



EXECUTIVE SUMMARY

HOUSING COMMISSION EXECUTIVE SUMMARY SHEET

DATE: November 30, 2018

HCR18-071

SUBJECT: Building Rehabilitation and Limited Structural Upgrades of Hotel Sandford

COUNCIL DISTRICT(S): 3

ORIGINATING DEPARTMENT: Real Estate Division

CONTACT/PHONE NUMBER: Tom Mudd/619-578-7439

REQUESTED ACTION:

Award of a design-build contract and approval of development budget for the rehabilitation and structural upgrades of the basement, limited exterior, and common areas of Hotel Sandford, located at 1301 Fifth Ave, San Diego, CA 92101, which is owned and managed by the San Diego Housing Commission.

EXECUTIVE SUMMARY OF KEY FACTORS:

- Hotel Sandford provides affordable rental housing in downtown San Diego for seniors age 55 and older.
- Originally constructed in 1914, Hotel Sandford, consists of four stories with 130 Single-Room Occupancy (SRO) units, multiple common areas, retail spaces on the ground floor and basement located at 1301 Fifth Avenue, San Diego, CA 92101. Of the 130 SRO units, 129 are restricted to seniors with income up to 60 percent of the San Diego Area Median Income, currently \$40,920 per year for a one-person household.
- The Housing Commission invested \$5.85 million toward the acquisition and initial rehabilitation of Hotel Sandford, as approved by the Housing Commission Board on December 18, 2009, and the Housing Authority on February 23, 2010.
- The current proposed rehabilitation will include common area upgrades, water intrusion remediation, limited structural upgrades, lease office reconfiguration, basement upgrades, waste management system upgrades and limited exterior finish upgrades.
- The project will implement the development plan utilizing the design-build contract with competitively bid solicitations and appropriate procurement methodologies.
- The development budget is an amount not to exceed \$3,820,000.



REPORT

DATE ISSUED: November 21, 2018

REPORT NO: HCR18-0071

ATTENTION: Chair and Members of the San Diego Housing Commission
For the Agenda of November 30, 2018

SUBJECT: Building Rehabilitation and Structural Upgrades of Hotel Sandford

COUNCIL DISTRICT: 3

REQUESTED ACTION:

Seven day Advance Notice of San Diego Housing Commission hearing of the following matter has been provided to the Housing Authority Members in accordance with the terms and provisions of San Diego Municipal Code Section 98.0301 (e)(4)(b).

Award of a design-build contract and approval of development budget for the rehabilitation and structural upgrades of the basement, limited exterior, and common areas of Hotel Sandford, located at 1301 Fifth Ave, San Diego, CA 92101, which is owned and managed by the San Diego Housing Commission.

STAFF RECOMMENDATION

That the San Diego Housing Commission (Housing Commission) take the following actions:

1. Authorize the President & Chief Executive Officer (President & CEO), or designee, to enter into a design-build contract, and all necessary contracts arising as a result of this procurement solicitation based on competitively bid solicitations and appropriate procurement methodologies, without further approvals by the Housing Commission Board of Commissioners (Board) or the Housing Authority of the City of San Diego (Housing Authority), provided that the aggregate amount of the contracts does not exceed the budget listed in Recommendation 2, below;
2. Approve total development plan and ratification of the budget (Attachment 1) in an amount not to exceed \$3,820,000;
3. Authorize the President & CEO, or designee, to substitute the identified contract funding sources with other available funding sources, as long as the total activity budget amount after substitution does not exceed the total approved budget, should the operational need arise or should actions be to the benefit of the Housing Commission and its mission; and
4. Authorize the President & CEO, or designee, to execute all documents and instruments necessary and/or appropriate to implement these approvals, in a form approved by General Counsel, and take such actions as are necessary and/or appropriate to implement these approvals.

SUMMARY

Hotel Sandford, originally constructed in 1914, consists of four stories with 130 Single-Room Occupancy (SRO) units, multiple common areas, retail spaces on the ground floor and basement located at 1301 Fifth Avenue, San Diego, CA 92101. Of the 130 SRO units, 129 are restricted to seniors 55 years of age or older with income up to 60 percent of the San Diego Area Median Income, currently \$40,920 per year for a one-person household. "Elder Help" facilitates weekly resident activities. The Housing Commission assumed the rights and responsibilities of the City ground lease and ownership of the 130 SRO units. The Housing Commission invested \$5.85 million toward the acquisition and initial rehabilitation of Hotel Sandford, as approved by the Housing Commission Board on December 18, 2009, and the Housing Authority on February 23, 2010.

The site is bounded by Sixth Avenue to the east, A Street to the south, and by commercial/residential properties to the north and west. The site consists of four-story levels with basement and multiple common areas that include laundry room and dining room. The building has no parking structure.

Since its acquisition of the property, the Housing Commission has completed several interior renovation projects, including bathroom faucets, flooring, medicine cabinets, plumbing, limited patching repairs, shower heads, sinks, toilets, and vanity replacements. Work was also completed in common areas and corridors on each floor.

The project's scope of work includes landscape design of the second floor courtyard, limited path of travel upgrades at the building's entrance, sewer line repairs in basement areas, directional signage, signage design for commercial lease spaces, landscape/irrigation design of sidewalk planters, and trash collection parking designation by the City of San Diego.

The building's exterior scope of work includes power-wash and paint all exterior walls, installation of a solar photovoltaic system at rooftop, addition of insulation in roof attic, gutter replacement, redesign of the drainage system, and construction of a secondary trash chute. Additional repairs will occur at basement foundation and skylights, fire escape and stairwell systems. Limited stucco repairs will be performed as needed throughout the building's exterior.

The building systems' scope of work includes relocation of existing SDG&E meter room, upgrade of main switchgear, and relocation of pipes adjacent to walls, beams, and columns. The scope of work also includes analysis of existing structural concrete and wood support systems, structural repairs of west and south walls and a portion of the north and east walls, waterproofing of basement walls, and construction of a sump pump system. Microbial growth remediation will be done in the basement with subsequent testing of basement areas. The scope may include the possible demolition of the wall adjacent to the existing trash chute.

The common area scope of work includes upgrades to dining and community rooms, hallways on floors 2-4, laundry room, lobby, stairways, reconfiguration of leasing office, purchase of furniture and wall art, and upgrade of two elevators and cabins. Upgrades include mitigation of echo in dining room, removal and replacement of floor finishes, application of clear finish to concrete floor in laundry room, replace hot water heater, rough-in and venting for dryers, plumbing repairs, wall bases, electrical outlets, switch plates and outlets, new electrical breakers, smoke/carbon monoxide detectors, electrical wiring, sewer, plumbing repairs, limited stair system upgrades and retexturing and painting of interior walls.

The project will require the proper mitigation, removal, and disposal of lead containing materials found at men's room, main lobby, north and south stairwells. Washers and dryers will be relocated during the rehabilitation of the laundry room. The project will implement the development plan utilizing the design-build contract with competitively bid solicitations and appropriate procurement methodologies. A design-build contract is a method of procurement that allows flexibility of designing to a budget while maintaining competitive solicitation requirements.

The first step in this process is a Request for Qualifications (RFQ) issued as a public solicitation. The RFQ includes a general Scope of Work, estimated value of the project, and general Design Build Team requirements. Once the RFQ responses have been received, an evaluation committee is formed to determine the most qualified respondents. From this determination, the top three to five respondents will be requested to move on to step two.

The second step is a Request for Proposals (RFP) issued to the three to five most qualified respondents to the RFQ. Unlike traditional "Lowest Price" bidding, a point-based selection criteria format is used to determine "Best Value." Such criteria is described in the RFP and includes: cost, qualifications of the project team, technical approach, construction plan, and summary of proposal. Each component that forms the overall criteria includes a weighted scoring scale to determine the best valued and most qualified Design Build Team.

FISCAL CONSIDERATIONS

The funding sources and uses proposed for approval by this action were included in the Fiscal Year 2019 Budget. Fiscal Year 2019 funding sources and uses are as follows:

Fiscal year 2019 funding sources:

Local Funds	\$3,820,000
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Fiscal Year 2019 funding uses:

Capital Improvements	\$3,820,000
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ECONOMIC OPPORTUNITIES FOR LOW- AND VERY LOW-INCOME PERSONS

The proposed project is subsidized by HUD Project-Based Housing Vouchers; therefore, it is subject to Section 3 of the Housing and Urban Development Act of 1968, implemented at Title 24, Part 135 of the code of Federal Regulations. New economic opportunities generated on this project shall, to the greatest extent feasible, be directed to low-income persons and business that employ such persons.

PREVIOUS COUNCIL and/or COMMITTEE ACTION

On December 18, 2009 (Report HCR09-107), and February 23, 2010 (Report HAR10-013; Resolution HA-1450), respectively, the Housing Commission Board of Commissioners (Board) and the Housing Authority authorized the Housing Commission to acquire Hotel Sandford.

On June 18, 2010 (Report HCR10-042) and July 20, 2010 (Report HAR10-030; Resolution HA-1477), respectively, the Housing Commission Board and the Housing Authority approved a contract for architectural services for rehabilitation improvements at Hotel Sandford.

On August 6, 2010 (Report HCR10-052) and September 7, 2010 (Report HAR10-050; Resolution HA-1481), respectively, the Housing Commission Board and the Housing Authority approved a contract for property management services for Hotel Sandford.

On June 10, 2011 (Report HCR11-070), the Housing Commission Board approved a lease with P5 Academy for first-floor retail space at Hotel Sandford.

On April 12, 2013 (Report HCR13-042) the Housing Commission Board approved a lease with Bartending College for first-floor retail space at Hotel Sandford.

On September 12, 2014 (HCR14-080), the Housing Commission Board approved a lease for additional first-floor retail space at Hotel Sandford for Associated Barber College of San Diego.

On September 11, 2015 (HCR15-078) and September 22, 2015 (HAR15-027; Resolution HA-1668), respectively, the Housing Commission Board and the Housing Authority approved a lease for additional first-floor retail space at Hotel Sandford for Associated Barber College of San Diego.

On October 7, 2016 (HCR16-083) and October 25, 2016 (HAR16-032; Resolution HA-1702), respectively, the Housing Commission Board and the Housing Authority approved a lease with Adamo Dry Cleaners for first-floor retail space at Hotel Sandford.

The Housing Commission's FY2019 Budget was approved respectively by the Housing Commission Board and the Housing Authority on May 4, 2018 (Report HCR18-043) and June 11, 2018 (Report HAR18-013; Resolution HA-1782).

KEY STAKEHOLDERS

The key stakeholders of this action are residents and commercial tenants of The Hotel Sandford and the San Diego Housing Commission.

ENVIRONMENTAL REVIEW

This proposed rehabilitation is categorically exempt from the requirements of the California Environmental Quality Act (CEQA) Guidelines because Hotel Sanford is an existing facility and the proposed actions do not involve expansion of the existing use. The project meets the criteria set forth in CEQA Section 15301 (a), which allows for exterior and interior alterations of existing facilities. The activities described herein are Categorically Excluded subject to Section 58.5 from the National Environmental Policy Act (NEPA) pursuant to Section 58.35 (a)(3) of Title 24 of the Code of Federal Regulations. The City of San Diego, as responsible entity, has conducted a limited Environmental Review of this project as required under Section 58.35(a), and has determined that his project converts to exempt status per Section 58.34(a)(12). A copy of the Environmental Review is on file in the Environmental Review Record.

Respectfully submitted,

Tom Mudd

Tom Mudd
Director, Development Services
Real Estate Division

Approved by,

Jeff Davis

Jeff Davis
Executive Vice President & Chief of Staff
San Diego Housing Commission

Attachments: 1) Total Development Plan

Hard copies are available for review during business hours at the security information desk in the main lobby and the fifth floor reception desk of the San Diego Housing Commission offices at 1122 Broadway, San Diego, CA 92101 and at the Office of the San Diego City Clerk, 202 C Street, San Diego, CA 92101. You may also review complete docket materials in the “Governance and Legislative Affairs” section of the San Diego Housing Commission website at www.sdhc.org

Hotel Sandford Rehabilitation

PROJECT MANAGER: Gabriela M. Nevins

UPDATED: 10/11/18

ACCOUNT MANAGER: Julie Conserva

ACCOUNTANT: Ngoc

SOURCES

JOB COST NO.	PROPERTY	TYPE	NOTES	BUDGET
LHS19	794,150	Development	Local	\$ 3,820,000.00
TOTAL SOURCES				\$ 3,820,000.00

USES

DESCRIPTION	CATEGORY	PROPERTY	BUDGET	REVISED BUDGET	SPENT TO DATE	REMAINING
Architect Engineer	9000-01-020					
Architect Engineer Consultants			\$ 95,000.00	\$ 95,000.00	\$ -	\$ 95,000.00
Sub-total Architect Engineer			\$ 95,000.00	\$ 95,000.00	\$ -	\$ 95,000.00
Legal	9000-01-060					
Legal Counsel Services			\$ -	\$ -	\$ -	\$ -
Sub-total Legal			\$ -	\$ -	\$ -	\$ -
Soft Cost Contingency	9000-01-100					
S.C. Contingency (5%)			\$ -	\$ -	\$ -	\$ -
Sub-total Soft Cost Contingency			\$ -	\$ -	\$ -	\$ -
Plan Check Fees	9000-01-130					
Permits and Plan Check Fees			\$ 2,500.00	\$ 2,500.00	\$ -	\$ 2,500.00
Sub-total Plan Check Fees			\$ 2,500.00	\$ 2,500.00	\$ -	\$ 2,500.00
Relocation Study Mgmt.	9000-01-160					
Relocation Study Mgmt.			\$ 10,500.00	\$ 10,500.00	\$ -	\$ 10,500.00
Sub-total Relocation Study			\$ 10,500.00	\$ 10,500.00	\$ -	\$ 10,500.00
Other Technical Reports	9000-01-170					
Misc. Technical Reports			\$ 55,000.00	\$ 55,000.00	\$ 11,000.00	\$ 44,000.00
Sub-total Other Technical Reports			\$ 55,000.00	\$ 55,000.00	\$ 11,000.00	\$ 44,000.00
Rehabilitation Residential	9000-01-190					
Residential Rehabilitation			\$ 3,180,000.00	\$ 3,180,000.00	\$ -	\$ 3,180,000.00
Sub-total Rehabilitation Residential			\$ 3,180,000.00	\$ 3,180,000.00	\$ -	\$ 3,180,000.00
Hard Cost Contingency	9000-01-200					
H.C. Contingency (10%)			\$ 477,000.00	\$ 477,000.00	\$ -	\$ 477,000.00
Sub-total Hard Cost Contingency			\$ 477,000.00	\$ 477,000.00	\$ -	\$ 477,000.00
TOTAL USES			\$ 3,820,000.00	\$ 3,820,000.00	\$ 11,000.00	\$ 3,809,000.00
GAP FUNDING				\$ -		