



TO: Mayor Chuck Barney
Members of the City Council

FROM: John R. Zakian, DR Grant Program Manager & Chief Resilience Officer

DATE: March 21, 2018

SUBJECT: **Approval of Park South Change Order for \$120,585.28**

I. RECOMMENDED ACTION

Approve adding \$120,585.28 to funds for Park South Project

II. DEPARTMENT CONTACT PERSONS

John R. Zakian, DR Grant Program Manager & Chief Resilience Officer, 423-4528

III. DESCRIPTION

A. Background

Park South was a LMI multi-family rental housing rehabilitation project included as part of the city's CDBG-NDR HUD approved Action Plan and since the lead project partner is a non-profit corporation there was no requirement for a RFP. This is a leverage funded project which is a primary desire of HUD with the use of NDR funds with the city's share comprising 51% of the total project cost with the remaining sources including North Dakota CDBG contribution. The goal is to rehabilitate 31 units and the project to date is on schedule. We have been monitoring it through our consultant CDM Smith for such compliance requirements as Davis-Bacon wage requirements.

B. Proposed Project

The Developer has submitted a series of unanticipated costs with requested supporting back to explain the costs. The total submitted is \$373,038. The current budget for the total project includes a contingency of \$136,637 and this amount was subtracted from the \$373,038. The remaining balance is \$236,441.73 and 51% of this amount which is our share of the total project cost is \$120,585.28. The unanticipated costs were itemized by the developer and explanation was provided for each item. These costs have been reviewed by the CDM Smith subject matter experts and has provided written finding that all costs are appropriate and necessary. This written finding by CDM Smith will be part of the city's records in this project folder.

IV. IMPACT:

A. Strategic Impact:

It is not unusual for a project of this nature in an older building to discover unanticipated costs especially involved in a substantial rehabilitation. This is a key partnership as part of the HUD approved CDBG-NDR Action Plan and providing our share of the added costs is appropriate.

B. Service/Delivery Impact:

This project's rehabilitation of 31 rental units is a substantial contribution to meeting the CDBG-NDR Action Plan's goal of assisting the LMI population in the city of Minot and can

serve as a model for other rehabilitation projects in demonstrating that complying with both city code and federal regulations such as Davis-Bacon can be feasible in Minot.

C. Fiscal Impact:

The cost of \$120,585.28 will be funded from CDBG-NDR funds in the multi-family allocation.

V. ALTERNATIVES

N/A

VI. TIME CONSTRAINTS

NA

VII. LIST OF ATTACHMENTS

- i. CDM Smith email