



May 10, 2021

TO: Board of Directors

**SUBJECT: May 14, 2021, Board Meeting
AGENDA ITEM 7
RATIFICATION OF CHANGE ORDERS TO VARIOUS MAINTENANCE
CONTRACTS**

CONTACT PERSON: Tom Van Syoc, Facilities Maintenance Manager
Frank Czajka, Construction & Rehabilitation Manager

RECOMMENDATION:

Staff recommends the Board adopt a resolution ratifying the Executive Director's action approving change orders to the following maintenance contracts:

- C20-016 - 2 Go Building Maintenance in the amount of \$90,000.00 for Vacant Apartment Cleaning/Emergency Water Extraction/Floor Cleaning Services
- C20-019 - Advance Integrated Pest Management in the amount of \$34,500.00 for Bed Bug Heat Treatments
- C20-089 - Belfor USA Group, Inc. in the amount of \$60,000.00 for Asbestos Abatement
- C21-035 - Delk Pest Control in the amount of \$52,000.00 for K-9 Bed Bug inspection.
- C20-015 - RCO Flooring (California Renovations) in the amount of \$75,000.00 for Floor Covering Repair/Replacement.
- C20-014 - Elite Service Experts in the amount of \$116,000.00 for Landscape and Lawn Care Services

BACKGROUND

During the current fiscal year, CADA experienced a number of unusual and unexpected developments that required vendors performing work under annual CADA maintenance contracts to do more work than their contract scopes of work and the contract budgets anticipated. CADA has paid for most of the additional work, drawing from its contingency funds, but change orders ratifying the Executive Director's approval of the work are required. Staff are preparing them now and will send them to the vendors following the May Board meeting. The change order amounts include a cushion to enable work to continue until the end of the fiscal year if unanticipated tasks arise at the pace they have over the past ten months.

2 Go Building Maintenance

In May 2019, CADA awarded Maintenance Contract C20-16 to 2 Go Building Maintenance in the amount of \$90,000.00 for Vacant Apartment Cleaning, Emergency Water Extraction, and Floor Cleaning Services. This contract includes an optional annual extension(s) for up to an additional four

years. With the increased number of residents spending time at home this year due to COVID-related health orders, there were many more-than-anticipated instances of floods, accidents, and other occurrences that required emergency water extraction and cleaning services, including several vacated apartments that were left in such poor condition that an initial decontamination/deep-cleaning was needed before the task of turning the unit could begin, as well as the unanticipated need to clean human waste and other fluids in apartments, hallways and common areas resulting from tenants injuring themselves in the common areas and apartments, passing away without attracting notice for some time, or becoming incontinent and lacking any caregivers to assist them. These unforeseen circumstances have resulted in the need for a change order in the amount of \$90,000.00 to cover these additional tasks.

Advanced Integrated Pest Control

In May 2019, CADA awarded Maintenance Contract C20-19 to Advanced Integrated Pest Management in the amount of \$14,500.00 for Bed Bug Heat Treatments. This contract includes 4 annual extensions. CADA has seen an exponential and unanticipated increase in the number of bed bug infestations this year in multiple buildings that required heat treatments in infected apartments and many adjacent apartments as well. Some treated units required more than one treatment in multiple apartments per building to eradicate the pests. These unforeseen circumstances have resulted in the need for a change order in the amount of \$34,500.00 to cover these additional tasks.

Belfor

In July 2019, CADA awarded Maintenance Contract C20-089 to Belfor USA Group, Inc. in the amount of \$40,000.00 for Asbestos Abatement and specialized cleanup of smoke-damaged apartments and apartments where sewer backups occurred that required cleanup of tenants' personal belongings. This contract includes four annual extensions. Due to the age of CADA's buildings, it is almost certain that there will be asbestos which must be removed before any projects can begin. The costs associated with the removal of asbestos have increased dramatically over the past year. These combined factors resulted in the need for a change order in the amount of \$60,000.00 to cover the additional expenses.

Delk

In July 2020, CADA awarded Maintenance Contract C21-035 to Delk Pest Control in the amount of \$48,000.00 for K-9 Bed Bug inspection. This contract includes no annual extensions. Due to the exponential increase in infestations of bed bugs this year, the number of canine inspections increased twofold, resulting in the need for a change order in the amount of \$52,000.00 to cover these additional expenses.

RCO Flooring

In October 2019, CADA awarded Maintenance Contract C20-015 to RCO Flooring (California Renovations) in the amount of \$200,000.00 for Floor Covering Repair/Replacement. This contract includes an optional annual extension for one additional year. The floods and tenant-caused damage described above require a change order in the amount of \$75,000.00 to cover additional expenses this year.

Elite Service Experts

In June 2019, CADA awarded Maintenance Contract C20-014 to Elite Service Experts in the amount of \$114,000.00 for Landscape and Lawn Care Services. This contract includes optional annual

extension(s) for up to an additional four years. Due to the COVID-19 pandemic, CADA shifted some of its focus from indoor projects to outdoor landscaping projects. Elite tackled projects such as removing storm-damaged trees, trimming trees to prevent damage to CADA buildings, installing and repairing automatic sprinkler systems where none existed previously as part of streetscape upgrade efforts, and landscape beautification projects. These additional services were not included in the original contract, resulting in the need for a change order in the amount of \$116,000.00 to cover these additional expenses.

Personnel Changes and COVID-19 Impacts

Personnel changes and COVID-19 also had an impact on the CADA office support staff that Maintenance and CADA's Accounting department rely on to keep abreast of the budgetary matters, including cost overages. Going forward, Maintenance will be looking at CMMS functionality to be utilized to keep track of contracts and expenditures so we are not taken by surprise by future cost overages, even when CADA is temporarily under-staffed due to factors beyond our control CADA's Accounting Department will be working with Maintenance to develop more robust budget tracking processes for the annual maintenance contracts so that variances can be identified and addressed sooner.

POLICY

This item comes before the Board because, with the requested change orders, the current contract amounts will either exceed the \$50,000 contract amount or exceed the 10% or \$25,000.00 change order approval authority of the Executive Director. The change orders were authorized by the Executive Director under CADA's Contract and Bid Procedures Policy Statement, Section VII, C (3.a), which provides the Executive Director discretionary authority to approve change orders to prevent interruption of work which would result in a substantial cost increase to CADA. Staff is requesting that the Board approve a resolution ratifying the Executive Director's action.

STRATEGIC PLAN

The proposed action addresses the following 2016-2021 CADA Strategic Plan goals: "Provide Superior Property Management."

FINANCIAL IMPACTS

The total contracts, with the addition of the requested \$427,500.00 in change orders, totals \$934,000.00. A total of \$506,500.00 was approved by the Board in June of 2020 in the FY 2020-21 Facilities Maintenance Managers Budget. Any amount that exceeds the Maintenance Manager's current budget will be taken from the Contingency budget line item in the C19 FY 2018-19 Capital Investment Program — Major Construction Budget, adopted in June of 2018, which is sufficient to cover these costs.

ENVIRONMENTAL ISSUES

This item does not require CEQA review or certification.

RESOLUTION NO. 21 - 08

Adopted by the Capitol Area Development Authority

May 14, 2021

RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR TO ENTER INTO CHANGE ORDERS FOR MAINTENANCE CONTRACTS C20-016, C20-019, C20-089, C21-035, C20-015, & C20-014

WHEREAS, the Board authorized the Executive Director to enter into a maintenance contracts with 2 Go Building Maintenance in the amount of \$90,000.00 for Vacant Apartment Cleaning/Emergency Water Extraction/Floor Cleaning Services (C20-16); and Advance Integrated Pest Management in the amount of \$14,500.00 for Bed Bug Heat Treatments (C20-19); and Belfor USA Group, Inc. in the amount of \$40,000.00 for Asbestos Abatement (C20-089); and Delk Pest Control in the amount of \$48,000.00 for K-9 Bed Bug inspection (C21-035); and RCO Flooring (California Renovations) in the amount of \$200,000.00 for Floor Covering Repair/Replacement (C20-15); and Elite Service Experts in the amount of \$114,000.00 for Landscape and Lawn Care Services (C20-14)

WHEREAS, staff is recommending the Board approve change orders to the contracts listed above totaling \$427,500 to pay for additional costs to cover unanticipated additional work associated with CADA's building maintenance.

NOW, THEREFORE, BE IT RESOLVED, by the Capitol Area Development Authority

1. That the Executive Director is authorized to enter into Change Orders with

1. 2 Go Building Maintenance in the amount of \$90,000.00 for Vacant Apartment Cleaning/Emergency Water Extraction/Floor Cleaning Services
2. Advance Integrated Pest Management in the amount of \$34,500.00 for Bed Bug Heat Treatments
3. Belfor USA Group, Inc. in the amount of \$60,000.00 for Asbestos Abatement
4. Delk Pest Control in the amount of \$52,000.00 for K-9 Bed Bug inspection.
5. RCO Flooring (California Renovations) in the amount of \$75,000.00 for Floor Covering Repair/Replacement.
6. Elite Service Experts in the amount of \$116,000.00 for Landscape and Lawn Care Services

Ann Bailey, Chair

ATTEST:

Jill Azevedo
Acting Secretary to the Board of Directors