

REPORT FROM

OFFICE OF THE CITY ADMINISTRATIVE OFFICER

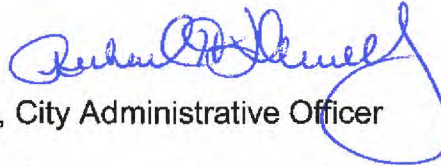
Date: June 11, 2019

CAO File No. 0220-05540-1364

Council File No. 19-0507

Council District: Citywide

To: The Mayor
The Council



From: Richard H. Llewellyn, Jr., City Administrative Officer

Reference: Housing and Community Investment Department transmittal dated April 25, 2019; Received by the City Administrative Officer on May 20, 2019; Additional Information Received through June 10, 2019

Subject: **REQUEST TO APPROVE THE RESULTS OF THE LICENSED GENERAL CONTRACTORS REQUEST FOR QUALIFICATIONS (RFQ) FOR THE ACCESSIBLE HOUSING PROGRAM (ACHP), AUTHORIZATION TO RE-RELEASE THE RFQ TO SUPPLEMENT THE LICENSED GENERAL CONTRACTORS LIST, AUTHORIZATION TO EXECUTE GENERAL CONTRACTOR CONTRACT, AUTHORIZATION TO EXECUTE SOLE-SOURCE CONTRACTS FOR RETROFIT CONSTRUCTION SERVICES, ESTABLISH NEW SPECIAL SERVICE ACCOUNTS, AND TRANSFER UNAPPROPRIATED BALANCE FUNDS INTO ESTABLISHED ACCOUNTS**

RECOMMENDATIONS

That the Council, subject to the approval of the Mayor:

1. Approve the Housing and Community Investment Department (HCID) prequalified list of contractors consisting of one vendor, AG Pacific Construction & Development Corp., identified through the Accessible Housing Program (ACHP) Licensed General Contractors Request for Qualifications (RFQ), for a term of three years, effective May 1, 2019 through April 30, 2022, with the option to extend for up to two one-year terms;
2. Authorize the General Manager of HCID, or designee, to:
 - a. Negotiate and execute a contract with AG Pacific Construction & Development Corp. for the provision of general construction services on an on-call basis in substantial conformance with the Draft On-Call General Contractors Agreement attached to HCID's transmittal dated April 25, 2019 (Report), for a compensation amount not to exceed \$6,000,000 and a term of three years from May 1, 2019 through April 30, 2022, with an option to extend for up to two additional one-year terms, subject to the review and approval of the City Attorney as to form, compliance with the City's contracting requirements, and funding availability;

- b. Solicit bids for projects from the proposed prequalified list of contractors identified through the AcHP RFQ in substantial conformance with the Draft Request for Bids Packet attached to HCID's Report;
 - c. Prepare and release subsequent RFQs to supplement the list of prequalified licensed and bonded general contractors to retrofit apartment unit developments so that units and common areas are accessible for persons with mobility and/or hearing/vision impairments, pursuant to the Corrected Settlement Agreement, and state and federal accessibility laws and regulations, in substantial conformance with the Draft RFQ attached to HCID's Report, subject to approval by the City Attorney as to form;
3. Request the City Controller to:
- a. Establish new accounts within the Accessible Housing Fund No. 10D/43, as follows:

<u>Account No.</u>	<u>Account Name</u>
43R621	Court Monitor
43R698	Retrofit
 - b. Transfer appropriations in the amount \$2,450,669 from the Unappropriated Balance Fund No. 100/58, Account No. 580238, Accessible Housing Program, to the Accessible Housing Fund No. 10D/43, Account No. 43R698, Retrofit for retrofit work of properties to comply with the Corrected Settlement Agreement;
 - c. Reduce appropriations in the HCID No. 43, General Fund No. 100 and transfer funding within the Accessible Housing Fund No. 10D as follows:
 - i. Reduce appropriations in the amount of \$1,720,000 in Fund 100/43, Account No. 003040, Contractual Services;
 - ii. Transfer appropriations in the amount \$490,000 within Fund 10D/43 from Account No. 43R143, HCID to Account No. 43R621, Court Monitor for services provided by the mandated court monitor per the Corrected Settlement Agreement;
 - iii. Transfer appropriations in the amount of \$730,000 within Fund 10D/43 from Account No. 43R143, HCID to Account No. 43R844, Technical Services for the existing contract with the Expert Accessibility Consultant for architectural services;
 - iv. Transfer appropriations in the amount of \$499,060 within Fund 10D/43 from Account No. 43R143, HCID to Account No. 43R698, Retrofit, for the construction of first floor powder rooms at 4080-4100 South Vermont Avenue;

- v. Transfer appropriations in the amount of \$940 within Fund 10D/43 from Account No. 43R143, HCID to Account No. 43R778, Crescent Villages Apartments; and,
- d. Expend funds upon proper written demand of the General Manager of HCID, or designee.

SUMMARY

The Housing and Community Investment Department (HCID) requests authority to: 1) negotiate and execute a contract with AG Pacific Construction & Development Corp.; 2) release a Request for Qualifications (RFQ) for the selection of additional contractors to provide licensed general contractor services for the Affordable Housing Program (AHP); 3) execute sole-source agreements with property owners to perform minor retrofit work totaling more than \$5,000 but less than \$100,000 and do not require tenant relocation; 4) use the Authorization for Expenditure (AFE) process to fund retrofit work totaling less than \$5,000 and do not require tenant relocation; and, 5) transfer Unappropriated Balance funds and General Fund appropriations backed by the Accessible Housing Fund into requested special service accounts dedicated to the following AHP contracts/services related to retrofit work: Court Monitor, Expert Accessibility Consultant, architectural services, and retrofits. HCID indicates that the requested actions are part of a multi-faceted approach to complete retrofit construction required under the Corrected Settlement Agreement (CSA) with the Independent Living Center of Southern California, et al. in an efficient and timely manner.

It should be noted that the recommendations included in this report exclude Recommendations D through F of the HCID's transmittal dated April 25, 2019 (Report). The use of sole-source agreements and the AFE process is being discussed with the Office of the City Attorney and will be subsequently submitted to the Mayor and Council for approval under separate cover. Additionally, the Controller Instructions included in this report are different from the Controller Instructions included in the HCID's Report. After reviewing HCID's Report, this Office determined that the technical correction related to the construction of first floor powder rooms at 4080-4100 South Vermont Avenue (West A Homes) is not needed since the HCID has sufficient funds available in the 2018-19 budgeted amount of \$500,000 for affordable housing retrofit work in the HCID's Contractual Services Account, as indicated in C.F. 16-0230-S1, and does not need to transfer funding for West A Homes from the Unappropriated Balance. Instead, this Office recommends and the HCID concurs that the \$499,060 included in the HCID's Contractual Services Account for West A Homes be transferred to the requested Retrofit account within the Accessible Housing Fund so that the funding will be available throughout construction. This Office also recommends transferring the remaining balance of \$940 for retrofit work to the Crescent Villages Apartment account within the Accessible Housing Fund to be consistent with the actions approved by Council on December 10, 2018 (C.F.16-0799). This Office concurs with the recommendations of the Department, as amended.

2018 RFQ Results for General Contractors/Authority to Re-Release RFQ

On July 2018, the HCID released a Request for Qualifications (RFQ) to solicit responses from interested organizations to provide qualified licensed and bonded General Contractors to retrofit apartment units for accessibility. Of the four respondents that submitted a Statement of Qualifications, AG Pacific Construction & Development Corp. was the only organization that met the established evaluation criteria and is recommended for the prequalified list of General Contractors and for an as-needed contract at this time. The HCID reports that the approval of the proposed contract will allow the retrofit construction work to begin while a revised RFQ is released and the number of qualified respondents is anticipated to subsequently increase. Additional details regarding the RFQ process can be found in HCID's Report.

Pursuant to Charter Section 1022, the Personnel Department determined that City employees do have the employee classifications with the necessary qualifications to perform the work. Additionally, this Office determined that it is more feasible to contract because the services required are of limited duration and exceed staffing availability.

AFE Process and Sole-Source Agreements

The HCID also requested authority to complete retrofit work using the AFE process and sole-source agreements with property owners. The AFE option would be offered to property owners for projects where the retrofit work is less than \$5,000 and no tenant relocation is required. The sole source agreements would be utilized for retrofit work where the total cost is between \$5,000 and \$100,000 and no tenant relocation is required. The sole-source agreements would have a one-year term and a compensation amount not to exceed \$100,000. Subsequent to the release of their Report, the HCID clarified that the list of potential City owners/contractors is not final. To date, the HCID has identified eight projects that may be eligible for the AFE process and 48 projects that may be eligible for the sole-source agreement option. Additionally, the HCID indicated that the dollar amount for each project is pending finalization of the scope of work. This Office is not recommending the use of the AFE Process and Sole-Source Agreements to complete retrofit work at this time in order to allow discussions with the HCID and the City Attorney to continue, with a separate report to follow.

FISCAL IMPACT STATEMENT

There is no impact to the General Fund. The funding for the proposed contract with AG Pacific Construction & Development Corp. will be provided by the Accessible Housing Fund No. 10D and funding available in the Unappropriated Balance for general contractors to conduct accessibility retrofits. The recommendations in this report are in compliance with the City's Financial Policies in that funding for the proposed activities is available within the identified funds.

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