

**HOUSING AUTHORITY OF NEW ORLEANS
BOARD OF COMMISSIONERS
REGULAR MEETING
SEPTEMBER 26, 2017**

RESOLUTION NO. 2017-19

WHEREAS, the Guste Homes Phase III project will consist of 155 rental units, which includes 99 public housing/low-income housing tax credit units, 10 public housing only units, and 46 Project-Based Voucher units (Project); and

WHEREAS, the Housing Authority of New Orleans (HANO) procured Parkcrest Builders (Contractor) in 2013 to build the Project (Contract #13-912-13; Guste II New Affordable Housing Units, between HANO and Parkcrest Builders, LLC); and

WHEREAS, Contractor failed to perform under the contract and was terminated by HANO on April 10, 2015; and

WHEREAS, HANO notified Contractor's surety, Liberty Mutual, of its obligation to complete the Project and entered into a Takeover Agreement to that effect on June 9, 2015; and

WHEREAS, the surety and Contractor missed all the construction deadlines under the Takeover Agreement and ultimately the surety abandoned the project on August 9, 2016 before completion; and

WHEREAS, the Board of Commissioners of the Housing Authority of HANO authorized the award of a contract 16-912-34 for the completion of the first 10 units (Group 1) through Resolution #2016-21; and

WHEREAS, the Board of Commissioners of the Housing Authority of HANO authorized the award of a contract 16-912-55 for the completion of the next 12 units (Group 2) through Resolution #2016-35; and

WHEREAS, the Board of Commissioners of the Housing Authority of HANO authorized the award of a contract 16-912-62 for the completion of the next 49 units (Group 7) through Resolution #2017-02; and

WHEREAS, the Board of Commissioners of the Housing Authority of HANO authorized the award of a contract 17-912-02 for the completion of the next 42 units (Group 3-4) through Resolution #2017-03; and

WHEREAS, the Board of Commissioners of the Housing Authority of HANO authorized the award of a contract 17-912-11 for the completion of the final 42 units (Group 5-6) through Resolution #2017-08; and

WHEREAS, the aggregate costs of all 5 contracts, as authorized by the Board of Commissioners, is \$18,989,365; and

WHEREAS, certain changes in the scope of work are necessary to address the previous contractor's substandard work among others; and

WHEREAS, HANO has received pricing that amounts to a 2.1% change to the aggregate contract total in the amount of \$398,331; and

WHEREAS, based on staff review and monitoring, it is anticipated that additional changes in the scope of work will be required to complete all phases of the Project; and

WHEREAS, in order to complete the project by the end of 2017 staff is requesting that the Board of Commissioners hereby authorize additional funding for the above referenced contracts in an amount not to exceed 5% of the base contract totals or \$949,468, which amount includes the current change orders in the amount of \$398,331; and

WHEREAS, the Finance Department has certified there is sufficient funding to provide for a 5% change in the aggregate contract amount; and

THEREFORE, BE IT RESOLVED, that the Board of Commissioners of the Housing Authority of New Orleans hereby authorizes the Executive Director to execute any and all change orders necessary to complete the Project not to exceed 5% of the aggregate amount of contracted work or Nine Hundred Forty Nine Four Hundred Sixty Eight Dollars (\$949,468).

Executed this 26th day of September, 2017

APPROVAL:



ALICE RIENER
PRESIDENT, BOARD OF COMMISSIONERS



September 26, 2017

MEMORANDUM

**To: Board of Commissioners
President Alice Riener, Vice President Andreanecia M. Morris,
Commissioner Toni Hackett Antrum, Commissioner Donna Johnigan,
Commissioner Debra Joseph, Commissioner Vonda Rice and
Commissioner Cantrese Wilson**

**Through Gregg Fortner
Executive Director**

**From: Jennifer Adams
Director, Development and Modernization**

**Re: Guste III Housing Development
Change Order Authorization**

In 2013, the Housing Authority of New Orleans (HANO) awarded the contract for the construction of 155 mixed-income housing rental units at the Guste III redevelopment site in Central City to Parkcrest Builders (Contractor). The Contractor was obligated to deliver the 155 residential rental units in seven groups between October 2014 and March 26, 2015. The Contractor missed all of the completion dates. On April 10, 2015, HANO sent a Notice of Final Default and Termination to the Contractor and requested that the Contractor's surety company, Liberty Mutual (Surety), fulfill its obligation to complete the project. HANO signed a Takeover Agreement with the Surety, effective June 9, 2015, to restart work on the project after termination of the Contractor. The Surety rehired the Contractor to complete the work on the Surety's behalf with new completion dates for the seven groups between July and November 2015. The Surety/Contractor missed all of the new completion dates. Because of the Surety's failure to address code compliance and punch list issues within the 10 units for which they had obtained Certificates of Occupancy, HANO sent notice to the Surety that HANO would assume control of the first 10 units on July 15, 2016 and procure a contractor to complete the outstanding items so that the units could be occupied. Subsequently, with 10 of 155 Certificates of Occupancy obtained, the Surety provided notice that as of August 9, 2016 they would abandon the project.

HANO developed 5 separate scopes of work to address the completion of the units under 5 separate procurements. The first 2 contracts, which include 22 units, are complete and the majority are occupied. The next 42 units received certificates of occupancy in August 2017 and the process for turning over the units to the property manager for occupancy will begin in October 2017. 49 units in the multi-family building are also expected to be ready at the end of October, and the final 42 units are scheduled to be turned over by the end of November 2017. In order to complete the work and address numerous instances of deficient work from the previous contractor, HANO desires to authorize change orders for the remaining contracts. The proposed change order totals (\$398,331) to date, as illustrated in the table below, is 2.1% of the Base Contract totals. However, based on staff review and monitoring, additional changes are

anticipated in the flurry to complete the units before year end. Therefore, HANO requests that the Board of Commissioners authorize the Executive Director to execute any and all change orders up to 5% of the aggregate contract amount or \$949,468. This authorization would include the \$398,331 in current pending change orders. Below is a summary of contract activity to date:

	Group 1	Group 2	Group 3-4	Group 5-6	Group 7	
Contract #	16-912-34	16-912-55	17-912-02	17-912-11	16-912-62	
Unit Count	10	12	42	42	49	
Notice To Proceed	9/9/2016	12/29/2016	4/10/2017	7/3/2017	4/3/2017	
Turnover to Property Manager	10/26/2016	5/24/2017	Estimated: 9/25-10/13	Estimated: 11/13-12/8	Estimated: 10/16-11/10	
Base Contract	\$ 169,215	\$ 256,700	\$ 1,983,750	\$ 3,499,700	\$ 13,080,000	\$ 18,989,365
Proposed Changes to Date	\$ 21,012	\$ 9,686	\$ 131,873	\$ 28,682	\$ 207,078	\$ 398,331

CERTIFICATIONS

Finance

The Finance Department has certified that the funds are available to complete the project from HANO funds.