

CITY OF GLENDALE, CALIFORNIA
REPORT TO THE:

Joint City Council Housing Authority Successor Agency Oversight Board

April 3, 2018

AGENDA ITEM

Report: Professional Services Agreement Change Order for Legal Services in Support of Affordable Housing Activities for the Remainder of FY 2018 and for FY 2019

- 1) Motion to Approve a Change Order to the Professional Services Agreement with Kane Ballmer Berkman (C106203) in the amount of \$70,000 for a New "Not to Exceed" Contract Total of \$170,000.
- 2) Housing Authority Resolution of Appropriation in the amount of \$70,000.

COUNCIL ACTION

Public Hearing <input type="checkbox"/>	Ordinance <input type="checkbox"/>	Consent Calendar <input type="checkbox"/>	Action Item <input checked="" type="checkbox"/>	Report Only <input type="checkbox"/>
Approved for <u>4/3/18</u> calendar				

ADMINISTRATIVE ACTION

Submitted by:
Philip Lanzafame, Director of Community Development

Prepared by:
Anne Bockenkamp, Principal Housing Coordinator

Peter Zovak, Acting Assistant Director

Approved by:
Yasmin K. Beers, Executive Director

Reviewed by:
Michael J. Garcia, City Attorney

Robert P. Elliot, Director of Finance *mk*

Signature

Philip Lanzafame
Anne Bockenkamp
Peter Zovak
Yasmin K. Beers
Michael J. Garcia
Robert P. Elliot

RECOMMENDATION

Community Development staff recommends that the Housing Authority of the City of Glendale (Housing Authority) approve a motion for a change order to add an additional \$70,000 to the Professional Services Agreement (PSA) with Kane Ballmer Berkman (KBB) for legal services in support of affordable housing activities for the remainder of the contract term. The contract expires on June 30, 2019.

BACKGROUND/ANALYSIS

KBB is a consulting firm that provides the Housing Authority with specialized affordable housing legal services for affordable housing development projects and specialized programs. The necessity for contracting for professional legal services is due to the need for obtaining specialized expertise in the area of affordable housing. This is especially true for low income housing tax credit projects as a result of recent substantial federal tax law changes. Also State law is changing rapidly in the area of affordable housing and impacts the complexity of new affordable development projects as well. This contract is intended to augment the City Attorney Office's knowledge and experience.

At this time additional funding is needed to continue to obtain necessary services under the terms of the existing KBB contract. The original KBB PSA was approved beginning July 1, 2016 in the amount of \$50,000. An amendment was approved by the Housing Authority effective July 1, 2017. The amendment increased the contract amount by \$50,000 to a total of \$100,000 and extended the term through June 30, 2019. Staff is now requesting that an additional \$70,000 be appropriated and added to fund the remaining term of the contract. This additional \$70,000 investment is necessary to protect the Housing Authority investment of \$10.3 million dollars in two ongoing projects (5th & Sonora and Habitat Lomita) and any additional projects that will be identified during the next program year.

A majority of the expenses to date are related to the Fifth and Sonora, Habitat Lomita, and Habitat Chestnut projects. In particular, legal expenses for completion of the Fifth and Sonora development project, including various agreements, loans, and leases, construction financings, subordinations, and development agreements, has depleted remaining funds in the contract. Despite the challenges presented by the proposed \$25.4 million project, the project successfully closed on its financing and is ready to begin construction, representing a significant achievement for the Glendale Housing Authority.

Being proactive, Housing staff did require that the project reimburse the Housing Authority for legal expenses associated with the project financing closing. Accordingly, the Housing Authority will be reimbursed by the developer/project in an amount of \$35,000 for legal costs. However, these funds will be deposited into Fund 213, the Low Moderate Income Housing Asset Fund (LMIHAF). They will not go back "into the contract" automatically to reimburse the Housing Authority for legal expenses paid out. Instead they need to be appropriated at this time in order to "replenish" the contract budget and make funds available for other future affordable housing activities, including completion and sale of the Habitat Lomita homes to the individual home buyers and to pursue any as yet unidentified future affordable housing projects.

Housing staff is requesting to reprogram that \$35,000 in legal cost reimbursement revenue back into the KBB PSA where it originated and add an additional \$35,000 for the remainder of the contract term, for a total of \$70,000. Funding for this contract amendment would be through HOME and Low Moderate Income Housing Asset (LMIHAF) funds specifically designated for affordable housing purposes. Projects to be assisted through this contract are funded with these affordable housing funds. No General Funds will be used.

Because affordable housing project funding sources vary, between both federal HOME and/or LMIHAF funding, staff is proposing that the \$70,000 be apportioned with \$49,000 from Fund 213 LMIHAF and \$21,000 from Fund 203 HOME fund balance. This amount is projected to be required to complete existing and pursue new projects in the next year.

The last RFP for Legal Services was completed in 2016 prior to entering into the current KBB contract. It is anticipated that a Request for Proposal for Legal Services will be initiated in early 2019 prior to entering into any future affordable housing legal services contracts.

FISCAL IMPACT

Fiscal impact is limited to the amount of the change order, \$70,000. The services will be paid from federal HOME funds and from the LMIHAF (which is program income generated from projects initially funded with 20% Redevelopment Set Aside funds and 20% of the City Loan Repayment required to be spend on Low Income affordable housing development and preservation activities.) No general funds will be used for this service.

The contract addition will be funded as follows:

<u>From:</u>		
24214-213	Unallocated Fund Balance, LMIHAF	\$14,000
24210-203	HOME Grant Funding	\$21,000
38750-213	Housing Program Income, LMIHAF	<u>\$35,000</u>
TOTAL		\$70,000

<u>To:</u>		
43110-213-714	Contractual Services, LMIHAF Fund - Admin	\$49,000
43110-203-714	Contractual Services, HOME Fund – Admin	<u>\$21,000</u>
TOTAL		\$70,000

ALTERNATIVES

Alternative 1: The Housing Authority may approve a change order to the PSA with Kane Ballmer Berkman (C106203) to increase funding by \$70,000 to a total amount of \$170,000 over the three year term of the contract.

Alternative 2: The Housing Authority may elect not to approve the change order to the PSA with Kane Ballmer Berkman (C106203), and can instruct staff to terminate the existing contract and formally bid out the contract for services with other legal firms at this time. This may put affordable housing development activities on hold while the Request for Proposal is conducted.

Alternative 3: The Housing Authority may elect not to approve the change order to the PSA with Kane Ballmer Berkman (C106203) and can instruct the City Attorney's staff to determine cost and staffing alternatives to provide these services in-house.

CAMPAIGN DISCLOSURE

In accordance with the City Campaign Finance Ordinance No. 5744, the following are the names and business addresses of the members of the board of directors, the chairperson, CEO, COO, CFO, Subcontractors and any person or entity with more than 10% interest in the company proposed for contract in this Agenda Item Report:

Officers of Kane Ballmer & Berkman, a Law Corporation:

Full Name	Title	Business/Address	City	State	Zip
Royce K. Jones	President/CFO	515 S Figueroa St, Suite 1860	Los Angeles	CA	90071
<ul style="list-style-type: none"> • Royce K. Jones, • Kendall Levan, • Susan Apy 	Board of Directors	Same as above.			

Subcontractors: N/A

Full Name	Title	Business Address	City	State	Zip
	Chairperson				
	CEO/President				
	Chief Operating Officer				
	Chief Financial Officer				
	Board of Directors				

Ownership Interest in more than 10% in Kane Ballmer & Berkman: N/A

Full Name	Title	Business/Address	City	State	Zip
Royce K. Jones	President	Same as above.			
Susan Apy	Member	Same as above.			
Kendall Levan	Member	Same as above.			

EXHIBITS

None

MOTION

Moved by Authority Member _____, seconded by
Authority Member _____, that the Housing Authority of the
City of Glendale hereby authorizes the Executive Director, or her designee, to execute a
change order to add an additional \$70,000 to the Professional Services Agreement with
Kane Ballmer Berkman for legal services in support of affordable housing activities for
the remainder of the contract term. Said change order shall be approved as to form by
the City Attorney.


Vote as follows:

Ayes:

Noes:

Absent:

Abstain:

APPROVED AS TO FORM

Senior Assistant City Attorney
DATE 3/30/18

RESOLUTION NO. _____

RESOLUTION OF THE HOUSING AUTHORITY OF THE CITY OF GLENDALE
MAKING AN APPROPRIATION

BE IT RESOLVED BY THE HOUSING AUTHORITY OF THE CITY OF GLENDALE:

SECTION 1: That the sum of \$70,000 is hereby appropriated and/or transferred from the following accounts to the following accounts:

ACCOUNTS	DESCRIPTION	FROM	TO
24214-213	Low and Mod Housing Fund Balance, LMIHAF Fund	\$14,000	
24210-203	Federal and State Grants Fund Balance, HOME Grant Fund	\$21,000	
38750-213	Housing Program Income, LMIHAF Fund	\$35,000	
43110-213-714	Contractual Services, LMIHAF Fund, Affordable Housing Admin		\$49,000
43110-203-714	Contractual Services, HOME Grant Fund, Affordable Housing Admin		\$21,000

To provide funding for the change order to the PSA with Kane Ballmer Berkman

SECTION 2: The Director of Finance is authorized to make such other revisions, individual appropriation line-items, changes in summaries, fund totals, grand totals, and other portions of the budget document as necessary to reflect and implement the changes specified in this resolution.

SECTION 3: The Clerk of the Housing Authority shall certify to the adoption of this Resolution.

Adopted this _____ day of _____, 2018.

APPROVED AS TO FORM

Senior Assistant City Attorney

DATE: 3/30/18

Chair of the Housing Authority of the City of Glendale

ATTEST:

Clerk, Housing Authority of the City of Glendale



CITY OF GLENDALE

DATE 3/26/18

APPROVED AS TO FINANCIAL
PROVISION FOR \$ 70,000

STATE OF CALIFORNIA)
COUNTY OF LOS ANGELES) SS
CITY OF GLENDALE)

MK _____
Director of Finance

I, Ardashes Kassakhian, Clerk of the Housing Authority of the City of Glendale, do hereby certify that the foregoing Resolution No. _____ was adopted by the Housing Authority of the City of Glendale, California at a joint meeting with the City Council held on the _____ day of _____, 2018, and that the same was adopted by the following vote:

Ayes:
Noes:
Absent:

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Clerk of the Housing Authority of the City of Glendale