hard drives when a computer is no longer used?)
 - iii. Does your policy address a disaster recovery plan for files and data?

5. **TERMS, PRICE PROPOSAL & BUDGET**

- a. **Term of Contract:** The initial term of the contract will be three (3) years with the possibility of two 12-month extensions based on Contractor performance. Please construct a price proposal and budget accordingly. Other terms, including termination provisions, will be set forth in the Authority's standard contract form.
- b. **Price Proposal:** All rates quoted in proposals submitted in response to this RFP will be firm for the duration of the contract. No price changes will be permitted. (Include: per unit cost, total unit cost per annum and total cost of proposal.)
- c. **Budget:** Include in the proposal a line item budget that identifies all expenses related to the work to be performed. By submitting the bid, the provider acknowledges that it bears the risk that its expenses may exceed the proposed amount. The budget should include applicable items, which may include the following:
 - i. Staff costs (# of hours/per hour rate/etc.)
 - ii. Costs of supplies and materials
 - iii. Other direct costs
 - iv. General and administrative burden or overhead
 - v. Transportation costs
 - vi. Total budget

6. **SCHEDULE/TIMELINE**

Schedule: Using the schedule for delivery of services set forth in the Scope of Work, cite the proposed deadlines for completing the tasks within Scope — see RFP Exhibit A.

7. **SIGNATURE CLAUSE TO BE SIGNED BY AUTHORIZED SIGNATORY OF FIRM**

Signature Clause: Insert the following signature clause at the end of the proposal and have an authorized signatory from the firm sign it:

'I confirm that I have submitted this proposal on behalf of INSERT NAME OF FIRM in response to the Michigan State Housing Development Authority's Request for Proposals for INSERT SERVICE SOUGHT BY AUTHORITY'

By:

Its:

Date:

III. Selection of Proposal

A. Selection Criteria. The Authority's Office of Asset Management will select the proposal based on Selection Criteria listed below:

- | | | |
|----|---|-------------|
| 1. | Prior Experience with TRACS | (35 Points) |
| 2. | Prior Experience with other states | (25 Points) |
| 3. | Reasonableness and Feasibility of Fee | (25 Points) |
| 4. | Adequacy of staff necessary to perform services | (10 Points) |
| 5. | Communication skills, including clarity of proposal | (5 Points) |

Total Possible Points:

100 Points

B. Cancellation of Selected Proposal. The selection of a proposal by the Authority may be cancelled at any time prior to the complete execution of a contract. Reasons for canceling the selected proposal may include, but are not limited to, the following:

1. Refusal of the Departments of Labor & Economic Growth and/or Civil Service to process required forms; and/or
2. Refusal of duly authorized Authority signatory to execute the contract.

If the Authority cancels its selection of a proposal, the Authority may repost this or a similar RFP and re-see proposals.

TRACS RFP Timeline

<u>Date</u>	<u>Activity</u>
November 30 – December 14	RFP Posted
December 14	RFP Questions Due to MSHDA
January 11, 2008	MSHDA Responds to RFP Questions (no later than)
January 25	Proposals Due to MSHDA no later than 4pm
January 28 – February 8	MSHDA Review of Proposals
February 27	Presentation of Selected Proposal to Authority Board
March 2008	Civil Service Approval of Selected Contractor (4-6 weeks)
March/April 2008	Announcement of Contract Award
June 1, 2008	Contract Start Date