

## Philadelphia Redevelopment Authority

### CONSTRUCTION COST CONTAINMENT POLICY

#### I. Purpose

- A. To ensure that publicly funded housing projects are constructed in a cost effective manner.
- B. To ensure that developers competitively bid construction work, except under those circumstances provided for in the policy, thereby creating open competition in pricing.

#### II. Policy

- A. Before approval by the Redevelopment Authority Board, developers of projects as defined in Section III, must submit plans and cost estimates prepared by the project architect to the Redevelopment Authority for approval. Upon approval of the plans:
  - 1. for all projects where the ***project's replacement cost*** estimate is at or below 120% of the 234-Condinium Housing basic mortgage limits, for Elevator-type projects (as established annually by HUD for the Philadelphia region) for the applicable housing unit size and type, the developer may utilize any general contractor of its choice who is willing to meet the architect's cost estimate;
  - 2. for all projects where the ***project's replacement cost*** estimate exceeds 120% of the 234-Condinium Housing basic mortgage limits, for Elevator-type projects for the applicable housing unit size and type the developer must utilize a competitive bidding process to procure and select a general contractor. The opportunity to bid on the project must be provided to all contractors on an Authority-maintained list of contractors.<sup>1</sup> Developers may exclude a limited number of contractors from the bidding opportunity only after providing the Authority written justification, which must be approved by the Authority.

For purposes of calculating project costs, as measured against the HUD 234-Condinium Housing basic mortgage limits, for Elevator-type projects limits, the costs of environmental remediation, remediation of

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<sup>1</sup> The Authority will advertise on an annual basis in order to identify interested contractors for its mailing list. The Authority makes no representation as to the qualification of firms on its list.

subsurface conditions, demolition, and meeting requirements of the Philadelphia Historical Commission may be excluded from the total cost calculation. The developer shall provide to the Authority a detailed description of the conditions and associated costs. In addition, project costs can exceed the construction cost containment limits by ten percent if a developer meets the Passive House requirements for energy efficiency.

- B. All potential bidders must be provided the same bid package and provided identical information about the bid requirements, in order to ensure that all bidders are given equal opportunity. The bid package must include a bid due date and time. Bids must be opened within the hour of the bid deadline. The developer's cost estimates may not be made public or shared with any bidders prior to the completion of the bidding process.
- C. After receipt and review of the bids by the developer, and prior to the execution of a binding contract, the developer sponsor shall submit its general contractor selection, along with its justification, to the Redevelopment Authority for review and approval. This submission shall include an affidavit that identifies all firms that were solicited, all the bidders and prices submitted by each bidder, when the bids were opened and by whom. In addition, the developer must submit a certification that the bid process was implemented in accordance with this policy.

Unless otherwise approved by the Authority, the lowest responsible bidder must be selected. If there are no responsible bidders, the developer shall solicit bids a second time. If no bids are received as a result of the second bid solicitation, the Authority will make a determination as to how to proceed.

- D. In the event a developer has an identity of interest with a construction company, the developer shall request that the competitive bid process be implemented by Authority staff, in order that the developer's construction company can bid without the conflict of conducting the bid solicitation.
- E. This policy may be waived in extraordinary circumstances only by an action of the Redevelopment Authority Board.

### **III. Application**

- A. All rental developments receiving CDBG, HOME or any other type of funding from the Division of Housing and Community Development (DHCD) that requires approval of the Redevelopment Authority Board.

This policy may be waived by the Executive Director when the DHCD subsidy is less than \$7,500 per unit.<sup>2</sup>

- B. All homeownership developments of twelve (12) or more units<sup>3</sup>, where the DHCD subsidy is greater than \$7,500 per unit.
- C. Notwithstanding anything to the contrary, this policy shall not apply to rental or homeownership projects developed by the Philadelphia Housing Authority or its subsidiaries.<sup>4</sup>

#### **IV. Implementation**

- A. This policy shall be effective on the date of its adoption by the Board and shall apply to all projects that have not entered into a contract with a general contractor as of the date the policy is adopted.

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<sup>2</sup> Projects with 202 funding should be exempt from this policy either explicitly or implicitly (typically not provided more than \$7500 per unit subsidy). Practically speaking, HUD approves the project and GC selection prior to the PRA receiving a subsidy request.

<sup>3</sup> This threshold is adopted to be consistent with the Davis-Bacon threshold for HOME-funded homeownership projects.

<sup>4</sup> Projects developed by Philadelphia Housing Authority (PHA) comply with PHA's competitive bidding process.

(PROJECT NAME)

**AFFIDAVIT OF (DEVELOPER'S NAME)**

(Developer's name), being duly sworn according to law, certifies to the following with respect to (Project Name) ("Project"):

1. I have received a copy of the Philadelphia Redevelopment Authority's ("Authority") Cost Containment Policy ("Policy") and this Authority's list of approved General Contractors/Construction Mangers.
2. I am aware of the obligation to comply with the Policy, including the obligation to utilize a competitive bidding process to procure and select a general contractor/construction manager.
3. All contractors on the Authority's list of Approved General Contractors/Construction Mangers have been notified of this opportunity to bid on this Project. If any contractor was excluded we have provided written justification to the Authority.
4. All potential bidders were provided equal opportunity to bid on the Project utilizing the same bid package, requirements, due date and time.
5. Attached is a list of general contractors/construction managers who have been notified of the opportunity to bid on this project.
6. Attached is a schedule of all firms who have responded including the bid amount. This schedule must also indicate who conducted the bid opening and the date the bids were opened.
7. The lowest qualified bidder was selected unless otherwise approved by the Authority.

NAME OF DEVELOPER

By: \_\_\_\_\_  
Name

\_\_\_\_\_  
Title

**COST CONTAINMENT POLICY  
MAXIMUM PER UNIT BASIS LIMITS  
2018**

	Efficiency	1 Bed	2 Bed	3 Bed	4+ Bed
Non-Elevator/ Elevator	194,468	222,931	271,081	350,694	384,951

**The above per unit limits have been adjusted to meet the Authority's Cost Containment Policy and have been incorporated into the housing finance development proforma**

**2018 PRA's COST CONTAINMENT POLICY APPROVED GENERAL CONTRACTORS/CONSTRUCTION MANAGERS  
Developers are responsible to notify each contractor who has a Bond Amount greater than the construction cost estimate**

<u>Company Name</u>	<u>Address</u>	<u>Contact Person</u>	<u>Bond Amount</u>
Allied Construction Services II, Inc.	240 New York Drive, Suite 1 Fort Washington, PA 19034	Mr. Jody Arena 215-884-0500 <a href="mailto:jarena@aitmanco.com">jarena@aitmanco.com</a>	\$45,000,000 single \$90,000,000 aggregate
Clemens Construction Company, Inc.	1435 Walnut Street Philadelphia, PA 19102	Carol Horne Penn 215-567-5757 <a href="mailto:cpenn@clemensconstruction.com">cpenn@clemensconstruction.com</a>	\$100,000,000 single \$200,000,000 aggregate
Dale Corporation	70 Limekiln Pike Glenside, PA 19038	Gregory W. Hallquist 215-866-6440 <a href="mailto:GregoryH@daleco.net">GregoryH@daleco.net</a>	\$20,000,000 single \$90,000,000 aggregate
Daniel J. Keating Company	134 N. Narberth Avenue Narberth, PA 19072	Pierce Keating 610-664-4550 <a href="mailto:pkeating@dlkeating.com">pkeating@dlkeating.com</a>	\$200,000,000 single \$300,000,000 aggregate
Domus, Inc.	346 E. Walnut Lane Philadelphia, PA 19144	B. Scott Zuckerman 215-849-4444 <a href="mailto:szuckerman@domusinc.net">szuckerman@domusinc.net</a>	\$55,000,000 single \$100,000,000 aggregate
Flatiron Building Company	5189-91 Ridge Avenue Philadelphia, PA 19128	Scott Dalinka 215-508-5100 <a href="mailto:scottd@flatironbuildingco.com">scottd@flatironbuildingco.com</a>	\$15,000,000 single \$30,000,000 aggregate

**2018 PRA's COST CONTAINMENT POLICY APPROVED GENERAL CONTRACTORS/CONSTRUCTION MANAGERS**  
Developers are responsible to notify each contractor who has a Bond Amount greater than the construction cost estimate

<u>Company Name</u>	<u>Address</u>	<u>Contact Person</u>	<u>Bond Amount</u>
McDonald Building Company LLC	910 East Main Street, Suite 101 Norristown, PA 19401	Paul J. McDonald 610-825-8601 <a href="mailto:info@mcdonaldbc.com">info@mcdonaldbc.com</a>	\$15,000,000 single \$30,000,000 aggregate
T.N. Ward Company	129 Coulter Avenue Ardmore, PA 19003	Michael Weber 610-649-0400 <a href="mailto:mweber@tnward.com">mweber@tnward.com</a>	\$250,000,000 single \$350,000,000 aggregate