

REPORT OF THE PRESIDENT AND CEO

JANUARY 28, 2021

RESOLUTION AUTHORIZING THE PRESIDENT & CEO, OR DESIGNEE, TO INCREASE THE CONTRACTING AWARDS FOR ENVIRONMENTAL SERVICES AND CONSTRUCTION CONTRACT ADMINISTRATION/MANAGEMENT SERVICES UNDER REQUEST FOR QUALIFICATIONS HA-2018-90 (RFQ) IN AN AMOUNT TOTALING \$4,400,000; AND FURTHER AUTHORIZING THE PRESIDENT AND CEO, OR DESIGNEE, TO REALLOCATE FUNDING AWARDS UNDER THE RFQ BASED UPON FUTURE BUSINESS NEEDS



 Douglas Guthrie
 President and CEO



 Howard Baum
 Deputy General Counsel

Purpose: To authorize the President & CEO, or designee, to increase the contracting awards for Environmental Services and Construction Administration/Management Services under Request for Qualifications HA-2018-90 (“RFQ”) in an amount totaling \$4,400,000; and further authorizing the President & CEO, or designee, to reallocate funding awards between the seven (7) A/E categories under the RFQ based upon future business needs.

Regarding: Realization of HACLA’s Vision Plan requires the ongoing evaluation of the condition of its residential and commercial real property assets and assessment of new acquisition opportunities to identify improvement, redevelopment and modernization opportunities for deeply affordable and other housing. These efforts, undertaken by Development Services, Asset Management and Housing Services, require the support of a variety of Architectural, Engineering and Related Professional Services (“A/E”) on an “as-needed” basis. In recognition of these needs, Request for Qualifications HA-2018-90 (“RFQ”) was issued on July 19, 2018 to solicit A/E services in seven (7) distinct A/E disciplines. An exhaustive review of the forty-five (45) proposals submitted was conducted by a HACLA evaluation panel over the course of several months followed by contract award recommendations. By Resolution No. 9512 adopted June 27, 2019, the Board of Commissioners (“Board”) authorized the award of twenty-eight (28) minimum value contracts to qualified A/E firms for five-year contracts with a combined contract value of \$11,965,000, which was allotted as follows:

- Architectural: \$2,880,000
- Civil Engineering and Land Surveying: \$950,000
- Construction Contract Administration/Management: \$1,250,000
- Environmental: \$1,500,000
- Landscape Architecture: \$1,000,000
- Mechanical, Electrical and Plumbing Engineering: \$3,760,000
- Structural Engineering: \$625,000

The amounts awarded in each A/E category were based upon forecasted needs as understood in June of 2019. Project Homekey, which did not exist at the time, as well as significant redevelopment activities, have resulted in a greater demand for Environmental and Construction Contract Administration/Management Services than originally expected, thereby necessitating this request to increase their respective contracting amounts.

Issues: Utilization of the A/E panel has proven very successful with year-to-date expenditures exceeding \$4,800,000. Numerous firms are seated on each of the seven (7) panels providing an abundant supply of well-qualified vendors willing to bid on and undertake work at competitive rates upon little notice. The panel proved particularly valuable in meeting the demands of Project Homekey where the demand for certain services was significant and the timeframes involved to complete property acquisition due diligence activities was compressed. Environmental services were required to complete the environmental due diligence for each of the twenty (20) acquisitions including numerous Phase I and II studies, followed by further soils, groundwater and other testing as warranted at each property. While HACLA was reimbursed by the City for these expenses, nearly the entire \$1,500,000 awarded to Environmental Services firms has now been exhausted by these activities and unrelated environmental services at Jordan Downs and CEQA/NEPA activities related to the Rancho San Pedro redevelopment.

The demand for Construction Contract Administration/Management and Cost Estimating ("Construction") services has also exceeded expectations. The fast pace of redevelopment at Jordan Downs, Rose Hill Courts and elsewhere has driven a significant demand for Construction Services to ensure the timely completion of demolition and redevelopment activities. Of the original \$1,250,000 budgeted for such services, nearly the entire remaining balance of \$500,000 has been earmarked for future uses. HACLA now finds it necessary to increase the contracting amounts available for Environmental and Construction Services to meet our business needs over the remaining next three and a half years of the A/E panels' contracting term.

Environmental Services

Environmental Services support falls into two main categories. The first is providing environmental support services to assist HACLA with the preparation of technical detail, analyses and documentation necessary to support the Authority's decision-making process, including environmental documentation required under the California Environmental Quality Act ("CEQA"), the National Environmental Policy Act ("NEPA"), and consideration of historic properties under Section 106 of the National Historic Preservation Act. The second category of services includes (i) assisting HACLA in interacting and reporting to various regulatory agencies including the California Environmental Protection Agency's Department of Toxic Substances Control ("DTSC"), State and Regional Water Resources Control Boards and the Air Quality Management District. Conduct, (ii) assessing and preparing various environmental examinations, including Phase I Environmental Site Assessments and Phase II Environmental Sampling, (iii) collecting soil and soil-vapor samples for laboratory analysis on an as-needed bases, (iv) completing annual inspection reports for remediated properties in accordance with legal requirements, (v) continued environmental analysis of HACLA's properties, and (vi) participating in resident, community and other public meetings and presenting findings, and other information on an as-needed basis.

Four firms are on the Environmental Services panel as follows:

- Rincon Consultants, Inc.
- EFI Global, Inc.
- UltraSystems Environmental, Inc.
- Alta Environmental

Construction Services

Construction support includes a variety of services such as (i) construction administration and cost estimating services for projects, (ii) reviewing and approving material submittals, (iii) monitoring construction progress and preparing detailed reports on compliance with project timeline and construction quality, (iv) performing various cost estimation tasks, (v) reviewing drawings and plans and verifying construction compliance, (vi) monitoring construction budgets and preparing cost-to-complete projections, (vii) reviewing and advising on contractor compliance with environmental mitigation and monitoring requirements, (viii) preparing and designing construction documents, (ix) coordinating and/or attending project-related meetings (x) assisting in administering the bidding and awarding of construction contracts, (xi) assisting in administering construction contracts, (xii), performing post-completion, warranty phase tasks, (xiii) preparing specialized studies and analysis including cost/benefit, financial feasibility and timeline sensitivity, and (xiv) and reviewing and/or completing regulatory and other forms as needed.

Five firms are on the Construction Services panel as follows:

- JOA Group
- C. Spengler Strategies, LLC
- AE3 Partners, Inc.
- NBA Engineers, Inc.
- Owen Group, Inc.

Updated Forecasts/New Opportunities

Development Services, Asset Management and Housing Services have each revisited and revised their estimated needs for Environmental and Construction Services for the remaining three and a half years of the A&E panel contracting term. These forecasts, as detailed below, take into consideration the needs for our commercial facilities, redevelopment projects and additional property acquisitions. In addition to the above, staff have just learned that Governor Newsom has earmarked an additional \$750 million to continue Project Homekey, the State of California's program that provides local government agencies with funds to purchase and rehabilitate housing – including hotels, motels, vacant apartment buildings and other properties – and convert them into permanent, long-term housing for people experiencing or at risk of homelessness. Governor Newsom's 2021 budget also includes \$250 million earmarked for the acquisition and rehabilitation of housing for low-income seniors. With such additional funding available, HACLA may be called upon again to assist the City with property acquisitions necessitating the use of our Environmental Services contracts.

Tables identifying updated projections for Environmental Services and Construction Services needs appear on the following page.

Environmental Services

Projects	Activity	Estimated Need
Acquisitions	CEQA/NEPA activities	\$100,000
Acquisitions	Phase I / Phase II testing	\$100,000
Acquisitions	Remediation / Clean Up	\$80,000
Asset Management	Elevator pit hazardous substance clean up	\$300,000
Development Services	Environmental testing and clean up oversight	\$500,000
Redevelopment – General	CEQA/NEPA activities	\$700,000
Redevelopment – General	Phase I / Phase II testing	\$120,000
Redevelopment – Jordan Downs	Remediation during demolition	\$1,500,000
Projected spend for 2021 – 2024		\$3,400,000

Construction Services

Projects	Activity	Estimated Need
Asset Mgmt – Various (Imperial Worksource Center, site remodels, parking structure, etc.)	Construction monitoring and cost estimating	\$300,000
Redevelopment – Jordan Downs	Construction monitoring for Phases S4, P1, S7 and demolition monitoring for Phase H2	\$250,000
Redevelopment – Jordan Downs	Construction monitoring for Phases S2 and H2s	\$100,000
Redevelopment – Jordan Downs	Infrastructure planning	\$50,000
Redevelopment – Rose Hill Courts	Demolition and construction monitoring for Phases I and II	\$300,000
Projected spend for 2021 – 2024		\$1,000,000

Contracting Flexibility

In addition to increasing the contracting amounts for Environmental and Construction Services, providing the President & CEO, or designee, with the flexibility to reallocate funds awarded within each of the seven (7) A&E disciplines is desired. As detailed above, current awards in each of the categories were based upon June 2019 forecasts and are as follows:

- Architectural: \$2,880,000
- Civil Engineering and Land Surveying: \$950,000
- Construction Contract Administration/Management: \$1,250,000

- Environmental: \$1,500,000
- Landscape Architecture: \$1,000,000
- Mechanical, Electrical and Plumbing Engineering: \$3,760,000
- Structural Engineering: \$625,000

Authorizing the President & CEO, or designee, to reallocate funding between the seven (7) A/E categories will enable the President & CEO to respond to routine business needs without further Board approval. By way of example, should additional funding of \$200,000 be required for Structural Engineering Services with surplus funds available in Architectural Services, the funds could be reallocated between areas with an increase of \$200,000 in Structural Engineering and an equal decrease in Architectural Services.

Current Request:

To authorize the President & CEO, or designee, to increase contracting awards for Environmental Services and Construction Administration/Management Services firms under Request for Qualifications HA-2018-90 (“RFQ”) in an amount totaling \$4,400,000; and to further authorize the President & CEO, or designee, to reallocate funding awards within the seven (7) A/E categories based upon future business needs.

Vision Plan: Utilization of Environmental and Construction Services firms helps realize the potential of HACLA’s Vision Plan in many respects and advances several important initiatives and strategies as follows:

PLACE Strategy #1: Stabilize the physical and financial viability of the conventional public housing portfolio.

The public housing portfolio has been undergoing modernization and redevelopment efforts in order to sustain and add to the existing housing stock. Most of the fourteen public housing sites were built in the 1940’s and 1950’s and require numerous capital improvements. Assessment of site conditions including the presence and mitigation of environmental contaminants such as asbestos and lead is necessary in connection with repair, rehabilitation, demolition and redevelopment of public housing. Significant rehabilitation and redevelopment requires CEQA and NEPA analysis. Demolition and construction project management is also critical to such activities.

PLACE Strategy #2: Increase functionality and effectiveness of the Asset Management portfolio.

Like the public housing portfolio, the existing Asset Management portfolio requires continuous assessment, improvement and rehabilitation which can only be accomplished with the assistance of Environmental and Construction Services firms. In addition, the creation of a diverse asset portfolio including a supply of deeply affordable housing can only be accomplished through further property acquisitions and related environmental due diligence provided by Environmental Services firms.

PLACE Strategy #4: Stewards efforts to reduce and alleviate homelessness.

Efforts to end homelessness require the creation of deeply affordable housing for those without shelter. Creating such housing through property acquisitions, improvements and repurposing/conversions as recently realized through Project Homekey is among the strategies that need to be pursued. Utilization of Environmental and Construction Services firms to assist in these efforts as detailed above is critical.

PLACE Strategy #6: Utilize HACLA-owned property to provide community amenities that meet broader neighborhood needs.

HACLA-owned properties (and particularly its public housing properties) tend to be located in areas with limited green space and community amenities. The revisioning, repurposing and redevelopment of spaces within such properties to accommodate community needs requires environmental analysis and subsequent construction-related assistance as provided by Environmental and Construction Services firms.

PATHWAYS Strategy #7: Identify opportunities to reduce operating and administrative costs so that scarce resources are maximized.

Use of environmentally friendly materials such as cool roofs and other materials that mitigate against heat and cold, the use of smart landscaping and water conservation measures such as storm water recapture are among the ways HACLA can maximize scarce resources. The installation of solar systems, LED lighting and similar improvements also help in these efforts. The expertise of Environmental and Construction Services firms to assist in these efforts is required.

PATHWAYS Strategy #8: Improve the resilience of HACLA sites and neighborhoods.

Seismic upgrades of HACLA-owned properties are critical to protecting our assets, employees and residents. Bringing our properties up to current building codes and standards helps ensure longevity. Environmental and Construction Services firms assist in these efforts.

PLACE Strategy #9: Manage capital resources and reserves to sustain useful life of existing and new units in the Housing Authority's portfolio

HACLA has to maintain an aging public housing portfolio with limited funding. While the amount of physical needs has grown significantly over the years, the amounts received for improvement and maintenance efforts, other than within the last year, has steadily declined. Managing the limited funds with the goal of keeping the public housing stock at their highest level of usefulness and efficiency is an imperative. Environmental and Construction Services firms help guide our efforts to maintain these assets.

Funding: *Source of Funds:* There will be different sources of funding which will include the Jordan Downs and other redevelopment funds, Capital Funds, Property Capital Reserves, City of Los Angeles reimbursements and Project Homekey funds. Funding for future redevelopment projects will be determined by the project.

Budget and Program Impact: The use of various federal and non-federal funding sources for these services will be built into the overall cost of redevelopment efforts as they take place. Capital Funds will be the primary source for services being used by Housing Services for projects planned for the next five years at the public housing sites. The appropriate property's capital reserve will be used for services required for projects planned for the non-public housing portfolio for the next five years.

Section 3: Each of the firms on the Environmental Services and Construction Contract Administration/Management Services panels have made Section 3 commitments in conformity with the requirements of the Section 3 Guide and Compliance Plan. The nature of Environmental and Construction Services utilized to date and COVID restrictions have limited Section 3 opportunities and in certain cases the postponement of those opportunities. The Section 3 Compliance Administrator continues to work with these firms to monitor these commitments and make adjustments as reasonable.

Attachment: Resolution

RESOLUTION NO. _____

RESOLUTION AUTHORIZING THE PRESIDENT & CEO, OR DESIGNEE, TO INCREASE THE CONTRACTING AWARDS FOR ENVIRONMENTAL SERVICES AND CONSTRUCTION CONTRACT ADMINISTRATION/MANAGEMENT SERVICES UNDER REQUEST FOR QUALIFICATIONS HA-2018-90 (RFQ) IN AN AMOUNT TOTALING \$4,400,000; AND FURTHER AUTHORIZING THE PRESIDENT AND CEO, OR DESIGNEE, TO REALLOCATE FUNDING AWARDS UNDER THE RFQ BASED UPON FUTURE BUSINESS NEEDS

WHEREAS, due to a high volume of current and anticipated development, redevelopment, modernization and real property acquisition activities planned for the next five years, the Housing Authority requires "as-needed" services of qualified Architectural, Engineering and Related Professional Services ("A/E") firms, and on July 19, 2018, the Housing Authority issued Request for Qualifications ("RFQ") No. HA-2018-90 for A/E Services to be provided on an as-needed basis;

WHEREAS, on June 27, 2019, the Board of Commissioners (the "Board") approved Resolution No. 9512 and awarded contracts to 28 firms to provide A/E Services pursuant to the RFQ for a total combined contract value of \$11,965,000;

WHEREAS, for the reasons set forth in the Report of the President and CEO of the same date herewith, the Board desires to increase the RFQ award allotted to Environmental Services from \$1,500,000 to \$4,900,000 and the award allotted to Construction Project Administration/Management from \$1,250,000 to \$2,250,000 representing a total increase between the two categories of \$4,400,000 and an overall new total of \$7,150,000;

WHEREAS, the Chief Administrative Officer confirms the necessary funds are available and included in the Housing Authority's 2021 Budget and additional funds for such services shall be budgeted annually and adopted into the Housing Authority's Annual Budget for the remaining term of the A/E Services panel contracts; and

WHEREAS, the Board also desires to authorize the President & CEO, or designee, the discretion to reallocate the funds awarded within each of the seven (7) A/E disciplines as deemed necessary from time to time to respond to routine business needs without further Board approval.

NOW, THEREFORE BE IT RESOLVED that the Board of Commissioners authorizes an increase in the contracting awards for Environmental Services under RFQ No. HA-2018-90 from \$1,500,000 to \$4,900,000, and an increase in the contracting awards for Construction Project Administration/Management Services under RFQ No. HA-2018-90 from \$1,250,000 to \$2,250,000, and further authorizes the President & CEO or designee, to reallocate the funds awarded within each of the seven (7) A/E disciplines as deemed necessary from time to time in response to business needs without further Board approval.

BE IT FURTHER RESOLVED that this Resolution shall take effect immediately.

APPROVED AS TO FORM:
JAMES JOHNSON

HOUSING AUTHORITY OF THE
CITY OF LOS ANGELES

BY: _____
GENERAL COUNSEL

BY: _____
CHAIRPERSON BEN BESLEY

DATE ADOPTED: _____