

DATE ISSUED: April 19, 2010

ATTENTION: Centre City Development Corporation  
Meeting of April 28, 2010, Agenda 692

SUBJECT: Agreement with Keyser Marston Associates to Provide As Needed  
Economic/Financial/Market Consultant Services – Centre City and Horton  
Plaza Redevelopment Projects

STAFF CONTACT: Eli Sanchez, Senior Project Manager

REQUESTED ACTION: That the Centre City Development Corporation (“Corporation”) recommends that the Redevelopment Agency (“Agency”) authorize the Corporation to enter into an agreement with Keyser Marston Associates (KMA) for As Needed Economic/Financial/Market Consultant Services (“Agreement”) in the amount of \$536,200.

STAFF RECOMMENDATION: That the Corporation recommends that the Agency approve the above requested action.

SUMMARY: The Agreement authorizes KMA to provide as needed consulting services to assist the Corporation in the economic and market evaluation of potential redevelopment, leasing, rehabilitation, operating, financing, and capital investment for long-range economic planning and forecasting in an amount not-to-exceed \$250,000. Such services may include financial analyses of proposed development projects, supply and market demand studies, analyses of alternative financing structures; and evaluate federal and state funding programs for redevelopment projects and affordable housing.

In addition, KMA will assist the Corporation in the preparation of a report to City Council for an amendment to the Centre City Redevelopment Plans for tax increment and bonded indebtedness limit increases. The not-to-exceed amount for this task is estimated to be \$286,200. Staff continues to negotiate the scope and not-to-exceed amount of this component of the Agreement.

FISCAL CONSIDERATIONS: Funds in the amount of \$536,200 are available in the FY 2010 Other Consultant Costs budget.

COMMITTEE RECOMMENDATION: None.

CENTRE CITY ADVISORY COMMITTEE RECOMMENDATION: None.

OTHER RECOMMENDATIONS: None.

**BACKGROUND**

In accordance with Corporation policy, the Corporation issued a Request for Qualifications (RFQ) for Economic/Financial/Market consultant services on behalf of the Agency to provide economic/financial/market consultant services to the Agency on an as needed basis. Seventeen firms submitted responsive submittals to the RFQ and six firms were interviewed including Bay Area Economics (BAE), Economic Planning Systems, Hunden Strategic Partners, Jones Lang LaSalle, Tierra West Advisors and KMA. The selection committee was comprised of Corporation staff members: Andrew Phillips, Assistant Vice President/Controller; Eri Kameyama, Assistant Project Manager; Eli Sanchez, Senior Project Manager; Jeff Graham, Vice President, Redevelopment; and Steven Relyea, Corporation Board Member. Based on each firm's written response, oral interview, and demonstrated knowledge of economic/financial/market consultant services, the firm of KMA was selected to be the primary provider of such services. Criteria employed in the evaluation of firms included, but were not limited to the following:

1. Completeness and conformance with RFQ solicitation;
2. Demonstrates the respondent's:
  - a. understanding of the requested Scope of Services;
  - b. exceptional methodology that will lead to success; and
  - c. how methodology has been successful in respondent's past experience.
3. Samples of work and/or project references that illustrate an understanding of the proposed work;
4. Project personnel experience and references; and
5. Evidence of a willingness to make meaningful and wide-ranging subconsulting and employment opportunities available.

In addition, the selection committee has determined that RFQ respondent BAE is also uniquely qualified to provide as needed professional services related to economic development, and staff will be separately negotiating a separate agreement with BAE for Audit Committee consideration in the near future.

Firm Name: Keyser Marston Associates		
PRINCIPALS AND PRIMARY STAFF ASSIGNED TO CONTRACT	TITLE	PRIMARY CONTACTS
Paul C. Marra Linnie A. Gavino Gerald M. Trimble Greg Soo-Hoo Denise Bickerstaff	Senior Principal Manager Managing Principal Senior Principal Principal	Paul C. Marra

EQUAL OPPORTUNITY - KMA submitted a Work Force Report dated January 1, 2010, which indicates a total of eight employees, of which four are females and four are a member of an under-represented ethnic group.

Firm Name: Keyser Marston Associates		
SUBCONSULTING FIRMS	PRINCIPALS	FIRM CERTIFICATION
Cumming Clarke	Christopher Clarke	DVBE
Hunter Pacific Group	Celia Hunter	WBE, DBE, SBE, SDA, and SDB

### DISCUSSION

As needed economic/financial/market consultant services are contracted on a recurring basis subject to Corporation policy. The as needed contract for economic/financial/market consultant services is bid every three years. This solicitation specifically seeks highly qualified economic consultants who specialize in complex real estate transactions and public/private partnerships to assist the Corporation in the economic and market evaluation of potential redevelopment, leasing, rehabilitation, operating, financing, and capital investment for long-range economic planning and forecasting.

The purpose of the RFQ is to provide the Corporation with a list of consultants who will provide guidance and assistance in the economic evaluation of redevelopment proposals, the preparation of documents for redevelopment plan amendments and, as required by Corporation staff, on economic issues associated with urban redevelopment. KMA was selected to provide such primary consultant services pursuant to the RFQ process.

The Agreement further provides that KMA deliver the recurring services over a three-year period in accordance with the Time and Materials Fee Schedule in an amount not-to-exceed \$250,000 per fiscal year. Recurring, as needed services to be provided are shown on Attachment A as Task A. Major tasks related to the proposed redevelopment plan amendment are as follows:

1. Technical Studies
  - a. Physical Blight Analysis
  - b. Economic Blight Analysis
  - c. Financial Feasibility Analysis
2. Document Preparation
  - a. Taxing Agency, DOF and HCD Notices
  - b. Preliminary Report/33451.5 Report
  - c. Report to the City Council
3. Project Coordination Services And Meetings
  - a. Schedule Preparation & Project Coordination
  - b. Consultations with Taxing Agencies
  - c. Community Outreach Meetings
  - d. Meeting Attendance

Few firms possess the requisite experience with public agencies and California Redevelopment Law; coupled with the expertise and resources to provide such comprehensive consultant services in a dense, high-rise, urban redevelopment environment; as well as provide direction on structuring complex public-private partnerships; and possess the capacity to deliver such critical services within the Corporation's time demands. KMA proposes to use the firms of Hunter Pacific Group (WBE, DBE, SBE, SDA, and SDB) and Cumming Clarke (DVBE) as sub-consultants in the performance of the as needed consultant services.

Environmental Impact: This activity is not a "project" under the definition set forth in CEQA Guidelines Section 15378. Therefore, pursuant to CEQA Guidelines Section 15060(c)(3), the activity is not subject to CEQA.

CONCLUSION

Based on the necessity for economic/financial/market consultant services to assist the Corporation in the economic and market evaluation of potential redevelopment, leasing, rehabilitation, operating, financing, and capital investment for long-range economic planning and forecasting, it is recommended that the Corporation enter into an Agreement with KMA.

Respectfully submitted,

Concurred by:



Eli Sanchez  
Senior Project Manager



Frank J. Alessi  
Executive Vice President & Chief Financial  
Officer



Jeff Graham, Vice President, Redevelopment

Attachments: A – Scope of Work

ATTACHMENT A  
SCOPE OF SERVICES

Consultant has been selected as the top ranked “as needed” Economic/Financial/Market consultant firm after successfully completing the calendar year 2010 Request for Qualifications for As Needed Economic/Financial/Market Consultant Services.

For larger projects with expected larger professional services fees, the Corporation may request that Consultant submit proposals, along with other pre-qualified consultants deemed qualified to provide economic/financial/market consultant services to CCDC. The Consultant has the option to “pass” on submitting proposals for specific projects and exercise their option on future projects with no consequence to their status.

Task A: When “as needed” and as directed by the Corporation, the Consultant shall perform consulting services for redevelopment projects to include, but not be limited to, the following:

1. Consult, assist, and advise CCDC with respect to marketing, financial and disposition problems, including the market feasibility testing of development concepts proposed by potential developers;
2. Consult, assist and advise CCDC with respect to local real estate market analysis of hotel, residential, office, retail, cultural and entertainment uses;
3. Consult, assist, and advise CCDC with respect to Federal and State assisted housing programs, non-profit housing organizations, the use of tax credits and financing of low, moderate and market rate housing development;
4. Prepare analysis and projections of site-specific revenues, such as tax increment, sales taxes, parking revenues, utility taxes, user fees, and special assessments that may be used to pay for development directly or secure and repay financings;
5. Participate in formal and informal discussions and presentations with potential developers community officials and stakeholders;
6. Prepare limited evaluation of existing market and economic feasibility studies;
7. Assist CCDC in the evaluation of the feasibility of projects and recommend appropriate Agency financial participation;
8. Advise and consult with developers, architects and other consultants regarding project feasibility, planning, design and cost to implement;
9. Assist in the cost estimating and value engineering of complex, high-density development and rehabilitation projects;
10. Assist CCDC in the preparation of background information for presentation to potential developers and owners and tenants;
11. Prepare blight, economic and/or financial analyses for redevelopment plan amendments/adoptions;
12. Assist CCDC in the preparation of the necessary legal documents for the approval of the sale or lease of Redevelopment Agency-owned property; and
13. Coordinate assigned tasks with CCDC’s Financial Analysts.

Task B: Prepare “Redevelopment Plan Amendment” services to include economic and/or financial analyses for redevelopment plan amendment to increase the tax increment cap in 2010 as follows:

**1. Technical Studies**

- a. Physical Blight Analysis (incl. survey 5,826 parcels)
- b. Economic Blight Analysis
- c. Financial Feasibility Analysis

**2. Document Preparation**

- a. Taxing Agency, DOF and HCD Notices
- b. Preliminary Report/33451.5 Report
- c. Report to the City Council

**3. Project Coordination Services And Meetings**

- a. Schedule Preparation & Project Coordination
- b. Consultations with Taxing Agencies (2 meetings)
- c. Community Outreach Meetings (2 meetings)
- d. Meeting Attendance (6 meetings)

**4. Expenses**