

MEETING DATE: June, 16 2021

ITEM: CDBG Rehabilitation

AGENDA ITEM SUMMARY

Subject: Award Rehab Contracts for 313 7th Avenue and 704 B street

Recommendation: Consideration approval of Resolution Nos. XX, XX, XX.

Background Summary: We are ready to proceed with award of the final two rehabilitation projects funded under the 2018 CDBG Owner-Occupied Rehabilitation Program. The grants provide up to \$24,999 in hard costs of construction along with up to \$5,750 in lead hazard reduction activity and carrying costs. Three contractor walk-throughs/requests for bids were held between March and May 2021. The result of the three attempts was a single bid from one contractor for each of the projects, Matt Construction. Matt construction is a reputable contractor that has completed similar projects through other COGS.

The scope of each project is outlined below:

- **Smith – 304 9th Avenue:** The work to be performed on the exterior of house includes repairs a front porch leak, repairing damaged siding, replacement of several broken window, scraping and painting entire porch, installation of new gutters and downspouts, and rebuilding back steps and installing handrails where required. Work planned for the interior of the house includes scraping and painting window and door trim, repairing and painting some of the interior walls/ceilings, repairing cabinet doors, installation of smoke/co2 detectors, replacement floor covering, and correcting safety issues with steps leading to the basement along with correction of deficiencies with the plumbing and electrical systems.
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- **Rague – 207B 9th Avenue:** The work to be performed on the on the exterior of the home includes repair of stair treads and installation of handrails at entrances to the home. Interior work will include repair of cracked/damaged walls, removal of deteriorating wallpaper, scraping and repainting cabinets and window trim, replacement of bathroom fixtures and windows. The mechanical systems will be serviced and a new waterline from the meter to water heater installed. The homes current tube and knob electrical service will be upgraded and smoke alarm/co2 detectors will be installed.

Additional Approvals Required: The CDBG grant is set to expire in August of 2021. To complete the remaining two projects, the city will also need to request a time extension from IEDA along with a sole source procurement approval. Both items have been discussed with NIACOG and IEDA. A draft letter from the city on each of these items is attached for discussion.

June 21, 2021

Ed Basch
Iowa Economic Development Authority
1963 Bell Avenue, Suite 200
Des Moines, IA 50315

RE: Contract Number 18-HSG-003 (City of Charles City)

Dear Ed:

We recently held the bid openings on the final 2 projects (#5 and #6) in our CDBG Housing Rehabilitation Program.

The date of our first bid opening was March 12, 2021. We received no bids on either project so we re-bid them. The date of the 2nd bid opening for the projects was March 31, 2021. Again we received no bids so we re-bid them again. The date of the 3rd bid opening was May 5, 2021. In this third attempt we received one reasonable and responsible bid on each project, both by the same contractor. This contractor was the only general contractor who attended the walk-through for the third bid opening, even though we had an extensive mailing list. This mailing list is attached for your review.

The information pertaining to the bids for both project is as follows::

Project #5 (Rague - 207B 9th Ave)

Contractor submitting the bid: Matt Construction Inc. , Sumner, Iowa
Project Bid Amount: \$31,145 (\$21,828 hard rehab & \$9,287 lead reduction)
City Cost Estimate - Jan, 2021 : \$26,525 (\$17,135 hard rehab & 9,390 lead reduction)

Project #6 (Smith – 304 9th Ave)

Contractor submitting the bid: Matt Construction Inc. , Sumner, Iowa
Project Bid Amount: \$33,123 (\$24,576 hard rehab & \$8,547 lead reduction)
City Cost Estimate - Jan, 2021 : \$30,540 (\$22,899 hard rehab & 7,641 lead reduction)

Based on the information presented above, the City of Charles City is requesting that the IEDA authorize single source procurement for both of these projects to:

Matt Construction Inc.
Kelly Matt, Owner
203 Y Ave
Sumner, IA 50674

Please note in regard to project #5, we are aware that the IEDA prefers to see a cost estimate within 10% of the bid amount when considering single source procurement requests. For project #5 the bid amount exceeds our cost estimate by 17.42%. Please note that our local match funds will be paying \$1,000 toward the project which reduces the excess to be paid by the grant funds to 13.65%. Furthermore, as you are aware of, the cost of construction materials has increased substantially in the 4 month period between January of 2021 (the time of our cost estimate) and May of 2021 (the time of our 3rd bid opening). It is reasonable to conclude that prices have increased at least 1% monthly over this 4 month period or at least 4% total. Therefore at today's pricing, we feel that the \$31,145 bid submitted by Matt Construction is a reasonable amount.

Also, please find attached the proofs of publication for the original bid solicitation, and both re-bid solicitations

Thank you in advance for considering this single-source request.

Sincerely,

Dean Andrews, Mayor
City of Charles City

June 21, 2021

Ed Basch
Iowa Economic Development Authority
1963 Bell Ave, Suite 200
Des Moines, IA 50315

RE: Contract Number 18-HSG-003 (City of Charles City)

Dear Ed:

The end date for the above referenced CDBG contract is August 31, 2021

You may recall from the monitoring session you conducted in January 20th of this year, our new Housing Directory, Katie Nolte, informed you that she was going to move forward as quickly as possible with the processing of our final 2 projects (#5 and #6). This started with contractor procurement.

The bid opening for both projects was held on March 12, 2021. However as shown on the accompanying bid procurement summary, no bids were submitted on March 12th. Also, as shown in the summary, it took 3 attempts before Katie received even one bid on each of the projects. These bids were received on May 5, 2021 and were submitted by the same contractor.

No doubt that lack of contractor interest was primarily a function of the disruptions caused by the COVID-19 pandemic. Most if not all of our contractors that normally are interested in participating in our Program were hit with work delays due to the supply chain / product delivery slow down, and to a shortage of key construction materials. Falling further behind on their current projects, they were hesitant to bid on more projects. Therefore we were elated that one area contractor showed interest in our final 2 projects and decided to bid on both of them.

We are also pleased that the bidder on both projects, Matt Construction of Summer, Iowa, has very good capacity to complete rehabilitation projects in a timely manner—see the accompanying Matt Construction employee summary on the following page.

However, we also know that Matt Construction, even with its good contractor capacity, would have difficulty completing both projects by August 31, 2021 under normal times. This was a foregone conclusion given the successful bid opening date was not until of May 5, 2021, which was almost 2 months later than we expected. This when combined with the fact that COVID disruptions are expected to continue for quite some time in the future, indicates that Matt Construction should be given a much greater time frame to complete both projects.

Ed Basch
June 21, 2021
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So that we can have adequate time to complete our final 2 projects, and given the expectation of continued market place uncertainties well into the future, the City of Charles City respectfully requests that the contract end date for our CDBG program be extended to May 31, 2022.

Thank you for considering this amendment request.

Sincerely,

Dean Andrews, Mayor
City of Charles City

BID PROCURMENT SUMMARY - PROJECTS #5 AND #6
CITY OF CHARLES CITY CDBG HOUSING REHABILITATION PROGRAM

	Public Notice	Contractor Walk-Thru	Bid Opening	Bids Received
1 st Attempt	February 15 th , 2021	March 5th 2021 @ 11:00 & 11:30 AM	March 12th 2021 @ 11:00 AM	#5 - 0 #6 - 0
2 nd Attempt	March 19 th , 2021	March 24 th , 2021 @ 3:00 & 3:30 PM	March 31 st , 2021 @11:00 AM	#5 - 0 #6 - 0
3 rd Attempt	April 27 th , 2021	April 30 th , 2021 @ 11:00 AM & 11:30 AM	May 5 th , 2021 @ 10:00 AM	#5 - 1 #6 - 1

- 1st Attempt: We had two subcontractors, plumber, and electrician, attend the walk thus but no general contractors. We contacted contractors who had previously completed projects under the program, and they stated their schedules were too full to take on additional work at this time.
- 2nd Attempt: One general contractor attended the walk thru. The subcontractors from the first walk thru submitted their project bids to him. He had stated he planned to submit a bid by the deadline. However, he did not ultimately submit the bid stating he was too busy with work and attending school to complete a bid or the work in a timely manner.
- 3rd Attempt: One general contractor and an electrician attended the third walk thru. The general was given the contact information for the plumber and electrician that had attended the initial walk thru. The contractor (Matt Construction) submitted bids for both projects by the bid opening and was the only contractor to submit bids for either project.

MATT CONSTRUCTION – SUMNER, IOWA

Employee Summary

16 employee's total.

Three employees - Steve Frost, Cody Leach, and Robert Leach will be dedicated to both projects. All 3 have their lead (LSR) certifications.