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County of Santa Cruz

REDEVELOPMENT AGENCY

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TOM BURNS, AGENCY ADMINISTRATOR

January 12, 2000

Agenda: January 25, 2000

Board of Directors
County of Santa Cruz Redevelopment Agency
701 Ocean Street
Santa Cruz, CA 95060

McIntosh Mobile Home Park

Dear Members of the Board:

In September, 1998, your Board approved a Disposition and Development Agreement with Mercy Housing California to rehabilitate and expand the McIntosh Mobile Home Park in Soquel. Construction began last spring, and is expected to be completed within the next month; the new mobile homes are in place, and the prior coach owners have moved back to the park. In completing the construction, however, unanticipated costs have come up which exceed the budgeted contingency for this project. The purpose of this letter is to request additional funding for the project in the amount of \$70,000 to cover these additional costs.

The chief factors contributing to the cost overruns include:

- Unanticipated Fees: About \$23,000 is due to unanticipated Sanitation District fees. The original budget was based on the project receiving reduced fees as an affordable housing project. When the District Board considered the request, however, it denied the fee reduction.
- Prevailing Wage Costs: The project was subject to prevailing wage requirements both under the County's ordinance and because of its HOME funding. Because of a change in the State's interpretation on prevailing wages, the mobile home installers were placed in a different category after construction had commenced. This resulted in an increase of about \$35,000.
- Cost to Move Coach Separately: About \$4,500 is to pay the additional costs to move one of the prior McIntosh coaches back to the park from the McIntosh Mobile Home Park on a later time line due to unforeseeable issues that arose with a particular tenant.

- Miscellaneous Cost: While Mercy is bringing the project to completion a number of minor issues will need to be addressed. It is estimated that these costs should not exceed \$7,500.

The contingency currently budgeted for the project is unusually low, at about 3%; this addition to contingency brings the total to a more typical 5% of project cost. We believe that these are legitimate unanticipated costs, and are recommending that your Board approve the additional funding for the project.

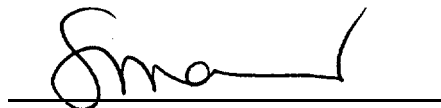
It is therefore RECOMMENDED that your Board, as the Board of Directors for the Redevelopment Agency, authorize the Redevelopment Agency Administrator to negotiate and sign amendments to the Disposition and Development Agreement and associated documents to increase the funding provided in an amount of up to \$70,000 and allow the delayed relocation of the remaining McIntosh coach from Heart of Soquel.

Very truly yours,



Tom Burns
Redevelopment Agency Administrator
TB:PH

RECOMMENDED:



Susan A. Mauriello
Redevelopment Agency Director

Attachments

cc. RDA
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