



THE CITY OF SAN DIEGO
Redevelopment Agency's Report

DATE ISSUED: August 27, 2003

REPORT NO. RA-03-28

ATTENTION: Honorable Chair and Members of the Redevelopment Agency
Docket of September 2, 2003

SUBJECT: First Amendment to Agreement with Kane, Ballmer & Berkman

SUMMARY

Issue - Should the Redevelopment Agency authorize the Executive Director (or designee) to negotiate and execute a first amendment to the agreement with Kane, Ballmer & Berkman, Special Counsel for the Redevelopment Agency, for the purposes of increasing the compensation by \$452,860, to a total of \$1,952,860, on an as-needed basis, provided that the City Auditor first furnishes a certificate that funds are, or will be, on deposit in the City Treasury?

Executive Director's Recommendation – Authorize the Executive Director (or designee) to negotiate and execute a first amendment to the agreement with Kane, Ballmer & Berkman, Special Counsel for the Redevelopment Agency, for the purposes of increasing the compensation by \$452,860, to a total of \$1,952,860, on an as-needed basis, provided that the City Auditor first furnishes a certificate that funds are, or will be, on deposit in the City Treasury.

Other Recommendations – None

Fiscal Impact – A total increase to compensation of \$452,860 is proposed with this action, with funding coming from various City and SEDC redevelopment project areas. Funds have been included in the Fiscal Year 2004 Redevelopment Agency for this purpose, in the amount of \$112,860 for SEDC redevelopment project areas, and \$150,000 for City redevelopment project areas, specifically Naval Training Center (\$50,000), North Park (\$40,000) and North Bay (\$60,000). The remaining authorization of \$190,000 will be identified and encumbered, as-needed, based on specific project needs in various City project areas, provided funding is available at that time.

BACKGROUND

On December 3, 2001, the Redevelopment Agency authorized the Executive Director to negotiate and execute a three-year agreement with Kane, Ballmer & Berkman, Special Counsel, for the provision of legal services to the Redevelopment Agency of the City of San Diego, for a total not-to-exceed amount of \$1.5 million for services to be provided to the City Redevelopment, CCDC, and SEDC project areas. This action followed the issuance of a Request for Proposals and interview process.

At that time, estimates were made by each entity for legal services to be required during the three-year period, based on expected project activities. As activities have increased in several project areas, it has been determined that the compensation for this agreement will require an increase for City Redevelopment and SEDC project areas, in order to continue the provision of legal services through December 2004.

DISCUSSION

Since the original estimates were prepared and the agreement was initiated, the Redevelopment Agency issued the Affordable Housing Notice of Funding Availability (NOFA). Project submissions in response to the NOFA, has resulted in the need for increased legal services. This is expected to continue as more submissions are received, and as housing projects move towards implementation. In addition, several proposed projects, and the ongoing work related to many continuing projects, many with increased complexities, have contributed to the need for an increase to the compensation of the agreement with Kane, Ballmer & Berkman. It is recommended that an increase of \$452,860 be authorized to ensure sufficient funds are available for legal services to meet project needs in all project areas through December 2004.

SEDC estimates its needed increase for legal services at \$112,860, and has identified funding in its project areas for this purpose. Work related to the City Redevelopment project areas is expected to require an increase of \$350,000, with funds of \$150,000 identified immediately within the Naval Training Center, North Park and North Bay project areas. It is proposed that an additional authorization of \$190,000 could be granted administratively, on an as-needed basis, at the time project needs in City Redevelopment project areas require additional work and specific funding is identified and encumbered. This additional authorization would be subject to certification by the City Auditor that funds are, or will be, on deposit in the City Treasury. Based on this, an increase to the compensation of \$452,860, which would bring the maximum compensation of the agreement to \$1,952,860, is requested at this time.

CCDC is working within the original estimates given at the time the agreement was initiated, and does not project the need for an increase for legal services for work in its project areas.

ALTERNATIVE

Do not authorize the Executive Director (or designee) to negotiate and execute a first amendment to the agreement with Kane, Ballmer & Berkman, Special Counsel for the Redevelopment Agency.

Respectfully submitted,

Todd Hooks
Deputy Executive Directo

Approved: Hank Cunningham