



June 10, 2015

Item No. 4

**AUTHORIZATION TO EXERCISE SECOND OPTION YEAR AND EXECUTE AN AMENDMENT TO INCREASE THE NOT-TO-EXCEED AMOUNT OF CONTRACT NO. 11304 WITH GILBANE BUILDING COMPANY FOR AUTHORITY-WIDE PROGRAM/CONSTRUCTION MANAGEMENT SERVICES**

**To the Honorable Board of Commissioners:**

**RECOMMENDATION**

It is recommended that the Board of Commissioners authorize the Chief Executive Officer or his designee to execute Amendment No. 3 to Contract No. 11304 (the "Contract") with Gilbane Building Company to provide Authority Wide Program/Construction Management Services in order to: (1) exercise the Contract's Option Year 2 for an amount not-to-exceed \$4,207,719, as set forth in the Contract; and (2) modify staffing and increase the not-to-exceed amount of the second option year by an additional \$6,181,518, for a new total not-to-exceed amount of \$10,389,237 for Option Year 2 (7/10/15 through 7/9/16).

The new aggregate total compensation amount of the Contract will be an amount not-to-exceed \$20,267,935.

The Capital Construction Department, the Office of the General Counsel and the Department of Procurement and Contracts have completed all necessary due diligence to support the submission of this initiative and recommend the approval of this item accordingly.

**CORPORATE MISSION**

Ensure CHA's portfolio is safe, decent and sustainable.

**FUNDING**

General Fund

**M/W/DBE Participation and Section 3**

	Requirement	Required	Proposed
<b>M/W/DBE Participation</b>	20%	\$2,077,865	\$10,609,296 (52%r)
<b>Section 3 Hiring No. (30% of new hires)</b>	30%	2	5
<b>Section 3 Business Concern</b>	3%	\$311,680	\$1,379,670 (6.8%)

**GENERAL BACKGROUND /EXPLANATION**

The purpose of Program/Construction Management (P/CM) Services is to augment Capital Construction Department ("CCD") staffing needs to support and manage the Authority's Plan Forward. The P/CM history:

2000: Decentralized construction management model with Project level construction management (CM) services provided by individual Owner's Representatives (ORs) on a project by project basis and Program level CM services provided by a Managing Owner's Representative (MOR).

2003: McKissack & McKissack awarded MOR contract through competitive RFP.

2006: CHA pursued a hybrid (CHA and Non-CHA Staff) outsourcing strategy that combined program and project management levels:

- Program Planning through project closeout
- Integrate program and project level controls systems
- Standardized project management practices across all projects
- Greater flexibility for managing variable annual work load
- Partnership for Transformation (a joint venture of McKissack & McKissack, Rise and URS) was awarded the Program and Construction Management (P/CM) services contract through a competitive Request for Proposal (RFP).

2010: Partnership for Transformation awarded P/CM contract through competitive RFP, for one (1) year base term and two (2) one (1) year options.

2013: Gilbane Building Company ("Gilbane") awarded P/CM contract through competitive RFP, for 1 year base term, and two 1 year options.

2014: CHA Executed Option Year 1 with Gilbane Building Company and modified staffing and increased the contract NTE amount.

**CONTRACTUAL CONSIDERATIONS**

CHA exercised Option Year 1 with Gilbane Building Company ("Gilbane") contract number 11304 ("the Contract"), with a term from July 10, 2014 through July 9, 2015. Option year 1 of the Contract was approved in June 2014 for a not-to-exceed amount of \$4,083,934, and the Contract was amended in December 2014 to increase the not-to-exceed amount for the balance of Option Year 1 by \$1,721,181, for a revised Option Year 1 not-to-exceed amount of \$5,805,115.

The CHA continues to require Gilbane's construction and program management services to meet the CHA's critical goals for Senior Housing, Life Safety, Capital Maintenance, ADA/504 Federal requirements, Scattered Sites and acquisition projects for 2015 and 2016. Gilbane's role will be to continue to support CCD's "in-house" staff, which is not of sufficient size to

handle CHA's projected construction projects. Gilbane has become an integral part of the CCD management team and has provided satisfactory service during both the base year and option year 1, and the continuation of their construction management services contract continues to be important to the timely achievement of the CHA's Plan Forward.

Gilbane and CHA have reviewed Gilbane's staffing levels and have agreed to adjust them accordingly based on the number of projected projects, environmental expertise needed for current projects, and anticipated Rental Assistance Demonstration ("RAD") projects. For the base year, the staffing level increased from 21 to 24 requiring an increase in the Contract not-to-exceed amount for the base term from \$3,963,823 to \$4,073,583. For option year 1, the staffing level increased in 21 to 36 for the last 7 months of the contract year. For option year 2, the staffing level is proposed to increase to 54 for the full contract year. The additional manpower will be brought on as needed to facilitate the 2015 capital plan and RAD projects.

CCD proposes to deduct the unspent funds from Gilbane's Option Year 1 (approximately \$1,100,000) from Gilbane's Option Year 2 proposed funding.

CCD staff has reviewed the proposed costs, and has determined that the proposed costs are in accordance with industry standards. The Board action recommended in this item complies in all material respects with all applicable Chicago Housing Authority Board policies and all applicable federal (Department of Housing and Urban Development) procurement laws.

Based on the foregoing, it is recommended that the Board of Commissioners authorize the Chief Executive Officer or his designee to execute Amendment No. 3 to Contract No. 11304 (the "Contract") with Gilbane Building Company to provide Authority Wide Program/Construction Management Services in order to: (1) exercise the Contract's Option Year 2 for an amount not-to-exceed \$4,207,719, as set forth in the Contract; and (2) modify staffing and increase the not-to-exceed amount of the second option year by an additional \$6,181,518, for a new not-to-exceed amount of \$10,389,237 for Option Year 2 (7/10/15 to 7/9/16). The new aggregate total compensation amount of the Contract will be an amount not-to-exceed \$20,267,935.

The CEO/President recommends the approval of authorization to execute Amendment No. 3 to Contract No. 11304 with Gilbane Building Company.

**RESOLUTION NO. 2015-CHA-48**

**WHEREAS,** the Board of Commissioners has reviewed the Board Letter dated June 10, 2015 entitled "AUTHORIZATION TO EXERCISE THE SECOND OPTION YEAR AND EXECUTE AN AMENDMENT TO INCREASE THE NOT-TO-EXCEED AMOUNT OF CONTRACT NO. 11304 WITH GILBANE BUILDING COMPANY FOR AUTHORITY-WIDE PROGRAM/CONSTRUCTION MANAGEMENT SERVICES";

**THEREFORE, BE IT RESOLVED BY THE CHICAGO HOUSING AUTHORITY**

**THAT** the Board of Commissioners authorizes the Chief Executive Officer or his designee to execute Amendment No. 3 to Contract No. 11304 (the "Contract") with Gilbane Building Company to provide Authority Wide Program/Construction Management Services in order to: (1) exercise the Contract's Option Year 2 for an amount not-to-exceed \$4,207,719, as set forth in the Contract; and (2) modify staffing and increase the not-to-exceed amount of the second year by an additional \$6,181,518, for a new total not-to-exceed amount of \$10,389,237 for Option Year 2 (7/10/15 through 7/9/16). The new aggregate total compensation amount of the Contract will be an amount not-to-exceed \$20,267,935.

This award is subject to the Contractor's compliance with the CHA's MBE/WBE/DBE, Section 3, and insurance requirements



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