

## Meeting Agendas/Info

CITY COUNCIL  
COMMUNICATION:

ITEM \_\_\_\_\_

**OFFICE OF THE CITY MANAGER  
CITY OF DES MOINES, IOWA**

01-295

**SYNOPSIS -**

**AGENDA:**

JUNE 4, 2001

**SUBJECT:**

REQUEST  
APPROVAL TO  
REJECT ALL  
SUBMITTED BIDS  
FOR  
REHABILITATION  
OF 2600 DEAN  
AVENUE

Because of significant costs associated with the rehabilitation of 2600 Dean Avenue, the Community Development and Engineering Departments believe it will be more cost-effective to reject all bids submitted for the rehabilitation of this property and initiate a sale of this property to a nonprofit housing developer to complete the rehabilitation.

**FISCAL IMPACT -**

None.

**RECOMMENDATION -**

**Approval.**

**TYPE:**

**BACKGROUND -**

**RESOLUTION**  
ORDINANCE  
RECEIVE/FILE

**SUBMITTED BY:**

JAMES M. GRANT  
COMMUNITY  
DEVELOPMENT  
DIRECTOR

On August 21, 2000, by Roll Call No. 00-3461, the Council approved the purchase of the El Paso Bar located at 2600 Dean Avenue. By Roll Call No. 00-3729, approved on September 11, 2000, the Council authorized the use of the Single Family Affordable Housing Program funds for the purchase, asbestos abatement, and demolition of this property.

In October 2000, Anderson Erickson Dairy donated a house at 2291 State Avenue to the City to foster housing opportunities for low-income residents. In November 2000, by Roll Call No. 00-4346, the Council approved the structural removal contract with Anderson Erickson Dairy to move the house to a new location at 2600 Dean. The house was moved to this location and some initial foundation work and backfilling was completed.

The Engineering and Community Development Departments

developed joint specifications of work necessary to finish the rehabilitation of the property. On May 7, 2001, by Roll Call No. 01-1304, the Council approved a resolution ordering completion of 2600 Dean and fixing a date of hearing and receiving of bids. Staff had estimated the cost to complete the rehabilitation of the structure to be \$65,000. The property was advertised for bid on May 9, 2001, a pre-bid viewing was held on May 16, 2001, and bids were received on May 22, 2001. However, Bergstrom Construction submitted the only bid, which was for \$95,900. Because of the high costs to complete the rehabilitation of this structure and the anticipated sale price of the property upon completion (\$60,000), both the Community Development and Engineering Departments believe the best course of action is to reject all bids for this property and initiate a disbursement process to a nonprofit organization willing to rehabilitate the property and sell to an owner occupant.

The rehabilitation of 2600 Dean could not be completed utilizing Community Development Neighborhood Conservation Services Division's normal process because the property is City-owned, and therefore the rehabilitation is legally a public improvement that must be bid in accordance with Chapter 384, Code of Iowa. In accordance with Chapter 384, the notice to bid was published in the Des Moines Register. In addition, plans were sent to six plan rooms, which are locations where plans of projects from around the State are available for potential bidders to review. Eighteen contractors obtained plans and bidding documents from the Engineering Department, of which nine indicated that they were interested in bidding the project, including five contractors that normally bid rehab work for the Community Development Department. The Community Development Department contractors did not bid on this project, possibly due to the size and scale.

Factors which affect the higher rehabilitation cost include the cost of providing a performance bond and bid security, costs associated with additional backfill around the property, soil compaction, maintenance of the property until it is sold, and watering and mowing the new sod until the house is sold. These factors may have reduced the number of contractors interested in bidding the project. These types of construction uncertainties are reflected in a higher bid submitted by a contractor. In addition, even though it is a relatively small rehabilitation project, it still requires a general contractor to hire and coordinate several sub-contractors to complete the project.

In view of the single bid received for \$95,900, staff recommends that it would be in the best interest of the City to attempt to market the property to several nonprofit housing organizations in the community

who may be able to rehabilitate the property. An entity of this type may have its own rehabilitation staff that could effectively complete the rehabilitation of this structure. It is believed that this would provide the greatest benefit to reduce the gap between the existing work needed to complete the project and the proposed sale price of \$60,000.

As an alternative, if this initiative is unsuccessful, staff would recommend that the property be sold to a private contractor to rehabilitate and sell to a homebuyer. Several contractors have expressed an interest in this property for these purposes.

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