

0150-10282-0000

TRANSMITTAL

TO The Mayor The Council	DATE 10-24-14	COUNCIL FILE NO.
FROM The City Administrative Officer		COUNCIL DISTRICT 14

Request to Amend Contracts with
Keyser Marston Associates for the provision of real estate advisory services for
the Wyvernwood Garden Apartments.

Approved and transmitted for further processing.
See the City Administrative Officer report attached.



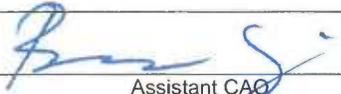
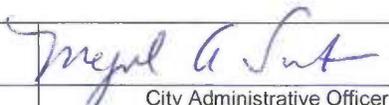
Miguel A. Santana
City Administrative Officer

Report From
OFFICE OF THE CITY ADMINISTRATIVE OFFICER
Analysis of Proposed Contract
(\$25,000 or Greater and Longer than Three Months)

To: The Council	Date: 10-24-14	C.D. No. 14	CAO File No.: 0150-10282-0000				
Contracting Department/Bureau: Housing and Community Investment Department (HCID)		Contact: Lisa Shinsato 213-808-8985 David Zaitz 213-808-8632 Helmi Hisserich 213-808-8662					
Reference: Transmittal from Council Dated September 19, 2014; Received by the City Administrative Officer on October 6, 2014							
Purpose of Contract: To Provide Professional Real Estate Advisory Services							
Type of Contract: () New contract (X) Amendment		Contract Term Dates: March 15, 2014 to nine (9) months from the date of execution					
Contract/Amendment Amount: \$ 17,500 + \$ 5,000 = \$ 22,500							
Proposed amount \$ 17,500 + Prior award(s) \$ 50,000 = Total \$ 67,500 – Contract No. C-124599 \$ 5,000 + Prior award(s) \$ 25,000 = Total \$ 30,000 – Being attested by the City Clerk							
Source of funds: \$ 17,500 from Fifteen Group Land Development LLC (Fifteen Group) \$ 5,000 from Municipal Housing Finance Funds (MHFF)							
Name of Contractor: Keyser Marston Associates							
Address: 500 S. Grand Ave. Suite 1480 Los Angeles, CA 90071							
	Yes	No	N/A*	8. Contractor has complied with:	Yes	No	N/A*
1. Council has approved the purpose	X			a. Equal Employmt. Oppty./Affirm. Action	X		
2. Appropriated funds are available	X			b. Good Faith Effort Outreach**			X
3. Charter Section 1022 findings completed	X			c. Equal Benefits Ordinance	X		
4. Proposals have been requested	X			d. Contractor Responsibility Ordinance	X		
5. Risk Management review completed	X			e. Slavery Disclosure Ordinance	X		
6. Standard Provisions for City Contracts included	X			f. Bidder Certification CEC Form 50	X		
7. Workforce that resides in the City: %				*N/A = not applicable ** Contracts over \$100,000			

COMMENTS

The HCID requests authority to amend Contract No. C-124599 and a new Contract being attested by the City Clerk with Keyser Marston Associates (KMA) for professional real estate advisory services in relation to the proposed redevelopment of the Wyvernwood Garden Apartments (Project). The Project's owner, Fifteen Group Land Development LLC (Fifteen Group), is seeking approval of the Boyle Heights Mixed Use Specific Plan which contemplates the redevelopment of the Wyvernwood Garden Apartments. To facilitate the City's review of housing impacts of the proposed project, HCID sought a third-party analysis of relevant sections of the proposal. Fifteen Group agreed to pay for a peer review and feasibility study, and KMA was selected by HCID from a list of eligible contractors for these activities. In addition, HCID sought KMA's services to perform a value capture analysis of the benefits resulting from the proposed redevelopment; this contract is being paid using Municipal Housing Finance Funds (MHFF).

		
BA	Analyst	02150023D
Assistant CAO		City Administrative Officer

Upon completion of the initial KMA analysis, the City and Fifteen Group considered alternative development approaches including a partial preservation of the existing apartments and a proposed increase in the number of affordable housing units in the project. To effectively evaluate these alternatives, HCID seeks to amend the existing KMA contracts to receive additional analyses of the proposed modifications. The total amount of the amendments is \$22,500.

BACKGROUND

The HCID is in negotiations with Fifteen Group to redevelop the Wyvernwood Garden Apartments. The proposed redevelopment project, which will span 10 years and cost \$2 billion, will increase the number of housing units from approximately 1,200 to more than 4,000. Due to the size and complexity of the project, a third-party analysis of various financing and unit mix scenarios was necessary for HCID to evaluate the potential costs and impacts.

On March 12, 2014, HCID received Mayor and Council authority to execute two contracts with KMA in relation to the Wyvernwood Garden Apartments project (C.F. 14-0197). Contract No. C-124599 was for KMA to conduct a peer review of certain sections of the environmental impact report’s financial model as proposed by Fifteen Group and to perform an independent feasibility analysis. The proposed amendment will increase the contract amount by \$17,500, from \$50,000 to \$67,500, and Fifteen Group has agreed to fund the increase. KMA has completed its work under Contract No. C-124599. However, additional analyses by KMA are required in order for HCID to evaluate other housing and financing scenarios. These include a supplemental feasibility analysis reflecting rents at various Average Median Income (AMI) levels combined with financing structures such as 4% or 9% Low Income Housing Tax Credits (LIHTC) and/or Tax-Exempt Multifamily Bonds.

The second contract, which is in the process of attestation by the City Clerk, was for the provision of a value capture analysis, which evaluated various entitlement scenarios and the community impact of the redevelopment as proposed by Fifteen Group. In August 2014, this Office approved HCID’s request to reallocate \$5,000 in MHFF to increase the contract amount from \$25,000 to \$30,000; however, Mayor and Council approval is required for the increased expenditure authority and contract amendment. The City Attorney is currently drafting the First Amendments to both contracts (See Attachments 1 and 2). The services to be provided in accordance with the \$30,000 contract have been rendered. A \$5,000 increase to the contract amount is needed in order for KMA to perform a more in-depth analysis of the community benefits derived from an increased affordability scenario, and the resulting impacts to project feasibility.

The table below indicates the dollar amounts of the original contracts and the amounts and sources of the proposed increases:

Contract Description	Original Contract Amount	Additional Authority Requested	New Contract Amount	Funding Source
Peer Review and Feasibility Analysis (Contract No. C-124599)	\$50,000	\$17,500	\$67,500	Fifteen Group
Value Capture Analysis (Being attested by City Clerk)	\$25,000	\$5,000	\$30,000	MHFF
Total	\$75,000	\$22,500	\$97,500	

RECOMMENDATIONS

That the Council, subject to the approval of the Mayor:

1. Authorize the HCID General Manager or designee to execute a First Amendment to Contract No.C-124599 with Keyser Marston Associates to increase the contract amount by \$17,500, from \$50,000 to \$67,500, in substantial conformance with the scope of work described in this report, subject to approval of the City Attorney as to form and compliance with the City's contracting requirements;
2. Authorize the HCID General Manager or designee to execute a First Amendment to a contract with Keyser Marston Associates, subsequent to the attestation of their original contract by the City Clerk, to increase the contract amount by \$5,000, from \$25,000 to \$30,000, in substantial conformance with the scope of work described in this report, subject to approval of the City Attorney as to form and compliance with the City's contracting requirements;
3. Authorize the City Controller to:
 - a. Appropriate an amount not to exceed \$17,500 into Account 43K501 Wyvernwood Economic Analysis, upon receipt of same amount from Fifteen Group Land Development LLC;
 - b. Expend funds in an amount not to exceed \$22,500 from Account 43K501 Wyvernwood Economic Analysis, upon proper demand of the General Manager of HCID, or designee;
4. Authorize the HCID General Manager or designee to prepare Controller's instructions and any technical adjustments consistent with Mayor and Council actions, subject to the approval of the City Administrative Officer, and instruct the Controller to implement the instructions.

FISCAL IMPACT STATEMENT

There is no impact to the General Fund. The \$17,500 increase will be paid using funds from Fifteen Group and the \$5,000 reallocation of Municipal Housing Finance Funds has been previously approved by the City Administrative Officer.

FIRST AMENDMENT
TO AGREEMENT NUMBER C-124599 OF CITY OF LOS ANGELES CONTRACT
BETWEEN
THE CITY OF LOS ANGELES
AND
KEYSER MARSTON ASSOCIATES, INC.

THIS FIRST AMENDMENT to Agreement Number C-124599 of City of Los Angeles Contract is made and entered into by and between the City of Los Angeles, hereinafter referred to as the City, and Keyser Marston Associates, Inc., a California For Profit Corporation, hereinafter referred to as the Contractor.

WITNESSETH

WHEREAS, the City and the Contractor have entered into an Agreement wherein Contractor shall provide certain services, said Agreement effective March 12, 2014 and subsequently amended, which together with all amendments thereto shall hereinafter be referred to as the Agreement; and

WHEREAS, Section 505 of the Agreement provides for amendments to the Agreement; and

WHEREAS, The Agreement contemplated that modifications and closeout activities may be required after the time set forth in “§201. Time of Performance” of the Agreement; and

WHEREAS, the City and the Contractor are desirous of amending the Agreement as authorized by the City Council and the Mayor (refer to Council File Number XX-XXXX dated DATE) which authorizes the General Manager of the Los Angeles Housing and Community Investment Department (HCIDLA), formerly known as the Los Angeles Housing Department (LAHD), to prepare and execute an amendment to the Agreement for the purpose of: (a) adding additional funds in the amount of Seventeen Thousand Five Hundred Dollars (\$17,500) for a new total of Sixty-Seven Thousand Five Hundred Dollars (\$67,500); and (b) making such other changes as are required in connection with the foregoing, all as detailed elsewhere in this Amendment; and

WHEREAS, this Amendment is necessary and proper to continue and/or complete certain activities authorized under the Agreement.

NOW, THEREFORE, the City and the Contractor agree that the Agreement be amended effective DATE as follows:

AMENDMENT

§1. Amend Section 202 Services to be Provided by the Contractor by adding:

"Contractor shall provide a supplemental analysis of the Peer Review and Feasibility Analysis, to reflect rents at various Average Median Income levels and provide an analysis using a partial preservation scenario."

§2. Amend Section 301A Compensation and Method of Payment by deleting the total dollar amount of Fifty Thousand Dollars (\$50,000) and replacing with the new total dollar amount of Sixty-Seven Thousand Five Hundred Dollars (\$67,500).

This amendment adds an additional Seventeen Thousand Five Hundred Dollars (\$17,500) for a new total of Sixty-Seven Thousand Five Hundred Dollars (\$67,500).

§3. Except as herein amended, all terms and conditions of the Agreement shall remain in full force and effect.

§4. This Amendment is executed in three (3) duplicate originals, each of which is deemed to be an original. This Amendment includes four (4) pages which constitute the entire understanding and agreement of the parties.

IN WITNESS WHEREOF, the City of Los Angeles and the Contractor have caused this Agreement to be executed by their duly authorized representatives.

APPROVED AS TO FORM:
MICHAEL N. FEUER, City Attorney

Executed this _____ day of _____, 2014

By _____
Deputy/Assistant City Attorney

For: THE CITY OF LOS ANGELES

RUSHMORE D. CERVANTES
General Manager
Los Angeles Housing and Community
Investment Department

Date _____

ATTEST:

HOLLY L. WOLCOTT,
City Clerk

By _____

By _____
Deputy City Clerk

Executed this _____ day of _____, 2014

Date _____

For: KEYSER MARSTON ASSOCIATES, INC.

(Contractor's Corporate
Seal or Notary)

By _____
KATHLEEN H. HEAD
Vice-President

By _____
JAMES A. RABE
Assistant Secretary

City Business License Number: 118582-0001-8
Internal Revenue Service Number: 94-2363741
Council File/CAO File Number: XX-XXXX Date of Approval DATE
Said Agreement is Number C-124599 of City Contracts Amendment 1

FIRST AMENDMENT
TO AGREEMENT NUMBER C-XXXXXX OF CITY OF LOS ANGELES CONTRACT
BETWEEN
THE CITY OF LOS ANGELES
AND
KEYSER MARSTON ASSOCIATES, INC.

THIS FIRST AMENDMENT to Agreement Number C-XXXXXX of City of Los Angeles Contract is made and entered into by and between the City of Los Angeles, hereinafter referred to as the City, and Keyser Marston Associates, Inc., a California For Profit Corporation, hereinafter referred to as the Contractor.

WITNESSETH

WHEREAS, the City and the Contractor have entered into an Agreement wherein Contractor shall provide certain services, said Agreement effective March 12, 2014 and subsequently amended, which together with all amendments thereto shall hereinafter be referred to as the Agreement; and

WHEREAS, Section 505 of the Agreement provides for amendments to the Agreement; and

WHEREAS, The Agreement contemplated that modifications and closeout activities may be required after the time set forth in "§201. Time of Performance" of the Agreement; and

WHEREAS, the City and the Contractor are desirous of amending the Agreement as authorized by the City Council and the Mayor (refer to Council File Number XX-XXXX dated DATE) which authorizes the General Manager of the Los Angeles Housing and Community Investment Department (HCIDLA), formerly known as the Los Angeles Housing Department (LAHD), to prepare and execute an amendment to the Agreement for the purpose of: (a) adding additional funds in the amount of Five Thousand Dollars (\$5,000) for a new total of Thirty Thousand Dollars (\$30,000); and (b) making such other changes as are required in connection with the foregoing, all as detailed elsewhere in this Amendment; and

WHEREAS, this Amendment is necessary and proper to continue and/or complete certain activities authorized under the Agreement.

NOW, THEREFORE, the City and the Contractor agree that the Agreement be amended effective DATE as follows:

AMENDMENT

§1. Amend Section 202 Services to be Provided by the Contractor by adding:

"Contractor shall provide a supplemental analysis of the Value Capture Analysis, including the community benefits derived from the increased affordability scenario as agreed upon by the parties of this Agreement."

§2. Amend Section 301A Compensation and Method of Payment by deleting the total dollar amount of Twenty-five Thousand Dollars (\$25,000) and replacing with the new total dollar amount of Thirty Thousand Dollars (\$30,000).

This amendment adds an additional Five Thousand Dollars (\$5,000) for a new total of Thirty Thousand Dollars (\$30,000).

§3. Except as herein amended, all terms and conditions of the Agreement shall remain in full force and effect.

§4. This Amendment is executed in three (3) duplicate originals, each of which is deemed to be an original. This Amendment includes four (4) pages which constitute the entire understanding and agreement of the parties.

IN WITNESS WHEREOF, the City of Los Angeles and the Contractor have caused this Agreement to be executed by their duly authorized representatives.

APPROVED AS TO FORM:
MICHAEL N. FEUER, City Attorney

Executed this _____ day of _____, 2014

By _____
Deputy/Assistant City Attorney

For: THE CITY OF LOS ANGELES

RUSHMORE D. CERVANTES
General Manager
Los Angeles Housing and Community
Investment Department

Date _____

ATTEST:

HOLLY L. WOLCOTT,
City Clerk

By _____

By _____
Deputy City Clerk

Executed this _____ day of _____, 2014

Date _____

For: KEYSER MARSTON ASSOCIATES, INC.

(Contractor's Corporate
Seal or Notary)

By _____
KATHLEEN H. HEAD
Vice-President

By _____
JAMES A. RABE
Assistant Secretary

City Business License Number: 118582-0001-8
Internal Revenue Service Number: 94-2363741
Council File/CAO File Number: XX-XXXX Date of Approval DATE
Said Agreement is Number C-XXXXXX of City Contracts Amendment 1