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Memorandum

DATE ISSUED: February 11, 2009 Report No. 09-002

ATTENTION: Honorable Chair and Members of the Redevelopment Agency
Docket of February 17, 2009

SUBJECT: Approval of a First Amendment to the Agreement for Consulting Services with
Keyser Marston Associates, Inc.

Reference: On November 17, 2008, the SEDC Board of Directors recommended
Redevelopment Agency approval of this item

On March 27, 2007, the Redevelopment Agency of the City of San Diego (Agency)
approved an Agreement with Keyser Marston Associates, Inc.

REQUESTED ACTION

Should the Redevelopment Agency of the City of San Diego (Agency) approve the First Amendment to an agreement with Keyser Marston Associates, Inc., (KMA) in an amount not to exceed \$342,000 for a total contract amount not to exceed \$702,000?

STAFF RECOMMENDATION TO THE REDEVELOPMENT AGENCY

That the Agency approves the First Amendment to an agreement with Keyser Marston Associates, Inc., (KMA) in an amount not to exceed \$342,000 for a total contract amount not to exceed \$702,000.

SUMMARY

On August 7, 2006, the Redevelopment Agency released a Request for Qualifications (RFQ) for Economic Consultants to provide real estate market, economic, financial and redevelopment professional services to the Redevelopment Division and the Affordable Housing Collaborative. KMA was one of the selected firms that exhibited the strongest and most comprehensive abilities to evaluate proposals, demonstrating solid and broad financial analysis experience, extensive background in affordable housing projects, and strong familiarity with the local market.

Since 1973, KMA has provided consulting services through its three offices in San Diego, Los Angeles, and San Francisco to over 700 clients for more than 2,000 projects. Their staff of over 40 employees in the three offices, serves clients in the western United States including local cities and redevelopment agencies, transit agencies, county and state governments, as well as large-scale institutional clients and property

owners. The firm's San Diego office redevelopment agency economic consulting practice represents over 50 communities including the cities of Carlsbad, Chula Vista, Escondido, La Mesa, National City, Oceanside, Poway, Riverside, San Diego, Temecula, Indio, Imperial Beach, and Vista.

The original three-year agreement with KMA was approved for \$360,000. Since March 2007, KMA provided services for various unanticipated project costs including the document preparation, interviews and proposal evaluations necessary for two requests for site proposals; the Valencia Business Park site and the Hilltop and Euclid site. Additionally, SEDC received numerous affordable housing proposals this year, which necessitated detailed pro forma review and evaluations, meetings, as well as preparation and presentation of affordable housing financing principles. Other unanticipated costs include the cost of the parcel by parcel blight studies for the Dells Imperial Study Area and other planning and reports that were necessary for a proposed amendment to the Gateway Center West Redevelopment Plan.

The amendment amount includes services that are necessary only every five years, the preparation of the five-year redevelopment implementation plans for each redevelopment project area. This amount would also allow the continuation of the negotiations and evaluations for the affordable housing proposals, the preparation of the reports necessary to enter into agreements for the Agency sale of property at Valencia Business Park and Hilltop and Euclid, the continuation of the tasks for the redevelopment plan amendments.

KMA has provided real estate and financial consulting services for numerous projects located in the SEDC Area of Influence, including the Imperial Marketplace, Market Creek Plaza, Valencia Business Park, Evergreen Village Homes, the 252 Corridor commercial and residential developments, among others. Additionally, KMA has assisted SEDC in the preparation of redevelopment plan amendments, five-year implementation plans, market feasibility studies, requests for proposals and the sale of tax allocation bonds.

Scope of Services

The scope of services for this Agreement includes economic and fiscal consulting services including pro forma analysis, blight analysis, market and economic feasibility, relocation assistance, real estate evaluations, property acquisitions and development negotiations assistance, redevelopment plan analyses, documents, reports, and other services as needed. The following projects and services are included in the Scope of Basic Services (Attachment No. 1 to the First Amendment):

Central Imperial

- Village Center at Euclid and Market
- Hilltop and Euclid
- Imperial Avenue Corridor
- Lincoln Park Paseo I & II
- Valencia Business Park,
- Former Valencia Park Library
- Plan Amendments
- Implementation Plan

Gateway Center West

- 33rd and E Street site
- 35th and E Street site
- Plan Amendment
- Implementation Plan

Mount Hope

- Public Improvements
- Development proposals
- Plan Amendment
- Implementation Plan

Southcrest

- Public Improvements
- 40th and Alpha, Z Street
- 41st Street & Beta
- Plan Amendment
- Implementation Plan

General

- Fiscal Consulting services
- Annual continuing disclosure, financial and redevelopment reporting requirements

Equal Opportunity Contracting (EOC) – This agreement is subject to the City's Equal Opportunity Contracting (San Diego Ordinance No. 18173, Section 22.2701 through 22.2702) and Non-Discrimination in Contracting Ordinance (San Diego Municipal Code Sections 22.3501 through 22.3517). The KMA Work force is fewer than 15 employees and is therefore exempt from employment category goals.

KMA's local San Diego office currently consists of ten employees, of which six are females. Seven employees are from the following minority groups: 1 Black Female, 2 Hispanic Females, 3 Asian Females 1 Asian Male

FISCAL CONSIDERATION – The FY 2009 SEDC Project Budget approved on May 29, 2008, anticipated funding for fiscal and economic consulting services. Funding for the amendment is proposed from each of the redevelopment project areas for work related to each project area (Basic Services Budget, Attachment No. 4 to the First Amendment).

ENVIRONMENTAL IMPACT – The activity is not a project and is therefore exempt from the California Environmental Quality Act (CEQA) pursuant to the State CEQA Guidelines Section 15060(c)(3).

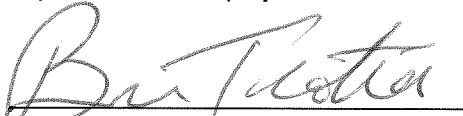
PREVIOUS AGENCY AND/OR COMMITTEE ACTION – The Redevelopment Agency approved the Agreement for Consulting Services with Keyser Marston Associates, Inc., to provide to SEDC economic consulting services in an amount not to exceed \$360,000, on March 27, 2007.

COMMUNITY PARTICIPATION – On November 17, 2008, the SEDC Board of Directors approved the recommendation that the Agency approve the First Amendment to the Agreement with Keyser Marston Associates, Inc.

KEY STAKEHOLDERS - Keyser Marston Associates, Inc., a private real estate, economic consulting firm.

CONCLUSION

The consulting services provided by KMA are part of a team effort that has resulted in SEDC's successful completion of various redevelopment projects, including the 30-acre Imperial Marketplace Retail Center, the redevelopment of the 252 Corridor, the U.S. Postal Service facility located in Valencia Business Park, along with the preparation of CRL reports, redevelopment plan amendments and redevelopment implementation plans. The proposed Agreement in the amount of \$342,000 would provide funding for services that would allow SEDC to utilize the fiscal and economic consulting expertise of KMA in the implementation of projects within SEDC's Area of Influence.



Approved by
Brian L. Trotier
Interim Chief Administrator



Submitted by
Sherry A. Brooks
Project Manager

Attachment: First Amendment to an Agreement for Consulting Services with Keyser Marston Assoc.