



County of Monterey

Item No.

Board Report

Board of Supervisors
Chambers
168 W. Alisal St., 1st Floor
Salinas, CA 93901

Legistar File Number: SARDAG 23-004

December 05, 2023

Introduced: 11/22/2023

Current Status: Agenda Ready

Version: 1

Matter Type: Successor General

- a. Ratify and approve the Professional Services Agreement (Agreement) between the Successor Agency to the Redevelopment Agency of the County of Monterey (Agency) and Keyser Marston Associates, Inc., (KMA) executed on March 16, 2018, including executed Amendments No. 1 and 2, to provide financial consulting services related to the Participation Payment Provision of the East Garrison Disposition and Development Agreement (DDA) in an amount not to exceed \$52,500 as amended;
- b. Approve and authorize the Housing and Community Development (HCD) Director, or designee, to execute Amendment No. 3 to the Agreement to extend the term by three (3) years to December 31, 2026, and increase the Agreement as amended by 10% (\$5,250) for a new not to exceed amount of \$57,750; and
- c. Authorize the HCD Director, or designee, to execute up to two (2) additional amendments, each extending the term by one (1) year, where the additional cost of each Amendment does not exceed 10% (\$5,775) of the Agreement as amended amount of \$57,750, bringing the total maximum cumulative cost increase to \$11,550 for a not to exceed Agreement aggregate amount of \$69,300 and that do not significantly alter the scope of services, subject to review by County Counsel.

RECOMMENDATION:

It is recommended that the Board of Supervisors:

- a. Ratify and approve the Professional Services Agreement (Agreement) between the Successor Agency to the Redevelopment Agency of the County of Monterey (Agency) and Keyser Marston Associates, Inc. (KMA), executed March 16, 2018, including executed Amendments No. 1 and 2, to provide financial consulting services related to the Participation Payment Provision of the East Garrison Disposition and Development Agreement (DDA) in an amount not to exceed \$52,500 as amended;
- b. Approve and authorize the Housing and Community Development (HCD) Director, or designee, to execute Amendment No. 3 to the Agreement to extend the term by three (3) years to December 31, 2026, and increase the Agreement as amended by 10% (\$5,250) for a new not to exceed amount of \$57,750; and
- c. Authorize the HCD Director, or designee, to execute up to two (2) additional amendments, each extending the term by one (1) year, where the additional cost of each Amendment does not exceed 10% (\$5,775) of the Agreement as amended amount of \$57,750, bringing the total maximum cumulative cost increase to \$11,550 for a not to exceed Agreement aggregate amount of \$69,300 and that do not significantly alter the scope of services, subject to review by County Counsel.

SUMMARY:

The Professional Services Agreement (Agreement) with Keyser Marston Associates, Inc. (KMA) requires a third Amendment to update KMA's hourly rates, extend the term of the Agreement by three (3) years to December 31, 2026, expand the detail of the Scope of Services, and increase the Agreement amount by \$5,250 for a new total Agreement amount of \$57,750. The Agreement and Amendments No. 1 and 2 with KMA require ratification by the Agency Board.

DISCUSSION:

On October 4, 2005, the County Board of Supervisors approved a Combined Development Permit (PLN030204) allowing the development of the East Garrison Project, a mixed-use residential development consisting of up to 1,470 dwelling units. This same day, the Board of Supervisors acting as the Board of Directors of the Successor Agency to the Redevelopment Agency of the County of Monterey (Agency) entered into a Disposition and Development Agreement (DDA) with East Garrison Partners (Master Developer). Century Communities/Union Community Partners (Century Communities or Century) is now the Master Developer for the East Garrison Project.

The DDA for the East Garrison Project included a provision in which the Agency would receive a portion of any residual proceeds from the Master Developer's horizontal development and sale of buildable parcels at the site, referred to as Participation Payments. In 2006, KMA prepared the East Garrison Profit Participation Manual (Manual) on behalf of the Agency. It was developed to ensure that the calculation of the Participation Payments from the Master Developer to the Agency was correct and that the Agency received the proper amount in accordance with the DDA. KMA also conducted multiple Fiscal Impact Assessments of the East Garrison project.

On March 18, 2018, KMA and the Agency entered into a new Professional Services Agreement to provide financial consulting services related to the Participation Payment Provision of the East Garrison DDA in the amount of \$9,500 with a term of March 16, 2018 through December 31, 2018 (Attachment D).

The Agreement was amended on December 18, 2018 (Amendment No. 1), to add Tasks 3 and 4 to the Scope of Services, note completion of Tasks 1 and 2, increase the term by three (3) additional years to December 31, 2021, and increase the Agreement amount by \$20,000 for a new total Agreement amount of \$29,500 (Attachment C).

The Agreement was amended on November 30, 2021 (Amendment No. 2), to add Tasks 5 through 8 to the Scope of Services, update KMA's hourly rates, and extend the term two (2) years to December 31, 2023 (Attachment B).

Staff erroneously processed the original Agreement and Amendments No. 1 and 2 according to County contracting policies which allowed the Agreement and Amendments to be approved by the Contracts-Purchasing Officer (CPO). However, the Agency never delegated such authority to the County CPO, and therefore the Agreement and Amendments No. 1 and 2 must be ratified by the Agency Board.

The Agreement requires a third Amendment to update KMA's hourly rates, extend the term by three (3) years to December 31, 2026, expand the detail of the Scope of Services, and increase the Agreement amount by \$5,250 for a new total Agreement amount of \$57,750. KMA's completion of Tasks 3, 4 and 8 are dependent on the Developer providing the Agency two reports triggered by events expected to occur in 2025 and 2026. KMA has completed Tasks 5 and 6; Task 7 is no longer required (Attachment A).

OTHER AGENCY INVOLVEMENT:

The Offices of the County Counsel and Auditor-Controller have reviewed Amendment No. 3 as to form and legality, and fiscal provisions, respectively.

FINANCING:

Funding for the consultant and County staff are included in the FY2023-24 Adopted Budget for the Successor Agency to the Redevelopment Agency of the County of Monterey, Appropriation Unit HCD010, Unit 8572. Future work performed by KMA as well as staff time will be incorporated in the FY2024-25 Recommended Budget.

BOARD OF SUPERVISORS STRATEGIC INITIATIVES:

This item supports the County's strategic initiatives of Economic Development and Infrastructure by development of land into a variety of uses and creation/improvement to infrastructure in the East Garrison.

- X Economic Development
 - Administration
 - Health & Human Services
- X Infrastructure
 - Public Safety

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Reviewed by: Melanie Beretti, Acting Chief of Planning, x5285

Approved by: Craig W. Spencer, Acting HCD Director

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The following attachments are on file with the Clerk of the Board:

Attachment A - Amendment No. 3

Attachment B - Amendment No. 2

Attachment C - Amendment No. 1

Attachment D - Professional Services Agreement