



April 25, 2019

Agenda Item 1

## REPORT TO THE COMMISSIONERS

**FROM:** Gregory P. Russ, Executive Director / CEO

**SUBJECT:** General Contractor/Consultant (GC/C) Services at Elliot Twins

**Previous Directives:** The Board previously approved the authorization to submit a RAD application for the Elliot Twins apartments at its August 22, 2018 Board Meeting. The Board also previously approved the Capital Fund Program (CFP) Plan for FY 2019 as part of the Agency's 2019 Moving to Work (MTW) Annual Plan.

**Resident Council Review/Recommendation:** This Report will be discussed with the Resident Advisory Board (RAB) immediately prior to the Board's April 25, 2019 meeting.

**Budget Impact:** Fees incurred during the pre-construction phases will be charged to the Capital Fund Program. MPHA will be developing its overall financing strategy for this project throughout 2019 but anticipates utilizing a variety of sources including MPHA funds, grants, philanthropic donations, debt and low-income housing tax credits. Once developed, MPHA will present its financing plan to the Board of Commissioners for approval.

**Affirmative Action Compliance:** The GC/C delivery method provides favorable opportunities for the participation of minority- and women-owned, and Section 3 businesses in major construction projects. Frerichs Construction is aware of MPHA's contracting goals and has submitted a plan for achieving these goals on this project. Although Frerichs Construction is not a W/MBE or Section 3 business, typically 85-90 percent of the overall value of a GC/C project is subcontracted work. Therefore, the GC/C's outreach and inclusion strategies during the bidding phase and their ability to achieve owner contracting goals with subcontracted work is of greater importance. Frerichs has a successful track record on other MPHA projects, including their most recent project where they subcontracted 10% to WBEs, 13.5% to MBEs, and 10.5% to Section 3 business enterprises.

**Procurement Review:** This Report has been reviewed and approved by the Agency's Contracting Officer.

**RECOMMENDATION:** It is recommended that the Board of Commissioners authorize the Executive Director or his designee to execute a GC/C Agreement and all related documents with Frerichs Construction for the comprehensive modernization of the Elliot Twins.



## Scope & Budget

Built in 1961, the Elliot Twins are some of MPHA's oldest high-rises. Each of the two 12-story high-rises have 87 apartments consisting of 44 one-bedroom apartments and 43 efficiency apartments for a total of 174 units. The scope of work for the rehabilitation of these buildings may include updated systems (electrical, plumbing, fire, and mechanical); apartment renovations including updated baths, kitchens, finishes and storage, as well as reconfigured units to increase handicapped accessibility; energy-efficiency measures including new windows, roofs, and building exteriors; enhanced indoor and outdoor community spaces, and improved building security.

MPHA intends to complete a Rental Assistance Demonstration (RAD) conversion at these properties which will allow MPHA to obtain new funding sources to complete these major capital improvements. Anticipated funding sources include MPHA funds, grants, philanthropic donations, debt, and low-income housing tax credits. Depending on available resources and decisions about energy-efficiency approaches, the total hard construction costs may amount to as much as \$30 million. MPHA will work through design options and financing strategies throughout 2019 and is aiming to close and begin construction in early summer 2020.

The project will consist of four phases including design development, bidding, construction, and final documentation.

### Design Development Phase

- The GC/C and MPHA's design & development team will collaborate to refine design details through investigative work, constructability analysis, mock-ups, cost estimating and, if necessary, engage in the value engineering process to meet the project design intent while maximizing budget, schedule and phasing.

### Bidding Phase

- Bid documents are finalized for all project disciplines.
- Project is bid in accordance to MPHA/HUD procurement guidelines and various funders' requirements.
- Project schedule is established.
- A final Maximum Allowable Construction Cost (MACC) will be negotiated with the GC/C.

### Construction Phase

- The GC/C will manage all aspects of construction including onsite coordination and supervision.
- The GC/C will be obligated to deliver the project on time and within agreed upon MACC agreement.

### Final Documentation Phase

- Upon completion of the project, the GC/C will complete processing and transmittal of all final project and accounting documentation.
- The GC/C will complete all necessary paperwork and closeout documents for the various funding sources.
- The GC/C will provide MPHA with operating manuals, as-built drawings, spare parts and any other associated necessary supplemental material.

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## Procurement

On March 5, 2019, MPHA issued a Request for Proposals (RFP) for GC/C services for the Elliot Twins project. MPHA received proposals from the following firms:

Frerichs Construction  
Watson-Forsberg  
Shaw Lundquist Associates (MBE)

MPHA formed an evaluation committee to evaluate and rank proposals based on the greatest value to MPHA. Evaluation criteria included proposed project team; qualifications and capacity; experience with projects of similar size and scope; regulatory knowledge and experience particularly with tax credit financed projects; the firm's approach to project implementation including past performance in meeting or exceeding affirmative action goals, meeting budget and time constraints, etc.; and proposed fees. Frerichs Construction was the highest-ranked firm and scored particularly well in their experience with projects of similar size and scope, financing structure, and occupied rehab construction. Their proposed project team and track record for delivering projects on time and within budget while accomplishing owner established goals was strong. Staff is confident Frerichs will perform well on this project given their approach to occupied rehabs and experience and proven success with tax credit projects.

This Report was prepared by Laura Dykema, Director of Planning & Development. For further information, please contact Ms. Dykema at (612) 342-1428 or [ldykema@mplspha.org](mailto:ldykema@mplspha.org).