



REPORT

DATE: For the Agenda of March 1, 2002 **Item 102**

REPORT NO.: HCR02-009

SUBJECT: Phase II: Housing Commission Office Facility Needs: Agreement with Keyser Marston Associates (Citywide)

SUMMARY

Issue No. 1: Should the Housing Commission approve a sole source agreement with Keyser Marston Associates (KMA) for Phase II consultant services related to meeting the Housing Commission's office space needs?

Recommendation No. 1: Authorize the Chief Executive Officer (CEO) to execute an agreement with KMA for an amount not to exceed \$138,000 for Phase II consulting services.

Issue No. 2: Should the Housing Commission authorize a budget revision totaling \$120,000 to cover additional consultant service costs related to meeting the Housing Commission's space and office facility needs?

Recommendation No. 2: Authorize the CEO to: (a) Transfer \$120,000 from Reserves to Facilities to supplement the \$18,000 previously budgeted in FY02 in Board and Executive; and (b) approve a budget revision (Attachment 2) in the same amount to the Agency's FY02 Budget.

Fiscal Impact: The total expenditure of up to \$138,000 is drawn from the following funding source:

Certificate No:	02-138
Amount:	\$138,000
Revenue Source:	Various Sources
Division:	Operations
Line Item:	Contract/Consultant

Previous Related Action(s): On July 14, 2000, the Housing Commission approved an expansion of the contract initially authorized by the CEO with KMA to provide consultant services related to meeting its future space needs. On November 27, 2001, the Housing Authority authorized the CEO to execute an Exclusive Negotiating Agreement with Lankford & Associates for potential development of a new Housing Commission office facility.

Future Related Action(s): If negotiations are successful, it is anticipated that staff will present a proposed Purchase and Sale Agreement (PSA) with Lankford & Associates for Housing Commission and Housing Authority consideration in mid-April 2002.

BACKGROUND

In July 2000, the Housing Commission established an Ad Hoc subcommittee comprised of Chairman Neal Arthur and Commissioner David Dick to work with staff to further investigate office space options. The subcommittee determined that the exploratory phase through the selection of a potential site would be identified as Phase I. At that time, the Commission also authorized a contract expansion for Keyser Marston Associates (KMA) to provide consultant services related to this Phase I effort. As part of Phase I, the subcommittee reviewed an analysis prepared by KMA that identified the relative cost of alternatives available to the Commission, including “Do Nothing” (Actual Base Cost), “Renovation,” “Lease New,” and “Build New.” Based on this preliminary analysis by KMA, the subcommittee determined that it was in the best interest of the Commission to pursue the alternative of building a new office facility.

On September 21, 2001 and November 27, 2001, respectively, the Housing Commission and the Housing Authority authorized the Chief Executive Officer to execute an Exclusive Negotiating Agreement with Lankford & Associates, Inc. for potential development of a new office facility for the Commission to be located at the corner of 12th Avenue and C Street in downtown San Diego.

KMA completed the preliminary work of Phase I concerning how to best meet the Commission’s future office space needs. A potential site was identified and an Exclusive Negotiating Agreement (ENA) with Lankford & Associates was executed. If negotiations are successful, it is anticipated that staff will present a development plan and proposed Purchase and Sale Agreement (PSA) for Housing Commission and Housing Authority approval in mid-April 2002.

DISCUSSION

The proposed Phase II contract (Attachment 1) will allow KMA to continue in its role of advising the Housing Commission concerning the proposed office facility site, the attached agreement anticipates the utilization by KMA of two subconsultants to review and analyze the Commission's organizational structure, identify future growth projections, and detail adjacency requirements in order to develop a final physical space plan; as well as provide pre-construction management review services for the proposed new office facility, including feasibility, cost analysis, and construction document review.

KMA was selected to perform the facilities and space planning services in Phase I after an extensive Request for Qualifications (RFQ) process. Approval of this Phase II sole source agreement is in full compliance with applicable Federal Standards, HUD regulations, State and local laws and, is in the best interests of the Agency. Given the work completed to date and the complexity of the proposed project, the sole source contract is justified under the Housing Commission's Statement of Procurement Policy PO203.100 adopted by the Housing Authority on December 15, 2000 and will allow the project to proceed uninterrupted.

ALTERNATIVES

1. Direct staff to continue to pursue the option of building a new office facility without the assistance of KMA. This alternative is not recommended because Housing Commission staff does not have the expertise necessary to continue this task without experienced assistance.
2. Direct staff to undertake a new Request for Qualifications process to select a consultant to assist in Phase II. This alternative is not recommended because the RFQ process is lengthy, additional time would be needed to familiarize a new consultant with the proposed project and it is likely that the site identified at 12th Avenue and C Street will not be available to the Housing Commission after an extended period of time.

Respectfully submitted,

Carrol M. Vaughan
Chief Operating Officer

**Signature on File
with Original Document**

Approved by,

Elizabeth C. Morris
Chief Executive Officer

Attachment(s):

1. Agreement with Keyser Marston Associates
2. Housing Commission Budget Revision