



EXECUTIVE SUMMARY

MEETING DATE: October 10, 2024

HCR24-072

SUBJECT: Building Rehabilitation Contract for Presidio Palms

COUNCIL DISTRICT: Citywide

ORIGINATING DEPARTMENT: Real Estate

CONTACT/PHONE NUMBER: Josh Hoffman (619) 578-4491

REQUESTED ACTION:

Approve the execution of a contract with LDCo., Inc. for general construction services in an amount not to exceed \$9,877,833 at Presidio Palms, located at 2087 Hotel Circle South, San Diego, CA 92108, which the San Diego Housing Commission owns and manages.

EXECUTIVE SUMMARY OF KEY FACTORS:

- On August 16, 2024, the San Diego Housing Commission (Housing Commission) completed its purchase of the property at 2087 Hotel Circle South, now known as Presidio Palms.
- The Housing Commission acquired the property, which previously operated as an Extended Stay America hotel, to create affordable rental housing units with supportive services for households experiencing homelessness in the City of San Diego.
- The project budget consists of funds from the State Homekey Program grant, the City of San Diego, County of San Diego, and the Regional Task Force on Homelessness (RTFH).
- The rehabilitation scope of work includes, but is not limited to: upgrades to nine units accessible to individuals with disabilities to meet current code; upgrades to life safety systems; upgrades in common area lighting; security additions, including the installation of additional cameras; replacement of flooring throughout the building; painting of the interior and exterior of the building; accessibility upgrades, including path of travel; addition of community and office spaces, termite fumigation; and other site improvements.
- The Housing Commission engaged in a two-step solicitation process with a Request for Qualifications (RFQ) followed by an Invitation for Bid (IFB).
- The bid LDCo. provided was within the parameters of the capital budget the Housing Commission Board approved and was deemed reasonable when compared to cost estimates from a third-party firm.
- LDCo. is a well-qualified contractor that has successfully worked with the Housing Commission on unrelated projects in the past.
- Once the rehabilitation is complete, the development will consist of 161 units dedicated to individuals experiencing homelessness, two manager's units, a community room, and service provider offices. The Housing Commission has committed 161 federal Project-Based Housing Vouchers to help pay rent for residents experiencing homelessness.
- The agreement with LDCo. will represent an amount not to exceed \$9,877,833. Including the additional contingency from the approved development budget in the project pro forma, the total available budget for the project is \$10,756,903. This amount fits within the total development cost that was included in the development budget presented to the Housing Commission Board on May 10, 2024, to acquire the property.
- The proposed Fiscal Year (FY) 2025 funding sources and uses were included in the FY 2025 Housing Commission Budget approved by the Housing Authority.



REPORT

DATE ISSUED: October 3, 2024

REPORT NO: HCR24-072

ATTENTION: Chair and Members of the San Diego Housing Commission Board of Commissioners
For the Agenda of October 10, 2024

SUBJECT: Building Rehabilitation Contract for Presidio Palms

COUNCIL DISTRICT: 3

Advance notice of San Diego Housing Commission Board of Commissioners' hearing of the following matter has been provided to the Housing Authority Members pursuant to the provisions of San Diego Municipal Code Section 98.0301(e)(4)(A)-(B)

REQUESTED ACTION

Approve the execution of a contract with LDCo., Inc. for general construction services in an amount not to exceed \$9,877,833 at Presidio Palms, 2087 Hotel Circle South, San Diego, CA 92108, which the San Diego Housing Commission owns and manages.

STAFF RECOMMENDATION

That the San Diego Housing Commission (Housing Commission) Board of Commissioners (Board) take the following actions:

- 1) Authorize the President and Chief Executive Officer (President and CEO), or designee, to enter into a contract with LDCo., Inc. (LDCo.) in an amount not to exceed \$9,877,833 for general construction services at Presidio Palms, 2087 Hotel Circle South, San Diego, CA 92108, which the Housing Commission owns and manages. The contract term shall align with the completion date, inclusive of any approved extensions, required by the State of California Department of Housing and Community Development (HCD) Homekey Program. This date is currently February 13, 2025.
- 2) Authorize the President and CEO, or designee, to use project contingency and amend the contract, as needed, as long the total amount of the amendments does not exceed \$10,756,903 without further approval from the Housing Commission Board. The contingency will not be expended unless there is a demonstrated need.
- 3) Authorize the President and CEO, or designee, to substitute the identified contract funding sources with other available funding sources, as long as the total activity amount after substitution does not exceed the approved total hard cost budget, including the project contingency, of \$10,756,903, should the need arise, without further action by the Housing Commission Board or Housing Authority of the City of San Diego, but only if and to the extent that funds are determined to be available for such purposes.

- 4) Authorize the President and CEO, or designee, to execute all documents and instruments that are necessary and/or appropriate to implement these approvals, in a form approved by General Counsel, and take such actions as are necessary and/or appropriate to implement these approvals, provided that a copy of the documents, signed as to form by General Counsel, is submitted to each Housing Commissioner.

SUMMARY

Presidio Palms, originally built in 2000, consists of one “L-shaped” three-story structure with 165-units at 2087 Hotel Circle South, San Diego, CA 92108. Each studio unit is equipped with a private bathroom and kitchenette. The property also includes a main office, lobby, and a common laundry room.

On August 16, 2024, the Housing Commission completed its purchase of the property. The Housing Commission Board previously approved the project budget May 10, 2024. The project budget consists of funds from the HCD Homekey Program grant, the City of San Diego, County of San Diego, and the Regional Task Force on Homelessness (RTFH). The Housing Commission acquired the property, which previously operated as an Extended Stay America hotel, to create affordable rental housing units with supportive services for households experiencing homelessness in the City of San Diego.

SGPA Architecture and Planning (SGPA) was engaged as the project architect to design the project and process construction plans through the City of San Diego Development Services Department under their “Affordable Housing Permit Now” process. This collaborative process was designed to expedite the plan approval process for qualifying deed-restricted affordable housing projects. The project plans are currently “permit ready” and will be ready for issuance following notification to the City of the selection of the General Contractor and payment of all associated fees.

The rehabilitation scope of work includes, but is not limited to: upgrades to nine units accessible to individuals with disabilities to meet current code; upgrades to life safety systems; upgrades in common area lighting; security additions, including the installation of additional cameras; replacement of flooring throughout the building; painting of the interior and exterior of the building; accessibility upgrades, including path of travel; addition of community and office spaces, termite fumigation; and other site improvements.

The Housing Commission engaged in a two-step solicitation process with a Request for Qualifications (RFQ) followed by an Invitation for Bid (IFB).

On July 25, 2024, the Housing Commission issued an RFQ for General Contracting Services, seeking well-qualified general contractors to perform the rehabilitation work at the property. RFQ RED-24-10 included a detailed Scope of Work, a then-current draft set of architectural drawings, and supplemental information to describe the project.

The RFQ was publicly posted and made available for download on both the Housing Commission’s and the City of San Diego’s PlanetBids platforms. In addition, electronic notices were sent by PlanetBids to all general contractors registered on the Housing Commission’s and the City of San Diego’s portal, inviting contractors to participate in the RFQ. A total of 1,178 notices

went to contractors, and 30 parties downloaded the RFQ. A non-mandatory preproposal virtual meeting was held on July 31, 2024, and five participants attended. A non-mandatory site walk was conducted in person on August 2, 2024, and representatives from seven general contracting firms attended.

RFQ proposals were due on August 14, 2024, and three responses were received, from LDCo., Inc., C&S Technical Resources, Inc., and T. Morrissey Construction. C&S Technical Resources, Inc., and T. Morrissey Construction were deemed non-responsive to the requirements of the RFQ due to their failure to satisfy the project's HUD Section 3 outreach requirements within the prescribed RFQ timeframe. Using the scoring criteria outlined in the RFQ, an evaluation committee determined that LDCo. was qualified to perform the work. Neither the number of responses nor the number of qualified respondents were disclosed in the RFQ process.

The second step of the solicitation process was the issuance of an Invitation for Bid (IFB) to LDCo., which was the only qualified and responsive respondent to the RFQ, on September 16, 2024. The IFB closed on September 30, 2024, and LDCo. provided a response.

LDCo.'s bid for the base project scope plus a list of defined cost add alternates totaled \$9,877,833. The bid LDCo. provided was within the parameters of the capital budget the Housing Commission Board approved and was deemed reasonable when compared to cost estimates from a third-party firm. Additionally, LDCo. provided unit costs for the selective repair and replacement of electrical and plumbing fixtures previously identified to remain. These unit costs provided the basis for negotiated allowances that are included in the contract amount. Any unused allowances will be credited back to the project by way of negative change order at the conclusion of the project.

LDCo. is a well-qualified contractor that has successfully worked with the Housing Commission on unrelated projects in the past. Staff is confident LDCo. will provide outstanding services as a reliable partner to the Housing Commission.

Once the rehabilitation is complete, the development will consist of 161 units dedicated to individuals experiencing homelessness, two managers' units, a community room, and service provider offices. The Housing Commission has committed 161 federal Project-Based Housing Vouchers to help pay rent for residents experiencing homelessness.

The population intended for this site will consist of people experiencing chronic homelessness; people experiencing literal homelessness; and Transition-Age Youth in need of permanent affordable rental housing with supportive services. Residents would be identified through referrals from the Coordinated Entry System and would include individuals experiencing chronic homelessness with serious mental illness.

Through a Memorandum of Agreement (MOA) with the County of San Diego Health and Human Services Agency, all tenants will receive the following supportive services: outreach and engagement; mental health services; healthcare/physical health services; behavioral health services; substance use services; case management; care coordination; life skills training; education and employment services; assistance obtaining benefits and essential documentation and transportation services.

The proposed project aligns with the goals of the Community Action Plan on Homelessness for the City of San Diego to increase access to permanent housing solutions for people experiencing homelessness and increase access to services for people with behavioral health needs.

FISCAL CONSIDERATIONS

The agreement with LDCo. will represent an amount not to exceed \$9,877,833. Including the additional contingency from the approved development budget, the total available budget for the project is \$10,756,903. This amount fits within the total development cost that was included in the development budget presented to the Housing Commission Board on May 10, 2024, to acquire the property.

The proposed Fiscal Year (FY) 2025 funding sources and uses were included in the FY 2025 Housing Commission Budget approved by the Housing Authority. Approving this action does not further increase the FY 2025 budget. Funding sources and uses related to the current fiscal year budget will be as follows:

Fiscal Year 2025 Funding Sources:	
City of San Diego	\$2,587,955
County of San Diego	\$7,068,948
Regional Task Force on Homelessness	\$1,100,000
Total	\$10,756,903

Fiscal Year 2025 Funding Uses:	
Contract Hard Costs	\$9,877,833
Project Contingency	\$879,070
Total	\$10,756,903

PREVIOUS HOUSING COMMISSION BOARD OF COMMISSIONERS ACTIONS

On April 20, 2023, the Housing Commission Board voted 4-0 to authorize the Housing Commission to execute a Purchase and Sales Agreement by and between the Housing Commission and ESA P. Portfolio, LLC (Seller), with a purchase price not to exceed \$65,175,000 for the property located at 2087 Hotel Circle South, San Diego, CA 92108. The Housing Commission Board also approved the commencement of Due Diligence activities and a Due Diligence budget not to exceed \$250,000 (Resolution No. HC-1979).

On January 19, 2024, the Housing Commission Board voted 5-0 to authorize the Housing Commission to execute an amendment to increase the compensation of design work on the property at 2087 Hotel Circle South, San Diego, CA 92108, in an amount not to exceed \$890,000 and the associated pre-development budget (Report No. HCR24-014).

On July 25, 2023, the Housing Commission Board voted 5-0 to authorize the Housing Commission to submit an application for State of California Department of Housing and Community Development Homekey Program Grant Funds for the proposed acquisition and rehabilitation of the property at 2087 Hotel Circle South (Resolution HC-1989).

On February 16, 2024, the Housing Commission Board voted 4-0 to approve a revised resolution authorizing the Housing Commission to apply for State of California Department of Housing and Community Development (Department) Homekey Program Grant Funds for the proposed acquisition and rehabilitation of the property at 2087 Hotel Circle South, as required by HCD (Report No. HCR24-031).

On May 10, 2024, the Housing Commission Board voted 6-0 to approve the acceptance of \$35,000,000 in State of California (State) Homekey Program Funds, \$17,806,432 in City of San Diego HOME Investment Partnerships American Rescue Plan Program (HOME-ARP) funds, \$17,806,432 in County of San Diego American Rescue Plan Act (ARPA) funds, and \$1,100,000 in Regional Task Force on Homelessness funds; to amend the San Diego Housing Commission's Fiscal Year 2025 Budget in the amount of \$74,112,864; to expend \$74,112,864 to support the proposed acquisition and rehabilitation of the Extended Stay America property at 2087 Hotel Circle South and to acquire and rehabilitate the property at 2087 Hotel Circle South, to be known as Presidio Palms (HCR24-052).

EQUAL OPPORTUNITY CONTRACTING AND EQUITY ASSURANCE

LDCo., Inc is a certified small business and has included a diverse list of subcontractors (Small, Small Local, Section 3, Minority and Woman-owned business concerns) for this project. LDCo., Inc. also provided a comprehensive commitment to equity and inclusion certification.

HOUSING COMMISSION STRATEGIC PLAN

This item relates to Strategic Priority Area No. 1 in the Housing Commission Strategic Plan for Fiscal Year (FY) 2022-2024: Increasing and Preserving Housing Solutions. The Housing Commission is in the process of developing a new Strategic Plan.

ENVIRONMENTAL REVIEW

California Environmental Quality Act (CEQA)

The City of San Diego Planning Department filed a Notice of Exemption with the San Diego County Clerk on June 27, 2024 including the following California Environmental Quality Act exemptions. This activity is exempt from CEQA pursuant to Public Resources Code Section 21080.50 which exempts interim motel housing projects which are projects that involve the conversion of a structure with a certificate of occupancy as a motel, hotel, residential hotel, or hostel to supportive or transitional housing. Approval of the Agreement will facilitate the rehabilitation and conversion of a former Extended Stay America to a supportive housing facility which includes 161 affordable rental studio apartments for people experiencing homelessness, two manager's units, and two units to be converted to a service provider office, and would provide supportive services to residents such as healthcare/physical health services, case management, and other community-based programs to meet the residents' individual needs. The proposed improvements include interior and exterior alterations to the existing structure that will not result in an expansion of the floor area of any individual living unit in the structure or the building footprint and are not anticipated to result in significant effects related to traffic, noise, air quality, or water quality. Operation of the site as a supportive housing facility would also not result in significant effects related to traffic, noise, air quality, or water quality over baseline conditions as operational activities would be similar to what occurred when the site was operated as a Ramada

Inn. Thus, this activity meets the criteria for an exemption pursuant to Public Resources Code Section 21080.50.

This activity is also exempt from CEQA pursuant to CEQA Guidelines Section 15301(d) (Existing Facilities) which exempts the operation, repair, maintenance, permitting, leasing, licensing, or minor alteration of existing public or private structures, facilities, mechanical equipment, or topographical features, involving negligible or no expansion of existing or former use, including the restoration or rehabilitation of deteriorated or damaged structures, facilities, or mechanical equipment; Section 15302(c) (Replacement or Reconstruction) which exempts the replacement or reconstruction of existing structures and facilities where the new structure will be located on the same site as the structure replaced and will have substantially the same purpose and capacity as the structure replaced, including existing utility systems and/or facilities involving negligible or no expansion of capacity; and Section 15304 (Minor Alterations to Land) which exempts minor public or private alterations in the condition of land, water, and/or vegetation which do not involve the removal of healthy, mature, scenic trees except for forestry or agricultural purposes. The exceptions to the exemptions outlined in CEQA Guidelines Section 15300.2 would not apply as no cumulative impacts were identified, no significant effects on the environment were identified, the project is not adjacent to a scenic highway, no historical resources would be affected by the action, and the project was not identified on a list of hazardous waste sites pursuant to Section 65962.5 of the Government Code.

National Environmental Policy Act

Federal funds constitute a portion of the project's funding. A determination that the project is categorically excluded subject to Section 58.5 of the National Environmental Policy Act was approved by the City on July 27, 2023.

Respectfully submitted,



Josh Hoffman
Vice President of Development Services
Real Estate Division

Approved by,



Jeff Davis
Deputy Chief Executive Officer
San Diego Housing Commission

Attachments: 1) Evaluation Criteria

Hard copies are available for review during business hours at the information desk in the main lobby of the San Diego Housing Commission offices at 1122 Broadway, San Diego, CA 92101. Docket materials are also available in the "Governance & Legislative Affairs" section of the San Diego Housing Commission website at www.sdhc.org.

Evaluator Scoring Worksheet

Evaluators will read the Request for Qualifications (RFQ) requirements and then review the statement of qualifications and assess how well it meets the needs of the Commission as defined by the RFQ. Evaluators will record their scores in the shaded boxes on this Evaluator Scoring Worksheet. Scores will be based on the number of points for each evaluation criterion.

Respondent's Name:

Evaluator's Name:

RFP Evaluation Criteria	Points Available	Evaluator Score
A. Minimum Threshold Requirements	Pass/Fail	
Contractor will be immediately disqualified if: <ul style="list-style-type: none"> • Any answers to questions 1 through 6 of <i>Section C. Essential Criteria Questions of Attachment 1 Contractor Questionnaire</i> is "NO"; • Any answers to questions 7 through 13 of <i>Section C. Essential Criteria Questions of Attachment 1 Contractor Questionnaire</i> is "YES"; • Any contract (or portion thereof), if any entered into by the Respondent that has been terminated for cause, or which required completion by another party, within the last five years; and • Any debarment or suspension, if any, from performing work for the federal government, any state or local government, or any foreign governmental entity, against the Respondent. 		
B. Qualifications	25	
Qualifications will be evaluated on the following: <ul style="list-style-type: none"> • Understanding of work to be performed; • Understanding of federal, state, and local requirements applicable to the Commission and for the services specified herein; • Proposed project approach, communication plan, methodology and quality assurance/quality control plans, and scheduling; • Identification of all critical functional relationships between project management, executive oversight, construction management, quality management, and environmental compliance; and • Sufficient bonding capacity and financial strength to complete the project. 		
C. Experience	40	
Experience will be evaluated on the following: <ul style="list-style-type: none"> • Responses to <i>Section D. Qualification Questions</i> and <i>Section E. Project References of Attachment 1 Contractor Questionnaire</i>. Respondent is required to answer questions 1 through 		



21 of Section D. Qualification Questions and must provide additional information to the Commission for any questions where the answer is not “0”. The Commission may require additional information from Respondent to verify the accuracy of the responses provided;

- Experience in providing general contractor services that the Respondent and each major participant has managed and/or constructed;
- Experience with the constructions of projects of similar scope and complexity; and
- Experience of the proposed participants successfully working together as an integrated team.

D. Key Personnel and Project Readiness	25	
---	-----------	--

Key Personnel and Project Readiness will be evaluated on the following:

- Responses to *Section B. Current Organization and Structure* of Attachment 1 Contractor Questionnaire. The Commission may require additional information from Respondent to verify the accuracy of the responses provided;
- Identification of individuals (including any subconsultants) that will be assigned to the Project;
- The qualifications and experience of Key Personnel;
- Description of internal practices and procedures utilized to meet deadlines for construction, program reporting and fiscal requirements;
- Outline of the ability to adhere to the Project Schedule, including the capability in responding to the IFB, preparing contracts with the Commission and subcontractors, and beginning operations in a short timeframe; and
- Quality of detailed timeline describing the major tasks and milestones for implementing operations.

E. Equity & Inclusion	10	
----------------------------------	-----------	--

Respondent must demonstrate their knowledge, experience and commitment to equity and inclusion. Provide a narrative on how you demonstrate your commitment to diversity equity and inclusion within your organization and how equity and inclusion is incorporated into the services the Respondent provides.

Also include specific examples of activities and initiatives including but not limited to:

Knowledge in the principles and practices of diversity, equity, and inclusion (DE&I).

Staff trainings, recruitment and workplace practices, outreach efforts to ensure, to the greatest extent possible, potential candidate pools for new hires includes diverse applicants.

Knowledge and/or experience in recommending effective supplier diversity/historically underutilized business programs.

Total Points	100	
---------------------	------------	--



Strengths:

[Redacted content]

Weaknesses:

[Redacted content]