

MEMORANDUM

AGENDA DATE: May 18, 2011

MEMORANDUM DATE: 4 May 2011

TO: HACSA Board of Commissioners

PRESENTED BY: James R. McCoy, Development Director
Housing And Community Services Agency of Lane County (HACSA)

AGENDA ITEM TITLE: In the Matter of Approving Contract 11-C-0050 (Construction Management/General Contractor Services) for the Rehabilitation of the Norsemen Village Apartments.

I. PROPOSED MOTION:

IT IS ORDERED THAT MEILI CONSTRUCTION BE AWARDED CONTRACT 11-C-0050 TO PROVIDE CONSTRUCTION MANAGER/GENERAL CONTRACTOR (CM/GC) SERVICES FOR THE NORSEMEN VILLAGE APARTMENTS REHABILITATION, THAT AN ORDER TO THIS EFFECT BE SIGNED, AND THAT THE EXECUTIVE DIRECT IS AUTHORIZED TO PREPARE AND EXECUTE A CONSTRUCTION CONTRACT.

II. AGENDA ITEM SUMMARY:

Board authorization to enter into a construction contract for the rehabilitation of Norsemen Village Apartments in Junction City is requested.

III. DISCUSSION

A. Background:

In 2006, the HACSA Board of Commissioners authorized acquisition of the Norsemen Village Apartments in Junction City, a 44-unit low-income housing development that serves seniors and people with disabilities. This complex — together with several other RD-financed projects in the Northwest owned and managed by a common owner — had become

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eligible for mortgage prepayment with subsequent loss of affordability restrictions.

As part of the acquisition package, RD provided approximately \$720,000 in rehabilitation funds, an amount which subsequently proved inadequate for the needed repairs and improvements. In late 2009, the HACSA Board approved application to the 2010 Oregon Housing and Community Services (OHCS) 2010 CFC Application for the balance of the funds necessary to carry out the rehabilitation. When this application proved unsuccessful, the HACSA Board approved a second application to the 2011 Consolidated Funding Cycle. This application was submitted to OHCS on April 15, 2011.

Recently, the U.S.D.A. Rural Development Department (RD) notified HACSA that it was necessary to expend the \$720,000 Rehabilitation Reserve as quickly as possible and encouraged HACSA to take the necessary steps to proceed. At the same time, approximately \$150,000 in HACSA Weatherization funds became available to the project if these funds could be completely expended prior to end of 2011. After discussions with OHCS and RD, it was determined that it was in the best interests of the project to divide the rehabilitation into two separate phases: (1) Phase I would expend RD and HACSA Weatherization funds on health, safety, and energy conservation items; (2) Phase II would go forward if HACSA's CFC Application were successful.

As a result, HACSA is requesting Board approval of the construction contract in order to begin the rehabilitation included in Phase I.

B. Project Description

The Norseman Village Apartments is located at 920 West First Avenue in Junction City and contains 44 units in 10 buildings, as follows:

<u>1BR</u>	<u>2BR</u>	<u>Total</u>
40	4	44

Norsemen Village serves senior and disabled households. Rural Development provides "Rental Assistance" (a program similar to HUD Project-based Section 8) to all units in the project (not including the Resident Manager unit); this rental subsidy enables households receiving it to pay no more than 30% of their adjusted income for rent and utilities.

Phase I of proposed rehabilitation program includes:

- * Replace deteriorating wood-framed balconies with new balcony and railing system
- * Replace existing stairs
- * Replacement of siding
- * Replace existing aluminum windows and sliding glass doors with vinyl sliding windows and doors
- * Other energy conservation measures

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Phase II (assuming OHCS approval of HACSA's CFC Application) includes:

- * Surface overlay on parking area and driveway surfaces
- * Replacing walkway lighting with better quality, energy-efficient fixtures
- * Make concrete walkways improvements as necessary
- * New signage
- * Remove existing concrete patios and replacing with enlarged slabs
- * Improve refuse/recycling area enclosures
- * Remove existing catch basins and replace them with sediment and pollutant trap type basins
- * Install new siding and paint
- * Re-roof buildings
- * Replace emergency call system
- * Upgrading 3 units and community building to current accessibility standards.

C. Construction Management/General Contractor Services

In January 2010, a Request for Proposals for CM/GC services for the Norsemen Village was issued in preparation for the CFC Application. Four firms responded, and a committee evaluated the proposals based on experience with multi-family rehabilitation, proposed fee, quality of personnel assigned to the project, and experience with environmentally sustainable construction practices. The committee recommended Meili Construction as the top choice.

The CM/GC Construction Method

HACSA's prior experience indicates that using a CM/GC approach is the most practical method of obtaining construction services for OHCS financed projects because of the need to determine construction costs at a relatively early stage in project development. The use of the traditional sealed bidding approach to obtain construction services poses a number of difficulties and significantly increases risk in project development.

The primary distinction between the CM/GC approach and the traditional General Contractor approach is that in the traditional approach the project architect designs the project or facility first, usually without input from the construction or building trades. The project is then placed out for bid to general contractors, who bid on the entire project, and an award is made on the basis of the most reasonable low bid.

Under the CM/GC method, the CM/GC firm is selected in the early stages of a project to assist with design considerations, administrative coordination, scheduling, budget estimating, constructability review, and value engineering. The CM/GC provides these services, as well as management of the construction, for a negotiated fee. In addition, the CM/GC provides, during the design process, a guaranteed maximum price (GMP) for the full value of the construction, backed up by a full performance and payment

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bond.

Adopting the CM/GC approach does not circumvent the public bidding process and state law specifically allows this type of contract selection process. All "sub-contractable" work is competitively bid by the CM/GC firm, with the oversight of HACSA. Should the CM/GC firm choose to bid any of the sub-contract work, those bids will be managed by HACSA. Provisions for the procurement of the subcontracts are specified in the contract documents.

CM/GC Contract

The proposed Agreement would be similar to prior CM/GC contracts at Richardson Bridge, Willakenzie Townhouses, Laurel Gardens, Jacob's Lane, Sheldon Village and Roosevelt Crossing. They will:

- * Require a "Guaranteed Maximum Price" for the construction program.
- * Provide for a fixed fee for the CM/GC of the Guaranteed Maximum Price).

D. Recommendation

Approval of the proposed Motion.

IV. IMPLEMENTATION/FOLLOW-UP:

Same as Item III. E. above.

V. ATTACHMENTS:

None.

HOUSING AUTHORITY AND COMMUNITY SERVICES AGENCY (HACSA)

RESOLUTION AND ORDER

)In the Matter of Approving Contract 11-C-0050
)Construction Management/General Contractor Services) for
)the Rehabilitation of the Norsemen Village Apartments.

WHEREAS, HACSA recognizes the need to address the community issue of providing decent and affordable housing for elderly and disabled housing households in Lane County;

WHEREAS, HACSA has undertaken the development of Norsemen Village Apartments in order to preserve it as an affordable housing resource for Lane County citizens and households;

WHEREAS, HACSA wishes to take advantage of existing funding to proceed with refurbishing the development and maintaining affordability;

NOW, THEREFORE, it is hereby resolved and ordered:

THAT MEILI CONSTRUCTION BE AWARDED CONTRACT 11-C-0050 TO PROVIDE CONSTRUCTION MANAGER/GENERAL CONTRACTOR (CM/GC) SERVICES FOR THE NORSEMEN VILLAGE APARTMENTS REHABILITATION, THAT AN ORDER TO THIS EFFECT BE SIGNED, AND THAT THE EXECUTIVE DIRECT IS AUTHORIZED TO PREPARE AND EXECUTE A CONSTRUCTION CONTRACT.

DATED this _____ day of _____, 2011

Chair, HACSA Board of Commissioners

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