



MEMORANDUM

DATE: January 20, 2010

TO: Board of Directors
The Long Beach Housing Development Company

FROM: Executive Review Committee

PREPARED BY: Dale Hutchinson, Housing Operations Officer

SUBJECT: **Agreements for Real Estate Acquisition and Related Services**

RECOMMENDATIONS:

1. Authorize the President or designee to enter into an agreement for real estate acquisition and related services with Overland, Pacific, and Cutler, Inc. (OPC) in an amount not to exceed \$600,000 for a three-year period;
2. Authorize the President or designee to enter into an agreement for relocation, property management and site clearance consulting services with Shoher Consulting in an amount not to exceed \$100,000 for a three-year period; and
3. Authorize the President or designee to enter into an agreement for relocation, property management and site clearance consulting services with Equity North Investments (ENI) in an amount not to exceed \$100,000 for a three-year period.

BACKGROUND:

To further its neighborhood revitalization and stabilization efforts in the Housing Action Plan (HAP) Focus Areas, the Board has approved the acquisition of several parcels within the Central and Washington School HAP Focus Areas. The site assembly process involves a number of activities, including property appraisal, acquisition, tenant relocation, environmental assessment and possible remediation, demolition, property management and property maintenance. These activities are coordinated for the LBHDC by the City's Property Services Bureau (PSB). Given the breadth of this process, the LBHDC and PSB staff use consultants to carry out these activities.

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In 2007, the Board approved a three-year contract with OPC to provide the necessary acquisition, relocation, and property management related services in an amount not to exceed \$2.5 million. Although the contract amount has not been fully expended, the contract will expire in February 2010. However, staff needs OPC's services for LBHDC-owned properties that are awaiting development and for ongoing and future acquisitions.

City Purchasing Guidelines require that departments bid consulting services at least once every three years. Additionally, the City's Administrative Regulation No. 8-5 assigns the City's centralized real estate services function to the Property Services Bureau. Among other functions, the PSB is responsible for the selection of all consultants hired to provide real estate services. In September 2009, PSB staff circulated two requests for proposals – one for real estate property acquisition consulting services (RFP-1), and the other for relocation, property management and site clearance consulting services (RFP-2). A review panel convened and reviewed the responses to the proposals and came up with a list of four qualified firms under RFP-1, which included OPC. Under RFP-2, seven firms were determined qualified and included OPC, Shober Consulting (Shober) and Equity North Investments (ENI) – all Long Beach-based firms.

Staff proposes to contract with OPC in an amount not to exceed \$600,000 to continue to provide real estate acquisition and other related services over a three-year period. Staff also recommends contracting with two additional firms for relocation, property management and site clearance consulting services to provide staff with the opportunity to use the services of other very well qualified consulting firms, as needed. Thus, staff proposes to contract with Shober Consulting and ENI, each for \$100,000 for a one-year period, with an option of two one-year extensions.

Consultants and/or their contractors will be required to provide satisfactory evidence of environmental insurance coverage when providing site clearance or other services that may pose environmental risks, prior to the commencement of work.

The requested terms are necessary to provide adequate purchase order capacity to address costs incurred during the property acquisition, relocation, site clearance (if required) and property management and/or maintenance process.

Consulting expenditures over the past three years have totaled approximately \$1.7 million - 65% or \$1.1 million for acquisition, relocation, and demolition related activities, and 35% or \$610,000 for property management related activities. Staff does not anticipate the same level of property acquisitions in the future as was experienced since 2007. The majority of future expenditures will be related to property management and maintenance services.

Approval of these recommendations will not obligate the LBHDC to pay OPC, Shober Consulting, and ENI the aggregate maximum amount of \$800,000. It does, however, provide a mechanism to pay these firms for their services over the next three years for ongoing and future acquisition, if any, and other real estate related activities.

The proposed amount of \$800,000 is not a new budget item. Funds for acquisition and related services are included in the current and proposed annual budget, as part of project costs or estimated costs of acquisition.

The recommended actions were presented and reviewed by the Executive Review Committee at its January 12 meeting. The ERC recommends full Board approval of these recommendations with the addition of the environmental insurance coverage as discussed above.

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