

IOWA WEATHERIZATION PROGRAM NOTICE 10-04

TO: Weatherization Coordinators

FROM: Gwen Howe, Bureau of Weatherization

DATE: July 14, 2010

RE: Procurement for Furnace Work

Purpose: To provide guidance regarding bidding furnace and water heater work. All changes will be effective August 1, 2010.

Updated Contracting Requirements:

To follow up on the discussion at the April 2010 IWCA meeting, DCAA has determined that annual bids do not ensure agencies are getting the best possible price for work on furnaces and water heaters. Therefore, furnace and water heater work on a house and/or mobile home must be bid out for each job. An annual bid for furnace/water heater repair/replacements is no longer acceptable and will result in a finding for your agency. Paragraph 4 of Section 9.32 of the Policy and Procedure Manual will be modified to read:

For furnace work contracting, agencies may use an annual contract for furnace tune and clean work. At the agency's discretion, repair work up to \$300 per home would be allowed without bids. This would allow the tune and clean contractor to make minor repairs, with agency approval, while on site. Agencies should have a policy in place to handle the situation where the tune and clean contractor determines the furnace needs replaced.

Agencies may have an annual contract with all the contractors who are interested in bidding on jobs during the year. Each furnace/water heater replacement will be bid out but separate contracts do not have to be executed because there is an annual contract. Or, agencies may bid out each replacement and have separate contracts for each replacement.

Sole source purchasing may be used in well documented emergency situations where a client has no heat in winter weather.

All other procedures remain in effect and must be followed. The DCAA strongly recommends agencies secure a minimum of three furnace contractors to ensure a competitive bidding process and the best possible price for the agency.

Cc: Bureau staff