



*CITY OF COSTA MESA
COSTA MESA HOUSING AUTHORITY
CITY OF COSTA MESA SUCCESSOR
AGENCY TO THE REDEVELOPMENT
AGENCY*

MEETING DATE: FEBRUARY 18, 2014 ITEM NUMBER:

SUBJECT: AMENDMENT THREE TO THE PROFESSIONAL SERVICES AGREEMENT WITH KEYSER-MARSTON ASSOCIATES CONSULTING

DATE: JANUARY 22, 2014

FROM: DEVELOPMENT SERVICES DEPARTMENT/HOUSING AND COMMUNITY DEVELOPMENT

**PRESENTATION BY: WILLA BOUWENS-KILLEEN, PRINCIPAL PLANNER
 SILVIA KENNERSON, MANAGEMENT ANALYST**

**FOR FURTHER INFORMATION WILLA BOUWENS-KILLEEN, PRINCIPAL PLANNER
CONTACT: 714. 754.5153 willa.bouwens-killeen@costamesaca.gov
 SILVIA KENNERSON, MANAGEMENT ANALYST
 714. 754.5023 silvia.kennerson@costamesaca.gov**

RECOMMENDATION

1. Approve *Amendment Three*, revise existing cap not to exceed \$200,000 to the Professional Services Agreement with Keyser Marston Associates (KMA) Consulting.
2. Authorize the City Chief Executive Officer to sign the amended Professional Services Agreement with KMA Consulting.

BACKGROUND

The City entered into a Professional Service Agreement with KMA Consulting on July 1, 2012, in the amount of \$100,000. *Amendment One* was approved by the City Council and went into effect on December 14, 2012 increasing the compensation amount not to exceed a total of \$130,000. *Amendment Two* was also approved by Council and went into effect on May 21, 2013 to increase the total compensation amount by \$10,000, and not to exceed \$140,000 in total compensation.

KMA Consulting provides services for a variety of Housing and Community Development, Successor Agency, and Costa Mesa Housing Authority projects. The City Council and the former Redevelopment Agency (RDA) have engaged financial and real estate consultants via the RDA and City approved agreements in a variety of development projects to provide specialized financial consulting services to supplement staff expertise.

These projects included the First Time Home Buyer Program, St. Johns Manor, and other senior and low-to-moderate housing projects. Their scope of services included support in negotiations, financial analysis of residential receipt notes and any housing loan modifications, evaluation of developer business financials, and assistance to City staff in reviewing responses to Request for Proposal's for major development projects. Additionally, they have been instrumental, along with special counsel to the Redevelopment Agency and Successor Agency, in assisting in the preparation of documents necessary to implement ABX126, (RDA Dissolution legislation). They have also provided programmatic assistance due to staff reductions for such projects as the Neighborhood Stabilization Program and the Homeless Task Force Supportive Housing strategy.

ANALYSIS

The scope, breadth and depth of independent financial review and analyses required for complex development projects, coupled with confidentiality that must be maintained during various stages of the project, necessitate the services of independent financial consultants to augment staff expertise. KMA has been such a consultant in the past and has provided the City with comprehensive real estate and financial consulting services of the highest professional standard. Additionally, given the abolishment of the RDA and the necessity to reduce staff and implement programmatic reductions, this firm is readily available to assume many tasks including affordable housing management, community relations, homeless coordination, and ABX126 coordination, and document preparation.

The City has contracted with KMA since the early nineties. KMA has a proven track record of success on complex development financing projects, previous work experience with California RDA's, the ability to manage numerous projects with varying complexity, and experience in housing program services including Neighborhood Stabilization Program, supportive housing strategies for homeless, senior housing strategies, etc., and is intimately familiar with numerous City of Costa Mesa projects.

Due to the multitude of new programs created by City Council, as well as the complexity of the new laws and requirements pertaining to the Successor Agency and Housing Authority, staff recommends that the City Council, acting as Successor Agency to the Costa Mesa Redevelopment Agency, and the Costa Mesa Housing Authority approve *Amendment Three* to the existing agreement with Keyser Marston Associates Consulting, not to exceed \$200,000.00 on tasks to be performed, as assigned by the CEO, City Attorney, City Council or other authorized persons during the term of the Agreement.

ALTERNATIVES CONSIDERED

The City Council can decide not approve *Amendment Three* to the Professional Services Agreement with Keyser Marston Associates Consulting and maintain the cap not to exceed the current amount of \$140,000.

FISCAL IMPACT

No fiscal impact because funding for the current agreement is already accommodated in the General Fund, Housing and Community Development, and the Costa Mesa Housing Authority budgets. Any expenditures in excess of existing approvals will be required to be pre-authorized with total expenditures not to exceed the approved cap.

LEGAL IMPACT

There is no adverse legal impact anticipated by the Council’s taking the recommended action(s), based upon the documents and information provided to this office.

CONCLUSION

Staff recommends approval of *Amendment Three*, revise the existing cap to the total compensation not to exceed \$200,000 to the Professional Services Agreement due to an increase of new programs as well as the complexity of new laws and requirements, pertaining to the Successor Agency and the Housing Authority.

GARY ARMSTRONG
Economic and Development Services
Director

WILLA BOUWENS-KILLEEN
Principal Planner

STEPHEN DUNIVENT
Interim Finance Director

SILVIA KENNERSON
Management Analyst

Attachments: [Attachment A - Amendment Three](#)