



June 5, 2009

Saint Paul Public Housing Agency (PHA) Hosts Press Event to Announce Contract Awards of over \$11 Million in Recovery Act and Other Capital Funding

“We are pleased to announce that the St. Paul PHA has awarded 100% of the federal Recovery Act funding made available to it on March 17, 2009...just over 9 weeks ago!”
Jon Gutzmann, St. Paul PHA Executive Director, May 28, 2009

On Thursday, May 28, 2009, the Saint Paul Public Housing Agency (PHA) hosted a press event at the McDonough Homes Community Center to announce that it had obligated over \$11 million in Recovery Act and other Capital Funding. The PHA is using the funds to complete major modernization work in public housing that was already underway, and to improve life-safety systems in PHA properties. PHA officials said they believe the agency is one of the first large housing authorities in the country to obligate their entire grant from the Recovery Act.

At the event federal, state and local officials, PHA Commissioners, housing industry representatives and Resident Council representatives praised the PHA for planning ahead and then moving so quickly to award the contracts after the stimulus funds became available.

The speakers included Senator Amy Klobuchar, Congresswoman Betty McCollum, St. Paul Mayor Chris Coleman, City Councilmember Lee Helgen, Minneapolis HUD Field Office Director Dexter Sidney, Saint Paul Fire Chief Timothy Butler, Director of the Saint Paul Department of Parks and Recreation Mike Hahm, PHA Board Chair W. Andrew Boss and Commissioners Maria Manzanares (who lives at McDonough Homes), Shirley Kane (who lives at Neill Hi-Rise), Kevin Lindsey and Merry Xiong (a former McDonough Homes resident) and PHA Executive Director, Jon Gutzmann.

Also in attendance were representatives from partner organizations located in the McDonough Homes Community Center such as Youth Connections, Head Start, the West Side Clinic, Keystone, and Early Childhood Family Education, as well as the Saint Paul Fire Department, Saint Paul Police Department, the Minneapolis Public Housing Authority, Ramsey County Sheriff Bob Fletcher, Minnesota Housing Commissioner Dan Bartholomay, and the Construction and General Laborers Local 132.

As Alicia Huckleby, PHA Special Projects Coordinator and Master of Ceremonies for the press event pointed out, “The McDonough Homes Community Center is a great place to host this press event because it serves as the perfect example of the importance placed on

creating and nurturing partnerships that benefit and support public housing residents. It's important to always remember that the work we do is truly a combined effort by so many here, which is why we couldn't let the receipt of these funds go unacknowledged or lose the opportunity to share in celebrating this event with all those present. And we are so proud to share with you the accomplishment of awarding 100% of our Recovery Act funding."

Background:

On Wednesday, May 27, 2009 the PHA's Board of Commissioners approved three construction contracts that fully committed the agency's Recovery Act funding of \$10,065,782 for the following work:

- McDonough Homes Modernization; Frerichs Construction Co.: \$10,543,612.
Modernize 150 row house units inside and outside, including site work, This contract will finishing the upgrade of all 580 (fully occupied) units at McDonough Homes. The family public housing development was constructed in 1952. The current modernization work began in 2002. Total cost: \$35.4 million.

Frerichs Construction will subcontract 19.2 percent of the contract work to minority business enterprises (MBE), 11.4 percent of the contract work to women-owned business enterprises (WBE), and 7.1 percent of the contract work to Section 3 businesses. Frerichs will also provide building trades pre-apprenticeship opportunities for PHA residents by participating in the "Step-Up" program.

- 1743 E. Iowa Hi-Rise; Install Fire Safety Sprinklers; Brothers Fire Protection Co.; \$319,800.
With this contract, 13 of the PHA's 16 hi-rises will have fire safety sprinklers. Sprinklers were not required when the buildings were constructed. The PHA has requested public funding from other sources for the remaining three buildings, so all hi-rise residents will have the same life-saving fire prevention systems in their buildings.
- 1743 E. Iowa Hi-Rise; Upgrade Fire Alarm System; Eagan Co.; \$271,648.
Installing the new fire sprinkler system requires replacing the fire alarm system so it will provide appropriate water flow and tamper alarms. The replacement alarm system also will provide code-required voice notification for fire personnel communication with residents and ADA-required alarm devices with strobe lights.

The fourth major PHA construction contract using Recovery Act funds was awarded at the April 22 Board meeting:

- Modernization of PHA Duplexes in Summit-University; Berg Construction Services, Inc.; \$363,488.

This contract finishes the exterior upgrades of all 42 duplex units the PHA built in the Summit-University area in 1964.

The total cost of these four construction contracts is \$11,498,548. The PHA will pay for the contracts using its Recovery Act grant of \$10,065,782, supplemented by \$1,432,766 from other HUD Capital Fund Program grants.

St Paul PHA officials believe their agency is one of the first large housing authorities in the country to obligate their entire grant. The Stimulus Act (American Recovery and Reinvestment Act of 2009) was signed into law on February 17, 2009. HUD staff notified housing authorities of their individual grant amounts about a week later and completed the paperwork to make the money available on March 17. The Recovery Act requires PHA's to fully obligate the funds (with signed contracts) within one year, and to spend all of the money within three years.

Senator Amy Klobuchar and Congresswoman Betty McCollum, who both supported the Recovery Act, applauded the Obama Administration and Congressional leadership for securing the bill's passage quickly. They said the "stimulus dollars" coming to Minnesota would pay benefits in the form of job creation, sustainability, and improvements to the state's affordable housing inventory and other infrastructure.

Senator Klobuchar said, "The Recovery Act was intended to create jobs and jumpstart the economy, and that's what's happening here."

Congresswoman McCollum observed, "This is a one-time project with a long-term benefit. Jon Gutzmann and PHA staff had the vision to be ready to move forward as soon as the Recovery Act passed, and we see the proof right here at McDonough."

PHA Executive Director Jon Gutzmann said: "The actions of our Board of Commissioners:

- Improve the quality of life and safety for hundreds of low income residents of St. Paul
- Improve the physical asset and preserve the public investment in this precious affordable housing stock
- Create jobs (an estimated 170 directly for contractors, including resident owned businesses, and minority and women owned businesses) and very importantly, an additional 21 temporary PHA jobs at living wages—16 of which have gone to residents of public housing! (Many of the residents hired for these positions speak a second language, such as Spanish, Hmong, Somali, Karen, etc.)
- Help grow the local economy in these very hard times
- Keep intact this PHA's record of accomplishment—including high performer status for 19 consecutive years—and 14 successive years of 99% occupancy.

The federal stimulus funding is just what Saint Paul (and PHA's throughout Minnesota and nationwide) needs to begin to catch up on major repair and renovation work that has been deferred for too long. We appreciate the priority

given to quick passage and distribution of the funds by the Obama Administration and the Congress, with strong support from Minnesota's Congressional delegation.

The previous Administration consistently requested less funding for housing than HUD's own formulas called for, so PHA's had to cut staff, settle for "band-aid repairs" and take other extreme measures to survive. At the St. Paul PHA we reluctantly sold assets—mostly scattered site homes—to be able to make needed capital improvements on the remaining inventory. The \$10 million stimulus grant we received allows us to begin catching up with deferred capital improvements, improving the quality of life for the residents, and preserving or creating new jobs."

The American Recovery and Reinvestment Act of 2009 was under consideration before the election of President Obama in November of 2008.

Public Housing advocates and policy organizations recommended at its inception that public housing capital funding be included in any proposal...to help address the \$32 billion capital fund backlog facing the nations 3,200 HA's (including the \$77 million capital-fund backlog at the St. Paul PHA).

The speakers commended the PHA for demonstrating again its ability to utilize federal funding for capital improvements effectively and efficiently, continuing a 19-year record as a HUD-designated "High Performer" agency.

Mayor Coleman stated,

"We take such pride in our public housing in St. Paul..."

Councilmember Helgen stated,

"St. Paul has one of the best-managed public housing programs in the country. You can see residents' sense of pride in their modernized units."

Saint Paul Fire Chief Timothy Butler stated,

"The PHA truly believes in public safety as an enduring core value. The fire alarm systems and sprinklers the PHA is installing protect residents and firefighters."

Director of the Saint Paul Department of Parks and Recreation Mike Hahm stated,

"Investment in public housing cascades throughout the community. Parks & Rec is extremely proud to be a partner with the PHA at McDonough."

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