SAN DIEGO
HOUSING
COMMISSION

SDHC

HOUSING AUTHORITY REPORT

DATE ISSUED: January 20, 2011 **REPORT NO**: HAR12-010

ATTENTION: Chair and Members of the Housing Authority of the City of San Diego
For the Agenda of February 14, 2012

SUBJECT: Parker-Kier Rehabilitation Budget Modification

COUNCIL DISTRICT: 2

REQUESTED ACTION:
That the Housing Authority of the City of San Diego ("Housing Authority") approve an adjustment to the Housing Authority's previously-approved construction budget for the rehabilitation of the Housing Commission-owned Parker-Kier Apartments.

STAFF RECOMMENDATION:

1) The Housing Authority approve a modification of a previously-approved rehabilitation budget from $3,635,587 to $3,903,889, a change of $268,302, plus a contingency of 5 percent of the foregoing amount equal to $195,195, totaling $463,497, for increased construction costs as described in this Report.

2) Authorize the President & Chief Executive Officer ("CEO"), or designee, to execute the contract modification documents and any and all other necessary documents in connection with the Parker-Kier Development project in a form approved by General Counsel, and further authorize the President & CEO, or designee, to take such actions as are necessary and appropriate to implement these approvals and to complete the project.

3) Authorize the President & CEO to amend the FY2012 Budget as necessary and as approved by this action of the Housing Authority.

SUMMARY:
On July 10, 2010, the Housing Authority passed Resolution No. 1476 in which it approved a Housing Commission investment of $3,635,587 for the rehabilitation of its property located at 2172 Front Street, to continue to provide thirty-three units of affordable rental housing, and authorized the President & CEO or his designee to execute the necessary documents related to this project. Pending approval, Catholic Charities has been selected as the operator of the project, upon completion. A separate report concerning the lease with Catholic Charities will be presented to the Housing Commission for approval.

Pursuant to the Housing Authority Resolution, authority was granted to the Housing Commission, and the Housing Commission entered into multiple agreements with relocation consultants, design professionals, hazardous materials consultants, a general contractor and a special inspection firm to complete the project work.

The project is now approximately 60 percent complete, but has unfortunately experienced significant design-related challenges and multiple unforeseen conditions during construction, none of which could have been anticipated by the Housing Commission. As a result, the $3,635,587 development budget will be exceeded by approximately $268,302 (Attachment). In addition, the Housing Commission is recommending the Housing Authority approve an additional contingency of 5 percent, equal to $195,195, to complete the project.

General Counsel and staff are in the process of investigating actions that may be recommended against any parties who may be responsible for the increase in the cost of construction, and that are not related to unforeseen conditions in this very old building.

FISCAL CONSIDERATIONS:
Transfer $338,209 of HOME Program funds from Rehab-Rental Housing and $128,288 of Local Funds from Reserves to Construction Services to provide for the additional construction costs.

PREVIOUS COUNCIL and/or COMMITTEE ACTION:
This item was approved on consent at the regular Housing Commission meeting of January 20th by a 4-0 vote. Commissioners Gramling, Spoon and Waring were absent.

COMMUNITY PARTICIPATION AND PUBLIC OUTREACH EFFORTS:
The Housing Commission Board and the Housing Authority approved actions supporting the rehabilitation of the Commission-owned Parker-Kier apartment building totaling $3,635,587 on June 18, 2010 and July 20, 2010, under report numbers HCR10-084 and HAR10-044, respectively.

ENVIRONMENTAL REVIEW:
This activity is exempt from the California Environmental Quality Act (CEQA) pursuant to Section 15301 (existing facilities) and Section 15331 (historical resources restoration) of the State CEQA guidelines. The activity is also determined to be categorically excluded from the National Environmental Policy Act pursuant to 24 CFR 58.35(a)(3)(ii).

Respectfully submitted,	Approved by,
	Deborah N. Ruane
Dan P. Turpin Director, Construction Services Real Estate Department	Deborah N. Ruane Senior Vice President Real Estate Department

Attachment: Parker Kier Rehabilitation Budget Reconciliation

Hard copies are available for review during business hours in the main lobby of the San Diego Housing Commission offices at 1122 Broadway, San Diego, CA 92101 and at the Office of the San Diego City Clerk, 202 C Street, San Diego, CA 92101. You may also review complete docket materials on the San Diego Housing Commission website at www.sdhc.org.

ATTACHMENT 1

Parker Kier Rehabilitation Budget
Increase Narrative

The requested and anticipated change orders and changes to the project include, but are not limited to, the following issues:

- 1st floor ceiling / sprinkler elevation corrections
- 3rd floor ceiling / lighting elevation corrections
- Additional asbestos abatement
- Additional hazardous materials consulting and testing (asbestos and lead)
- Additional saw-cutting and demolition
- Carbon monoxide sensor / fire alarm strobe corrections
- Engineering and repairs at damaged ventilation shafts
- Exterior lighting circuit corrections
- Finish plumbing corrections
- Fire sprinkler corrections
- Framing / drywall corrections
- Garbage disposal corrections
- Main electrical panel location corrections
- Mechanical engineering corrections
- Permit fee allowance adjustment
- Plumbing engineering corrections
- Public utility transformer upgrades
- Rear yard storm water management engineering and construction
- Sprinkler system backflow addition
- Structural special inspections
- Thermostat corrections

The Commission requests approval to increase to the budget by the amount of $268,301.43, plus a contingency of five percent [5%] to deal with these issues and others that are anticipated and unanticipated.

The Commission will negotiate with the affected parties, to the extent possible, to minimize the financial impact to the Commission, within the Housing Authority approved parameters, as referenced within the report and as approved by the President and Chief Executive Officer and/or the Housing Commission Board as appropriate, with advice from the General Counsel of the Commission.

In addition, as referenced within the report, the Commission will investigate the cause[s] of the increases and will, to the extent warranted, take such action as is necessary to recoup the damages from the culpable parties. The result of the investigation will be reported to the Housing Commission Board and the Housing Authority, when complete.