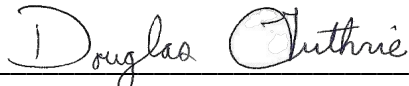


## Report of the President &amp; CEO

November 15, 2022

**RESOLUTION AUTHORIZING AWARD OF A ONE-YEAR CONTRACT TO REDESIGN GROUP, INC., IN AN AMOUNT NOT TO EXCEED \$710,000, FOR THE BUILD-OUT OF PROPERTY MANAGEMENT AND SUPPORTIVE SERVICES SPACE, PURSUANT TO IFB HA-2022-118-NF-PBV; ASSIGNMENT OF THAT CONTRACT TO WESTLAKE MACARTHUR PARK APARTMENTS, LLC (WESTLAKE), AND FURTHER AUTHORIZING USE OF \$710,000 IN AUTHORITY UNDER HACLA'S LINE OF CREDIT BY WESTLAKE TO COVER THE COST OF THE CONTRACT**



Douglas Guthrie  
President & Chief Executive Officer



Tina Smith-Booth  
Director of Asset Management

**Purpose:** To furnish all labor and materials necessary for the build-out of onsite office space for property management and supportive services at the Alvarado Lakeview Apartments.

*Regarding:*

Resolution No. 9787, adopted by the BOC on January 11, 2022, authorized the Housing Authority of the City of Los Angeles (“HACLA”) to acquire a new multi-family property known as the “Alvarado Lakeview Apartments”, located at 740. N. Alvarado, in Los Angeles (the “Property”), in response to the 2021 Homekey Notice of Funding Availability (“NOFA”).

On January 20, 2022, the President and CEO provided a memorandum to the Board of Commissioners (“BOC”) with an update on the: (1) acquisition terms and financing for the purchase and restructuring of the Property, and (2) the decision for HACLA to acquire the site as the sole owner through a newly formed instrumentality under La Cienega LOMOD, Inc., known as Westlake MacArthur Park Apartments, LLC., which occurred on January 28, 2022.

Resolution No. 9801, adopted by the BOC on January 27, 2022, authorized HACLA to dedicate seventy-eight (78) Section 8, Project-Based Vouchers (“PBV”) to the Property pursuant to Notice of Funding Availability No. HA-2021-164.

Resolution No. 9848, adopted by the BOC on April 26, 2022, authorized HACLA to: (1) accept a loan in the amount of \$2,725,000, from the City of Los Angeles to assist in providing funds to purchase, operate and improve the Property; and (2) to execute related loan documents, including a note and deed of trust.

**Issues:** The Property is an eighty (80) unit new construction, multifamily property consisting of one six-story building with forty-one (41) studio units, thirty-three (33) one-bedroom

units, and six (6) two-bedroom units, including the manager’s unit. The Property also includes 3,187 square feet of ground level commercial space, which will be used primarily to offer onsite property management and resident services with some space set aside for commercial uses. This new build-out will accommodate office space for: 1) four (4) case managers; 2) a program supervisor; 3) a small break-out room to be used by a roving clinician; and 4) property management and maintenance staff. The space will also contain a small kitchen, along with one (1) copy machine and storage area and will establish the welcoming area and security set-up within the building lobby.

**Procurement:** On October 4, 2022, HACLA advertised Invitation for Bid No. HA-2022-118-NF-PBV (“IFB”) to solicit bids for the build-out of office space. Bidders were asked to substantiate having a minimum of three (3) years’ experience performing projects of similar scope and work. On November 2, 2022, HACLA received and opened four (4) sealed bids. The following base bid amounts were recorded:

BIDDER		TOTAL BID PRICE
1	Redesign Group, Inc.	\$ 616,360.00
2	Corner Keystone Construction	\$ 677,540.00
3	G2K Construction, Inc.	\$ 769,888.00
4	Pinhero Construction, Inc.	\$ 788,000.00

Additional information regarding the bids and their evaluations is included in the attached Summary of Procurement and Outreach.

The Asset Management Department recommends award of the contract to Redesign Group Inc., for a total amount not-to-exceed \$710,000, which includes an approximately fifteen (15) percent contingency.

Assignment: HACLA and its various instrumentalities including La Cienega LOMOD (“La Cienega”), are parties to that certain Memorandum of Understanding dated December 19, 2013 (“MOU”), under which HACLA provides procurement and other supportive services to its instrumentalities. Pursuant to the MOU, HACLA conducted the IFB on behalf of La Cienega, for its further assignment of the contract awarded to Redesign Group, Inc. to Westlake MacArthur Park Apartments, LLC (“Westlake”). As noted above, Westlake is the single purpose entity that owns the Property, and of which La Cienega is its sole member. Subject to the BOC’s approval, HACLA will assign its rights and responsibilities as an awarding body as well as control of the contract with Redesign Group, Inc. to Westlake. An action of concurrence on behalf of the Board of Directors of La Cienega as the sole member of Westlake will be necessary to implement these actions and is expected to be taken up separately.

**Vision Plan: PEOPLE Strategy #10: Increase access to mental health services, including peer to peer support**

This build-out provides space to accommodate onsite mental health services to be provide in collaboration with our service provider PATH.

**Funding:** The Chief Administrative Officer confirms the following:

*Source of Funds:* Funds from HACLA’s line of credit with City National Bank will be used by Westlake for the awarded contract. All proceeds will be repaid by Westlake with the conversion to permanent financing once the Property is fully leased up and stabilized.

*Budget and Program Impact:* Ongoing interest payments will be paid from all revenue collected. The Property is currently being leased up and a HAP contract is in place so enough income should be received to cover all operating costs and any immediate outstanding interest payments during the construction period and prior to permanent conversion. To date, the Property has drawn \$24,500,000 from the Line of Credit to cover acquisition and closings costs as well as \$7,401,500 in unrestricted nonfederal funds from HACLA to take out the Seller Carryback. HACLA has received an award of \$20,925,000 in Homekey funding from the State of California and has submitted a draw request for the funds. Once received, these funds will be used to make a partial payment on the outstanding draw from the Line of Credit and to cover any additional lease up, capital and operating reserves the Property may require. Westlake will obtain conventional permanent debt in FY2023 and expects to be able to use this debt to repay any balances owed to the Line of Credit and HACLA.

**Environmental**

**Review:** The proposed project is categorically exempt from CEQA requirements pursuant to CEQA Guidelines Section 15301, Class 1: Existing Facilities. The project consists of a minor tenant improvement build-out of office space within an existing facility resulting in negligible or no expansion of use.

**Section 3:** The contract with Redesign Group, Inc., does not trigger HUD Section 3 requirements under 24 CFR Part 75. Notwithstanding, HACLA imposed Section 3 pursuant to its Section 3 Policy and Compliance Plan. Redesign Group, Inc., committed to hire two (2) general laborers in connection with this project. If unable to satisfy the hiring commitments, they will engage in other qualitative efforts to provide assistance to apply for/or attend community college, or a four-year educational institution, or vocational/training school.

**Attachments:**

1. Resolution
2. Summary of Procurement and Outreach

**ATTACHMENT 1**  
**RESOLUTION**

RESOLUTION NO. \_\_\_\_\_

**RESOLUTION AUTHORIZING AWARD OF A ONE-YEAR CONTRACT TO REDESIGN GROUP, INC., IN AN AMOUNT NOT TO EXCEED \$710,000, FOR THE BUILD-OUT OF PROPERTY MANAGEMENT AND SUPPORTIVE SERVICES SPACE, PURSUANT TO IFB HA-2022-118-NF-PBV; ASSIGNMENT OF THAT CONTRACT TO WESTLAKE MACARTHUR PARK APARTMENTS, LLC (WESTLAKE), AND FURTHER AUTHORIZING USE OF \$710,000 IN AUTHORITY UNDER HACLA'S LINE OF CREDIT BY WESTLAKE TO COVER THE COST OF THE CONTRACT.**

**WHEREAS**, on October 4, 2022, the Housing Authority of the City of Los Angeles ("HACLA") issued Invitation for Bid HA-2022-118-NF-PBV ("IFB") for the partial build-out of the 3,187 square foot of commercial space at the Alvarado Lakeview Apartments located at 740 S. Alvarado in Los Angeles (the "Property"), to accommodate adequate office space for property management and resident services (the "Project");

**WHEREAS**, as detailed in the Report of the President and CEO of the same date herewith, the IFB was conducted by HACLA on behalf of La Cienega LOMOD, one of its instrumentalities ("La Cienega"), and following review of the bids received in response to the IFB, Redesign Group, Inc. was determined the lowest responsive and responsible bidder;

**WHEREAS**, HACLA's Board of Commissioners now desires to award a contract to Redesign Group, Inc. to construct the Project pursuant to the IFB, to authorize an assignment of that contract to Westlake MacArthur Park Apartments, LLC ("Westlake"), the single-purpose entity that owns the Property, and of which La Cienega is the sole member;

**WHEREAS**, Westlake is in the process of leasing all of its units in accordance with the Project Homekey requirements and does not have existing operating income or reserves to cover the cost of the contract with the Redesign Group, Inc.;

**WHEREAS**, HACLA's Revolving Line of Credit provides the authority to access funds for rehabilitation and construction projects related to the acquisition of properties for affordable housing in HACLA's portfolio or the portfolio of its instrumentalities.

**NOW, THEREFORE, BE IT RESOLVED** that the Board of Commissioners hereby authorizes the President and CEO, or designee, to award a contract to the Redesign Group, Inc. for an amount not-to-exceed \$710,000, inclusive of an approximately fifteen percent (15%) contingency to construct the Project pursuant to the IFB, to assign that contract to Westlake, to provide up to \$710,000 from the HACLA's Revolving Line of Credit to cover all contract expenses and contingencies through Westlake, and to take all other actions reasonably necessary to effectuate the above.

**BE IT FURTHER RESOLVED** that this Resolution shall take effect immediately.

APPROVED AS TO FORM

HOUSING AUTHORITY OF THE  
CITY OF LOS ANGELES

By: \_\_\_\_\_  
James Johnson, General Counsel

By: \_\_\_\_\_  
Cielo Castro, Chairperson

DATE ADOPTED: \_\_\_\_\_

**ATTACHMENT 2**  
**SUMMARY OF PROCUREMENT AND OUTREACH**

## Summary of Procurement and Outreach

IFB No. HA- 2022-118-NF-PBV  
**Build-Out of 740 S. Alvarado**

### **A. Funding Source**

Federal     Non-Federal     Mixed Funding

### **B. Advertisement; Minority/Women Outreach**

On October 4, 2022, General Services issued Invitation for Bid No. HA-2022-118-NF (“IFB”) to solicit bids from qualified contractors to furnish all labor, materials, supplies, and equipment necessary to perform the build-out of renovations for Alvarado Lakeview Apartments, located at 740 S. Alvarado Street, Los Angeles. The IFB was advertised on the Regional Alliance Marketplace for Procurement (“RAMP”) website starting on October 4, 2022 until the bid submission deadline on November 2, 2022, for a total of 29 days. A total of 98 vendors viewed the IFB on the RAMP website.

In support of HACLA’s policy to contract with Minority-Owned Business Enterprises (“MBEs”), Women-Owned Business Enterprises (“WBEs”) and Labor Surplus Area (“LSAs”) businesses for the delivery of goods and services to the extent possible, notice of this IFB was provided to the businesses identified on HACLA’s list of recognized MBE’s/WBE’s and to the local office of the U.S. Small Business Administration (“SBA”) for their further dissemination (see below).

### **C. Pre-Bid Conference and Job Walk**

An optional pre-bid conference and site walk session was held on October 12, 2022, where a total of seven (7) vendors participated, including the lowest-priced contractor and Awardee, Redesign Group, Inc. (“Redesign”). Questions raised during the site walk and those submitted in writing by the deadline to the Contracts Administrator were answered, via addenda, and posted on the RAMP website.

### **D. Addenda**

On October 20, 2022, Addendum No. 1 was issued in response to questions received by the submission deadline. On October 25, 2022 Addendum No. 2 was issued to extend the bid submission deadline from October 25, 2022 to November 2, 2022. On October 26, 2022, Addendum No. 3 was issued to correct the wage determination, which did not include the Davis-Bacon wages required for this project. The project will be the recipient of Project Based Vouchers (“PBV”) pursuant to Section 8 Housing Assistance Payments (“HAP”) Contract 2022-014-PBV, thereby triggering Davis-Bacon wages. The IFB was re-named “IFB-HA-2022-118-NF-PBV” to identify the presence of the HAP contract. All Addenda were posted on the RAMP website.

### **E. Sealed Bids Received and Opened**

The sealed bids were due by 11:00 a.m., on November 2, 2022. The bids were publicly opened and read aloud at HACLA’s Central Business Office at 2600 Wilshire Boulevard, Los Angeles, at approximately 11:30 a.m. While the bid opening was advertised as being available for viewing in real-time via GoToMeeting, the meeting link had expired. Instead, the bid opening was filmed and posted to RAMP along with the bid abstract in the link provided below.

A total of four (4) sealed bids were received and opened and the following bid totals were recorded:

Lowest Price	Second Lowest Price	Third Lowest Price	Fourth Lowest Price
Redesign Group, Inc. \$616,360	Corner Keystone Construction \$677,540	G2K Construction, Inc. \$769,888	Pinhero Construction, Inc. \$788,000

Bid abstract results were subsequently posted at: <http://www.hacla.org/contractingprocess>.

**F. Review of Bids**

The General Services Department vetted each of the bidders and the subcontractors listed for all bids received. All bidders were determined to be qualified based on HACLA’s standard Due Diligence review for contractors. While some bidders were missing items at the time of submission, had they been identified as the apparent lowest bidder, they would have been provided the opportunity to submit the missing items as permitted under the IFB, which provides HACLA with the discretion to waive any informalities, minor irregularities, or inconsequential deviations in the bids.

General Services also performed a price reasonableness determination and determined Redesign Group’s bid compared favorably to the Independent Cost Estimate (“ICE”). Staff from both General Services and the Asset Management Department discussed bid pricing and the Redesign Group’s qualifications. Following such discussions, the Asset Management Department concurred with General Services’ determination that the Redesign Group’s bid is reasonable, and they are qualified to perform the work.

The bid packages were also provided to Section 3 Compliance Administrator, Sone Davayan, for her review. Ms. Davayan determined that Redesign Group’s Section 3 commitment is satisfactory, having submitted an Economic Opportunity Plan (“EOP”) in conformity with the requirements of HACLA’s Section 3 Policy and Compliance Plan.

**G. Workforce Profile**

The Redesign Group submitted a Workforce Profile that revealed the following workforce composition:

Company	Employees
Redesign Group, Inc.	Total: 8 3 minorities = 37% 2 women = 25%



**H. 29 CFR 1.6 Notification of Changed Wage Determination or Modification**

Within the ten-day period prior to bid opening, the Department of Labor published a change to the Davis-Bacon wage determination applicable to this solicitation: CA20220022 (covering “building” work performed in Los Angeles County). However, in accordance with 29 CFR 1.6(c)(3)(i), the Public Works and Compliance Administrator determined it was not feasible for bidders to be notified of the change prior to the bid open date.

**I. Recommendation for Award**

Asset Management Department recommends the Redesign Group, Inc., for a contract award of \$710,000, which is comprised of the following sums:

Type	Description of Work	Bid Price
Base Bid	Contract Work	\$616,360 (fixed sum)
Contingency (15%)	As needed – requires approved change order	\$92,454 (not-to-exceed)
Contract Sum		\$708,814, rounded up to \$710,000

All bidders were notified of this contract award recommendation and the date of the Board of Commissioners meeting where award of the contract will be considered.

## MBE/WBE ORGANIZATIONS MAILING LIST

1	American Indian Chamber of Commerce
2	Asian American Architects and Engineers Association
3	Asian Business Association of Los Angeles
4	Asian Business League of Southern California
5	Asian Pacific Islander Small Business Program
6	Black Business Association
7	Build Plus Community Marketplace
8	California Hispanic Chamber of Commerce
9	Greater L.A. African American Chamber of Commerce (GLAAACC)
10	Greater San Fernando Valley Chamber of Commerce
11	Korean American Chamber of Commerce
12	LA Metropolitan Hispanic Chamber of Commerce
13	Latin Business Association (LBA)
14	Los Angeles Area Chamber of Commerce
15	Los Angeles Area Chamber of Commerce
16	Los Angeles Latino Chamber of Commerce
17	Los Angeles Minority Business Development Agency (MBDA) Business Center
18	Los Angeles Minority Business Enterprise Center USC (MBDA)
19	National Association of Minority Contractors
20	National Association of Women Business Owners Los Angeles
21	National Black Contractors Association
22	National Latina Business Women Association (NLBWA-LA)
23	Pacific Asian Consortium in Employment (PACE) Business Center
24	Pacific Coast Regional Small Business Development Corp (SBDC)
25	Regional Black Chamber of Commerce of San Fernando Valley
26	Regional Hispanic Chamber of Commerce
27	Small Business Majority
28	Southern California Black Chamber of Commerce
29	Southern California Minority Supplier Development Council
30	The New Ninth Business Resource Center
31	US Black Chamber of Commerce
32	US Small Business Administration
33	US Veteran Business Alliance
34	Valley Economic Development Center/Women's Business Center
35	Vermont Slason Economic Development Corporation
36	Vernon Network Committee
37	Young Black Contractors Association