



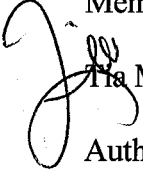
Berkeley Housing Authority

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Office of the Executive Director

Item 6D
NEW BUSINESS
April 16, 2013

To: Honorable Chairperson and
Members of the Berkeley Housing Authority Board

From:  Tia M. Ingram, Executive Director

Subject: Authorize contract amendments for legal services, inspection services, and building and grounds maintenance services

RECOMMENDATION

Consider resolutions to approve amendments to the following contracts:

- a. Legal Services – Goldfarb and Lipman, LLP: Exercise the third renewal option year of July 1, 2013 through June 30, 2014 for an additional amount of \$86,000 bringing total contract amount to \$641,000.
- b. Housing Quality Standards (HQS) & UPCS Inspection Services – Sterling Inspection Company: Extend contract term through June 30, 2014, with an additional amount of \$65,071 bringing the total contract amount to \$155,000.
- c. Building and Grounds Maintenance – K and S Management Company: Extend contract term through December 31, 2013 for an additional amount of \$58,000 bringing the total contract amount to \$233,940.

BACKGROUND

Our Section 8 and Public Housing programs, individually and collectively, are not of sufficient size to support hiring permanent, full time staff to perform certain specialized services. Contracting for services allows us to control fixed costs, while giving us access to highly skilled individuals, and incur costs on an as needed basis.

For each of the contracts proposed for amendment, staff complied with all applicable HUD procurement regulations, and the BHA Administrative Plan in selecting the vendors that currently provide service. In most instances, when we are procuring services, we strive for multiple year contracts, with renewal options. This allows us to build in continuity, project future costs, and eliminate the costly and time consuming process of multiple procurement processes. Additionally, though we disseminated our RFPs widely, in some cases, as in the case of Inspections Services, Sterling was the only responder (we have been working with Sterling since 2007). While it is possible to renegotiate terms in the renewal periods, this is generally only done in response to significant changes, and can only be done at the mutual consent of the parties. If approved, the actions taken

tonight will allow us to continue receiving service from our current vendors – each of whom has met our expectations to date.

Legal Services (Administrative). On May 14, 2009, the Board approved a resolution awarding a contract to Goldfarb and Lipman, LLP. The contract (and resolution) define an initial term of two years, with three one year renewal options. The maximum fee for the initial year, and the renewal periods is \$150,000 per year. The option periods allow for continuity of service; and it affirms BHA's intent to continue the contract, provided the services are still required. Staff is pleased with the service provided, and recommends exercising a third one-year-option. With the mutual consent of Goldfarb and Lipman, the option will be exercised at \$86,000 (not \$150,000) which more closely reflects the actual average expense the past two years, and the anticipated expenditure in FY2013-2014. The Board is advised that we may need to request an amendment if our experience changes significantly during the year. As required, a new procurement process will be initiated next year.

Housing Quality Standard (HQS) & Uniform Physical Conditions Standards (UPCS) Inspection Services. Utilizing a contract service for inspection services ensures the availability of highly skilled inspectors to satisfy fluctuating demands for service. Consistent with our priority on customer service, Sterling assigns a single inspector to our contract. This allows the Inspector to become familiar with the properties, and equally important, establish a relationship with the residents and landlords. The demand for inspections includes:

- a. A full (annual) inspection for every unit under contract including Mod Rehab (approximately 2,000)
- b. A reinspection for every unit with an identified fail item (est. 570, approximately 28%)

Note: an assisted household may have more than one inspection attempt in a 12 month period (if there is a "No-Show" for the appointment, or the family moves to another unit); and more than one reinspection may be required, depending on corrective efforts of the owner.

Compensation on the Sterling contract is based on an established fee for the various inspection types: (a) \$24 for annual inspection, (b) \$12 for no-show, and (c) \$20 for reinspection. The actual cost to BHA is directly related to the number of inspections (including inspection attempts) required to ensure that all assisted units meet minimum HUD standards, and satisfy the requirement to inspect each unit at least once every 12 months.

There is no management fee associated with this contract, however there is a minimum number of inspections per week. In the past four years the "below minimum threshold" fee (equal to an inspection) has been assessed only once. In determining the recommended contract authority (\$65,071 total not to exceed \$155,000), staff relied on actual inspection demands during the past 8 months, and potential savings by allowing owners to self certify for minor failed items (reducing the number of inspections. It is possible that we may need to revise (increase) the contact authority during the term of this option in response to demand for inspections.

Building and Grounds Maintenance Services. As of March 31, 40 of the 75 BHA owned rental units are occupied. BHA remains responsible for providing services as required to maintain the units such that they remain "safe, decent and sanitary" including basic preventative maintenance, grounds maintenance, responding to work order requests, and providing a system that allows reporting of maintenance emergencies 24/7, 365 day a year. All of these services are currently provided by K and S Property Management.

K and S representatives (office and trades) are familiar with residents and the units, and we continue to receive timely and quality services, with no complaints from residents. The level of maintenance service requests continues to decline, the result of prior preventative maintenance efforts, and declining occupancy.

The contract provides for a management fee, and billing for direct services. Anticipating closing out the contract this year, we negotiated a phase down/out in the contract with regard to the monthly management fee. The fee is reduced 50% (from \$2,750 to \$1,375), when occupancy drops to 37 units and another 50% from the reduced fee (from \$1,375 to \$688) when occupancy drops to 25 units. Staff recommends an extension of the term of the contract through December 31, 2013 to ensure services through transfer of the Public Housing units to the new ownership entity. The recommended \$58,000 contract authority is based on the revised monthly management fee, and an estimate of work order demand based on actual service this past quarter.

FINANCIAL IMPLICATIONS

\$ 209,071. These contracts are included in the Fiscal Year (FY) 2012-13 budget, and anticipated in the FY 2013-14 budget.

CONTACT PERSON

Tia M. Ingram, Executive Director, 981-5471
David Solis, Property Manager, 981-5484
Jesy Yturralde, Finance Manager, 981-5488

Attachments:

1. Resolution – Goldfarb and Lipman
2. Resolution – Sterling Inspection Company
3. Resolution – K and S Property Management

BERKELEY HOUSING AUTHORITY
RESOLUTION 13-___

ADOPT A RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR TO EXERCISE THE THIRD ONE YEAR OPTION TO EXTEND THE CONTRACT WITH THE LAW OFFICES OF GOLDFARB & LIPMAN, LLP THROUGH JUNE 30, 2014 IN THE AMOUNT OF \$86,000, FOR A TOTAL NOT TO EXCEED \$641,000

WHEREAS, the Berkeley Housing Authority requires expert general counsel; and

WHEREAS, the law office of Goldfarb & Lipman LLP has served BHA competently for the past six years; and

WHEREAS, the firm has demonstrated expert knowledge and experience in serving as general counsel for California-based Public Housing Authorities, and superior responsiveness on all issues; and

WHEREAS, the existing contract contains three, one-year renewal options, this the third such one year renewal.

NOW THEREFORE, BE IT RESOLVED, that the Executive Director is authorized to execute the third one-year renewal option with the Law Offices of Goldfarb & Lipman LLP, through June 30, 2014.

FURTHER RESOLVED, that the contract authority for the one-year renewal period is \$86,000, for a total contract amount not to exceed \$641,000.

The foregoing Resolution was adopted by the Board of the Berkeley Housing Authority on April 16, 2013 by the following vote:

Ayes:

Noes:

Abstain:

Absent:

Attest: _____
Tia M. Ingram, Secretary

BERKELEY HOUSING AUTHORITY
RESOLUTION NO. 13-___

ADOPT A RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR TO EXTEND CONTRACT WITH STERLING INSPECTIONS COMPANY, INC. THROUGH JUNE 30, 2014, AND INCREASE SPENDING AUTHORITY BY \$65,071 FOR AN AMOUNT NOT TO EXCEED \$155,000

WHEREAS, under 24 Federal Code of Federal Regulations (CFR) 982.405 and 982.406, the Berkeley Housing Authority is required to perform an inspection of every assisted unit at least once each year, more frequently if necessary, to ensure the unit meets minimum standards and provides a safe and decent living environment for the family; and

WHEREAS, the existing contract for inspection services in the 1,866 unit Section 8 Program, 98 unit Mod. Rehab. Program, 61 unit Low Income Public Housing Program, and 14 unit Residential Housing Construction Program, was effective on July 1, 2012 and expires on June 30, 2013; and

WHEREAS, staff utilized actual historical data from the 8 month period commencing July 1, 2012 to estimate the inspection service demands for annual, special, and "reinspect" inspections that would be required in the new contract period; and

WHEREAS, if we are successful in increasing our lease up in the Section 8 program, via new admissions, incoming portable clients, and new leasing activity associated with the Public Housing disposition project, we may need to revise the contract before the term expires; and

WHEREAS, Sterling Inspections Co., Inc. has demonstrated its willingness to partner with BHA by providing quality service, ramping up inspection capacity as needed to ensure BHA's highest possible rating under SEMAP, and reducing the per inspection fee charged.

NOW THEREFORE, BE IT RESOLVED, that the Executive Director is authorized to enter into Year 2 of the two year initial contract period with Sterling Inspections Co. Inc., for Housing Quality Standard inspections (Section 8) and Uniform Physical Condition Standards inspections (Public Housing), increasing the spending authority by \$65,071, for a total not to exceed \$155,000 and extending the term through June 30, 2014.

The foregoing Resolution was adopted by the Board of the Berkeley Housing Authority on April 16, 2013 by the following vote:

Ayes:

Noes:

Abstain:

Absent:

Attest: _____
Tia M. Ingram, Secretary

BERKELEY HOUSING AUTHORITY
RESOLUTION NO. 13-____

AUTHORIZING THE EXECUTIVE DIRECTOR TO AMEND THE CONTRACT WITH K&S PROPERTY MANAGEMENT BY EXTENDING THE TERM THROUGH DECEMBER 31, 2013, AND INCREASING THE SPENDING AUTHORITY BY \$58,000 FOR AN AMOUNT NOT TO EXCEED \$233,940

WHEREAS, the Berkeley Housing Authority is landlord for the families residing in 75 units owned by the Authority; and

WHEREAS, BHA is required to maintain all of the occupied units in a safe and sanitary condition; and

WHEREAS, BHA is committed to providing the highest reasonable level of service to existing residents during the transition period to minimize disruption to the families;

WHEREAS the repositioning project is moving forward, but not yet reached the stage when the new owner can assume responsibility for maintenance services; and

WHEREAS, it is not practical to change the method or maintenance provider given the current status of the disposition project; and

WHEREAS, the existing contract with K&S Property Management Services expires in June 2013, but has a one-year extension option; and

WHEREAS, K&S has provided a consistent level of service, is familiar with the properties, and has established a positive relationship with residents; and

WHEREAS, K&S has consented to BHA'S exercising the one-year option and continuing to service our properties through the transfer of title.

NOW THEREFORE, BE IT RESOLVED, that the Housing Authority Board authorizes the Executive Director to (a) extend the term of the K&S contract through December 31, 2013, and (b) increase the spending authority by \$58,000 for a total not to exceed \$233,940.

The foregoing Resolution was adopted by the Board of the Berkeley Housing Authority on April 16, 2013 by the following vote:

Ayes:

Noes:

Absent:

Abstain:

Attest: _____
Tia M. Ingram, Secretary