




Office of the City Manager

CONSENT CALENDAR

October 24, 2006

To: Honorable Mayor and
Members of the City Council

From:  Phil Kamlarz, City Manager

Submitted by: Stephen Barton, Director, Housing

Subject: Contract: Financial Consulting Services

RECOMMENDATION

Adopt a Resolution authorizing the City Manager to execute an amendment to the contract with Seifel Consulting, Inc. for financial consulting services to increase the contract amount by \$60,000 for an amount not to exceed \$150,000.

FISCAL IMPACTS OF RECOMMENDATION

The FY 2007 Budget includes funds for this contract amendment in Housing Department Budget Code: 610-8151-465-3038.

CURRENT SITUATION AND ITS EFFECTS

The Housing Department currently has a contract with Seifel Consulting to provide due diligence and negotiation advisory services. These services include the preparation of financial analyses regarding developer proposals related to the proposed terms and conditions; proposed City contributions; development phasing and revenue potential; and development agreement performance standards. The consultant also analyzes the financial feasibility and public financing options for affordable housing and other development components; advises on financing and funding strategies for housing developments; assists the staff in reviewing applications for assistance; and advises staff on other housing, financing and real estate matters as needed. Staff is also requesting that Seifel Consulting staff assist in additional analysis related to the recent Bond re-issuance by the Berkeley Redevelopment Agency and also site feasibility analysis. Seifel also is planned to assist with the Seifel Consulting has been working closely on the Oxford Plaza and David Brower Center development. Their work includes and has included extensive studies of the parking pro forma and analysis of the proposed underground parking garage for the Oxford Plaza and David Brower Center, overall project analysis and support for the Brownfields Economic Development Initiative grant application submitted for the project and preparation for the submission of a HUD 108 Application, and the analysis of New Markets Tax Credits financing and the Tax Credit financing for the Oxford Plaza. Before entering into the current contract with Seifel Consulting, the staff publicized a Request for Proposals (RFP) for these services and a Selection Committee chose and recommended that the City enter into an agreement with Seifel Consulting. The contract with Seifel Consulting ends on March 31, 2007.

BACKGROUND

Seifel Consulting previously entered into the first contract with the Housing Department on September 1, 2003, to provide financial consulting services primarily for the Oxford Lot project. However, the consultant's services were also requested for other development proposals and soon the contract was amended for an expanded scope of services and additional funding. The consultant was then requested to assist in the review analysis of the Housing Trust Fund applications that were received in July 2004. In early 2005, after conducting the RFP, the City entered into a \$40,000 contract with Seifel Consulting. In September 2005 and again in March 2006, Council adopted a resolution to increase the contract by \$25,000 on each occasion.

The greatest part of the consultant's time is currently expended on the Oxford Lot Project. The consultant has continued to provide much of the financial work for the ongoing analysis of this development and continues to attend various meetings that are often held with developer, participates in conference calls with the Housing and legal staff, affordable housing developers and their financial consultants, and also reviews the financial analysis required for the related retail space in the housing component and Brower Center as well as the financing required by the David Brower Center and subsurface parking garage. As the project approaches the transfer of the property and as many of the New Markets Tax Credit financing requirements will undergo review by the City, the staff will have need for more of the services provided by Seifel Consulting. Additionally, it is planned to conduct another parking analysis study of the parking garage to be owned by the City. Housing departments as well as community development and Redevelopment Agencies in other cities also contract for such financial consulting services. The Department is pleased with the results and wishes to continue the services of the consultant.

RATIONALE FOR RECOMMENDATION

When the Contractor entered into the initial City agreement in September 1, 2003, the proposed services that were contracted were based on a very specific work plan. It became apparent to the staff that these services were also needed for the complex financing plans and proposals submitted for the affordable housing projects that Housing staff constantly analyze and prepare. We have found these services to be very helpful and would like to continue utilizing the company's services while the staff continues to work through the complexities that these projects require. During the last four months of the current contract, the requests for needed services have used up much of the available funds in the contract.

ALTERNATIVE ACTIONS CONSIDERED

If the Department is unable to amend the contract with Seifel Consulting, there will be no funds to pay the company for the ongoing analysis and negotiations for the Oxford Plaza and other affordable housing projects and the contract will have to be terminated.

CONTACT PERSON

Stephen Barton, Director, Housing Department, 981-5400

Attachment:

1: Resolution

RESOLUTION NO.–N.S.

CONTRACT WITH SEIFEL CONSULTING, INC. FOR FINANCIAL CONSULTING
SERVICES

WHEREAS, the Housing Department uses a financial consultant to assist with financial analysis and structuring affordable housing projects and developments, and conducting financial feasibility studies related to Department and the Housing Trust Fund projects; and

WHEREAS, the City Council established a Housing Trust Fund Program to assist with the development and expansion of affordable housing for low-income persons who work or reside in Berkeley, and authorized the City Manager to implement the program; and

WHEREAS, a Request for Proposal for a professional affordable housing/real estate financial consultant was advertised, and the City entered into an agreement with Seifel Consulting, Inc.; and

WHEREAS, Seifel Consulting, Inc. currently provides needed services for affordable housing projects and staff, and the funding for the additional contract amount is available from Budget Code (610-8151-465-3038), and the contract has been entered in the contract database, CMS No. X53UY.

NOW THEREFORE, BE IT RESOLVED by the Council of the City of Berkeley that the City Manager is authorized to execute an amendment to the contract with Seifel Consulting, Inc. for consulting services to increase the contract amount by \$60,000 for an amount not to exceed \$150,000. A record signature copy of said contract amendment to be on file in the Office of the City Clerk.