



## BOARD OF COMMISSIONERS SPECIAL MEETING

**CONFERENCE CALL**  
**Thursday, August 9, 2012**  
**1:00 PM**

### RESOLUTIONS

Following Resolutions:			
12-08	Topic	Presenter/POC	Phone #
01	Authorize Execution of Three Modifications and One Change Order to the Construction Manager/General Contractor (CM/GC) Contract for Phase III at Stephens Creek Crossing	Mike Andrews Patrick Rhea	503.802.8507 503.802.8311
02	Authorize a Contract for Phase 1 Building Envelope Rehabilitation at New Market West	Mike Andrews Lewis Lyles	503.802.8507 503.802.8484
03	Authorize a Contract for Building Envelope Rehabilitation at Eastwood Court Apartments	Mike Andrews Lewis Lyles	503.802.8507 503.802.8484
04	Authorize Acceptance of Award from Oregon Housing and Community Services for Asset Management and Physical Condition Oversight	Dianne Quast Molly Rogers	503.802.8338 503.802.8437

ADJOURN

## **THE NEXT MEETING OF THE BOARD OF COMMISSIONERS**

The next Board of Commissioners meeting will be Tuesday, September 18, 2012 at 6:15 PM. This meeting will take place at Home Forward, 135 SW Ash on the 6<sup>th</sup> Floor in the Columbia Room.



## MEMORANDUM

To: Board of Commissioners Date: August 9, 2012

From: Mike Andrews, Director,  
Development and Community  
Revitalization Subject: Resolution 12-08-01

Patrick Rhea, Senior Project  
Manager, Construction Services

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The board is requested to authorize the execution of three Modifications and one Change Order to the Construction Manager/General Contractor (CM/GC) contract for Phase III. This work consists of the following:

- MOD No. 5 Stephens Creek South Tax Credit Housing
- MOD No. 6 Stephens Creek North Tax Credit Housing
- MOD No. 7 Opportunity Center
- MOD No. 3 Change Order No. 2 Completion of Sitework

## ISSUE

In May 2011, Home Forward was notified by HUD that its application for an \$18.5 million HOPE VI Grant to redevelop Hillsdale Terrace was successful. In June of 2011, Home Forward authorized acceptance of the Grant and execution of the Grant Agreement (Resolution 11-06-10).

The \$18.5 million HOPE VI Grant will be combined with other sources to fund a \$ 52.8 million redevelopment project. Total project cost is inclusive of relocation, community and supportive services, land, and soft and hard costs. The financing plan anticipates use of both 4% and 9% Low-Income Housing Tax Credits; tax-exempt bonds; conventional construction loan HOPE VI funds; funds from the City of Portland; funds from the Public Housing Preservation Initiative and funds raised by Habitat for Humanity.

[A new name for the Housing Authority of Portland](#)

On March 16, 2010, the Contract Review Board of Home Forward adopted findings, as required by Home Forward's Purchasing and Contracting Rules, prior to initiation of a Construction Manager/General Contractor (CM/GC) selection process. A Request for Proposal was issued via public advertisement resulting in the receipt of two proposals. The evaluation committee reviewed the written proposals and conducted interviews with both proposers. At the conclusion of the interviews, R&H/Colas (RHC) was selected as the top ranked proposer. Resolution 11-09-06 recommended award of a CM/GC contract and was approved by the Board on September 20, 2011.

Phase III is the third of four bidding cycles contemplated for the redevelopment of Stephens Creek Crossing. In summary, the Phases are comprised of the following:

- Phase I: Abatement & Demolition. APPROVED
- Phase II: Mass grading and shoring. APPROVED
- Phase III: Housing, Opportunity Center and finish Sitework, REQUESTED
- Phase IV: Child Development Center: FORTHCOMING

Bids for Phase III were received on June 29<sup>th</sup>. A total of 110 quotes from potential subcontractors and suppliers were received and reviewed by the RHC team. For a project of this magnitude, the number of bids received is quite low. After two weeks of due diligence and validating scope and price, RHC provided a GMP estimate of approximately \$2.4 million over the original target budget. Subsequently, the project team of Home Forward, RHC and MWA Architects met over a two week period to implement a cost reduction effort in order to achieve budget. This effort included potential changes to date and foreseen future exposures in an attempt to ensure the project has the necessary funding to complete the entire project.

Subsequent to receiving bids and going through the cost savings exercise, Home Forward has increased the construction budget by reducing project contingencies to support these construction modifications and change order. The table indicates an original and revised budget that equals the current cost.

Phase III Construction:

SCOPE	ORIGINAL TARGET BUDGET	REVISED BUDGET	COST	DIFFERENCE
Stephens Creek South	\$7,049,545	\$7,143,480	\$7,143,480	\$0
Stephens Creek North	\$10,375,009	\$9,799,101	\$9,799,101	\$0
Opportunity Center	\$2,365,299	\$2,869,082	\$2,869,082	\$0
Sitework	\$2,091,791	\$2,721,365	\$2,721,365	\$0
TOTAL:	\$21,881,644	\$22,533,028	\$22,533,028	\$651,384

Available Contingency

Owner and Lender Controlled Contingencies \$1,537,000

R&H/Colas \$ 300,000 (included in the contracts above)

TOTAL: \$1,837,000

The bids came in over the construction estimate, however, as can be seen above the construction is funded and there is still \$1.8 million of contingency available to draw from. The contingency can be used to either upgrade products or manage unknown changes. Given the type of construction being built, there are typically very few surprises that lead to a big draw on the contingency.

The bids were taken from drawings that were fully developed by the architect and engineers. Home Forward, the construction team and the architect went through a two-week process to ensure everything is covered including outstanding exposures. Home Forward, RHC and the lenders are all carrying contingency into the start of the housing construction. In addition, as part of a strategy to keep the project on schedule, the team has allocated \$30,000 in overtime.

The overall construction budget with the entire contingency is \$32.8 million. The budget for Phase III is \$22.5 million. Funds for these modifications are available from tax credit equity from both partnerships, tax exempt bonds on the north partnership, a construction

loan from Bank of America on the south partnership, Home Forward Public Housing Preservation Initiative (PHPI) funds on the north partnership and HOPE VI proceeds. Home Forward PHPI continues to cover soft costs.

ATTACHMENT

Section 3 and Target Business Update (optional)



## RESOLUTION 12-08-01

**RESOLUTION 12-08-01 AUTHORIZES THE EXECUTIVE DIRECTOR TO EXECUTE THREE MODIFICATIONS AND ONE CHANGE ORDER TO THE PRE-CONSTRUCTION SERVICES CONTRACT THAT WILL ALLOW THE CONSTRUCTION OF THE RESIDENTIAL HOUSING, OPPORTUNITY CENTER AND FINISH SITEWORK TO COMMENCE**

**WHEREAS**, in March 2010, with the approval of the Contract Review Board of Home Forward, staff initiated a Construction Manager/General Contractor selection process to select a contractor for the Hillsdale Terrace redevelopment; and

**WHEREAS**, in June 2011, Home Forward finds that the response of R&H/Colas Construction LLC, combined with their performance on similar projects, including an effective plan for including Target Businesses, Workforce Training and Hiring opportunities, and hiring of Section 3 residents in the execution of the work conforms to Home Forward's requirements; and

**WHEREAS**, in August 2011, Home Forward and R&H/Colas Construction executed a pre-construction services agreement in the amount of \$ 65,350; and

**WHEREAS**, Home Forward and R&H/Colas Construction will execute Modifications for

- MOD No. 5 Stephens Creek South Tax Credit Housing for \$7,143,480
- MOD No. 6 Stephens Creek North Tax Credit Housing for \$9,799,101
- MOD No. 7 Opportunity Center for \$2,869,082

**WHEREAS**, Home Forward and R&H/Colas Construction will execute a Change Order for

- MOD No. 3, Change Order No. 2 Completion of Sitework for \$2,721,365

**NOW, THEREFORE, BE IT RESOLVED**, that the Board of Commissioners of Home Forward hereby authorizes the Executive Director to execute Modifications Numbers 5, 6 and 7 and Change Order No. 2 to Modification Number 3 for \$22,533,028.

**ADOPTED: AUGUST 9, 2012**

**Attest:**

**Home Forward:**

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Steven D. Rudman, Secretary

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Harriet Cormack, Chair



## Section 3 and Target Business Update

MWA Architects completed the Phase III bid documents in early May 2012. These documents were released to RHC to advertise publicly. Outreach to the contracting community was two-fold: general public and Target Business. For the general public, a pre-bid meeting was held adjacent to the site and advertised in common trade publications. The RHC team also called and used their network of subcontractors to elicit interest. In addition to general outreach, a strategy to enhance Target Business participation was put into place with great success. Arathree and Associates, employed by RHC and Probit Builders, were put to the task of generating awareness and boosting involvement in the MWESB community. During the outreach process and at technical workshops, special attention was given to signing firms up to be Section 3 businesses. Award of subcontracts were structured using a 100 point system where bidders could earn five points as a Target Business and five points as a Section 3 Business. The selection of a subcontract to the bidders was based on a combination of low price, Target Business and Section 3 Business participation.

In addition to the outreach described above, select elements of the project were only bid to Target Businesses. In all cases at least four bids were received for the following trades: landscaping, painting and electrical. Additionally, Building 13 was bid to only Target Business general contractors. The result of this effort is that job-to-date participation is 45% for Target Business and 22% for Section 3.



## MEMORANDUM

To: Board of Commissioners Date: August 9, 2012

From: Lewis D. Lyles, Project Manager,  
Development and Community  
Revitalization Subject: Authorize a Contract for Building  
Envelope Rehabilitation at New  
Market West  
Resolution 12-08-02

Mike Andrews, Director,  
Development and Community  
Revitalization

The Board of Commissioners is requested to authorize Home Forward to enter into a contract for exterior improvements and seismic upgrades to the New Market West building.

### ISSUE

New Market West serves as the administrative headquarters for Home Forward. In 2001, a structural analysis of the building was conducted by WDY Engineers using guidance from the Federal Emergency Management Agency (FEMA) for identifying areas of potential deficiency in the building's structure relative to seismic life and safety risks. The analysis found "that the structure would survive the Maximum Considered Earthquake [for western Oregon] without collapse, and that permanent lateral deformations would not be so severe that people become trapped in the building." The analysis did note a number of non-structural deficiencies that could result in localized failures of elements that could fall on occupants or block exits.

In 2010, the 2001 analysis was reviewed by DCI Engineers for building code updates and for recommendations of seismic upgrades. The following scope of work was created:

- Upgrade the non-structural elements, including anchorage of the stone veneer to the supporting structure;

- Install additional bracing of the roof parapets; and
- Install new brick anchors, tying the existing brick walls to the 1983 renovated shotcrete walls, to adequately secure the existing brick.

Part of this exterior work would be masonry restoration, painting, and window repair.

Staff worked with Morrison Hershfield and DCI Engineers, to develop plans and specifications for the above scope of work. The agreed-upon approach has a total (hard and soft costs) project budget of \$824,090 with the following funding sources.

- Home Forward reserves: \$420,000
- Wells Fargo loan: \$404,000

The work will be funded by Home Forward until Wells Fargo reimburses funds after the 75-day lien period upon completion of the work.

Before bidding, the project's construction costs were estimated at \$628,700. A bid solicitation notice was advertised on July 10, 2012, in the Daily Journal of Commerce and the Portland Observer. Home Forward received bids from four firms on July 31, 2012. All bids were judged responsive and responsible to the solicitation. First Cascade Corporation is the apparent low bidder, with a bid amount of \$637,100.

First Cascade is a well-established company whose work plan includes 12% of the contract be performed by target businesses. First Cascade does not have a history with Home Forward. Staff verified the contractor's recent successful experience on historical projects. In all cases First Cascade was reported to be a responsible, experienced contractor with the infrastructure and personnel to perform the work. First Cascade is not on the State of Oregon debarred list and has a good record related to integrity.

First Cascade's bid amount was slightly higher than the project's pre-bid construction estimate. Home Forward staff reviewed the contractor's schedule of values in comparison to the pre-bid estimate and judged First Cascade's bid to be reasonable and consistent with the total project budget.

Home Forward has reserved an owner's 15% contingency to account for unforeseen conditions. Construction Services staff will monitor the contractor's work schedules and liquidated damages will apply to the contractor if schedule requirements are not met.



**RESOLUTION 12-08-02**

**RESOLUTION 12-08-02 AUTHORIZES THE EXECUTION OF A CONTRACT WITH FIRST CASCADE CORPORATION FOR BUILDING ENVELOPE REHABILITATION AT NEW MARKET WEST**

**WHEREAS**, Home Forward solicited, received, and opened bids for building envelope rehabilitation at New Market West in compliance with its Public Contracting Rules; and

**WHEREAS**, Home Forward staff reviewed bids to determine the lowest responsive and responsible bidder, and the lowest responsive bid is within budgeted resources for this work; and

**WHEREAS**, in accordance with Home Forward's Public Contracting Rules, a contract shall be awarded to the lowest responsive and responsible Bidder; and

**WHEREAS**, approval by the Board of Commissioners of Home Forward is required prior to the execution of construction contracts exceeding \$100,000;

**NOW, THEREFORE, BE IT RESOLVED**, that the Board of Commissioners of Home Forward hereby authorizes the execution of a contract with First Cascade Corporation for building envelope rehabilitation at New Market West in the amount of \$637,100.00.

**ADOPTED: AUGUST 9, 2012**

**Attest:**

**HOME FORWARD**

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Steven D. Rudman, Secretary

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Harriet Cormack, Chair



## MEMORANDUM

To: Board of Commissioners Date: August 9, 2012

From: Lewis D. Lyles, Project Manager,  
Development and Community  
Revitalization Subject: Authorize a Contract for Building  
Envelope Rehabilitation at  
Eastwood Court Apartments  
Resolution 12-08-03

Mike Andrews, Director,  
Development and Community  
Revitalization

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The Board of Commissioners is requested to authorize Home Forward to enter into a contract for building envelope rehabilitation at the Eastwood Court Apartments.

This activity supports Strategic Operations Plan Goal 2: We will increase the number of housing units for our community through preservation, development and acquisition.

### ISSUE

Eastwood Court is a public housing property comprised of nine separate buildings containing a mix of 30 two and three-bedroom residential units. One of the buildings is a single story duplex containing one ADA accessible two-bedroom unit and a community room.

The building's exterior cladding contains aluminum lap siding over wood framed construction. Home Forward hired Morrison Hershfield building envelope consultants to investigate the exterior cladding due to recurring water infiltration problems. It was determined that the metal siding associated with other building components, are allowing water to penetrate to the interior.

In connection with the Public Housing Preservation Initiative, staff worked with Morrison Hershfield, to develop plans and specifications to re-clad all nine buildings. The agreed-upon approach has a total project budget of \$587,700.00.

A bid solicitation notice was advertised on July 18, 2012, in the Daily Journal of Commerce and the Portland Observer. Home Forward received bids from two firms on August 1, 2012. All bids were judged responsive and responsible to the solicitation. I&E Construction is the apparent low bidder, with a bid amount of \$455,928.00.

I&E is a general contracting company founded in 1992. Their work plan includes 8.4% of the contract to be performed by target businesses. I&E will be self-performing the majority of the work. I&E have a history with Home Forward, including a current engagement at Rockwood Station Apartments for similar work. In all cases I&E were reported to be a responsible, experienced contractor with the infrastructure and personnel to perform the work. I&E are not on the State of Oregon debarred list and have a good record related to integrity.

I&E bid amount is within the pre-bid construction estimate of \$450,000.00 established for this project. Development and Community Revitalization staff reviewed the contractor's schedule of values in comparison to the pre-bid estimate and judged I&E bid price to be reasonable and consistent with the budget.

This project is starting construction within budgeted resources, and Home Forward has reserved an owner's 15% contingency to account for unforeseen conditions.

Home Forward's staff will meet with residents prior to start of work and provide resident coordination during construction. Construction Services staff will monitor the contractor's work schedules and liquidated damages will apply to the contractor if schedule requirements are not met.



**RESOLUTION 12-08-03**

**RESOLUTION 12-08-03 AUTHORIZES THE EXECUTIVE DIRECTOR TO EXECUTE A CONTRACT WITH I&E CONSTRUCTION FOR BUILDING ENVELOPE REHABILITATION AT EASTWOOD COURT APARTMENTS**

**WHEREAS**, Home Forward solicited, received, and opened bids for building envelope rehabilitation at Eastwood Court Apartments in compliance with its Public Contracting Rules; and

**WHEREAS**, Home Forward staff reviewed bids to determine the lowest responsive and responsible bidder, and the lowest responsive bid is within budgeted resources for this work; and

**WHEREAS**, in accordance with Home Forward's Public Contracting Rules, a contract shall be awarded to the lowest responsive and responsible Bidder; and

**WHEREAS**, approval by the Board of Commissioners of Home Forward is required prior to the execution of construction contracts exceeding \$100,000.00; and

**NOW, THEREFORE, BE IT RESOLVED**, that the Board of Commissioners of Home Forward hereby authorizes the Executive Director to execute a contract with I&E Construction for building envelope rehabilitation at Eastwood Court Apartments in the amount of \$455,928.00.

**ADOPTED: AUGUST 9, 2012**

**Attest:**

**HOME FORWARD**

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Steven D. Rudman, Secretary

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Harriet Cormack, Chair



## MEMORANDUM

To: Board of Commissioners Date: August 9, 2012

From: Molly Rogers, Assistant Director,  
Real Estate Operations Subject: Authorize Acceptance of Award  
from Oregon Housing and  
Community Services for Asset  
Management and Physical  
Condition Oversight  
Resolution 12-08-04

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The Board of Commissioners is requested to authorize Home Forward to accept grant funds and to enter into a contract Oregon Housing and Community Services (OHCS) for \$50,000 to design and implement a Physical Condition Protocol for Home Forward's portfolio of affordable housing. Grant funds will be used for planning efforts and for nine Capital Needs Assessments.

This activity will support Strategic Operations Plan Goal 2: We will increase the number of housing units for our community through preservation, development and acquisition.

### ISSUE

As Home Forward's affordable housing portfolio ages, performing Capital Needs Assessments (CNA) becomes critical. A CNA is a disciplined method of assessing the physical condition of a property, identifying its current and projected needs, establishing the associated costs and creating a sound strategic plan for addressing needs within financial and time constraints. The nine Capital Needs Assessments to be completed in fiscal year 2012-2013 are Hamilton West; Gretchen Kafoury Commons; St. Francis, The Morrison; Fountain Place; Rockwood Landing; Grace Peck; Rosenbaum Plaza; and Unthank Plaza. Accepting the grant award will allow Home Forward to complete more CNAs than were otherwise budgeted and will support the planning and development of a Physical Condition Protocol.





**RESOLUTION 12-08-04**

**RESOLUTION 12-08-04 AUTHORIZES THE EXECUTIVE DIRECTOR TO ACCEPT GRANT FUNDS AND ENTER INTO A CONTRACT WITH OREGON HOUSING AND COMMUNITY SERVICES FOR ASSET MANAGEMENT CAPACITY BUILDING**

**WHEREAS**, Home Forward applied for grant funding from the Oregon Housing and Community Services (OHCS) Capacity Building Activity Grant funds on May 8, 2012; and

**WHEREAS**, Home Forward was selected for funding of \$50,000 in OHCS Capacity Building Grant Funds on July 24, 2012; and

**WHEREAS**, Home Forward agrees to share all work products, reports or other results of capacity building activity grants with OHCS which may benefit other non-profits or housing authorities; and

**WHEREAS**, approval by the Board of Commissioners of Home Forward is required by OHCS prior to execution of agreements related to receipt of said grant funds, and

**NOW, THEREFORE, BE IT RESOLVED**, that the Board of Commissioners of Home Forward hereby approves receipt of Capacity Building Activity Grant funds and authorizes the undersigned to execute all documents related to receipt of said grant funds with Oregon Housing and Community Services in the amount of \$50,000.

**ADOPTED: AUGUST 9, 2012**

**Attest:**

**HOME FORWARD**

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Steven D. Rudman, Secretary

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Harriet Cormack, Chair