

**HOUSING AUTHORITY OF NEW ORLEANS  
BOARD OF COMMISSIONERS  
REGULAR MEETING  
APRIL 30, 2019**

**RESOLUTION NO. 2019-05**

**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 the surety 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**, HANO received four (4) responses to the Invitation for Bids (IFB) #19-912-02 on Tuesday, March 19, 2019; and

**WHEREAS**, the lowest, responsive, responsible bid was received from White Star Commercial, Inc.; and

**WHEREAS**, White Star Commercial, Inc. submitted evidence of their commitment to comply with HANO's requirements relative to subcontracting opportunities for DBE and Section 3 Businesses and hiring opportunities for Section 3 individuals; and

**Resolution No. 2019-05**  
**April 30, 2019**  
**Page 2**


**WHEREAS**, the Finance Department has certified there is sufficient funding to provide for the corrective and restoration work to vertical and horizontal fire rated separations at the Guste III Housing Community - Group 5 & 6; and

**WHEREAS**, it is recommended that approval be given to award a contract to White Star Commercial, Inc. in an amount not to exceed Seven Hundred Thirty Thousand Eight Hundred Thirty Two Dollars (\$730,832.00), to perform corrective and restoration work to vertical and horizontal fire rated separations at the Guste III Housing Community - Group 5 & 6.

**THEREFORE, BE IT RESOLVED**, that the Board of Commissioners of the Housing Authority of New Orleans hereby approves the award of a contract and authorizes the Executive Director to execute a contract with White Star Commercial, Inc. to perform corrective and restoration work to vertical and horizontal fire rated separations at the Guste III Housing Community - Group 5 & 6 in an amount not to exceed Seven Hundred Thirty Thousand Eight Hundred Thirty Two Dollars (\$730,832.00) pursuant to Invitation for Bids #19-912-02.

**Executed this 30<sup>th</sup> day of April, 2019**

**APPROVAL:**

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



**April 30, 2019**

**MEMORANDUM**

**To: Board of Commissioners  
President Casius Pealer, Vice President Lisha A. Wheeler,  
Commissioner Isabel Barrios, Commissioner Toni Hackett Antrum,  
Commissioner Sharon Jasper, Commissioner Debra Joseph,  
Commissioner Kim Piper and Commissioner Alice Riener**

**Through Gregg Fortner  
Executive Director**

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

**Re: Award of Contract - IFB #19-912-02 Corrective and Restoration Work to  
Vertical and Horizontal Fire Rated Separations in Units at the Guste III  
Housing Community - Group 5 & 6**

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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 affected 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. When HANO bid the project in late

2018, only one bid was received and it was more than two times the project budget. Feedback from potential bidders led to a reworking of the bid package in order to encourage more bidders to price the project.

HANO's Invitation for Bids #19-912-02 was first advertised for bid on Friday, February 8, 2019 and bids were opened on Tuesday, March 19, 2019. HANO received 4 bids that ranged from \$730,832.00 to \$1,529,204.00. The project budget was \$769,000.00. The contract duration is 150 days.

## **CERTIFICATIONS**

### **Finance**

The Chief Financial Officer has certified that the funds are available to complete the project.

### **Procurement**

The Procurement Manager has certified that this procurement was conducted in accordance with all applicable Federal and State regulations and laws, and in accordance with HANO's procurement policy. The results of the due diligence indicate that the bidder is responsible. White Star Commercial submitted the lowest, responsive and responsible bid. The procurement memo is in your packet.

### **DBE/WBE/Section 3**

The Director of Development and Modernization has reviewed White Star Commercial Employment, Training and Contracting Plans and finds them in accordance with HANO's Employment, Training and Contracting Policy. The plans and memo are in your packet.

HANO requests that the Board of Commissioners approve the award of a contract and authorize the Executive Director to execute a contract with White Star Commercial, Inc. to perform corrective and restoration work to vertical and horizontal fire rated separations at the Guste III Housing Community - Group 5 & 6 in an amount not to exceed Seven Hundred Thirty Thousand Eight Hundred Thirty Two Dollars (\$730,832.00) pursuant to Invitation for Bids #19-912-02.