

 <p style="text-align: center;"><b>Council Communication</b> Office of the City Manager</p>	<b>Date:</b> January 28, 2013
	<b>Agenda Item No.</b> MHGB3 <b>Roll Call No.</b> <u>13-0086</u> <b>Communication No.</b> <u>13-029</u> <b>Submitted by:</b> Douglas C. Romig, Housing Services Director

**AGENDA HEADING:**

Approving construction contract with Bergstrom Construction, Inc. for rehabilitation of nine (9) 5H Homeownership single family homes.

**SYNOPSIS:**

Approval of construction contract with Bergstrom Construction, Inc., (Tom Gorgas, President, 1719 Hull Avenue, Des Moines, Iowa), for the rehabilitation of nine (9) 5H Homeownership single family homes.

**FISCAL IMPACT:**

Amount: \$373,225 (excludes asbestos inspection/remediation; HVAC and floor coverings).

Funding Source: Disposition proceeds; Disposed Homes; SP350 HSG021500; page 118.

**ADDITIONAL INFORMATION:**

Currently the Des Moines Municipal Housing Agency has 32 single family homes within our 5H Homeownership program. At this time 19 units are occupied; one (1) is in the process of being sold; three (3) are recommended to be rescinded for general disposition and this action will provide for the rehabilitation of the remaining nine (9) units. During the rehabilitation process these houses will be marketed for homeownership, if they are not sold, they will become rental occupied units until such time that a buyer can be found. The locations of the units are listed below:

- 1312 Oak Park Avenue
- 2505 S.W. 12<sup>th</sup> Street
- 3101 Fleming Avenue
- 3108 Seneca Avenue
- 3221 E. 9<sup>th</sup> Street
- 1429 Sampson Street
- 2523 S.E. 7<sup>th</sup> Street
- 304 Diehl Avenue
- 4228 Leyden Avenue

Upon issuance of the construction contract with Bergstrom Construction, Inc. these units will be placed in the modernization category with the U.S. Department of Housing and Urban Development (HUD)

so that our Agency does not received negative vacancy reports during this rehabilitation period. This action will aid in improving our Public Housing Assessment System (PHAS) score as vacancy rates are one of the indicators utilized by HUD in evaluating Public Housing Agencies.

On December 4, 2012, the City's Procurement Officer issued Bid No. V13-050 to secure bids for this work; eleven (11) bids were mailed and one (1) bid was received. Due to the impact of having these units vacant, staff is recommending award of this contract to Bergstrom Construction, Inc. as the sole bid responder. The contract for this work was bid at \$373,225; however, some elements will be utilized through existing City contracts such as asbestos inspection/removal; furnace/air conditioner installation and floor coverings. The total estimated cost for the complete rehabilitation is estimated at \$470,000 or \$52,222.22 per home.

In a letter dated March 6, 2012, from HUD's Special Application Center office, HUD has approved the expenditure of up to \$500,000 for the renovation of these single family homes utilizing the Des Moines Municipal Housing Agency's Disposition proceeds.

**PREVIOUS COUNCIL ACTION(S): NONE**

**BOARD/COMMISSION ACTION(S): NONE**

**ANTICIPATED ACTIONS AND FUTURE COMMITMENTS: NONE**

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