

City of La Mesa

SERVICES AGREEMENT

Affordable Housing Compliance Monitoring for the City of La
Mesa



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1. STANDARD AGREEMENT FOR PROFESSIONAL SERVICES

Between the City of La Mesa and

Keyser Marston Associate

for Affordable Housing Compliance Monitoring for the City of La Mesa

This Agreement is entered into by City of La Mesa as of _____, by and between the City of La Mesa, a municipal corporation, hereinafter referred to as "the City", and I Love A Clean San Diego, hereinafter referred to as "Contractor."

WITNESSETH THAT:

WHEREAS, the City has adopted Resolution No. 2023-____;

WHEREAS, the City has need for professional services to perform organic waste recycling education program services at schools within the City of La Mesa and is willing to compensate Contractor for such services;

WHEREAS, the competitive bidding requirements are permitted to be waived under La Mesa Municipal Code section 2.40.070(A)(6) due to Keyser Marston Associates being a special provider who has performed similar satisfactory work for affordable housing compliance monitoring;

WHEREAS, the City desires to engage Contractor to render certain technical and professional services in the providing of said professional services; and

WHEREAS, Contractor is qualified to provide said professional services for affordable housing monitoring within the City of La Mesa.

NOW THEREFORE, the parties do mutually agree as follows:

2. ENGAGEMENT OF CONTRACTOR

The City hereby agrees to engage Contractor and Contractor hereby agrees to perform the services set forth in this Agreement. This Agreement shall be for an initial term from the execution date of the Agreement through Sunday, June 30, 2024 and may be renewed for an additional three one-year terms by mutual written consent of both parties. The City Manager shall have sole and exclusive right to exercise any options contained in this Agreement on behalf of the City.

3. SERVICES TO BE PERFORMED BY CONTRACTOR

Contractor shall commence performance of the Project upon execution of this Agreement by both parties. The term "Project" as used in this Agreement shall include all of the tasks and items listed and described in Exhibit "A," attached hereto and incorporated herein as part of this Agreement.

4. KEY PROJECT PERSONNEL

Contractor agrees to provide the services of Keyser Marston Associate respectively for the full term of this contract. No substitutions will be made without prior written approval by the City. The City reserves the right to request specific qualifications for personnel substituted under this section.

5. CONTRACTORS

Contractor will utilize the services of the following subcontractors during the course of this study:

None.

Payment for such services shall be the responsibility of the Contractor. No substitution of proposed subcontractors shall be made without prior written approval by the City.

6. CITY REPRESENTATION

The City Manager for the City of La Mesa, or its designated representative, shall represent the City in all matters pertaining to the services rendered pursuant to this Agreement and shall administer said Agreement on behalf of the City. This person shall hereinafter be referred to as the "City's Representative."

7. RESPONSIBILITIES OF THE CITY

The City will provide the Contractor, or cause to be provided with, the following documents, services and site information, at no charge to the Contractor.

A. See Exhibit "A"

8. PERFORMANCE SCHEDULE

Both Contractor and the City recognize that time is of the essence in the completion of this work and the following schedule is dependent upon timely actions by the Contractor and the City. Accordingly, the Contractor shall complete all of the work outlined in Exhibit "A" and described in this Agreement in accordance with the following schedule:

TASK; TARGET DATE

A. See Exhibit "A"

The Contractor shall not be responsible for damages or be in default or deemed to be in default by reason of strikes, lockouts, accidents, or acts of God, or failure of City to furnish timely information or to approve or disapprove Contractor's work promptly, or delay or faulty performance by City, or governmental agencies.

9. COMPENSATION TO CONTRACTOR

Final payment of fees shall be upon delivery of approved final documents. Progress payments shall be made based upon evidence that the work is progressing satisfactorily as determined by the City's Project Manager and substantiated with detailed invoices. The amount to be billed shall be based on the Contractor schedule of fees for professional services and the actual time required for each activity. The schedule of fees and estimated time for the project are as shown in Exhibit "A" attached hereto and incorporated herein as part of this Agreement.

The total fee for professional services shall be billed on a flat-rate basis with a total amount not to exceed \$63,500 as described on page 5 of Exhibit "A."

10. RECORDS

Contractor shall maintain adequate records to permit inspection audit of Contractor's time-and-material charges under this Agreement. Contractor shall make such records available to the City and to other public agencies responsible for approval, funding or auditing the project, during normal business hours upon reasonable notice. Nothing herein shall convert such records into public records and they will be available only to the City or to public agencies involved with approval, funding or audit functions. Such records shall be maintained by the Contractor for three (3) years following completion of the work under this Agreement.

11. METHOD OF COMPENSATION

The Contractor shall invoice the City by the 15th of the following month for completion of specified tasks identified on page 5 of Exhibit "A." Thereafter, the City shall compensate Contractor for satisfactory (to the City in its exclusive discretion) services performed within thirty (30) calendar days of receipt of Contractor's invoice for the same. The Contractor shall provide documentation regarding time-and-material charges sufficient to meet normal auditing practice. Copies of the invoices for materials in excess of \$500 and subcontractor charges shall be submitted with the request for periodic payment.

The City shall promptly review invoicing and notify Contractor of any objection thereto in writing within fifteen (15) days of receipt of the invoice; absent such objection the invoice shall be deemed proper and acceptable.

In the event that any undisputed invoice is not paid within thirty (30) calendar days after receipt of the invoice by the City, it shall commence bearing interest on the date that the invoice was rendered at the rate of 1% per month and the City agrees to pay all accrued interest, together with the charges for services rendered.

12. ITEMS TO BE DELIVERED TO CITY

The following items shall be delivered by the Contractor to the City of La Mesa:

QUANTITY; TARGET DATE

- A. See Exhibit "A"

13. DESIGN CHANGES OR REVISIONS

No design changes or revisions will be required and no payment therefore will be made except pursuant to the provisions of this Agreement. No extra compensation shall be paid the Contractor for revisions required by reason of omissions or errors by the Contractor in the preparation of the original document, plans, working drawings, or specifications. Changes to the scope of this Agreement shall be negotiated prior to commencement of extra work.

14. ADDITIONAL SERVICES OUTSIDE SCOPE

Only after written authorization from the City, additional services that Contractor could provide, or cause to be provided, include the following:

- A. Additional work related to the Project but not included in the Scope of Work.
- B. Additional work caused by changes unrelated to the Scope of Work described herein.

Contractor will be compensated for Contractor time and direct personnel expenses as approved by the City.

15. HOLD HARMLESS

To the furthest extent allowed by law, Contractor shall indemnify, hold harmless and defend City and each of its officers, officials, employees, agents and volunteers from any and all loss, liability, fines, penalties, forfeitures, costs and damages (whether in contract, tort or strict liability, including but not limited to personal injury, death at any time and property damage), and from any and all claims, demands and actions in law or equity (including reasonable attorney's fees and litigation expenses) that arise out of, pertain to, or relate to the negligence, recklessness or willful misconduct of Contractor, its principals, officers, employees, agents or volunteers in the performance of this Agreement.

If Contractor should subcontract all or any portion of the services to be performed under this Agreement, Contractor shall require each subcontractor to indemnify, hold harmless and defend City and each of its officers, officials, employees, agents and volunteers in accordance with the terms of the preceding paragraph.

This section shall survive termination or expiration of this Agreement.

16. INSURANCE

Throughout the life of this Agreement, Contractor shall pay for and maintain in full force and effect all policies of insurance required hereunder with an insurance company(ies) either (i) admitted by the California Insurance Commissioner to do business in the State of California and rated not less than "A:VII" in Best's Insurance Rating Guide, or (ii) authorized by the City Manager or his/her designee at any time and in his/her sole discretion. The following policies of insurance are required:

- A. COMMERCIAL GENERAL LIABILITY insurance which shall be at least as broad as the most current version of Insurance Services Office (ISO) Commercial General Liability Coverage Form CG 00 01 and include insurance for "bodily injury," "property damage" and "personal and advertising injury" with coverage for premises and operations (including the use of owned and non-owned equipment), products and completed operations, and contractual liability (including, without limitation, indemnity obligations under the Agreement) with limits of liability of not less than the following:
 - o \$1,000,000 per occurrence
 - o \$2,000,000 general aggregate
- B. COMMERCIAL AUTOMOBILE LIABILITY insurance which shall be at least as broad as the most current version of Insurance Service Office (ISO) Business Auto Coverage Form CA 00 01 covering, Code 1 (any auto), or if Contractor has no owned autos, Code 8 (hired) and 9 (non-owned), with limits of liability of not less than \$1,000,000 per accident for bodily injury and property damage.
- C. WORKERS' COMPENSATION insurance as required by the State of California, with Statutory Limits, and Employer's Liability Insurance with limit of no less than \$1,000,000 per accident for bodily injury or disease.

Should Contractor maintain insurance with broader coverage and/or limits of liability greater than those shown above, City requires and shall be entitled to the broader coverage and/or the higher limits of liability maintained by Contractor. Any available insurance proceeds in excess of the specified minimum limits of insurance and coverage shall be available to City.

Contractor shall be responsible for payment of any deductibles contained in any insurance policies required hereunder and Contractor shall also be responsible for payment of any self-insured retentions. Any deductibles or self-insured retentions must be declared to, and approved by, the City Manager or his/her designee. At the option of the City Manager or his/her designee, either: (i) the insurer shall reduce or eliminate such deductibles or self-insured retentions as respects to

City, its elected officials, officers, officials, employees, agents and volunteers: or (ii) Contractor shall provide a financial guarantee, satisfactory to City Manager or his/her designee, guaranteeing payment of losses and related investigations, claim administration and defense expenses. At no time shall City be responsible for the payment of any deductibles or self-insured retentions.

All policies of insurance required hereunder shall be endorsed to provide that the coverage shall not be cancelled, non-renewed, reduced in coverage or in limits except after 30 calendar day written notice has been given to City. Upon issuance by the insurer, broker, or agent of a notice of cancellation, non-renewal, or reduction in coverage or in limits, Contractor shall furnish City with a new certificate and applicable endorsements for such policy(ies). In the event any policy is due to expire during the work to be performed for City, Contractor shall provide a new certificate, and applicable endorsements, evidencing renewal of such policy not less than 15 calendar days prior to the expiration date of the expiring policy.

The General Liability and Automobile Liability insurance policies shall be written on an occurrence form and shall name City, its elected officials, officers, officials, employees, agents and volunteers as an additional insured. Such policy(ies) of insurance shall be endorsed so Contractor's insurance shall be primary and no contribution shall be required of City, its elected officials, officers, officials, employees, agents and volunteers. The coverage shall contain no special limitations on the scope of protection afforded to City, its elected officials, officers, officials, employees, agents or volunteers. The Workers' Compensation insurance policy shall contain a waiver of subrogation as to City, its elected officials, officers, officials, employees, agents and volunteers.

Contractor shall furnish City with all certificate(s) and applicable endorsements effecting coverage required hereunder. **All certificates and applicable endorsements are to be received by City and approved by City Manager or his/her designee prior to City's execution of the Agreement and before work commences.** Upon request of City, Contractor shall immediately furnish City with a complete copy of any insurance policy required under this Agreement, including all endorsements, with said copy certified by the underwriter to be a true and correct copy of the original policy. This requirement shall survive expiration or termination of this Agreement.

If at any time during the life of this Agreement or any extension, Contractor or any of its subcontractors fail to maintain any required insurance in full force and effect, all work under this Agreement shall be discontinued immediately, and all payments due or that become due to Contractor shall be withheld until notice is received by City that the required insurance has been restored to full force and effect and that the premiums therefore have been paid for a period satisfactory to City. Any failure to maintain the required insurance shall be sufficient cause for City to terminate this Agreement. No action taken by City hereunder shall in any way relieve Contractor of its responsibilities under this Agreement.

The fact that insurance is obtained by Contractor shall not be deemed to release or diminish the liability of Contractor, including, without limitation, liability under the indemnity provisions of this Agreement. The duty to indemnify City and its elected officials, officers, officials, employees, agents and volunteers shall apply to all claims and liability regardless of whether any insurance policies are applicable. The policy limits do not act as a limitation upon the amount of indemnification to be provided by Contractor. Approval or purchase of any insurance contracts or policies shall in no way relieve from liability nor limit the liability of Contractor, its principals, officers, employees, agents, persons under the supervision of Contractor, vendors, suppliers, invitees, Contractors, subcontractors, or anyone employed directly or indirectly by any of them.

If Contractor should subcontract all or any portion of the services to be performed under this Agreement, Contractor shall require each subcontractor to provide insurance protection in favor of City, its elected officials, officers, officials, employees, agents and volunteers in accordance with the terms of each of the preceding paragraphs, except that the subcontractors' certificates and endorsements shall be on file with Contractor and City prior to the commencement of any work by the subcontractor.

17. OWNERSHIP OF WORK

All finished or unfinished documents, studies, reports, computer files and materials prepared by Contractor and subcontractors under this Agreement shall be considered the property of the City and will be turned over to the City upon demand, but in any event, upon completion of the Project. The Contractor shall be allowed to retain copies of documents for their permanent records, if desired.

18. ASSIGNABILITY

Contractor shall not assign, delegate, or transfer this Agreement or any work hereunder, nor assign any monies due or to become due hereunder, except as expressly stated herein. In no event shall any contractual relation be created between any third party and the City without prior written consent of the City. A consent to one assignment shall not be deemed to be consent to any subsequent assignment.

19. INTEGRATION; AMENDMENTS

This Agreement sets forth the entire understanding of the parties with respect to the subject matter herein. There are no other agreements, expressed or implied, oral or written, except as set forth herein. This Agreement may be amended upon written mutual consent of both parties hereto. Amendment requiring changes in compensation shall be subject to the City's change order procedures.

20. NOTICES

Notices and requests to the City or Contractor shall be delivered at the following addresses, either served personally on the designated representative or by U.S. Postal Service at the following addresses:

City:

- Director of Community Development
- City of La Mesa
- 8130 Allison Avenue, La Mesa, CA 91942
- (619) 667-1166

Contractor:

- Manager
- Keyser Marston Associates
- 555 West Beech Street, Suite 460, San Diego, CA 92101
- (619) 718-9500 x 105

21. DISPUTE RESOLUTION

The City shall require that all Contractors agree to submit any unresolved claims, counterclaims, disputes, controversies and other matters between them and the City or the Contractor and/or any subcontractors of any tier arising out of or relating to their agreement with the City or the breach thereof (“disputes”) first to mediation and then if not resolved, to non-binding arbitration prior to initiating suit or judicial proceeding.

22. TERMINATION OF AGREEMENT FOR CAUSE OR CONVENIENCE

If, through any cause, the Contractor shall fail to fulfill in timely and proper manner his obligations under this Agreement, or if the Contractor shall violate any of the covenants, agreements, or stipulations of this Agreement, the City shall thereupon have the right to terminate this Agreement immediately by giving written notice to the Contractor of such termination and specifying the effective date thereof. In such event, all finished or unfinished documents, data, studies, surveys, drawings, maps, models, photographs and reports prepared by the Contractor under this Agreement shall, at the option of the City, become its property and the Contractor shall be entitled to receive just and equitable compensation for any work satisfactorily completed hereunder.

In addition to termination for cause, the City may terminate this Agreement for City's convenience upon not less than fifteen (15) days written notice to Contractor. Upon receipt of said notice, the Contractor shall immediately cease all work under this Agreement unless said notice provides otherwise. If this Agreement is terminated as provided in this paragraph for City's convenience, the Contractor shall be required to provide to City all finished or unfinished documents, data, studies, services, etc., prepared by the Contractor as may be requested by City and such work shall become City's property upon payment to Contractor for the value of the work performed, less payments of compensation previously made.

Notwithstanding the above, the Contractor shall not be relieved of liability to the City for damages sustained by the City by virtue of any breach of the Agreement by the Contractor, and the City may withhold any payments to the Contractor for the purpose of set-off until such time as the exact amount of damages due the City from the Contractor is determined.

23. BUSINESS LICENSE

The Contractor, including all subcontractors, shall obtain a business license for work within the City of La Mesa pursuant to La Mesa Municipal Code Sections 6.08.010 through 6.08.240.

No payments shall be made to any Contractor until such business license has been obtained, and all fees paid therefor, by the Contractor and all subcontractors. Business license applications and information may be obtained from the Finance Department, City Hall, 8130 Allison Avenue, La Mesa, CA 91942-5502, (619) 667-1118 or online at cityoflamesa.us/buslic.

24. INTEREST OF MEMBERS OF THE CITY

No member of the governing body of the City and no other officer, employee, or agent of the City who exercises any functions or responsibilities in connection with the planning and carrying out of the program, shall have any personal financial interest, direct or indirect, in this Agreement; and the Contractor shall take appropriate steps to assure compliance.

25. INTEREST OF CONTRACTOR AND EMPLOYEES

STATEMENT OF ECONOMIC INTERESTS

The Contractor covenants that he presently has no interest and shall not acquire interest, direct or indirect, in the study area or any parcels therein or any other interest which would conflict in any manner or degree with the performance of his services hereunder. The Contractor further covenants that in the performance of this Agreement, no person having any such interest shall be employed. City may require Contractor to complete and submit a Form 700, Statement of Economic Interests, in accordance with applicable law, to City Clerk.

26. FACILITIES AND EQUIPMENT

Contractor shall, at its sole cost and expense, furnish all facilities and equipment which may be required for furnishing services pursuant to this Agreement.

27. INDEPENDENT CONTRACTOR

At all times during the term of this Agreement, Contractor shall be an independent contractor and shall not be an employee of City. City shall have the right to control Contractor only insofar as the results of Contractor's services rendered pursuant to this Agreement; however, City shall not have the right to control the means by which Contractor accomplishes services rendered pursuant to this Agreement.

28. PERS ELIGIBILITY INDEMNIFICATION

In the event that Contractor's employee providing services under this Agreement claims or is determined by a court of competent jurisdiction or the California Public Employees Retirement System (PERS) to be eligible for enrollment in PERS of the City, Contractor shall indemnify, defend, and hold harmless City for the payment of any employer and employee contributions for PERS benefits on behalf of the employee as well as for payment of any penalties and interest on such contributions which would otherwise be the responsibility of the City.

Notwithstanding any other agency, state or federal policy, rule, regulation, law or ordinance to the contrary, Contractor's employees providing service under this Agreement shall not qualify for or become entitled to, and hereby agree to waive any claims to, any compensation and benefit including but not limited to eligibility to enroll in PERS as an employee of City and entitlement to any contributions to be paid by City for employer contributions and/or employee contributions for PERS benefits.

29. TIME

Contractor shall devote such time to the performance of services pursuant to this Agreement as may be reasonably necessary for satisfactory performance of Contractor's obligations pursuant to this Agreement.

30. CONTRACTOR NOT AGENT

Except as City may specify in writing, Contractor shall have no authority, express or implied, to act on behalf of City in any capacity whatsoever as an agent. Contractor shall have no authority, express or implied, pursuant to this Agreement to bind City to any obligation whatsoever.

31. NON-DISCLOSURE

The designs, plans, reports, investigations, materials and documents prepared or acquired by the Contractor pursuant to this Agreement (including any duplicate copies kept by the Contractor)

shall not be shown to any other public or private person or entity, except as authorized by the City. The Contractor shall not disclose to any other public or private person or entity any information regarding the activities of the City except as authorized by the City.

32. SUBCONTRACTING

None of the services covered by the Agreement shall be subcontracted without the prior consent of the City. The Contractor shall be as fully responsible to the City for the acts and omissions of his subcontractors, and of persons either directly or indirectly employed by them, as he is for the acts and omissions of persons directly employed by him. The Contractor shall insert in each subcontract appropriate provisions requiring compliance with the labor standards provisions of this Agreement.

33. CHANGES

The City may, from time to time, request changes in the Scope of Services of the Contract to be performed hereunder. Such changes, including any increase or decrease in the amount of the Contractor's compensation, which are mutually agreed upon by and between the City and the Contractor shall be incorporated to this Contract.

34. JOB SITE SAFETY

The general or prime Contractor who is responsible for means, methods and procedures of the project shall be responsible for job site safety.

The prime contractor and all subcontractors of all tiers shall:

- A. Be responsible for the safety of their respective employees as required by law.
- B. Come under the jurisdiction and supervision of the general or prime contractor's job site safety program.
- C. Exercise reasonable care to avoid risk of injury to others as required by the professional standard of care.

35. PREVAILING WAGES FOR PUBLIC WORKS PROJECTS

IF APPLICABLE

- A. No professional Contractor or subcontractor subject to the requirements of State of California's prevailing wages may be awarded a contract, or contracted with, for a public works project (submitted on or after April 1, 2015) unless registered with the Department of Industrial Relations pursuant to Labor Code section 1725.5 [with limited exceptions from this requirement for bid purposes only under Labor Code section 1771.1(a)].

B. This project is subject to compliance monitoring and enforcement by the Department of Industrial Relations.

36. CONFLICT BETWEEN AGREEMENT AND OTHER DOCUMENTS

In the event of a conflict between this Agreement and any documents incorporated by reference in this Agreement, the terms and conditions of this Agreement shall supersede those contained in any such document incorporated by reference.

37. DATE OF AGREEMENT

The date of this Agreement shall be the date it shall have been signed by a duly authorized representative of City.

38. SIGNATURES

IN WITNESS WHEREOF, City and Contractor have executed the Agreement.

Paul C. Marra, Keyser Marston Associates

By: _____

Date: _____

CITY OF LA MESA,
A Municipal Corporation

By: _____

Dr. Mark Arapostathis, Mayor

Date: _____

By: _____

Greg Humora, City Manager

Date: _____

By: _____

Sandi Sawa Hazlewood, Acting Director of Community
Development

Date: _____

APPROVED AS TO FORM

By: _____

CITY ATTORNEY

Attachment: Exhibit A – Scope of Work and Fee Schedule



KEYSER MARSTON ASSOCIATES

ADVISORS IN:

REAL ESTATE
AFFORDABLE HOUSING
ECONOMIC DEVELOPMENT

July 19, 2023

BERKELEY

DEBBIE M. KERN
DAVID DOEZEMA

LOS ANGELES

KATHLEEN H. HEAD
KEVIN E. ENGSTROM
JULIE L. ROMNEY
TIM BRETZ

Mr. Kerry Kusiak
Director of Community Development
City of La Mesa
8130 Allison Avenue
La Mesa, CA 91942

SAN DIEGO

PAUL C. MARRA
LINNIE A. GAVINO

EMERITUS

A. JERRY KEYSER
TIMOTHY C. KELLY

Re: Proposal for Consulting Services – Affordable Housing Compliance Monitoring

Dear Kerry:

This letter presents the Keyser Marston Associates, Inc. (KMA) proposal to provide the City of La Mesa (City) with affordable housing compliance monitoring for developments assisted and/or provided density bonus allowances from the City including: Campina Court, The District Apartments, Guava Gardens, 8181 Allison, and approximately 15 mixed-income developments with density bonus units. This letter outlines the KMA proposed scope of services, budget, and schedule for this assignment.

I. SCOPE OF SERVICES

KMA has prepared the following approach to assist the City with evaluating the compliance status of the affordable housing developments that have been assisted or provided density bonus allowances by the City.

Task 1:	Gather documents, maintain project information electronically, and transmit information in the form and format required by the City for each monitored rental project.
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KMA will first organize the existing rental housing portfolio files and regulatory agreements to identify the currently available monitoring documentation. Summaries of the requirements will be prepared to identify the covenants imposed by the various funding sources used to finance the project. The strictest pertinent standards will be imposed in the monitoring process.

KMA will distribute a letter to each property owner that identifies the requirements for ongoing compliance with the affordable housing requirements and request copies of the documentation required to confirm the projects' continued compliance with the defined income and affordability requirements. The KMA correspondence will include:

1. A rent schedule for the units subject to income and affordability restrictions; and
2. An identification of the tenant income verification data required to be obtained by the property owner.

KMA will annually update the household income standards and affordable rent schedules for each project in the rental housing portfolio. The updates will be provided within one month following the publication of income and/or rent information by the U.S. Department of Housing and Urban Development (HUD), the State of California Department of Housing and Community Development (HCD), HOME Program, and California Tax Credit Allocation Committee (TCAC).

The regulatory agreements typically require the household income levels to be based on the income information published by HUD and for the rents to be based on the requirements imposed by the California Health and Safety Code and/or the HOME Program regulations. However, if in the existing regulatory agreements, the income and rent limits are expressed as percentages of the County median, KMA will translate that information into a format that can be easily understood by the property owners and managers.

Task 2:	Review tenant income determination to establish that the restricted units have been rented and are occupied by eligible households, pursuant to the program/regulatory agreement requirements.
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Once KMA receives the annual documentation of the tenant income prepared by the property manager or property owner, KMA, on an initial and ongoing basis, will review the income levels paid against the standards imposed by the project's regulatory agreement.

Task 3:	Review annual reports to determine the status of project compliance with the rent limits on the requisite number of restricted units based on the review of rent rolls and occupancy summary reports, pursuant to the program/regulatory agreement requirements.
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Based upon the information provided in the annual reports, KMA, on an initial and annual basis, will compare the actual rents to the maximum allowable rent to be charged. Typically, multiple rent restrictions apply (City regulatory agreement, Tax Credit regulatory agreement, HOME rent limits, etc.), and it is necessary to determine which standard is the most restrictive. The rent level that is determined to be the most restrictive will prevail. This information will be summarized annually in table form and included in correspondence with the property owner and property manager.

Task 4: Report findings of compliance and non-compliance to project owners and the City.
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KMA, on an initial and annual basis, will summarize and document the conformance status of each project, including a description of how the project can be brought into conformance in instances where problems are identified. A letter will be sent to the property owner and property manager identifying the nature of the non-compliance and the methodology for bringing the project back into compliance. KMA will maintain contact with the property owner and property manager until all the issues of non-compliance are rectified. Then, KMA will issue a letter confirming that the project is in compliance with all the pertinent regulatory agreement requirements. In addition, KMA will summarize all correspondence in status reports to the City, as appropriate.

KMA will provide clear explanations of the regulatory agreement covenants as part of our annual update letters to the property owners and property managers. KMA also will be available to provide any technical assistance that the property owner or property manager needs.

Task 5: Recommend methodology to estimate a City compliance monitoring fee to be charged to project owners.

KMA will recommend an approach to establish an annual compliance monitoring fee for the City to recover the cost to monitor the affordable housing developments/units. KMA will prepare a survey of compliance monitoring fees in selected other jurisdictions. The recommended fee level will be based on the cost to review annual documentation of income and rent prepared by the property manager and the preparation of documentation summarizing the conformance status of each project. The fee will also be expressed on a per-unit basis.

II. SCOPE OF SERVICES – OPTIONAL TASKS

The scope below presents optional tasks to further assist the City with evaluating the compliance status of the affordable housing developments that have been assisted or provided density bonus allowances by the City.

Optional Task 6:	Determine eligibility of prospective homebuyers purchasing deed-restricted affordable units.
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KMA will provide maximum income and affordable sales price calculations for future deed-restricted homes. KMA will review the project's regulatory agreement and create a summary of the requirements identified in the agreement. KMA will calculate the affordable sales price based on technical inputs and the requirements included in the agreement.

KMA will create an affidavit that will be distributed to homebuyers annually. The affidavit will require the homeowner to demonstrate continuing compliance with the residency requirement, homeowner insurance requirements, and the absence of liens on the property.

Optional Task 7:	On-site verification of information and may require reviewing primary source income documentation (e.g., tax returns, bank statements, etc.).
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KMA will require the property owner/manager to provide the primary source documentation used to determine tenant income eligibility to KMA for review and verification. KMA may conduct site visits and tenant interviews to ensure that the information provided is accurate. KMA file inspections and tenant interviews will be limited to 20% and 10% of total affordable units/tenants, respectively. Note that the KMA interviews will not include inspections to ensure compliance with health and safety standards.

Optional Task 8:	Analyze annual residual receipts statements for selected affordable housing developments.
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KMA will review the terms of the agreements between the City and the developer of those developments where the City is entitled to receive repayments of its financial assistance through residual receipts notes. KMA will analyze Financial Statements and/or residual receipts documentation submitted annually by property owners to determine if residual receipts payments toward outstanding City loans are warranted. Where residual receipts payments are due, KMA will estimate the amount of payment required from each development.

III. BUDGET

KMA proposes to provide these services on a time-and-materials basis subject to the attached hourly billing rates. Our budget requirement is expressed in two phases:

- *Phase 1* – the budget amount needed to initiate and set-up the affordable housing compliance monitoring system for the City and perform the first year of annual monitoring

- Phase 2 – the budget amount needed for the cost of monitoring the affordable housing projects/units on an annual recurring basis

The Phase 1 and Phase 2 budget allowances by task are shown below.

Description of Tasks	Phase 1 Budget	Phase 2 Budget
Frequency of Tasks	One-Time Set-Up	Annual Monitoring
Task #1: Gather and Summarize Documentation	\$7,500	\$0
Task #2: Review Tenant Income Levels	\$7,000	\$3,500
Task #3: Determine Status of Project Compliance	\$9,000	\$3,000
Task #4: Report Findings	\$10,500	\$3,000
Task #5: Compliance Monitoring Fee	\$6,000	\$0
Subtotal	\$40,000	\$9,500
Optional Task #6: Determine Eligibility of Prospective Homebuyers	\$7,500	\$3,500
Optional Task #7: On-Site Tenant Income Verification	\$10,000	\$6,500
Optional Task #8: Residual Receipts Monitoring	\$6,000	\$4,500
Total	\$63,500	\$24,000

As new projects come on line, we anticipate an incremental budget requirement per project of \$3,000 to \$4,500 for the one-time set-up and \$2,000 to \$3,500 for annual monitoring (range reflects variation in number of affordable units per project).

IV. SCHEDULE

KMA is prepared to begin work immediately upon authorization and receipt of project documents and other background data. We estimate 180 calendar days to complete the Phase 1 work, subject to timely coordination with City staff and property owners/managers throughout the process.

We look forward to the opportunity to work with you on this important effort. Please let us know if we can provide further clarification regarding our approach.

Sincerely,

KEYSER MARSTON ASSOCIATES, INC.



Paul C. Marra

**KEYSER MARSTON ASSOCIATES, INC.
PUBLIC SECTOR HOURLY RATES**

	<u>2022/2023</u>
CHAIRMAN, PRESIDENT, MANAGING PRINCIPALS*	\$305.00
SENIOR PRINCIPALS*	\$295.00
PRINCIPALS*	\$275.00
MANAGERS*	\$245.00
SENIOR ASSOCIATES	\$205.00
ASSOCIATES	\$185.00
SENIOR ANALYSTS	\$170.00
ANALYSTS	\$145.00
TECHNICAL STAFF	\$105.00
ADMINISTRATIVE STAFF	\$90.00

Directly related job expenses not included in the above rates are: auto mileage, parking, air fares, hotels and motels, meals, car rentals, taxis, telephone calls, delivery, electronic data processing, graphics and printing. Directly related job expenses will be billed at 110% of cost.

Monthly billings for staff time and expenses incurred during the period will be payable within thirty (30) days of invoice date.

* Rates for individuals in these categories will be increased by 50% for time spent in court testimony.