

**General Contractor Request for Qualifications:
Construction of a New Apartment Community
Oleander Homes
Galveston, Texas
February 5, 2020**

I. Introduction

McCormack Baron Salazar, Inc. is soliciting Requests for Qualifications (RFQ) for the construction of approximately 325 to 400 apartment units on the site of the former Oleander Homes development in Galveston Texas. The site is located at the northeastern corner of Broadway Avenue and 51st Street and is just over 11 acres. After Hurricane Ike destroyed all four of Galveston Housing Authority's family public housing developments: Oleander Homes, Magnolia Homes, Palm Terrace, and Cedar Terrace, the Galveston Housing Authority (GHA) selected McCormack Baron Salazar, Inc. (MBS) to partner on the development of replacement units. In 2016 and 2017, GHA, MBS, the Texas General Land Office (GLO), and HUD, completed construction of the first two efforts in the regard, The Cedars at Carver Park (formerly Cedar Terrace) and The Villas on the Strand (formerly Magnolia Homes). The redevelopment of Oleander Homes will be the third such development.

MBS is a Missouri Corporation specializing in the redevelopment of urban neighborhoods.

The qualifications-based selection criteria for the RFQ is further described below. The criteria used in evaluating the submissions will include factors that are determined to derive or offer the greatest value to the project combining both qualifications and fee.

Current information on the project is included throughout this document but note this information is subject to change.

Oleander Homes Transformation Plan Overview

The new Oleander Homes development will be a privately owned and managed, mixed-income rental housing community located on the site that was once home to the Oleander Homes public housing development. This development is unique in that a portion of the units will be set aside for "public housing" eligible families, a portion set aside for "low to middle income" families, and the balance will be available as "market rate" units. These unit types will be interspersed throughout the development, and each will be built to the same standards and with the same amenities, so that no one unit is distinguishable from another in terms of whether it serves a public housing, low-middle income, or market rate tenant.

It is anticipated that the construction of the Oleander Homes project will start in late fall of 2020 and take 24 months to substantial completion.

Permanent and construction financing for the development comes from a combination of funds from the U.S. Department of Housing and Urban Development (HUD), the General Land Office CDBG-DR funds, conventional debt, and tax credit equity proceeds generated from 4% low income housing tax credits.

The Oleander Homes site was razed more than a decade ago. All that remains is the former community building, which will be demolished prior to the start of construction.

Background - McCormack Baron Salazar (Developer) and Galveston Housing Authority

McCormack Baron Salazar has distinguished itself since the late 1970's as the leading for-profit residential development and management company (through its affiliate, McCormack Baron Management), committed exclusively to urban neighborhoods. It is often called upon by cities and local agencies to provide housing opportunities in difficult to develop areas. The firm has moved from restoring single historic buildings and sites during its early years to undertaking multi-block development projects including both market-rate and affordable housing and has now developed over 20,000 units of housing and 1.4 million square feet of commercial/retail space. The total development costs of these projects amount to approximately \$3.7 billion.

MBS developments are characterized by a blend of financing sources – both public and private. Its financing techniques incorporate a variety of funding approaches utilizing federal programs where available, tax-exempt financing, conventional loans, foundation loans and grants, and equity from the private sector. During its development activities in local communities, the firm has successfully created relationships with local government, the private sector, community-based organizations, and foundations. In addition to MBS' work with GHA to develop The Cedars at Carver Park and The Villas on the Strand Galveston, MBS is the lead housing development entity in several other communities, including Sacramento (Twin Rivers), San Francisco (Alice Griffith), Columbus (Poindexter), Louisville (Beecher Terrace), New Orleans (Iberville), San Antonio (Wheatley Courts), Pittsburgh (Larimer/E. Liberty), and St. Louis (Preservation Square). For more information about McCormack Baron Salazar, please visit our website at www.McCormackBaron.com.

MBS is partnering with the Galveston Housing Authority (GHA) for the Oleander site Redevelopment. The GHA has provided housing to low-income families on the island for almost 80 years. GHA was formed on April 18, 1940, by the mayor at the time. Prior to Hurricane Ike, the GHA operated 942 units of Public Housing in four family units and two senior developments and scattered sites as well as administering 1,213 Housing Choice (Section 8) Vouchers. Post Ike, GHA operates 450 units of public housing at Gulf Breeze, Holland House, the Oaks duplexes, and scattered sites and about 1500 Housing Choice Vouchers, including additional Katrina/Rita conversion vouchers and 35 Veteran's Assistance (VASH) Vouchers. GHA creates excellent housing options by fostering public/private partnerships with best in class real estate developers, property managers, and service providers to leverage public funds with private investment and empower individuals, families, and communities. For more information about Galveston Housing Authority, please visit website at www.ghatx.org.

II. Description of the Project

The proposed plan (See **Exhibit A**) is to create five new City blocks that align with the existing street grid. The new development will be roughly 325 to 400 new apartments in a mix of one, two, three- and four-bedroom units. The proposed site plan will be finalized after a series of public meetings held with the community and the Galveston Housing Authority. The building types include both a corridor building with an elevator and townhouse units. Both building types will be elevated above existing grade approximate one story to raise the habitable spaces above the base flood elevation (and required free board) to allow for parking under the buildings. Please see the images included in this RFQ of previous developments (See **Exhibit B**). Please note that it is anticipated that Oleander Homes will be similar in the design and construction to The Cedars at Carver Park and The Villas on the Strand Galveston.

It is anticipated that the corridor building will have a concrete podium with three stories of wood frame construction. The foundation will be piles (wood or concrete) with pile caps and concrete columns. The exterior finishes will be masonry, stucco and cementitious siding. The townhouse units will also be wood frame construction. The final structural design will be the responsibility of the design team.

The development will also include a management/leasing office and community spaces including but not limited to a fitness and computer rooms that will total approximately 8,000 SF. The site improvements include but are not limited to a pool, parking lots, walks, all on-site utilities, trash enclosures, tot lots, site lighting, fencing, landscaping and other features typical of a market rate development.

In addition to the construction of the housing, improvements to public infrastructure, including construction of new streets and sidewalks, repaving of existing streets, upgrades to existing utilities, and installation of new street lighting and street trees will be constructed under a separate contract with the selected general contractor.

III. Project Team

The Project Team has yet to be selected. The selected Architect of Record for the development will provide full services including civil engineering, structural engineering, MEP engineering, green building consultants, an accessibility consultant, and a waterproofing consultant.

Note - Questions regarding this Request for Qualifications should be in writing to mike.saunders@McCormackbaron.com and Monique.chavoya@mccormackbaron.com with a courtesy copy to Deyna Sims at dre@ghatx.org.

IV. Selection Process

The selection of the General Contractor for this development is a multi-step process:

1. Identify a short list of qualified General Contractors through this RFQ process;
2. Interview respondents for detailed review of the RFQ response by team including comments on the construction contract;
3. Owner review of GC's financial documents and references; and
4. Confirmation of GC Selection.

IV. Pre-construction Scopes

After selection of the General Contractor, the "pre-construction" scopes to be provided include but are not limited to the following: (Note - these scopes may not be in chronological order and pertain to both Housing and Public Improvements contracts.)

1. Selected GC will prepare an outreach and engagement plan to maximize MBE, WBE, and Section 3 Businesses participation.
2. Contractor will actively participate in design meetings including review of meeting minutes by the selected architect
3. Make recommendation on trades to be design-build and help in the preparation of design parameters for those scopes
4. Review ("red-line") Construction Documents (plans and specifications) at 50% and 90%
5. Prepare cost estimates at 100% Design Development and 50% Construction Documents
 - a. If 50% CD budget varies from the DD budget, outline changes in scope or market conditions that precipitated the changes
6. Issue Construction Documents for bidding.
 - a. Target three bid proposals per trade
7. Selected GC conducts the outreach and engagement plan to subs including MBE, WBE, and Section 3 Businesses and request bid proposals.
8. GC prepares GMP through selection of "lowest responsive subcontract bidders" and application of participation goals.
9. GC, MBS, Architect and GHA to explore value engineering as needed to refine the project scope should the confirmed "as-bid" cost exceed the project budget.
10. GC reviews final Construction Documents to confirm scope.
11. Finalize contracts and Exhibits for completion of Housing and Pubic Improvement scopes.
12. Financial closing, contract execution and issuance of Notice-to-Proceed.

Regarding Step 9 (above) MBS and the design team will work with the GC to "Value Engineer" the project, "perfect" the Construction Documents (including the incorporation of RFI responses and permitting comments) and finalize the contract price with the intent of entering a construction contract by December 1, 2020. For purposes of this RFQ, "Value Engineering" means requesting that the selected GC review the construction documents thoroughly and, along with subcontractors, to identify scope revisions and associated savings which can be qualified and included in the agreement. The period between bidding and contract execution will also be used to identify and resolve any conflicts or inconsistencies in the Construction Documents that are brought to light during the bidding process. The GC will not increase the contract amount during this process unless there is an agreed-upon scope change to the project. Because this is a publicly funded project it is incumbent upon the

Development Team, which includes the GC, to design and construct the project within the established budget and as efficiently and cost-effectively as feasible.

If during this negotiation process the selected General Contractor is deemed by MBS to be non-responsive to the construction documents, or not negotiating in “good faith,” MBS reserves the right to terminate negotiations and enter negotiations with the next most responsive GC. Further, MBS will be under no obligation to enter into a construction contract with, and will not owe any compensation to, the selected GC for its time during this negotiation period if the Owner decides not to proceed with the contract work.

V. Schedule

The following is the anticipated schedule for this development:

- Issue Request for Qualifications February 5, 2020
- Responses to RFQ due February 21, 2020
- GC Interviews February 25, 2020
- GC Selection February 28, 2020
- Outreach for Sub-Level Bidding October 9, 2020
- Initial Proposal due December 4, 2020
- Finalize GMP and Participation January 22, 2021
- Sign Construction Contract February 1, 2021
- Substantial Completion February 17, 2022

The above schedule is subject to modification as the project develops.

Note: Contractor is required to hold the final agreed-upon contract amount for 90 days from the date accepted by the Owner.

VI. Selection Criteria

MBS seeks general contractors with the following **minimum** qualifications. The submission requirements listed in Section X below include the items to be evidenced by these qualifications:

- Experience of the General Contractor, the proposed Project Manager, and Site Superintendent(s) with the successful completion of similar type and sized projects and of similar type construction.
- General Contractor’s experience with projects involving MD CDA construction review, cost limits, and overall requirements.
- General Contractor’s experience with projects involving HUD funding and related requirements including Davis Bacon & Related Acts.

- General Contractor’s commitment and demonstrated ability to maximize Section 3, minority-owned (MBE), and women-owned (WBE) business participation and Section 3 employment opportunities.
- General Contractor’s financial capacity and resources, including the ability to properly insure and provide performance and payment bonds.
- General Contractor’s technical resources, including the ability to work with the Owner and Architect to “perfect” the documents.
- Experience and knowledge of building along the Gulf coast and the Texas Department Insurance (TDI) windstorm requirements for the proposed development
- General Contractor’s ability to build the project within the proposed schedule of 24 months (to substantial completion).
- General Contractor’s proposed mark-up on the hard costs for construction with HUD’s Safe Harbor maximum requirements of 6% General Requirements, 2% Overhead, and 6% Profit.
- General Contractor’s proven track record for completing projects on-time and within the original contract amount.
- General Contractor’s experience with sustainable design and construction practices.

VII. Construction Contract and General Conditions

The Housing scope of work is defined in the draft AIA Document A102 Contract as modified by MBS (**See Exhibit C**). The basis of payment is the cost of the work plus a fee with a negotiated Guaranteed Maximum Price.

The Housing General Conditions are included in AIA Document A201-2017- General Conditions of the Contract for Construction as modified by MBS (**See Exhibit D**).

Respondents are responsible for reading these documents and providing comments, questions or clarifications with the response to this RFQ.

VIII. Financing and Contractual Provisions

The project is receiving funding through several U.S. Department of Housing and Urban Development (HUD) programs. Accordingly, work of the Housing Contract is subject to laws, regulations, and Executive Orders involving projects funded by HUD; including but not limited to HUD Safe Harbor limits on the General Contractor’s General Requirements, Overhead, and Profit; Section 3 Business and Employment Opportunities; Minority Business Enterprise and Women Owned Business Enterprise (MBE/WBE) participation opportunities; and compliance with the Davis Bacon Act and the Copeland Act, among others. The sample contract documents enclosed describe in more detail the documentation, compliance, and reporting requirements that are applicable to the project; however, these requirements are subject to change and/or subject to further definition in the final contract documents.

IX. Additional Contractual Provisions

A. Section 3 Compliance

The work to be performed under this contract is subject to the requirements of Section 3 of the Housing and Urban Development Act of 1968, as amended, 12 U.S.C. 1701u (Section 3). **(See Exhibit E – HUD Section 3 Rules and Requirements)** The purpose of Section 3 is to ensure that the employment and other economic opportunities generated by HUD-assisted projects covered by Section 3, shall, to the greatest extent feasible, be directed to low and very low-income persons, particularly persons who are recipients of HUD assistance for housing. The parties to this contract agree to comply with HUD's regulations in 24 CFR Part 135, which implement Section 3. As evidenced by their execution of a contract related to the scope of work herein, the parties to the contract certify that they are under no contractual or other impediment that would prevent them from complying with the Part 135 regulations. The Section 3 goals for this project are as follows:

Section 3 Employment: 30% of the aggregate number of new hires for the duration of the contract are Section 3 residents.

Section 3 Business Participation: At least 10% of the total dollar amount of construction sub-contracting opportunities and at least 3% of non-construction subcontracting opportunities.

Definitions:

A **Section 3 Resident** is an individual: 1) who is a resident of public housing; or 2) is a participant in another federally-assisted housing program (Section 8, Section 202, etc.); or 3) who resides in the metropolitan area or non-metropolitan county in which the assistance is expended and who is considered to be a low (80% or less of median income of metropolitan area in which the assistance is expended) or very-low income (50% or less of median income of metropolitan area in which the assistance is expended) person.

A **Section 3 business** is a firm that is either 1) 51% or more owned by Section 3 resident(s); or 2) one in which at least 30% of the firm's permanent, full-time employees are Section 3 residents. Please review **Exhibit E** regarding procedures for employment of Section 3 residents and businesses as well as necessary contacts. For a list of certified Section 3 businesses, please use the U.S. Department of Housing & Urban Development (HUD) Section 3 Business Registry at <http://portalapps.hud.gov/Sec3BusReg/BRegistry/What>.

B. Minority Business Enterprise (MBE), Women Business Enterprise (WBE) Participation

MBS and the development team are similarly committed to achieving diversity within the businesses participating in the project.

The following MBE and WBE goals have been adopted for the project:

25% MBE participation of total construction

sub-contracting opportunities

5% WBE participation of construction sub-

contracting opportunities.

Definitions:

An MBE/WBE business is at least 51 percent owned or controlled by one or more minority group members (MBE) or women (WBE) and whose management and daily operations are controlled by one or more such individuals. For the purpose of this definition, minority group members are: Black Americans, Hispanic Americans, Native Americans, Asian Pacific Americans, Asian Indian Americans and Hasidic Jews.

C. MBE, WBE, Section 3 Participation Plan

MBS is committed to facilitating Section 3, MBE, and WBE participation on all phases of the project and in creating opportunities for employment by Section 3 residents. Pursuant to goals and/or requirements under the various development and funding agreements with project funders, the Contractor will be required to follow the guidelines and reporting procedures required by GHA and other funding agencies relevant to the project. By responding to the RFQ, the Contractor is acknowledging that they are familiar with the requirements listed below and will meet or exceed them.

To achieve greater participation of Section 3, Minority-Owned business enterprises (MBEs), Women-owned business enterprises (WBEs), and greater participation by Section 3 residents in employment opportunities created by the Project, the Contractor agrees to use its "Best Efforts" to:

- (1) Place qualified Section 3, MBEs, WBEs, and small business concerns on solicitation lists and take all necessary affirmative marketing steps required, in connection with each contract the Contractor awards, to meet Section 3, MBE, and WBE participation goals;
- (2) Divide construction services into smaller tasks or quantities to increase the potential participation by Section 3 businesses, MBEs and WBEs;
- (3) Use the services and assistance of a to be selected, third party consultant that will serve as the Compliance and Section 3 Coordinator, to outreach to any local minority assistance organizations and various state and local government small business agencies to attract and recruit Section 3, MBEs and WBEs to participate in the project;

(4) Use and demonstrate “best efforts” to award 10% of the dollar value of the total construction sub-contracts to Section 3 business concerns, at least 25% to MBEs and 5% to WBEs.

(5) Work with MBS and GHA in the implementation of a hiring and training plan for prospective Section 3 and other community-based new hires. Meet Section 3 training and employment goals, where feasible, when filling vacant or new positions and also seek to recruit qualified minorities, women, and disabled persons to fill vacant or new positions on the project. The established Section 3 employment goal for the project is a minimum of thirty percent (30%) of all new hires.

These requirements are described in more detail in **Exhibit E**. As part of the response submission, respondents will be responsible for describing in detail their plan to meet and exceed the goals established above for the Project. During the construction of the Project, the Contractor shall submit monthly reports to MBS and GHA, and other parties, as required, to demonstrate compliance.

D. Joint Ventures

MBS encourages potential General Contractors to consider joint venture(s) with local qualified contractor(s), especially with Section 3 businesses, MBEs, and WBEs. If a joint venture is proposed for this project, the respondent must submit detailed information on all of the joint venture participants including: the degree of participation by percent of the contract amount, responsibilities in terms of scope as well as financial responsibilities; an organizational chart; and a description of any previous experience working together.

E. Pre-Bid Meeting

After the General Contractor releases the bidding documents, and MBS and the General Contractor will coordinate a pre-bid meeting for interested subcontractors and suppliers. At this meeting, interested local subcontractors and suppliers including Section 3 businesses, MBEs, and WBEs will be introduced to the General Contractor and contact information exchanged, and project details and contracting opportunities will be discussed. MBS will make the bid documents available at local plan rooms, and to national plan services, such as Dodge Reports. MBS will advertise in local papers, listing the plan rooms and the General Contractor’s contact information. The General Contractor is responsible for developing, implementing and documenting their plan to solicit proposals from Section 3 businesses, MBEs and WBEs, including contractors and suppliers.

F. Wage Rate Requirements

The General Contractor and all Subcontractors on this project will be required to utilize and comply with the latest applicable Davis Bacon Federal wage

determination (“prevailing wage”). Submission of certified payrolls for all employees working on the project will be required weekly and with each payment application.

G. Performance and Payment Bonds

The General Contractor selected shall be required to furnish a Performance and Payment Bond:

- A “Performance Bond” on the part of the General Contractor for one hundred percent (100%) of the contract price (including change orders).
- A “Payment Bond” on the part of the General Contractor for one hundred percent (100%) of the contract price (including change orders).

No bid bond will be required.

H. Basic Eligibility

The successful General Contractor must be licensed to do business in the State of Texas and the City of Galveston and must have the appropriate state and local business license numbers and be up to date in all tax obligations. In addition, the successful Submitter must not be debarred, suspended, or otherwise ineligible to contract with the GHA or the City of Galveston, and must not be on the General Services Administration’s “List of Parties Excluded From Federal Procurement and Non-procurement Programs” or the Department of Housing and Urban Development’s “Limited Denial of Participation” list.

X. Submissions Requirements

Email submission of the Qualifications package is encouraged. Subject line shall read “Qualifications for General Contractor- Oleander Homes, Galveston, Texas.” Transmittal shall be addressed to Mike.Saunders@mccormackbaron.com, Monique.Chavoya@mccormackbaron.com with a courtesy copy to Deyna Sims at dre@ghatx.org and received by no later than 1p.m. CST on Friday, February 21, 2020. The electronic copy may be submitted in PDF format.

MBS reserves the right to reject any and/or all proposals and submittals, to waive informalities or irregularities in any submittal, to solicit new proposals, or to proceed to do the work by other means, as determined to be in the best interest of the residents of Oleander Homes, GHA and McCormack Baron Salazar, Inc.

Submission should be organized as follows: (Note – the valuation of each component is in parentheses.)

1. **Cover Letter**
2. **Company Description/Resume** including the company's standard marketing information.
3. **Profiles of Similar Projects: (20%)**
 - a. Please provide detailed information on at least three and up to five similar projects that the firm has completed (or is in the process of completing) preferably within the last five years. Each project should have the following attributes listed a) multi-family, b) at least 120 units in size, c) two to five story building type, d) of similar complexity and scope to the Oleander Homes project, e) construction cost greater than or equal to \$40,000,000.
 - b. Provide a list (up to three developments) of projects that had sustainability design and construction requirements (NGBS, LEED, EGC, others).
 - c. For each of the projects listed above, please provide photographs of the projects; the contact information for primary project staff and partners; the original contract amount, the final contract amount and the total number and dollar value of change orders that were not due to unforeseen conditions (i.e., issues related to the field conditions) or owner upgrades.
4. **Resumes of the Proposed Construction Team (20%)**
 - a. including the key members of the construction company's team that will be assigned to this project. The proposed Project Manager and Superintendents must have experience in similar projects in both scale and type. Personnel at the time of the contract signing are expected to be involved throughout the life of the project.
 - b. The Project Manager – Document experience with at least two projects completed in the last ten years of at least 175-200 units of multi-family housing, including land development and of \$20,000,000 or greater construction cost.
 - c. The Superintendent(s) – Please list the same information as requested of the Project Manager. If the respondent is proposing to use different superintendents for the various phases, please list each superintendent's role and qualifications separately.
5. **Contractor's Qualification Statement - (AIA Document A305 - *see Exhibit F*) (15%)**
 - a. Complete the Contractor's Qualification Statement, AIA Document A305 and include the most recent audited financial statement
 - b. Note that it is not necessary to repeat previous projects already listed under Item 3 above; just list other projects completed within the last ten years.

- 6. Experience Implementing Section 3, MBE, and WBE Utilization Plans (15%)**
 - a. For at least three projects completed within the last five years that included Section 3 (Business and Employment), MBE, and WBE participation goals, please describe the targeted goals vs. the achieved participation levels achieved as a percentage of the total construction contract amount. If the goals were not met, please provide an explanation.
 - b. For each project please describe the company's implemented plan to recruit and retain Section 3, MBE, and WBE participation.
 - c. Given your experience on these projects, please describe your company's approach to achieving the Section 3 business, MBE, and WBE Utilization goals for this project.

- 7. Proof of Insurability (Mandatory)**
 - a. Submit letter regarding coverage from insurance company or insurance certificate that meets project requirements, as described in all contract document exhibits.

- 8. Proof of Bondability (Mandatory)**
 - a. Submit letter from bonding company stating bonding capacity of at least \$60 million per project and \$120 million aggregate bonding capacity.

- 9. Copy of Licenses (Mandatory)**

- 10. References (5%)**
 - a. Provide a minimum of four references with contact information including: Contact Name, Company Name, Address, Email Address, and Phone Number including at least one Developer, one Architect, and one Major Subcontractor. References will be contacted.

- 11. Acknowledgement that the General Contractor has read the Construction Contract and General Conditions. General Contractor must provide written comments regarding the Construction Contract and General Conditions with response to RFQ (see Exhibit G). (Mandatory)**

- 12. Acknowledgement that the General Contractor understands that the Project must be substantially completed within 24 months and has the capacity to meet or exceed the proposed construction time period (see Exhibit H). (Mandatory)**

- 13. Acknowledgement that the General Contractor understands the Section 3, MBE, and WBE participation goals for the Oleander Homes Phase I project and is committed to meeting or exceeding these goals (see Exhibit I). (Mandatory)**

14. Contract Completion Schedule (Include the following) (5%)

- a. Overall duration and construction sequencing from NTP to final completion.

XI. Attachments

The following information is attached for use in preparing your submittal:

- Exhibit A: Oleander Master Plan
- Exhibit B: Photos of Previous Developments
- Exhibit C: AIA A102 Contract for Construction, as modified by MBS
- Exhibit D: AIA A201 General Conditions, as modified by MBS
- Exhibit E: GHA Master Subcontractor Agreement
- Exhibit F: GHA Section 3 Plan
- Exhibit G: Contractor's Consent
- Exhibit H: AIA A305 Contractor's Qualification Statement
- Exhibit I: Certificate of Acknowledgement of Construction Contract
- Exhibit J: Certification of Acknowledgement of Project Duration
- Exhibit K: Certificate of Acknowledgement of Participation Goals