



County of Monterey

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

Board Report

File #: 15-0926, **Version:** 1

- a. Approve the Kents Court Management Agreement between the County of Monterey and the John Stewart Company in the amount of \$57,800 for a three (3) year term;
- b. Accept non-standard language in the agreement as recommended by the Director of Economic Development; and
- c. Authorize the Director of Economic Development to make minor alterations that do not significantly change the terms of the contract and sign the Kents Court Management Agreement including up to two (2) renewals of the Agreement, of one (1) year each, which would together result in additional compensation of no more than \$41,500, for a maximum contract amount of \$99,300.

RECOMMENDATION:

It is recommended that the Board of Supervisors:

- a. Approve the Kents Court Management Agreement between the County of Monterey and the John Stewart Company in the amount of \$57,800 for a three (3) year term;
- b. Accept non-standard language in the agreement as recommended by the Director of Economic Development; and
- c. Authorize the Director of Economic Development to make minor alterations that do not significantly change the terms of the contract and sign the Kents Court Management Agreement including up to two (2) renewals of the Agreement, of one (1) year each, which would together result in additional compensation of no more than \$41,500, for a maximum contract amount of \$99,300.

SUMMARY:

Kents Court is a 19-unit affordable housing project in Pajaro that is owned by the County of Monterey. The property has been managed by South County Property Management (SCPM) since 2010. The County issued a Request for Proposals (RFP) to solicit property management proposals and selected the John Stewart Company (JSCo) to manage the property on behalf of the County.

DISCUSSION:

Kents Court is a 19-unit affordable housing project in Pajaro. The former Redevelopment Agency purchased the land and provided a loan to South County Housing Corporation (SCHC) to purchase 19 manufactured homes. The units were initially developed as relocation housing while SCHC demolished a dilapidated motor court at 15-17-19 Salinas Road in Pajaro and built the Nuevo Amanecer project. South County Property Management (SCPM) has managed the property since its development. Kents Court has become an important source of affordable housing in Pajaro.

In 2010, SCHC deeded the 19 homes over to the Redevelopment Agency in-lieu of repaying the Agency's loan. Since taking possession of the units, the County has contracted with SCPM to provide day-to-day management services for the property. The property management contract was for a period of five years and was recently extended to expire on September 30, 2015, in order to allow the County time to procure new property management.

Staff determined that it should conduct a competitive solicitation to select a property management firm and issued a Request for Proposals on April 24, 2015. Staff is recommending that the County enter into an

agreement with JSCo to manage Kents Court. JSCo will be responsible for day-to-day operation of the property, including verifying that tenants are income eligible to live in the units and preparing regular financial statements for review by County staff. The agreement will be for three years with two one-year options to extend the agreement.

The vendor is requesting non-standard County language in the agreement which includes modifications to the indemnification and insurance requirements and modification to other standard contract provisions. It is requested that the Board authorize the Director of Economic Development to sign this agreement with JSCo on behalf of the County, incorporating the non-standard provisions, and that the Board authorize two future renewals of one year each, with limits on the renewal amounts and restrictions on non-standard terms, as recommended by the Director of Economic Development.

OTHER AGENCY INVOLVEMENT:

County Counsel has reviewed and does not approve the following non-standard provisions: insurance premiums, purchased by JSCo, to be paid out of Kents Court income; JSCo's obligation to indemnify the County capped at insurance policy limits; deletion of aggregate insurance requirements; and JSCo's contractual rights to terminate the contract.

Risk Management has reviewed and approves the non-standard insurance and indemnity provisions.

FINANCING:

There is no impact on the General Fund. The cost of all operations, including the management fees, of Kents Court are paid for by income generated by the rental of the Kents Court units. Any residual income is restricted for use by the County to further affordable housing.

Prepared by: _____
Jane Royer Barr, Housing Program Manager, Ext. 5389

Approved by: _____
David Spaur, CEcD, EDFP, Economic Development Director, Ext. 5387

Attachments:

Kents Court Management Agreement between the Housing Successor Agency of the County of Monterey and John Stewart Company
(Attachments are on file with Clerk of the Board)