

**HOUSING AUTHORITY OF NEW ORLEANS  
BOARD OF COMMISSIONERS  
SPECIAL MEETING  
NOVEMBER 19, 2019**

**RESOLUTION NO. 2019-26**

**WHEREAS**, the Guste Homes Phase III project will consist of 155 rental units, which includes 99 public housing/low-income housing tax credit units, 10 public housing only units, and 46 Project-Based Voucher units (Project); and

**WHEREAS**, The Housing Authority of New Orleans (HANO) procured a contractor in 2013 to build the Project (Contract #13-912-13; Guste II New Affordable Housing Units, between HANO and Parkcrest Builders, LLC); and

**WHEREAS**, the contractor failed to perform under the contract and was terminated by HANO on April 10, 2015; and

**WHEREAS**, HANO notified the contractor's surety, Liberty Mutual, of its obligation to complete the Project and entered into a Takeover Agreement to that effect on June 9, 2015; and

**WHEREAS**, the surety missed all the construction deadlines under the Takeover Agreement and ultimately abandoned the project on August 9, 2016 before completion; and

**WHEREAS**, the Board of Commissioners of the Housing Authority of New Orleans authorized the award of the contract pursuant to IFB #17-912-11 for the Completion and Corrective Work at the Guste III Housing Development Group 5-6 in May 2017; and

**WHEREAS**, at the end of the contract scope for contract #17-912-11 for the Completion and Corrective Work at the Guste III Housing Development Group 5-6, a concealed condition was revealed which demonstrated that the vertical and horizontal fire rated separation between apartment units was compromised; and

**WHEREAS**, the New Orleans Department of Safety and Permits confirmed the need to repair the compromised vertical and horizontal fire rated separations; and

**WHEREAS**, HANO issued Invitation for Bids (IFB) #19-912-02 to procure a contractor to repair the units in accordance with the building code; and

**WHEREAS**, the Board of Commissioners of the Housing Authority of HANO authorized the award of a contract pursuant to IFB #19-912-02 to White Star Commercial, Inc. for the completion of 42 units (Group 5-6) through Resolution No. 2019-05 in an amount not to exceed \$730,832.00 (Repair Project); and

**WHEREAS**, certain changes in scope are necessary predominantly to address the previous contractor's substandard work; and

**WHEREAS**, HANO has currently executed Change Orders 1 through 3 under the executive director's signatory authority in the amount of \$134,470.01; and

**WHEREAS**, additional work is needed to ready the units for occupancy ahead of a December 31, 2019 deadline; and

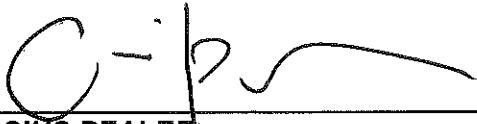
**WHEREAS**, the aggregate change to the contract amount is not anticipated to exceed \$200,000, limiting the revised total contract amount to \$930,832; and

**WHEREAS**, the Finance Department has certified there is sufficient funding to provide for a \$200,000 change in the aggregate contract amount;

**THEREFORE, BE IT RESOLVED**, that the Board of Commissioners of the Housing Authority of New Orleans hereby authorizes the Executive Director to execute any and all change orders necessary to complete the Repair Project not to exceed Two Hundred Thousand Dollars (\$200,000) in aggregate, limiting the total contract amount with White Star Commercial, Inc. to Nine Hundred Thirty Thousand Eight Hundred Thirty Two Dollars (\$930,832).

**Executed this 19<sup>th</sup> day of November, 2019**

**APPROVAL:**



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**CASIUS PEALER**  
**PRESIDENT, BOARD OF COMMISSIONERS**



**November 19, 2019**

**MEMORANDUM**

**To: Board of Commissioners  
President Casius Pealer, Commissioner Toni Hackett Antrum,  
Commissioner Isabel Barrios, Commissioner Sharon Jasper,  
Commissioner Debra Joseph, Commissioner Kim Piper,  
Commissioner Carol Johnson and Commissioner Bill Rouselle**

**Through Evette Hester  
Executive Director**

**From: Jennifer Adams  
Director, Development and Modernization**

**Re: Guste III Housing Development Change Order Authorization**

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In 2013, Housing Authority of New Orleans (HANO) awarded the contract for the construction of 155 mixed-income housing rental units at the Guste III redevelopment site in Central City to Parkcrest Builders (Contractor). The Contractor was obligated to deliver 155 residential rental units in seven groups between October 2014 and March 26, 2015. The Contractor missed all of the completion dates. On April 10, 2015, HANO sent a Notice of Final Default and Termination to the Contractor and requested that the Contractor's surety company, Liberty Mutual (Surety), fulfill its obligation to complete the project. HANO signed a Takeover Agreement with the Surety, effective June 9, 2015, to restart work on the project after termination of the Contractor. The Surety rehired the Contractor to complete the work on the Surety's behalf with new completion dates for the seven groups between July and November 2015. The Surety missed all of the completion dates. Because of the Surety's failure to address code compliance and punch list issues within the 10 units for which they had obtained Certificates of Occupancy, HANO sent notice to the Surety that HANO would assume control of the first 10 units on July 15, 2016 and procure a contractor to complete the outstanding items so that the units could be occupied. Subsequently, with 10 of 155 Certificates of Occupancy obtained, the Surety provided notice that as of August 9, 2016 they would abandon the project.

HANO undertook the completion of the units in 5 separate contracts between 2016 and 2017. Just before HANO was scheduled to turn the last 42 units over to the property manager for leasing, a plumbing leak was discovered in Building 19. When the bathtub was removed to repair the plumbing leak, it was discovered that the original Contractor and Surety failed to install the proper wall assembly at the demising wall behind the tub. The as-built condition fails to maintain the integrity of the fire rating required by building code and does not conform to the project construction documents. Subsequently, the gypsum wall board was removed at all impacted bath and kitchen areas to reveal 36 units with compromised rated separations. A scope was drafted to repair these units in accordance with the building code (Repair Project). White Star was awarded the contract pursuant to IFB #19-912-02 in the amount of \$730,832.00 in April 2019 via

Resolution No. 2019-05. A Notice to Proceed was issued on June 3. The contractor received the permit on July 10.

White Star is nearing the completion of their original contract scope. Because these units have been under construction since 2013 with various work starts and stops, several issues unknown during the bid period have arisen. Change Orders 1 through 3 have been issued within the executive director's signatory authority in the amount of \$134,470.01 which is under the established threshold of \$150,000 for Board approval. These change orders were issued for various plumbing upgrades, a substitution of tubs for shower units in the six-plex building, leak repairs, and HVAC servicing. However, in order to place the units in service before the December 31, 2019 deadline, additional work is necessary over the \$150,000 limit. These items include weatherstripping retrofits, HVAC repairs, water intrusion issues, and plumbing line blockages. It is anticipated that additional issues still unknown could arise in the turnover and leasing process.

Therefore, staff is recommending that the Board grant the authority to issue change orders up to \$200,000 in aggregate, capping the total potential contract amount at \$930,832 to provide the necessary flexibility to address issues as they arise in the next month.

The Finance Department has certified that the funds are available from HANO funds.

Therefore, HANO requests that the Board of Commissioners authorize the Executive Director to execute any and all change orders necessary to complete the Repair Project not to exceed Two Hundred Thousand Dollars (\$200,000) in aggregate, limiting the total contract amount with White Star Commercial, Inc. to Nine Hundred Thirty Thousand Eight Hundred Thirty Two Dollars (\$930,832).