



## OFFICE OF HOUSING & URBAN IMPROVEMENT

Miriam Carrillo, Office of Housing & Urban Improvement Director

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### MEMORANDUM – 24-049

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**TO:** Mark Berman, City Attorney

**THRU:** Miriam Carrillo, OHUI Director *M Carrillo*

**FROM:** Alex Goldstein, MPA, Program Compliance Manager

**DATE:** January 29, 2024

**RE:** Request for Resolution – Additional Funding for Captiva Cove Phase III Project

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The Office of Housing and Urban Improvement is requesting the preparation of a resolution for additional funding for the Captiva Cove Phase III project. The purpose of this request is to secure \$250,000 in Affordable Housing Trust Funds from the City to help offset the cost increases that are adversely affecting the community.

The Captiva Cove Phase III project originally funded through HOME-ARP grant funds, a vital community development initiative, is facing significant challenges due to unexpected cost increases. One of the most critical issues impacting all aspects of the project is the switchgear shortage, resulting in a delay in delivery currently estimated at about 50 weeks. This delay has created several challenges, adversely affecting the project's timeline and overall costs.

The switchgear shortage has led to an extended construction period, impacting subcontractors who were initially planning for a 12-month project duration. With the extended timeline, subcontractors are now required to be on-site for 18 months, leading to increased labor costs, general conditions, and overhead. Subcontractors, facing probable unanticipated inflation in materials and supplies, have found it necessary to charge more for their work to cover these additional costs.

In addition, subcontractors not directly affected by the extended construction period are requesting increases in their contracts due to inflation. In such cases, agreeing to some increase becomes necessary to avoid the risk of subcontractors leaving the project, which could ultimately result in higher costs.

OHUI is requesting this Resolution be presented to the City Commission on February 13, 2024 for consideration and approval.

Should you have any questions, please contact Miriam Carrillo, OHUI Director at ext. 4656.

Thank you.