

PUBLIC HOUSING AGENCY OF THE CITY OF SAINT PAUL

REPORT TO COMMISSIONERS

FROM JON M. GUTZMANN
EXECUTIVE DIRECTOR

REGARDING Dunedin Terrace Modernization,
AMP 8, MN 1-9, Phase 3
Contract No. 15-088

DATE February 25, 2015

Staff requests Board approval to award a contract for Dunedin Terrace modernization (AMP 8, MN 1-9), Phase 3 to the sole bidder, Crossroad Construction Inc., Ham Lake, Minnesota, for \$2,452,300, which is the base bid amount less Deduct Alternates Nos. 1 and 2. A copy of the January 21, 2015 bid tabulation is attached. This contract award is subject to HUD approval, since it exceeds \$100,000 and only one bid was received. Because the base bids exceeded the PHA's budget for this project, staff is recommending using the first two deduct alternates to reduce the scope of work in this phase, thereby reducing the contract cost. Deduct Alternate #1 eliminates work in two fourplex buildings (eight four-bedroom units) at 204 and 218 East Congress. Deduct Alternate #2 eliminates work in two fourplex buildings (four four-bedroom units at 187 East Congress and four five-bedroom units at 195 East Congress). Applying the two deduct alternates reduces Crossroad Construction Inc.'s bid of \$4,156,000 to \$2,452,300 (subtracting \$858,700 for Deduct Alternate #1 and \$845,000 for Deduct Alternate #2). That amount is within the PHA's available budget for the work.

Almost one-half of the cost will be paid by a \$1.2 million forgivable loan from Minnesota Housing under the Publicly Owned Housing Program (POHP; funded by General Obligation bonds). The PHOP funding awards are recommended for approval by Minnesota Housing's Board at their February 19, 2015 meeting. A copy of that report is attached. Minnesota Housing

staff are working to complete their procedural checklists which will allow them to issue a formal commitment after their Board approves.

Staff solicited bids by advertising in local newspapers and trade publications, and contacting several local General Contractors to encourage them to bid on the work. Despite these efforts, Crossroad Construction was the sole contractor to submit a bid for the work. Staff contacted several contractors who declined to bid and those contractors gave the following responses when asked why they declined to bid:

1. Several contractors stated they have bid on past phases of the Dunedin modernization work and have not been able to compete with the direct knowledge Crossroad Construction has gained as the general contractor on Phases 1 and 2. Therefore they decided to focus on bidding other construction projects for 2015 work. This was the response received from contractors the PHA has worked with on past modernization work, such as Frerichs Construction, Meisinger Construction, and Project One Construction.
2. The longer contract award period (due to the timing of Minnesota Housing's funding decision) was a factor for several contractors. They stated they could not wait until February or March to find out the award because if they are not awarded the work it would be too late to bid other 2015 work, but if they are awarded the work and are subsequently awarded other work in the meantime they may not be able to properly handle the workload.
3. One contractor, JG Hause Construction, intended to submit a bid for the work, but they did not arrive on time at the bid opening site on the day of the bid opening;
4. Two contractors, Brothers Manufacturing and Martinez Construction, stated they were unable to secure bids from all necessary subcontractors in time for bid opening.

The base bid was for completing work at nine fourplex buildings (36 dwelling units). After eliminating the four buildings in the two deduct alternates, the recommended award will

complete the modernization work at five buildings (20 dwelling units). The base bid amounts and deduct alternate amounts are very close to the architect's pre-bid estimate.

The Phase 3 work will begin in the Spring of 2015 and be completed by the end of calendar year 2015. Some landscape work may be deferred due to weather so it would be completed by May 31, 2016.

Phase 3 of the modernization work will consist of interior and exterior improvements at five of the 22 original Dunedin Terrace family townhouse fourplex buildings that were first occupied in 1966. Thirteen buildings (52 dwelling units) at Dunedin Terrace have been previously modernized utilizing Capital Fund Program funding as well as grants from Minnesota Housing. Four buildings containing 16 dwelling units will remain to be modernized after the completion of Phase 3. The average cost of improvements for the Phase 3 work will be about \$122,615 per dwelling unit including site work.

The alterations to the buildings will include converting flat roofs to hipped roofs, replacing windows, replacing second floor siding, removing brick wing walls, totally replacing kitchens and bathrooms, and other miscellaneous interior and site work. Four of the Phase 3 buildings contain three-bedroom units, and one of the Phase 3 buildings contains five-bedroom units.

Crossroad Construction performed satisfactorily on the previous Dunedin Terrace modernization prototype, Phase 1 and Phase 2 of Dunedin Terrace modernization, the Iowa Hi-Rise exterior modernization contract and other PHA work. A copy of the Employer Information Reports for Crossroad Construction is attached. Crossroad Construction intends to subcontract 9 percent of

the contract work to minority business enterprises (MBE) and 22 percent of the contract work to women-owned business enterprises (WBE). Crossroad Construction will also provide building trades pre-apprenticeship opportunities for PHA residents by participating in the “Step Up” program and will meet the Section 3 requirement by hiring at least 30% of new hires for the duration of the work from qualified Section 3 residents.

There are sufficient funds to accomplish this work from the 2014 and 2015 Capital Fund Program grants, supplemented by the \$1,200,000 from Minnesota Housing.

JTL/mlp

Attachments: Bid Tabulation
Employer Information Report (EEO-1)
Minnesota Housing Board Report, February 19, 2015

PUBLIC HOUSING AGENCY OF THE CITY OF SAINT PAUL

REPORT TO COMMISSIONERS

**FROM JON M. GUTZMANN
EXECUTIVE DIRECTOR**

REGARDING Furnace Replacement at
Various PHA Sites; Contract No. 15-102

DATE February 25, 2015

Staff requests Board approval to award a contract for furnace replacement at various PHA sites to the lowest responsible bidder, K.B. Service Company of Little Canada, Minnesota, at the unit prices stated in their bid. A copy of the tabulation of bids opened on February 12, 2015 is attached. The low bid was determined by a formula stated in the bid specifications which weights the various bid items on anticipated quantities for each type of service work. As shown on the attached spreadsheet, the low bid was \$128,325 and the second low bid, from Erickson Plumbing Heating Cooling Inc., was \$131,128. The contract will run for a two-year period.

K. B. Service Company has performed work previously for the PHA and their work has been satisfactory. Copies of the Employer Information Reports for both K. B. Service Company and Erickson Plumbing Heating Cooling Inc. are attached. Because this is a unit-price contract, it is not subject to the Section 3 Policy's requirement for contributing to the PHA's Section 3 Training Fund.

Approximately \$100,000 will be spent during the first year of the contract based on past furnace replacement contracts. There are sufficient funds available in the Capital and Operating Fund Budgets for this contract.

SEA

Attachments

PUBLIC HOUSING AGENCY OF THE CITY OF SAINT PAUL

REPORT TO COMMISSIONERS

FROM JON M. GUTZMANN
EXECUTIVE DIRECTOR

REGARDING Printing Services for
Various PHA Sites
Contract No. 15-104

DATE February 25, 2015

Staff requests Board approval to award a two-year contract for furnishing printing services for various PHA sites to Visions Inc., of Brooklyn Park, Minnesota. A copy of the tabulation of bids opened on February 11, 2015 is attached. The lowest responsible bidder was determined by totaling weighted unit bid prices, using a formula based on past experience on similar printing service contracts. Using this method, Visions was the lowest responsible bidder and Design Press was the second lowest responsible bidder. The attached spreadsheet shows the formula.

This contract will be used on an as-needed basis for a variety of services such as offset printing, photocopying, letterhead paper, and business cards. Visions has not provided any printing services for the PHA previously. Staff contacted several references and received satisfactory responses on their past performance.

Employer Information Reports for Visions and the second lowest responsible bidder, Design Press, are attached. Because this is a unit-price contract, it is not subject to the Section 3 Policy's requirement for contributing to the PHA's Section 3 Training Fund.

Approximately \$50,000 to \$60,000 will be spent during each year of this contract. There are sufficient funds in the Operating Budget for this contract.

KYY

Attachments: Bid Tabulation
EEO-1 Forms

PUBLIC HOUSING AGENCY OF THE CITY OF SAINT PAUL

REPORT TO COMMISSIONERS

**FROM JON M. GUTZMANN
EXECUTIVE DIRECTOR**

REGARDING Capital Fund Program: 2012, 2013 and
2014 CFP Budget Revisions;
Initial 2015 Capital Fund Program Budget;
Initial 2015 Replacement Housing Factor (RHF)
Budget; and Agency Plan Amendment

DATE February 25, 2015

Staff requests Board approval of Resolution No. 15-2/25-01 approving the following budgets:

1. Initial budget for the 2015 Capital Fund Program (CFP) grant of \$6,786,832;
2. Initial budget for the 2015 Replacement Housing Factor (RHF) grant of \$21,609;
3. Revisions for the 2012, 2013 and 2014 CFP grants.

The initial budgets reflect the PHA's actual grant amounts announced by HUD on February 12, 2015 for the 2015 Capital Fund Program and the 2015 Replacement Housing Factor (RHF).

Staff will submit the Annual Consolidated Contribution contract amendments (ACCs) accepting the 2015 CFP grant and 2015 RHF grant to HUD after Board approval. The revised budgets for the 2012, 2013 and 2014 CFP grants adjust line items to match actual obligations and expenditures but do not change the total amount of the grants. Staff also requests Board approval to amend the Agency Plan that was approved by the Board on November 26, 2014, to include these CFP and RHF documents. HUD approved the PHA's Agency Plan on January 30, 2015. The Plan does not need to be resubmitted to incorporate the latest CFP grant.

The 2015 CFP grant of \$6,786,832 is \$61,740 (0.92%) more than last year's grant of \$6,725,092. Staff used the lower figure in the draft 2015 CFP budget that was distributed to residents and discussed at the Agency Plan public hearing on November 18, 2014, and reported to the Board in a November 26, 2014 informational report. HUD instructed PHAs not to submit the CFP

documents with the Agency Plan, but to wait and submit the CFP budget and annual reports with the ACC amendments after the announcement of the actual FFY 2015 CFP grant amounts.

Staff adjusted the draft FFY 2015 CFP budget to match the higher grant award by adding \$61,740 to the budgeted amount for modernization of scattered site homes during preparation for re-rental.

The uses of the funding shown in the attached budgets are consistent with the draft CFP budget and CFP Five Year Action Plan that were discussed with residents, presented at the Agency Plan public hearing and included in the November 26, 2014 Board Report. The FFY 2015 Replacement Housing Factor grant will be applied toward the construction costs for the new twelve-plex at McDonough Homes.

Copies of the following documents are attached to this Board Report:

1. Initial FFY 2015 Capital Fund Program (CFP) grant budget (green paper);
2. Initial FFY 2015 Replacement Housing Factor (RHF) grant budget (yellow paper);
3. Revised Five Year CFP Action Plan (blue paper); and
4. Revised Annual CFP reports for the active grants FFY 2012-2014 (green paper).

Note that the FFY 2011 CFP grant and the FFY 2007 – 2014 RHF grants have been closed and are not attached.

The table below shows the CFP grant amounts, the dates when the PHA gained access to the funds (when HUD signed the ACC amendments), and the timelines for expenditure. The PHA routinely meets or exceeds all of HUD's goals for timely obligation of CFP grant funds (90% obligated within 24 months) and expenditure (fully expended within 48 months).

REPORT TO COMMISSIONERS – FEBRUARY 25, 2015
 BUDGET REVISIONS: CFP GRANT BUDGETS
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	2012 CFP Funds	2013 CFP Funds	2014 CFP Funds	2015 CFP Funds
Grant Amount	\$5,962,239	\$6,024,889	\$6,725,092	\$6,786,832
ACC Date	3/12/12	9/9/13	5/13/2014	4/13/2015
Percent Obligated	100.00% (2/13/15) Met 90% Goal: by 3/11/14	89.99% (2/13/15) Goal: 90% by 9/8/15	32.31% (2/13/15) Goal: 90% by 5/12/16	0% Goal: 90% by 4/12/17
Percent Expended	92.96% (2/13/15) Goal: 100% by 3/11/16	76.55% (2/13/15) Goal: 100% by 9/8/17	12.63% (2/13/15) Goal: 100% by 5/12/2018	0% Goal: 100% by 4/12/2019

DAL/mlp

Attachments: Resolution No. 15-2/25-01
 Summary Spreadsheets of CFP Grant Budgets

PUBLIC HOUSING AGENCY OF THE CITY OF SAINT PAUL

RESOLUTION NO. 15-2/25-01

**CAPITAL FUND PROGRAM (CFP) BUDGETS: INITIAL 2015 CFP BUDGET;
INITIAL 2015 REPLACEMENT HOUSING FACTOR BUDGET; AND FUNDING;
REVISIONS FOR 2012, 2013 & 2014 CFP BUDGETS.**

WHEREAS, the U.S. Department of Housing and Urban Development (HUD) has awarded the Public Housing Agency of the City of Saint Paul (PHA) the following grants:

- FFY 2015 Capital Fund Program Grant No. MN46P00150115,
- FFY 2015 Replacement Housing Factor Grant No. MN46R00150115
- FFY 2014 Capital Fund Program Grant No. MN46P00150114,
- FFY 2013 Capital Grant Program Grant No. MN46P00150113, and
- FFY 2012 Capital Grant Program Grant No. MN46P00150112,

WHEREAS, HUD requires the PHA to establish a budget for the expenditure of funds under each grant provided under the Capital Fund Program, Replacement Housing Fund Program, and

WHEREAS, staff drafted the attached Capital Fund Program, and Replacement Housing Fund Program:

1. Initial Budget for the FFY 2015 Capital Grant Program Grant No. MN46P00150115
2. Initial Budget for the FFY 2015 Replacement Housing Factor No. MN46R00150115
3. February 13, 2015 Budget Revision for the FFY 2014 Capital Grant Program Grant No. MN46P00150114
4. February 13, 2015 Budget Revision for the FFY 2013 Capital Grant Program Grant No. MN46P00150113
5. February 13, 2015 Budget Revision for the FFY 2012 Capital Grant Program Grant No. MN46P00150112

WHEREAS, the Board of Commissioners finds that these CFP, RHF, grant budgets are necessary and appropriate to comply with HUD requirements and to best serve the needs of PHA residents;

NOW THEREFORE BE IT RESOLVED by the Board of Commissioners of the Public Housing Agency of the City of Saint Paul as follows:

1. The five budgets listed above are approved as presented;
2. Staff is authorized to execute and submit all required documents relating to these grants and budget revisions;
3. The Agency Plan is amended accordingly; and
4. Pursuant to HUD notice dated January 11, 1990, the PHA certifies that no employee is serving in a variety of positions that will exceed 100 percent of his or her work time.

PUBLIC HOUSING AGENCY OF THE CITY OF SAINT PAUL

REPORT TO COMMISSIONERS

**FROM JON M. GUTZMANN
EXECUTIVE DIRECTOR**

REGARDING General Liability Insurance

DATE February 25, 2015

Staff requests approval to extend the contract with Housing Authority Risk Retention Group (HARRG), a component unit of Housing Authority Insurance (HAI), for general liability insurance coverage for one year. The annual premium is estimated to be \$157,054 with a \$25,000 deductible, for coverage limits of \$2 million per occurrence and aggregate limit. Coverage includes a lead-based paint endorsement for PHA-owned properties, a law enforcement endorsement related to our Officer in Residence and ACOP Programs, and an endorsement covering liability claims related to mold and other fungus. The renewal date is March 1, 2015.

The estimated premium represents a minimal decrease of \$41 (0.03%) from the current premium of \$157,095. Upon renewal of the liability insurance a dividend payment will be issued by HARRG for adopting and following a safety standards work plan. Last year a dividend associated with the safety standards work plan resulted in a payment to the PHA of \$17,424. The PHA has also received \$75,582 in dividend distributions during Fiscal Year 2015 as a result of being a capital investor in HAI.

The PHA began buying its liability insurance from HARRG in 1995 after conducting the standard open bidding process. HARRG was formed for the purpose of providing liability insurance coverage to public housing authorities throughout the country. It qualifies under federal regulations as a “qualified PHA-owned insurance entity” and therefore is exempt from the competitive bidding requirement. HARRG has provided excellent claims service as well as risk management information and opportunities.

There are sufficient funds in the operating budgets for this contract.

HMG/RPM

PUBLIC HOUSING AGENCY OF THE CITY OF SAINT PAUL

REPORT TO COMMISSIONERS

**FROM JON M. GUTZMANN
EXECUTIVE DIRECTOR**

REGARDING “Shelter Plus Care” Program;
St. Philip’s Gardens;
Renewal Grant

DATE August 27, 2014

Staff requests retroactive Board approval for a one-year grant renewal application for the HUD-funded “Shelter Plus Care” (S+C) program at “St. Philip’s Gardens”, a supportive housing development at 754 Concordia Avenue managed by Twin Cities Housing Development Corporation (TCHDC). The initial five-year grant period began in March 2011 but HUD recently announced that all S+C projects funded in that grant cycle must apply for one-year renewals this year. The PHA and TCHDC submitted the renewal grant request to the Ramsey County Community Human Services Department on February 11, 2015. Ramsey County staff submitted it to HUD before the February 16, 2015 deadline as part of the County’s “Continuum of Care” application for funding under the HEARTH Act.

(The Board approved a one-year renewal application for the PHA’s other S+C project, at PPL’s Fort Road Flats, on August 27, 2014. That grant began in April 2010.)

This Shelter Plus Care grant provides rent subsidies for four apartments (three 2-bedroom and one 3-bedroom) at St. Philip’s Gardens. All of the families must meet HUD’s definition of “chronic homeless”.

The original grant was \$207,240 for five years. The renewal request for one year was for \$56,380 based on the 2014 Fair Market Rents (FMRs) (\$52,692 for rent assistance plus \$3,688 administrative fee, subject to possible proration).

FAH/DJM

Attachments