

REPORT FROM

OFFICE OF THE CITY ADMINISTRATIVE OFFICER

Date: May 19, 2017

CAO File No. 0220-00540-1236
Council File No. 16-1115
Council District: Citywide

To: The Mayor
The Council

From: Richard H. Llewellyn, Jr., Interim City Administrative Officer



Reference: Housing and Community Investment Department Transmittal dated April 4, 2017; Received by the City Administrative Officer on April 14, 2017; Additional information received through May 12, 2017

Subject: **REQUEST FOR APPROVAL OF RECOMMENDATIONS RELATIVE TO RESULTS OF THE TECHNICAL SERVICES REQUEST FOR PROPOSALS AND AUTHORITY TO AMEND EXISTING SUPPLEMENTAL CONTRACTS**

RECOMMENDATIONS

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

1. Authorize the General Manager of the Housing and Community Investment Department (HCID), or designee to:
 - A. Negotiate and execute 13 contracts with the contractors identified below for the provision of technical services in support of the HCID's affordable housing development programs, in substantial conformance with the pro forma agreements attached to the HCID Transmittal dated April 4, 2017, and subject to the following:
 - a) funding availability; b) satisfactory contractor performance; c) HCID work requirements; d) compliance with all applicable Federal, State and City regulatory requirements; e) approval of the City Attorney as to form; and, f) compliance with the City's contracting requirements:
 - 1) Gold Coast Appraisals for the provision of appraisal services for a period of one year retroactive to April 1, 2017 through March 31, 2018, with two one-year renewal options, for a total contract amount not to exceed \$35,000;
 - 2) Sole source contract with Stepping Thru Accessibility for the provision of architectural services for a period of one year from July 1, 2017 through June 30, 2018, with two one-year renewal options, for a total contract amount not to exceed \$15,000;
 - 3) Rincon Consultants for the provision of environmental services for a period of one year retroactive to April 1, 2017 through March 31, 2018, with two one-year renewal options, for a total contract amount not to exceed \$9,000;

- 4) Keyser Marston for the provision of financial analysis and loan underwriting services for a period of one year retroactive to April 1, 2017 through March 31, 2018, with two one-year renewal options, for a total contract amount not to exceed \$19,000;
- 5) Forsyth Street Advisors (Forsyth) for the provision of financial analysis and loan underwriting services for a period of one year retroactive to April 1, 2017 through March 31, 2018, with two one-year renewal options, for a total contract amount not to exceed \$75,000;
- 6) Estolano LeSar Perez Advisors for the provision of financial analysis and loan underwriting services for a period of one year retroactive to April 1, 2017 through March 31, 2018, with two one-year renewal options, for a total contract amount not to exceed \$19,000;
- 7) CSG Advisors for the provision of financial analysis and loan underwriting services for a period of one year retroactive to April 1, 2017 through March 31, 2018, with two one-year renewal options, for a total contract amount not to exceed \$19,000;
- 8) Sole source contract with Amerinational for the provision of loan servicing services for a period of one year retroactive to May 1, 2017 through April 30, 2018, with two one-year renewal options, for a total contract amount not to exceed \$150,000;
- 9) Intuitive Real Estate for the provision of property management for a period of one year from July 1, 2017 through June 30, 2018, with two one-year renewal options, for a total contract amount not to exceed \$75,000;
- 10) New Capital for the provision of property management for a period of one year retroactive to April 1, 2017 through March 31, 2018, with two one-year renewal options, for a total contract amount not to exceed \$10,000;
- 11) Cal Pacific Properties for the provision of real estate broker services for a period of one year from October 1, 2017 through September 30, 2018, with two one-year renewal options, compensation based on sales price of respective property;
- 12) Sole source contract with Orange Coast Title for the provision of title report services for a period of one year retroactive to April 1, 2017 through March 31, 2018, with two one-year renewal options, for a total contract amount not to exceed \$10,000;
- 13) Sole source contract with Stewart Title for the provision of title report services for a period of one year retroactive to April 1, 2017 through March 31, 2018, with two one-year renewal options, for a total contract amount not to exceed

\$10,000; and

- B. Negotiate and execute Amendment No. 1 to Supplemental Agreements with the contractors identified below in order to prevent a lapse in services between current service contracts and execution of new contracts resulting from the technical services Request for Proposals (RFP) released by the HCID on November 21, 2016, and to extend the term for three months to commence retroactively from April 1, 2017 through June 30, 2017, for a total cumulative contract term of April 1, 2016 through June 30, 2017, and subject to the following: a) funding availability; b) satisfactory contractor performance; c) HCID work requirements; d) compliance with all applicable Federal, State and City regulatory requirements; e) approval of the City Attorney as to form and legality; and f) compliance with the City's contracting requirements:
 - 1) Contract No. C-122780 with Gonzalez Goodale Architects for the continued provision of architectural services; and
 - 2) Contract No. C-123730 with Mac Bennett Enterprises (dba International Realty & Investments) for the continued provision of property management services;
 - C. Authorize the use of interest earnings in an amount of up to \$75,000 from the New Generation Fund Guaranteed Interest Contract (NGFGIC) to partially fund the Financial Analysis and Loan Underwriting Services Contract with Forsyth Street Advisors, with authority to withdraw the funds and deposit them into the Municipal Housing Finance Fund (MHFF);
 - D. Prepare Controller's instructions and make any necessary technical adjustments consistent with the Mayor and City Council actions on this matter, subject to the approval of the City Administrative Officer, and request the Controller to implement these instructions; and
2. Direct the General Manager of HCID, or designee, to:
 - A. Require that Forsyth, as referenced in 1.A.5 above, recuse itself if a conflict of interest or potential conflict of interest arises in relation to their contract work for HCID, and that such requirement would be effectuated in the contract between the HCID and Forsyth; and
 - B. Report back to the Mayor and Council regarding any potential conflict of interest that arises, or may exist, under the executed contract with Forsyth;
 3. Authorize the Controller to:
 - A. Establish a new account, Account No. 43N628, titled Technical RFP Year 1, and appropriate funds as follows:

Fund	Account	Title	Amount
424	43N628	Technical RFP Year 1	\$3,000
561	43N628	Technical RFP Year 1	38,000
44G	43N628	Technical RFP Year 1	3,000
55J	43N628	Technical RFP Year 1	136,000
815	43N628	Technical RFP Year 1	150,000
		Total	\$330,000

- B. Establish a new account, Account No. N629, to be titled "NGF Technical RFP", within the Municipal Housing Finance Fund (MHFF) Fund No. 815, and appropriate up to an amount not to exceed \$75,000, as cash is received from the NGFGIC; and
- C. Decrease accounts within various funds as follows:

Fund	Account	Title	Amount
561	43M844	Technical Services	\$38,000

Fund	Account	Title	Amount
44G	43L143	Housing and Community Investment	\$3,000

Fund	Account	Title	Amount
55J	43K299	Reimbursements to General Fund	\$50,321.95
55J	43L143	Housing and Community Investment	85,678.05
		Total	\$136,000

Fund	Account	Title	Amount
815	43J143	Housing and Community Investment	\$3,443.51
815	43K299	Reimbursements to General Fund	21,708.85
815	43L143	Housing and Community Investment	13,775.65
815	43L299	Reimbursements to General Fund	13,838.34
815	43M245	Professional Service Contract	7,233.65
815	43N231	Loan Servicing	150,000.00
		Total	\$210,000.00

SUMMARY

The General Manager of the Los Angeles Housing and Community Investment Department (HCID), in its transmittal dated April 4, 2017, requested authority to enter into 13 contracts for the provision of technical services for a cumulative amount of \$540,000 and related actions. The HCID subsequently amended their request to reflect a funding change for one of the contracts, which revised the cumulative total compensation to \$465,000. The HCID decreased the contract amount for Forsyth Street Advisors (Forsyth) from \$150,000 to a revised amount not to exceed \$75,000. This Office concurs with HCID's request. The recommendations in this report are in compliance with the City's Financial Policies in that there is no additional cost to the City.

BACKGROUND

The HCID provides more than \$50 million annually in new financing for affordable housing development and manages a \$1.9 billion loan portfolio consisting of previously executed affordable housing loans. The technical services contracts support the HCID's affordable housing development programs by providing needed expertise in various related fields including appraisal, architectural assessment, environmental assessment, financial analysis and loan underwriting, loan servicing, property management, real estate broker, title reports, and electronic recording (e-Recording) services.

Source of Funds

The HCID will allocate \$465,000 in cumulative funding for the technical services contracts, consisting of \$210,000 in Municipal Housing Finance Fund (MHFF) Fund No. 815 funding, \$75,000 in New Generation Fund Guaranteed Interest Contract (NGFGIC) interest funding, \$3,000 in Community Development Block Grant (CDBG) Fund No. 424 funding, \$38,000 in HOME Investment Partnerships Program (HOME) Fund No. 561 funding, \$136,000 in Low and Moderate Income Housing Fund (LMIHF) Fund No. 55J funding, and \$3,000 in Affordable Housing Trust Fund (AHTF) Fund No. 44G funding. Attachment 1 provides a detailed breakdown of the contractors and corresponding funding sources.

Forsyth Street Advisors

The HCID has requested authority to contract with Forsyth for the provision of financial analysis and loan underwriting services. The HCID has indicated that under the proposed contract, Forsyth will not be performing underwriting services for multiple housing funding sources, and that their primary focus will be to provide assistance to HCID with the evaluation and development of a Housing Finance Agency. After discussion with the City Attorney, we recommend that the Mayor and Council direct the HCID to report back regarding any potential conflict of interest that may exist, or that may arise, under the technical services contract for which Forsyth is providing services to HCID.

RFP and Charter Section 1022

The HCID issued a Request for Proposals (RFP) on November 21, 2016 through the Los Angeles

Business Assistance Virtual Network for the provision of technical services in support of various HCID programs for the production and preservation of affordable housing. Details of the RFP process are included in the HCID transmittal dated April 4, 2017.

The HCID did not receive any proposal submissions to three services categories of the RFP: 1) architectural services; 2) title report services; and 3) e-Recording services. Since there were no responses for these three services, the City Attorney has indicated that HCID is authorized, subject to the approval of the Council and Mayor, to execute sole source contracts for these technical services categories. The HCID has indicated that they will seek a Memorandum of Understanding (MOU) for the use of the Statewide Electronic Courier Universal Recording Environment (SECURE) Government to Government (G2G) Portal for the provision of electronic recording (e-Recording) services.

Pursuant to Charter Section 1022, the Personnel Department found that City employees do not have the expertise to perform services in two of the nine technical services categories, title report services and loan servicing; therefore, no further determination was made by our Office. In the remaining nine technical services categories, which include: 1) appraisal services; 2) architectural services; 3) environmental assessment services; 4) property management services; 5) real estate broker services; 6) real estate loan underwriting services; and, 7) e-Recording services, they found that City employees could perform the proposed scope of work. This Office determined that it would be more feasible to contract out for these services because the work is temporary and on an as-needed basis, the proposed works exceeds staffing availability, the cost of City staff performing the project exceeds the cost of contracting out such work, and/or specialized knowledge is required to perform the project scope.

FISCAL IMPACT STATEMENT

There will be no impact to the General Fund. Funding for these Technical Services contracts will be provided by a combination of Federal and City sources, including the Affordable Housing Trust Fund (\$3,000), Community Development Block Grant (\$3,000), HOME Investment Partnerships Program (\$38,000), Municipal Housing Finance Fund (\$210,000), Low and Moderate Income Housing Fund (\$136,000), New Generation Fund Guaranteed Interest Contract income (\$75,000), and project based commission earned. The recommendations in this report are in compliance with the City's Financial Policies in that there is no additional cost to the City.