



**Berkeley Housing Authority**

1936 University Ave, Suit 150 Berkeley, CA 94704  
Telephone: (510) 981 5470 Fax: (510) 981 5480

*Office of the Executive Director*

Item 6D  
NEW BUSINESS  
October 30, 2014

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

From: Tia M. Ingram, Executive Director

Subject: Sterling Inspection Services - One-year Renewal Option

RECOMMENDATION

Approve a resolution authorizing the Executive Director to exercise the one-year option on the existing contract for inspection services.

BACKGROUND

BHA's Annual Contributions Contract (ACC) for the Section 8 Voucher Program authorizes assistance for 1,935 assisted tenancies. A separate ACC for the Single Room Occupancy, Moderate Rehabilitation Program authorizes an additional 98 units of assisted housing. At full lease up, this requires the ability to perform a minimum of 2,033 inspections each year (each contract requires an annual inspection). It also requires the ability to perform timely pre-contract inspections for all new contracts (including clients transferring to a different unit within Berkeley), reinspections (following identification of deficiencies), and special inspections as necessitated by conditions in the unit. It is not cost effective to staff for this function (including fluctuation in need), thus, BHA has contracted for inspection services dating back to the time BHA was a division of the City's Housing Department. The same holds true for other (larger) Bay Area housing authorities – that find it more cost effective to pay a per inspection cost, than fund a full or part time position(s).

Sterling Inspections Co has often been the only viable respondent to solicitations issued by BHA the past several years. Sterling has demonstrated a sense of partnership, keeping cost at a minimum, limiting increases, being flexible, and accommodating our special scheduling needs.

Most recently, when we were unable to negotiate a price reduction with the individual performing our pre-contract inspections, Sterling accepted this additional task, at a very competitive rate [the rate proposed in 2012].

Compensation on the Sterling contract is based on an established fee for the various inspection types: (a) \$24.00 for annual inspection, (b) \$29.00 for a pre-contract inspection, (c) \$12.00 for "no-show," and (d) \$20.00 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 three years the "below minimum threshold" fee (equal to an inspection) has been assessed only one time.

In determining the recommended budget authority (\$88,601), staff relied on actual inspection demands during the past 12 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 issuance of new vouchers, and requests for new contracts.

As of June 30, 2014, \$11,473 was remaining in the contract. This amendment (increasing contract amount by \$77,128, for a not to exceed amount of \$232,128) will cover the anticipated expenditure in FY2014-2015.

FINANCIAL IMPLICATIONS

\$88,601. This contracts is included in the Fiscal Year (FY) 2014-15 budget, and anticipated in the FY 2014-15 budget.

CONTACT PERSON

Tia M. Ingram, Executive Director, 981-5471  
Jesy Yturalde, Finance Manager, 981-5488  
Rachel Gonzales-Levine, Management Analyst, 981-5485

Attachment: Resolution – Sterling Inspection Company

BERKELEY HOUSING AUTHORITY  
RESOLUTION NO. 14-\_\_\_

ADOPT A RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR TO EXERCISE THE ONE-YEAR OPTION WITH STERLING INSPECTIONS COMPANY, INC. EXTENDING SERVICES THROUGH JUNE 30, 2015, AND INCREASE SPENDING AUTHORITY BY \$77,128 FOR AN AMOUNT NOT TO EXCEED \$232,128.

WHEREAS, under Code of Federal Regulations (CFR) Title 24, 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 1,935 unit Section 8 Program, and 98 unit Single Room Occupancy, Moderate Rehabilitation Program, was effective on July 1, 2012 and expires on June 30, 2014; and

WHEREAS, staff utilized actual historical data from the 12 month period commencing July 1, 2013 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, and incoming portable clients, 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.

WHEREAS, \$11,473 remained in the existing contract on June 30, 2014; and increasing the amount by \$77,128 would cover the anticipated budget for inspection for FY2014-2015 of \$88,601.

NOW THEREFORE, BE IT RESOLVED, that the Executive Director is authorized to exercise the one-year option with Sterling Inspections Co. Inc., for Housing Quality Standard inspections (Section 8), extending the term through June 30, 2015, and increasing the contract authority by \$77,128, for a total not to exceed \$232,128.

The foregoing Resolution was adopted by the Board of the Berkeley Housing Authority on October 30, 2014 by the following vote:

Ayes:

Noes:

Abstain:

Absent:

Attest: \_\_\_\_\_  
Tia M. Ingram, Secretary