



# Monterey County

**Item No.**

## Board Report

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

**Legistar File Number: A 21-213**

**June 08, 2021**

**Introduced:** 5/12/2021

**Current Status:** Agenda Ready

**Version:** 1

**Matter Type:** BoS Agreement

- a. Approve a Standard Agreement with Eugene Burger Management Corporation to provide property management services at the Kents Court Housing Development in Pajaro, CA in the amount not to exceed \$700,000 and for a term beginning June 8, 2021 to June 30, 2024;
- b. Authorize the Contracts/Purchasing Officer or Contracts/Purchasing Supervisor to execute the Standard Agreement and future amendments to the Agreement where the amendment does not significantly alter the scope of work and does not exceed the original Agreement amount.

### RECOMMENDATION:

It is recommended that the Board of Supervisors:

- a. Approve a Standard Agreement with Eugene Burger Management Corporation to provide property management services at the Kents Court Housing Development in Pajaro, CA in the amount not to exceed \$700,000 and for a term beginning June 8, 2021 to June 30, 2024;
- b. Authorize the Contracts/Purchasing Officer or Contracts/Purchasing Supervisor to execute the Standard Agreement and future amendments to the Agreement where the amendment does not significantly alter the scope of work and does not exceed the original Agreement amount.

### SUMMARY:

Kents Court is a nineteen-unit (eighteen rental units and one employee unit) affordable housing project in Pajaro that is owned by the County of Monterey as the Housing Successor Agency to the Redevelopment Agency for the County of Monterey. The property has been managed by The John Stewart Company, since October 2015.

In 2015, The John Stewart Company was selected to manage the Kents Court development under Request for Proposals (RFP) #10528. Subsequently an Agreement was established with an initial term of October 1, 2015 to September 30, 2018. With amendments to the Agreement, the total term was extended through June 30, 2021. The last amendment with the John Stewart Company provided the County sufficient time to complete a competitive selection process, Request for Proposals (RFP), to establish a new property management agreement.

In September 2020, the Housing and Economic Development Office, now part of Housing and Community Development (HCD), published a competitive selection process via Request for Proposals (RFP) #10768. The RFP review process was completed in November 2020. During the process of interviewing proposers, strategic discussions, questions, and policy considerations led to a thorough review of the former redevelopment property to ensure a future contract would meet state requirements. Through various discussions and strategic efforts, the team has selected Eugene Burger Management Corporation (EBMC) as the new property management contractor for Kents Court.

EBMC has been selected for their expertise and capabilities necessary to provide property management services for Kents Court under a competitive selection process in accordance with County policies and State and Federal laws under RFP #10768. Staff is requesting the Board approve a Standard Agreement with EBMC to provide property management services for a total amount not to exceed \$700,000 for the term beginning June 8, 2021 to June 30, 2024.

EBMC's proposed Annual Operating Budget is an estimate based on the budget submitted with the RFP. The budget will be reviewed by the HCD finance and executive team and will be finalized upon the approval of the agreement and annually thereafter. The limited time from the approval of the Standard Agreement with EBMC and the end of term of the current agreement with The John Stewart will only allow a brief transition between the two property management companies. The recommended actions will enable the County to ensure that property management of Kents Court continues uninterrupted with a transition to new property management.

DISCUSSION:

Monterey County's former Redevelopment Agency (RDA) purchased Kents Court from South County Housing. The units were originally developed as temporary relocation housing for the SCH 15-17-19 Salinas Road/Nuevo Amanecer housing development. That program was not formally launched, and the units became part of permanent housing owned by the County. The units have had low tenant turnover. When RDA was dissolved, these units were transferred to the County, acting as Housing Successor Agency. Furthermore, when the RDA loans came due around 2012, the County accepted responsibility for the units in-lieu of foreclosure. The units are currently being used as affordable housing and are occupied by eighteen tenants and one resident employee (employed by the current management company). It is necessary to establish a new property management agreement to ensure services are being provided to the current tenants without a lapse.

Because Kents Court was not developed to be a permanent part of the County's affordable housing stock, there are some challenges associated with it remaining permanent affordable housing. These challenges include a physically constrained site with private property intermingled with the affordable housing; a lack of on-site amenities such as a laundry room or community room; and no financial plan to maintain or replace the units at the end of their economic life. In 2019, the County commissioned an evaluation of the property to objectively state the physical condition of the property. This study identified approximately \$1,520,000 in deferred maintenance. The deferred maintenance can be broken down into the following categories: health and safety; weatherization; systems modernization; and beautification/modernization.

Under the new Standard Agreement, EBMC will be responsible for general property management duties. EBMC will manage, operate and lease the Property in accordance with the standards and practices of affordable housing and will provide other customary management services that are consistent with the management, operation, leasing, and maintenance of similar properties. The proper leasing of the Property includes verification of tenant income-qualifications for affordable housing. As priority tasks, EBMC will also review the current lease agreements to propose necessary and timely updates to align the terms with Affordable Housing Standards, subject to final review and approval of the County. Other property management duties include: the collection of rents, the preparation of budgets and other financial reports, the payment of appropriate bills, and the proper maintenance of

the Property.

EBMC will conduct routine property maintenance and repairs. EBMC intends to have an onsite resident employee to provide general maintenance and assist in the day to day business affairs. Because there is not an onsite office space, an arrangement with PWFP-Facilities has been made for EBMC to use a shared office space at the Porter-Vallejo Mansion in Pajaro, CA. The office space is intended to be used on an “as needed” basis to meet with tenants in a private setting.

The County will be responsible for deferred maintenance projects identified by the County Facilities evaluation and inspection report. Deferred maintenance projects to address health, safety, weatherization, and modernizing other systems are proposed to be completed in FY 2021-22 and FY 2022-23 and have been included in the Capital Improvement Program (CIP). The CIP Projects are to be implemented with project management support from the Public Works, Facilities, and Parks Department (PWFP). The estimated total cost of these projects is \$358,500 for the two-year period. See financing section below for the portion budgeted for fiscal year 2021-22

OTHER AGENCY INVOLVEMENT:

The Office of the County Counsel and Auditor-Controller Office have reviewed and approved the Standard Agreement as to form, and fiscal provisions, respectively. Contracts/Purchasing coordinated the RFP process and worked with the proposers to extend the RFP period until April 2021 until a formal selection was made and the County could begin negotiations with a new management team.

FINANCING:

The operations of the Kents Court Housing Development are anticipated to yield an annual rental income of \$228,360. Contractor’s annual operating expenses, including compensation for services rendered, are estimated not to exceed of \$233,333 annually. Kents Court is part of the Castroville/Pajaro Housing Set-Aside Fund 175. Fund balance available for use in Kents Court operations and deferred maintenance plans is estimated at \$1.5 million. Planned deferred maintenance necessary to improve the property is estimated at \$200,000 for FY 2021-22. The rent income, operating expenses and the deferred maintenance are all included in FY 2021-22 recommended budget for Fund 175, Unit 8547, appropriation unit HCD006.

BOARD OF SUPERVISORS STRATEGIC INITIATIVES:

Approval of the Agreement will support Board of Supervisors’ Strategic Initiatives for Health and Human Services by allowing the County to continue providing eighteen units of safe affordable housing.

Mark a check to the related board of Supervisors Strategic Initiatives

- ☐ Economic Development
- ☐ Administration
- ☒ Health & Human Services
- ☐ Infrastructure
- ☐ Public Safety

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Prepared by: Marcela Ramirez, Management Analyst II

Reviewed by: Anastacia Wyatt, Housing Program Manager

Approved by: Melanie Beretti, Housing and Special Programs Services Manager, Ext. 5285

Approved by: Mike Novo, AICP, Interim Director, Housing and Community Development

DocuSigned by:  
*Melanie Beretti*  
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The following attachment is on file with the Clerk of the Board:

Attachment A - Standard Agreement with EBMC