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Title: CONSIDER ADOPTION OF RESOLUTION NO. 17-24-CHA TO ADD CONTINGENCY FUNDS FOR THE DEMOLITION PROJECT: RFP P17-17 FOR DEMOLITION OF HOUSING AUTHORITY-OWNED PROPERTY LOCATED AT 21723-21725 FIGUEROA STREET (HOUSING AUTHORITY)

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Attachments: 1. Exhibit No. 1 - Vicinity Map, 2. Exhibit No. 2 - Resolution No. 17-24-CHA

Date	Ver.	Action By	Action	Result
9/5/2017	1	City Council		

Report to Housing Authority

Tuesday, September 05, 2017

Consent

SUBJECT:

CONSIDER ADOPTION OF RESOLUTION NO. 17-24-CHA TO ADD CONTINGENCY FUNDS FOR THE DEMOLITION PROJECT: RFP P17-17 FOR DEMOLITION OF HOUSING AUTHORITY-OWNED PROPERTY LOCATED AT 21723-21725 FIGUEROA STREET (HOUSING AUTHORITY)

I. SUMMARY

On July 12, 2017, a public bid was held through the on-line bidding system Planet Bids for the “Demolition Project at 21723-21725 Figueroa Street: RFP P17-17,” for demolition of Housing Authority-owned property located at 21723-21725 Figueroa Street (Site) (Exhibit No.1). This project is for the demolition of three vacant structures, and includes asbestos and lead-based paint abatement. Interior Demolition, Inc. was the selected bidder with a bid amount of \$47,168. On July 18, 2017 the contract was approved with an additional \$7,075 for construction contingencies.

The abatement work began on August 28, 2017. There was an error in the asbestos quantities described in the asbestos survey that caused an increase of \$7,000 to the contract amount. A change order was submitted by Interior Demolition after the asbestos survey was corrected by Ninyo and Moore, the asbestos consultant

(Asbestos Consultant). The change order absorbed all funds set aside for contingencies; therefore, an additional amount of \$8,000 is being requested to cover any contingencies that may arise during demolition. Due to the time-sensitive nature of the contracting work, Staff did not want to delay the project by returning to the Housing Authority for additional funds if an unforeseen problem arose during demolition.

II. RECOMMENDATION

TAKE the following actions:

1. ADOPT Resolution No. 17-24-CHA "A RESOLUTION OF THE CARSON HOUSING AUTHORITY AMENDING THE FISCAL YEAR 2017-18 BUDGET IN THE CARSON HOUSING AUTHORITY FUND." This is to appropriate \$8,000 from the unreserved, undesignated Housing Authority Cash Fund to account no. 55-70-790-003-6005 to provide up to \$8,000 in additional funds to cover any contingencies for the Demolition Project at 21723-21725 Figueroa Street: RFP P17-17; this is in addition to the previously authorized amount of \$54,243, which included \$7,075 for contingencies.
2. AUTHORIZE the expenditure of up to an additional \$8,000 in construction contingencies for change orders for unforeseen conditions that may be required to complete this project.

III. ALTERNATIVES

TAKE another action the Authority Board deems appropriate.

IV. BACKGROUND

On July 18, 2017, the Housing Authority (Authority) awarded a contract to Interior Demolition, Inc. (Contractor) for the Demolition Project at 21723-21725 Figueroa Street. The Authority appropriated \$54,243 for the project, which included the bid amount of \$47,168 and \$7,075 for project contingencies.

The Contractor began the project on August 28, 2017 and discovered an error in the asbestos survey completed by the Asbestos Consultant. During the Contractor's mobilization, the Contractor discovered that the asbestos quantities were much greater than they were reported in the survey that was provided in the original bid package, therefore the Contractor submitted a change order to cover the additional work required to complete asbestos abatement.

The change order depleted the amount set aside for contingencies. Since the change order was caused due to an error in the asbestos survey, staff is requesting an additional amount of up to \$8,000 to be set aside for any contingencies that may arise during the demolition work. The additional \$8,000 being requested is 15% of the amount that would have been the bid amount if the survey was correct.

This project is on a strict deadline, since the demolition must be completed before the Authority transfers the property to the developer of an affordable veteran's housing project. The project is being funded with Low Income Housing Tax Credits from the California Tax Credit Allocation Committee (TCAC). The TCAC deadlines are hard deadlines that must be met in order to ensure financing. Providing the additional \$8,000 for contingencies will allow the demolition project to move forward in the event of unforeseen circumstances that may require more funds.

Resolution No. 17-24-CHA (Exhibit No. 3) will appropriate the additional funds for contingencies; if the funds are not used they will be returned to the Housing Authority fund after project completion.

V. FISCAL IMPACT

The \$8,000 in additional contingency funds will be funded from the Authority's Cash Fund and appropriated in 55-70-790-003-6005. The \$8,000 is in addition to the previously appropriated \$54,243, bringing the total to \$62,243 for this project. The \$8,000 being added is only for contingencies, any unused funds will be returned to the Housing Authority's Cash Fund at the end of the project.

The estimated available fund balance in the Housing Authority Cash Fund is approximately \$1.35 million. This amendment would reduce the amount to approximately \$1.34 million.

VI. EXHIBITS

1. Vicinity Map (pg. 4)
2. Resolution No. 17-24-CHA (pgs. 5-6)

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