



City of Tacoma

Resolution No.: _____

Meeting Date: _____

**Contract and Award Letter
Purchase Resolution —Exhibit "A"**

TO: Board of Contracts and Awards
FROM: Jeff Robinson, Director, Community and Economic Development Department
 Felicia Medlen, Housing Division Manager, Community and Economic Development Department
COPY: City Council, City Manager, City Clerk, EIC Coordinator, LEAP Coordinator, and Ryan Foster, Finance/Purchasing
SUBJECT: Connecting Housing and Infrastructure Program (CHIP), Grants for two affordable housing projects
 Not Practicable to Bid Waivers SR3843915816, SR3843915858 –
DATE: February 21, 2023 City Council January 30, 2023

RECOMMENDATION SUMMARY:

The Community and Economic Development Department (CEDD) recommends contracts be awarded to Korean Women’s Association (KWA), Tacoma, WA, in the amount of \$700,000, plus applicable taxes, and to the Low Income Housing Institute (LIHI), Tacoma, WA, in the amount of \$483,085 plus applicable taxes, budgeted from grants received from the Washington State Department of Commerce’s Connecting Housing to Infrastructure Program (CHIP). For an initial contract term of March 1, 2023 to December 31, 2024, for KWA and an initial contract term of July 3, 2023 to April 30, 2025, for LIHI. Each contract may be extended to allow for project completion. The total projected contract amount awarded under these contracts will be \$1,183,085, plus applicable taxes, for water, sewer and stormwater infrastructure improvements required for the production of new affordable housing in the City of Tacoma.

CEDD requests Not Practicable to Bid waivers for these grant awards and recommends that a contract be awarded to KWA for the 15th and Tacoma affordable senior housing project. CEDD further recommends that a waiver of competitive procurement procedures be awarded to Low Income Housing Institute (LIHI), for the Lincoln District Phase 1 affordable senior housing project.

STRATEGIC POLICY PRIORITY:

- Ensure all Tacoma residents are valued and have access to resources to meet their needs.

BACKGROUND:

The 2021 WA State Legislature created the Connecting Housing to Infrastructure Program (CHIP) to facilitate the development of affordable housing construction by off-setting the costs of capital expenditures such as water, sewer and stormwater improvements. On May 18, 2021, Governor Inslee signed into law the 2021 Capital Budget, which included funds solely for grants to local governments and public utility districts for system development charges and utility improvements for new affordable housing projects that serve and benefit low-income households. These funds are intended to be supplemental project financing for necessary utility connection costs for affordable housing projects in cities and counties that passed a sales and use tax for affordable housing or a housing levy. Applicants for the CHIP program must be a city, county or public utility district, applying in coordination with the developer of a multi-unit affordable housing project.



To date, the City of Tacoma Community and Economic Development Department has applied for and been awarded \$1,183,085 in CHIP grant funds for two affordable housing projects: KWA's 15th and Tacoma project, (which is projected to receive permits and close on financing by March 1, 2023), and LIHI's Lincoln District Phase 1 project, (which is expected to receive permits and close on financing in the second or third quarter of 2023).

KWA 15th & Tacoma Senior Housing, located at 1353 Tacoma Ave S. in downtown Tacoma, is a five-story new construction project that will result in the new production of 87 affordable units, 48 studios and 39 one-bedroom apartments, serving seniors with incomes at 50 percent of area median income and below. Twenty units will receive operating subsidy through the HUD 202 program and residents will pay 30 percent of their actual incomes for rent and utilities. Eighteen units will be set-aside for seniors leaving homelessness, with 15 of these units targeted to veterans through the Veterans Affairs Supportive Housing (VASH) vouchers. The project also includes a community Learning Center and full-service kitchen for Korean Women's Association's meal site program on the ground floor. The Tacoma Community Redevelopment Authority is also making a total of \$2,993,594 in US Department of Housing and Urban Development (HUD) HOME Investment Partnership Program funds and local Affordable Housing Fund resources available to the project in the form of low interest deferred loans to the project and is providing a grant of HUD Community Development Block Grant (CDBG) funds in the amount of \$505,000. Other project sources include Pierce County (\$3,713,917), the Washington State Housing Trust Fund (\$6,412,422), the Federal Home Loan Bank (\$750,000), conventional bank debt (\$2,880,000) and \$19,768,998 in four percent Low Income Housing Tax Credits through the Washington State Housing Finance Commission. The financing closing on all of these separate sources will be coordinated in one process to be completed jointly by all funders including the City on March 1, 2023.

LIHI's Lincoln District Phase 1, located at 711 S. 38th St is a six-story new construction project that will result in the new production of 78 units of affordable studio and one-bedroom apartments, serving seniors with incomes at 50 percent of area median income and below. A portion of the units will be set-aside for seniors leaving homelessness. The project will include street-level retail and the project will have a second phase with family housing. The Tacoma nonprofit Asia Pacific Cultural Center is partnering with LIHI on the project. Pending completion of final underwriting, the Tacoma Community Redevelopment Authority is anticipating making a total of \$5,733,085 in HOME, HOME-American Rescue Plan (ARP), and local Affordable Housing funds available to the project in the form of low interest deferred loans. The provision of HOME-ARP funds will be conditional on the project conforming to requirements placed by the US Department of Housing and Urban Development for those funds to serve qualifying populations. Other project sources include Pierce County (\$7,000,000), the Washington State Housing Trust Fund (\$4,917,789) and \$19,154,520 in nine percent Low Income Housing Tax Credit Equity and the Washington State Housing Finance Commission. The financing closing for all of the LIHI project sources is anticipated to take place jointly among all funders on June 28, 2023.



ISSUE: CHIP funds have been awarded to the City as a pass-through grant from the Washington State Department of Commerce, Growth Management Services unit using US Treasury Funds (CFDA # 21.027) specifically to pay for water, sewer and stormwater infrastructure improvements for the projects to cover eligible costs incurred during the applicable contract period. The Community and Economic Development Department will administer the funds through grant agreements between the City and the project developers, with drawdowns of funds available after each stage of project infrastructure improvements is completed and approved.

ALTERNATIVES: The alternative to awarding these funds to KWA and LIHI would be to refuse the funding awards made by the Washington State Department of Commerce directly for these projects in accordance with Commerce's CHIP program. This alternative would require the City to forego needed resources being made available by the federal government and targeted by the Department of Commerce to infrastructure costs associated with affordable housing. That alternative would either shift those costs to local sources or prevent the new affordable housing from being produced as a part of these projects.

COMPETITIVE ANALYSIS:

These grant funds were awarded pursuant to applications made to Commerce by the City on behalf of KWA and LIHI. The funds will be made available as pass-through grants from Commerce using US Treasury Funds (CFDA # 21.027) specifically to pay for water, sewer and stormwater infrastructure improvements for each project. Since this was a Commerce application process the City did not have a role in the selection process for projects that were awarded funds.

CONTRACT HISTORY: New Contracts

SUSTAINABILITY: By including the water, sewer and stormwater improvements as a part of the project financing commitments, the Community and Economic Development Department is taking into account the City's vision and definition of sustainability as described in City Council Resolution No. 38247 including protection of natural resources and ecological quality.

EQUITY IN CONTRACTING (EIC) COMPLIANCE: Not applicable

**LOCAL EMPLOYMENT AND APPRENTICESHIP TRAINING PROGRAM (LEAP)
COMPLIANCE:** Not applicable



FISCAL IMPACT:

EXPENDITURES:

FUND NUMBER & FUND NAME *	COST OBJECT (CC/WBS/ORDER)	COST ELEMENT	TOTAL AMOUNT
KWA CHIP Grant	GRT-00547-02	5330100	\$700,000
LIHI CHIP Grant	GRT-00548-02	5330100	\$483,085
TOTAL			Up to \$1,183,085

REVENUES:

FUNDING SOURCE	COST OBJECT (CC/WBS/ORDER)	COST ELEMENT	TOTAL AMOUNT
US Treasury State and Local Fiscal Recovery funds (CFDA # 21.027)) passthrough grant (WA State Dept of Commerce CHIP grant)	GRT-00547-01	TBD	\$700,000
US Treasury State and Local Fiscal Recovery funds (CFDA # 21.027)) passthrough grant (WA State Dept of Commerce CHIP grant)	GRT-00548-01	TBD	\$483,085
TOTAL			Up to \$1,183,085

FISCAL IMPACT TO CURRENT BIENNIAL BUDGET: \$1,183,085

ARE THE EXPENDITURES AND REVENUES PLANNED AND BUDGETED? No

IF EXPENSE IS NOT BUDGETED, PLEASE EXPLAIN HOW THEY ARE TO BE COVERED.

These are pass-through grants funds being made available by the Washington State Department of Commerce after the City's budget was adopted. No budget modifications are required.

Waiver of Competitive Solicitation

Sole Source/Not Practicable to Bid

Sole Source Purchase – TMC 1.06.257.A Not Practicable to Bid – TMC 1.06.257.B

SR3843915858

The Community and Economic Development Department requests a waiver of the competitive solicitation process for specific water, sewer and stormwater infrastructure improvements for which grant funds were awarded using US Treasury Coronavirus State and Local Fiscal Recovery (SLFR) funds (CFDA # 21.027) by the Washington State Department of Commerce. The supplier is Low Income Housing Institute (LIHI), Tacoma, WA.

Approval of this request constitutes a waiver of further competitive solicitation for amendments to the subject contract provided that any such amendment(s) shall be signed by personnel as authorized in the Delegation of Procurement Signature and Approval Authority memorandum. Contract totals shall not exceed \$500,000 without City Council or Public Utility Board approval as appropriate.

“Follow-on” Contracts:

Provide any historical contract information, specification number, etc., and explain the relationship of this request to any previous contracts: New Contract

Waiver Criteria:

1. Per Purchasing Policy Manual Section XXI., this purchase is justified as a Sole Source or Not Practicable to Bid for the following reason(s):

Sole Source:

- Supplies or services that only one supplier is capable of providing or authorized to provide.
- Items required in order to function with existing equipment, systems, programs, or services.
- Products, systems, information, or services that are subject to patent or other proprietary use rights.
- Security requirements or information mandates that limit procurement from only a single supplier.

Not Practicable to Bid:

- An immediate and important need for proposed construction, installation, repair, materials, supplies, equipment, or services where the delay that would result from following the requirements of the competitive solicitation process would cause financial loss to the City or an interruption of vital services to the public.
- Special facilities or market conditions (see RCW 39.26.125).
- Specially tailored or performance criteria-based products such as computer systems or equipment.
- Supplier selection is not controlled by the City.

Waiver of Competitive Solicitation

Sole Source/Not Practicable to Bid

2. Support your contention that it would be futile to advertise and competitively solicit the product/service. Include any technical or unique product/service attributes that prevent drafting specifications for a competitive solicitation to which more than one supplier could successfully respond.

This project was selected through a WA State Dept of Commerce RFP process. The City of Tacoma is a pass-through entity because Commerce has already selected the project through their RFP process as documented in the award letter from Commerce to the City. (Background info: The Washington State Department of Commerce used a portion of its overall State and Local Fiscal Recovery award from the US Dept of Treasury to create a program that offsets the high cost of infrastructure improvements that are necessary to residential development, for affordable housing in particular. Through the Connecting Housing and Infrastructure Program (CHIP), they invited city, county and public utility districts to apply through a competitive process for funds in coordination with the developers of a multi-unit affordable housing projects that have costs scheduled for water, sewer and stormwater infrastructure improvements necessary to the development of housing.

3. Describe the screening efforts made to identify potential suppliers.

The supplier (LIHI) was selected by Commerce in response to a competitive funding application submitted by the City of Tacoma to the Commerce CHIP RFP.

4. Describe the efforts made to assure that the City is receiving the lowest or best price possible.

The supplier (LIHI) was selected by Commerce in response to a competitive funding application submitted by the City of Tacoma to the Commerce CHIP RFP.

5. Is this a one-time or on-going purchase?

One-time. Estimated one-time cost, including shipping: \$483,085, plus applicable sales tax.

Ongoing. Estimated total cost, including shipping, for projected contract term of [insert number of years] years: \$[Enter Estimated Amount Over Term], plus applicable sales tax.

Note: Sole Source requests are limited to three years unless an exception is approved.

Funding: Funds for this purchase are available in the US Treasury State and Local Fiscal Recovery funds (CFDA # 21.027)) passthrough grant (WA State Dept of Commerce CHIP grant) GRT-00548-01.

EIC Consideration: Describe below the efforts to ensure, where appropriate, that you have checked the [OMWBE website](#) of EIC firms for contracting opportunities.

N/A

Project Coordinator: Heidi Burbidge, CED Housing Division, (253) 591-5221

Approval Task

Exit

This document has been marked as **Approved**. If this task is not yet Approved, you can **Reactivate** it, or you can view or **Add Comments** on the **Task History** tab below. When you have finished, click **Exit**.

SR-ED23_NP2B_LIHLincolnDistrictPhase1CH... / Review Supporting Documents / [Get Sole Source/Not Practicable to Bid W...](#)

TSK3855186662 Get Sole Source/Not Practicable to Bid Waiver Approval

Round 2: Approved ⓘ

Summary

This task will send the waiver for approval. Approvers are automatically populated based on the department and dollar amount.

☐ Sourcing Request Documents (Read Only)

📄 Template_Info_Sheet ▾

📄 Template_Waiver_SOW_Quotes

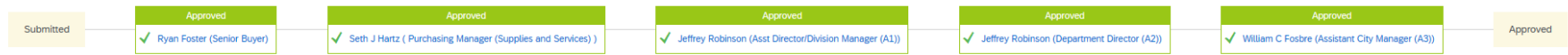
LIHI_SR384391585_2023 ▾

☐ Reference Documents

This task has been completed. You can do any of the following:

- Review comments made about this document on the **Task History** tab.
- Add any additional comments you want the task owner to see.

Properties | Task History | **Approval Flow**



Exit

Waiver of Competitive Solicitation

Sole Source/Not Practicable to Bid

Sole Source Purchase – TMC 1.06.257.A Not Practicable to Bid – TMC 1.06.257.B

SR3843915816

The Community and Economic Development Department requests a waiver of the competitive solicitation process for water, sewer and stormwater infrastructure improvements for which grant funds were awarded by the Washington State Department of Commerce using US Treasury Coronavirus State and Local Fiscal Recovery (SLFR) funds (CFDA # 21.027). The supplier is Korean Women's Association, Tacoma, WA.

Approval of this request constitutes a waiver of further competitive solicitation for amendments to the subject contract provided that any such amendment(s) shall be signed by personnel as authorized in the Delegation of Procurement Signature and Approval Authority memorandum. Contract totals shall not exceed \$500,000 without City Council or Public Utility Board approval as appropriate.

“Follow-on” Contracts:

Provide any historical contract information, specification number, etc., and explain the relationship of this request to any previous contracts: New Contract

Waiver Criteria:

1. Per Purchasing Policy Manual Section XXI., this purchase is justified as a Sole Source or Not Practicable to Bid for the following reason(s):

Sole Source:

- Supplies or services that only one supplier is capable of providing or authorized to provide.
- Items required in order to function with existing equipment, systems, programs, or services.
- Products, systems, information, or services that are subject to patent or other proprietary use rights.
- Security requirements or information mandates that limit procurement from only a single supplier.

Not Practicable to Bid:

- An immediate and important need for proposed construction, installation, repair, materials, supplies, equipment, or services where the delay that would result from following the requirements of the competitive solicitation process would cause financial loss to the City or an interruption of vital services to the public.
- Special facilities or market conditions (see RCW 39.26.125).
- Specially tailored or performance criteria-based products such as computer systems or equipment.
- Supplier selection is not controlled by the City.

Waiver of Competitive Solicitation

Sole Source/Not Practicable to Bid

2. Support your contention that it would be futile to advertise and competitively solicit the product/service. Include any technical or unique product/service attributes that prevent drafting specifications for a competitive solicitation to which more than one supplier could successfully respond.

This project was selected through a WA State Dept of Commerce RFP process. The City of Tacoma is a pass-through entity; Commerce selected the project through their RFP process as documented in the award letter from Commerce to the City. (Background info: The Washington State Department of Commerce used a portion of its overall State and Local Fiscal Recovery award from the US Dept of Treasury to create a program that offsets the high cost of infrastructure improvements that are necessary to residential development, for affordable housing in particular. Through the Connecting Housing and Infrastructure Program (CHIP), they invited city, county and public utility districts to apply through a competitive process for funds in coordination with the developers of a multi-unit affordable housing projects that have costs scheduled for water, sewer and stormwater infrastructure improvements necessary to the development of housing.

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The supplier (KWA) was selected by Commerce in response to a competitive funding application submitted by the City of Tacoma to the Commerce for the CHIP Program.

5. Is this a one-time or on-going purchase?

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Note: Sole Source requests are limited to three years unless an exception is approved.

Funding: Funds for this purchase are available in the US Treasury State and Local Fiscal Recovery funds (CFDA # 21.027)) passthrough grant (WA State Dept of Commerce CHIP grant) GRT-00547-01

EIC Consideration: Describe below the efforts to ensure, where appropriate, that you have checked the [OMWBE website](#) of EIC firms for contracting opportunities.

N/A

Waiver of Competitive Solicitation

Sole Source/Not Practicable to Bid

Project Coordinator: Heidi Burbidge, CED Housing Division, (253) 591-5221

This document has been marked as **Approved**. If this task is not yet Approved, you can **Reactivate** it, or you can view or **Add Comments** on the **Task History** tab below. When you have finished, click **Exit**.

[SR_ED23_NP2B_KWA15thandTacomaCHIPInfrast...](#) / [Review Supporting Documents](#) / [Get Sole Source/Not Practicable to Bid W...](#)

TSK3855186669 Get Sole Source/Not Practicable to Bid Waiver Approval Round 2: Approved ⓘ

Summary
This task will send the waiver for approval. Approvers are automatically populated based on the department and dollar amount.

- Sourcing Request Documents (Read Only)
- Template_Info_Sheet
- Template_Waiver_SOW_Quotes
_KWA_SR3843915816_2023 (1)
- Reference Documents

- This task has been completed. You can do any of the following:
- Review comments made about this document on the **Task History** tab.
 - Add any additional comments you want the task owner to see.

