

PALM DESERT HOUSING AUTHORITY STAFF REPORT

MEETING DATE: October 12, 2023

PREPARED BY: Veronica Chavez, Director of Finance
Jessica Gonzales, Housing Manager

REQUEST: AWARD OF CONTRACT FOR AFFORDABLE HOUSING COMPLIANCE AND PROPERTY MANAGEMENT SERVICES TO FALKENBERG/GILLIAM and ASSOCIATES, INC., FOR A FIVE-YEAR TERM, WITH AN INITIAL ANNUAL COST FOR CALENDAR YEAR 2024 IN AN AMOUNT NOT TO EXCEED \$655,032

RECOMMENDATION:

1. Approve the award of contract for Affordable Housing Compliance and Property Management Services for the Authority-owned Properties to Falkenberg/Gilliam and Associates, Inc., for a five (5) year term, with an initial cost for calendar year 2024 in an amount not to exceed \$655,032 with prescribed allowable increases for subsequent years as noted in the contract.
2. Authorize staff to finalize a contract (also referred to as the "Agreement") with Falkenberg Gilliam & Associates, Inc., consistent with the terms of the RFP with non-substantive modifications concurred upon by the Executive Director and legal counsel.
3. Authorize an appropriation in the amount of \$13,368 from the Housing Authority's Unobligated Fund Balance to the appropriate professional service accounts.
4. Authorize the Chairperson to execute the Agreement and the Executive Director to execute any documents necessary to facilitate the contract award and implementation.

BACKGROUND/ANALYSIS:

A Request for Proposals ("RFP") for qualified licensed firms for affordable housing compliance and property management services ("Services") for the fifteen (15) income-restricted properties (collectively, the "Properties") owned by the Palm Desert Housing Authority (the "Authority") was posted on July 28, 2023 to the City of Palm Desert's ("City") online bid management provider ("OpenGov Procurement") available on the City's website. Concurrently, a "Notice Inviting Proposals" was published in the Desert Sun newspaper on July 28, 2023.

On August 29, 2023, at 3:00 p.m., the following proposals were received:

FIRM	CORPORATE OFFICE
Falkenberg/Gilliam and Associates, Inc.	Pasadena, CA
Sterling Asset Management Company	Fairfield, CA

Staff performed an extensive due diligence review of the two (2) proposals submitted. An evaluation of the proposals was performed by six (6) individual City staff members from different

departments independently reviewing each firm's qualifications and whether their respective proposed services met the evaluation criteria set forth in the RFP.

Unanimously, based on the written and interview responses Falkenberg/Gilliam and Associates, Inc. ("FGA") were deemed most qualified with very thorough and concise responses while Sterling Asset Management Company ("Sterling") failed to provide complete, clear, and direct responses. Sterling also did not meet some of the RFP evaluation criteria. The evaluating panel recommended an award of contract to FGA.

FGA Proposal:

FGA currently manages approximately 1,791 apartment units throughout Southern California, all of which are affordable units. Furthermore, FGA has over fifty (50) years of experience in this industry, and has experience as a property management company for affordable rental properties.

The proposed Agreement with FGA is for an initial five (5) year term with extension options as noted in the Agreement. Prior to the termination date of the term, the Agreement requires the parties to enter good faith negotiations to enter into a new agreement, with the ability to extend the current Agreement while those negotiations are ongoing (if needed). The scope of services for this Agreement consists of the day-to-day operation of fifteen (15) affordable housing properties. Services will include, but not be limited to: compliance with affordable housing rules and requirements; responding to residents' concerns and complaints; enforcement of house rules and regulations; application of fair housing laws and enforcement of the Housing Authority's Administrative Policies and Procedures; qualifying applicants and tenants annually for income certification; conducting credit, rental, employment, and criminal background checks; all leasing activities; monitoring day-to-day maintenance of properties and maintenance contracts; performing property and unit inspections; collecting and disbursing funds; providing monthly accounting reports that include receipts and expenditures; annual financial reporting/filings; occupancy reporting; and administration of funds. The Agreement can be terminated for unsatisfactory performance upon a 90-day written notice by either party; in addition, the Housing Authority may terminate for convenience with 180 days written notice.

The Agreement management fee in the case of occupied units shall be in the amount of \$49.00 per unit per month, to be increased three percent (3%) biannually commencing on January 1, 2026, and every other January 1st thereafter for the remainder of the term of the Agreement.

Staff therefore recommends approval of award of contract for Affordable Housing Compliance and Property Management Services for the Authority Owned Properties to FGA in an amount not to exceed \$655,032 for calendar year 2024, with prescribed allowable increases for subsequent years as noted in the contract.

Legal Review:

This report has been reviewed by the City Attorney's office and special counsel, Richards Watson and Gershon.

Appointed Body Recommendation:

The Housing Commission will review this recommendation at its regular meeting on October 11, 2023. Upon request, a verbal report will be provided at the Authority's regular meeting on October 12, 2023.

FINANCIAL IMPACT:

The fiscal impact is the annual Agreement amount for Affordable Housing Compliance and Property Management Services. Funds have been included in Housing Authority FY 2023/24 Approved Budget in the appropriate Authority accounts for each of the properties. An additional \$13,368 amount is being requested to be allocated to each of the property budgets for the anticipated management service fee increase. There is no financial impact to the General Fund from this action.

ATTACHMENTS:

1. Request for Proposal, dated July 28, 2023
2. FGA Proposal, dated August 29, 2023
3. DRAFT Management Services Agreement