

## **AGREEMENT FOR PROFESSIONAL SERVICES**

THIS AGREEMENT is made and entered into this \_\_\_\_ day of \_\_\_\_\_, 2019, by and between the City of Merced, a California Charter Municipal Corporation, whose address of record is 678 West 18<sup>th</sup> Street, Merced, California 95340, (hereinafter referred to as "City") and RSG, Inc., a California Corporation, whose address of record is 17872 Gillette Avenue, Suite 350, Irvine, California 92614 (hereinafter referred to as "Consultant").

WHEREAS, City is undertaking a project seeking assistance in evaluating options to expend affordable housing monies in the Low and Moderate Income Housing Asset Fund; and,

WHEREAS, Consultant represents that it possesses the professional skills to provide consulting services in connection with said project.

NOW, THEREFORE, the parties hereto, in consideration of the mutual covenants hereinafter recited, hereby agree as follows:

1. **SCOPE OF SERVICES.** The Consultant shall furnish the following services: Consultant shall provide the services described in Exhibit "A" attached hereto.

No additional services shall be performed by Consultant unless approved in advance in writing by the City, stating the dollar value of the services, the method of payment, and any adjustment in contract time. All such services are to be coordinated with City and the results of the work shall be monitored by the Director of Development Services or his designee. However, the means by which the work is accomplished shall be the sole responsibility of the Consultant.

2. **TIME OF PERFORMANCE.** All of the work outlined in the Scope of Services shall be completed in accordance with the Schedule outlined in Exhibit "A" attached hereto and incorporated herein by reference. By mutual agreement and written addendum to this Agreement, the City and the Consultant may change the requirements in said Schedule.

3. **RESERVED.**

4. **COMPENSATION.** Payment by the City to the Consultant for actual services rendered under this Agreement shall be made upon presentation of an

invoice detailing services performed under the Scope of Services dated May 31, 2019, in accordance with the fee schedule set forth in Exhibit "A" attached hereto and incorporated herein by reference. The Consultant agrees to provide all services required under the Scope of Services in Exhibit "A" within the compensation amount set forth in Exhibit "A". For Consultant's services rendered under this Agreement, City shall pay Consultant the not to exceed sum of Fifty-Nine Thousand Seven Hundred Sixty Dollars (\$59,760.00).

5. **METHOD OF PAYMENT.** Compensation to Consultant shall be paid by the City after submission by Consultant of an invoice delineating the services performed.

6. **RECORDS.** It is understood and agreed that all plans, studies, specifications, data magnetically or otherwise recorded on computer or computer diskettes, records, files, reports, etc., in possession of the Consultant relating to the matters covered by this Agreement shall be the property of the City, and Consultant hereby agrees to deliver the same to the City upon termination of the Agreement. It is understood and agreed that the documents and other materials including but not limited to those set forth hereinabove, prepared pursuant to this Agreement are prepared specifically for the City and are not necessarily suitable for any future or other use.

7. **CONSULTANT'S BOOKS AND RECORDS.** Consultant shall maintain any and all ledgers, books of account, invoices, vouchers, canceled checks, and other records or documents evidencing or relating to charges for services or expenditures and disbursements charged to the City for a minimum of three (3) years, or for any longer period required by law, from the date of final payment to the Consultant to this Agreement. Any records or documents required to be maintained shall be made available for inspection, audit and/or copying at any time during regular business hours, upon oral or written request of the City.

8. **INDEPENDENT CONTRACTOR.** It is expressly understood that Consultant is an independent contractor and that its employees shall not be employees of or have any contractual relationship with the City. Consultant shall be responsible for the payment of all taxes, workers' compensation insurance and unemployment insurance. Should Consultant desire any insurance protection, the Consultant is to acquire same at its expense.

In the event Consultant or any employee, agent, or subcontractor of Consultant providing services under this Agreement is determined by a court of

competent jurisdiction or the California Public Employees Retirement System (PERS) to be eligible for enrollment in PERS as an employee of the City, Consultant shall indemnify, protect, defend, and hold harmless the City for the payment of any employee and/or employer contributions for PERS benefits on behalf of Consultant or its employees, agents, or subcontractors, as well as for the payment of any penalties and interest on such contributions, which would otherwise be the responsibility of City.

9. INDEMNITY. Consultant shall indemnify, protect, defend (with legal counsel selected by the City), save and hold City, its officers, employees, and agents, harmless from any and all claims or causes of action for death or injury to persons, or damage to property resulting from intentional or negligent acts, errors, or omissions of Consultant or Consultant's officers, employees, volunteers, and agents during performance of this Agreement, or from any violation of any federal, state, or municipal law or ordinance, to the extent caused, in whole or in part, by the willful misconduct, negligent acts, or omissions of Consultant or its employees, subcontractors, or agents, or by the quality or character of Consultant's work, or resulting from the negligence of the City, its officers, employees, volunteers and agents, except for loss caused by the sole negligence or willful misconduct of the City or its officers, employees, volunteers or agents. It is understood that the duty of Consultant to indemnify and hold harmless includes the duty to defend as set forth in Section 2778 of the California Civil Code. Acceptance by City of insurance certificates and endorsements required under this Agreement does not relieve Consultant from liability under this indemnification and hold harmless clause. This indemnification and hold harmless clause shall survive the termination of this Agreement and shall apply to any damages or claims for damages whether or not such insurance policies shall have been determined to apply. By execution of this Agreement, Consultant acknowledges and agrees to the provisions of this Section and that it is a material element of consideration.

10. INSURANCE. During the term of this Agreement, Consultant shall maintain in full force and effect at its own cost and expense, the following insurance coverage:

a. Workers' Compensation Insurance. Full workers' compensation insurance shall be provided with a limit of at least One Hundred Thousand Dollars (\$100,000) for any one person and as required by law, including Employer's Liability limits of \$1,000,000.00 per accident. The policy shall be endorsed to waive the insurer's subrogation rights against the City.

b. General Liability.

- (i) Consultant shall obtain and keep in full force and effect general liability coverage at least as broad as ISO commercial general liability coverage occurrence Form CG 0001.
- (ii) Consultant shall maintain limits of no less than One Million Dollars (\$1,000,000) per occurrence for bodily injury, personal injury and property damage.
- (iii) The City, its officers, employees, volunteers and agents are to be named as additional insureds under the policy, as respects liability arising out of work or operations performed by or on behalf of the Consultant.
- (iv) The policy shall stipulate that this insurance will operate as primary insurance for work performed by Consultant and its sub-contractors, and that any other insurance or self insurance maintained by City or other named insureds shall be excess and non-contributory.
- (v) Consultant shall maintain its commercial general liability coverage for three (3) years after completion of the work and shall add an additional insured endorsement form acceptable to the City naming the City of Merced, its officers, employees, agents and volunteers for each year thereafter for at least three (3) years after completion of the work. Copies of the annual renewal and additional insured endorsement form shall be sent to the City within thirty (30) days of the annual renewal.

c. Automobile Insurance.

- (i) Consultant shall obtain and keep in full force and effect an automobile policy of at least One Million Dollars (\$1,000,000) per accident for bodily injury and property damage.
- (ii) The City, its officers, employees, volunteers and agents are to be named as additional insureds under the policy, as respects automobiles owned, leased, hired or borrowed by the Consultant.

- (iii) The policy shall stipulate that this insurance will operate as primary insurance for work performed by Consultant and its sub-contractors, and that any other insurance or self insurance maintained by City or other named insureds shall be excess and non-contributory.

d. Professional Liability Insurance. Consultant shall carry professional liability insurance appropriate to Consultant's profession in the minimum amount of One Million Dollars (\$1,000,000). Architects and engineers' coverage is to be endorsed to include contractual liability.

e. Qualifications of Insurer. The insurance shall be provided by an acceptable insurance provider, as determined by City, which satisfies all of the following minimum requirements:

- (i) An insurance carrier admitted to do business in California and maintaining an agent for service of process within this State; and,
- (ii) An insurance carrier with a current A.M. Best Rating of A:VII or better (except for workers' compensation provided through the California State Compensation Fund).

f. Certificate of Insurance. Consultant shall complete and file with the City prior to engaging in any operation or activity set forth in this Agreement, certificates of insurance evidencing coverage as set forth above and which shall provide that no cancellation or expiration by the insurance company will be made during the term of this Agreement, without thirty (30) days written notice to City prior to the effective date of such cancellation—including cancellation for nonpayment of premium.

g. Notwithstanding any language in this Agreement to the contrary, Consultant shall be entitled to be paid pursuant to the terms of this Agreement until Consultant has obtained the insurance required by this Section 10 and provided documentation of said insurance to the City. In addition to any other remedies City may have, City reserves the right to withhold payment if Consultant's insurance policies are not current.

11. ASSIGNABILITY OF AGREEMENT. It is understood and agreed that this Agreement contemplates personal performance by the Consultant and is

based upon a determination of its unique personal competence and experience and upon its specialized personal knowledge. Assignments of any or all rights, duties or obligations of the Consultant under this Agreement will be permitted only with the express written consent of the City.

12. **TERMINATION FOR CONVENIENCE OF CITY.** The City may terminate this Agreement any time by mailing a notice in writing to Consultant that the Agreement is terminated. Said Agreement shall then be deemed terminated, and no further work shall be performed by Consultant. If the Agreement is so terminated, the Consultant shall be paid for that percentage of the phase of work actually completed, based on a pro rata portion of the compensation for said phase satisfactorily completed at the time the notice of termination is received.

13. **CONFORMANCE TO APPLICABLE LAWS.** Consultant shall comply with its standard of care regarding all applicable Federal, State, and municipal laws, rules and ordinances. No discrimination shall be made by Consultant in the employment of persons to work under this contract because of race, color, national origin, ancestry, disability, sex or religion of such person.

Consultant hereby promises and agrees to comply with all of the provisions of the Federal Immigration and Nationality Act (8 U.S.C.A. 1101 *et seq.*), as amended; and in connection therewith, shall not employ unauthorized aliens as defined therein. Should Consultant so employ such unauthorized aliens for the performance of work and/or services covered by this Agreement, and should any agency or instrumentality of the federal or state government, including the courts, impose sanctions against the City for such use of unauthorized aliens, Consultant hereby agrees to, and shall, reimburse City for the cost of all such sanctions imposed, together with any and all costs, including attorneys' fees, incurred by the City in connection therewith.

14. **WAIVER.** In the event that either City or Consultant shall at any time or times waive any breach of this Agreement by the other, such waiver shall not constitute a waiver of any other or succeeding breach of this Agreement, whether of the same or any other covenant, condition or obligation. Waiver shall not be deemed effective until and unless signed by the waiving party.

15. **INCONSISTENT OR CONFLICTING TERMS IN AGREEMENT AND EXHIBITS.** In the event of any contradiction or inconsistency between any attached document(s) or exhibit(s) incorporated by reference herein and the provisions of the Agreement itself, the terms of the Agreement shall control.

Any exhibit that is attached and incorporated by reference shall be limited to the purposes for which it is attached, as specified in this Agreement. Any contractual terms or conditions contained in such exhibit imposing additional obligations on the City are not binding upon the City unless specifically agreed to in writing, and initialed by the authorized City representative, as to each additional contractual term or condition.

16. **AMBIGUITIES.** This Agreement has been negotiated at arms' length between persons knowledgeable in the matters dealt with herein. Accordingly, any rule of law, including, but not limited to, Section 1654 of the Civil Code of California, or any other statutes, legal decisions, or common-law principles of similar effect, that would require interpretation of any ambiguities in this Agreement against the party that drafted this Agreement is of no application and is hereby expressly waived.

17. **VENUE.** This Agreement and all matters relating to it shall be governed by the laws of the State of California and any action brought relating to this agreement shall be held exclusively in a state court in the County of Merced.

18. **AMENDMENT.** This Agreement shall not be amended, modified, or otherwise changed unless in writing and signed by both parties hereto.

19. **INTEGRATION.** This Agreement constitutes the entire understanding and agreement of the parties and supersedes all previous and/or contemporaneous understanding or agreement between the parties with respect to all or any part of the subject matter hereof.

20. **AUTHORITY TO EXECUTE.** The person or persons executing this Agreement on behalf of the parties hereto warrants and represents that he/she/they has/have the authority to execute this Agreement on behalf of their entity and has/have the authority to bind their party to the performance of its obligations hereunder.

21. **COUNTERPARTS.** This Agreement may be executed in one or more counterparts with each counterpart being deemed an original. No counterpart shall be deemed to be an original or presumed delivered unless and until the counterparts executed by the other parties hereto are in the physical possession of the party or parties seeking enforcement thereof.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed on the date first above written.


CITY OF MERCED  
A California Charter Municipal  
Corporation

BY: \_\_\_\_\_  
City Manager

ATTEST:  
STEVE CARRIGAN, CITY CLERK

BY: \_\_\_\_\_  
Assistant/Deputy City Clerk

APPROVED AS TO FORM:

BY:  7-17-19  
City Attorney Date

ACCOUNT DATA:

BY: \_\_\_\_\_  
Verified by Finance Officer



CONSULTANT  
RSG, INC.,  
A California Corporation

BY: \_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Typed Name)

Its: \_\_\_\_\_  
(Title)

BY: \_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Typed Name)

Its: \_\_\_\_\_  
(Title)

Taxpayer I.D. No. \_\_\_\_\_

ADDRESS: 17872 Gillette Ave  
Suite 350  
Irvine, CA 92614

TELEPHONE: (714) 541-4585

FAX: (714) 541-1175

E-MAIL: \_\_\_\_\_

CONSULTANT  
RSG, INC.,  
A California Corporation

BY: \_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Typed Name)

Its: \_\_\_\_\_  
(Title)

BY: \_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Typed Name)

Its: \_\_\_\_\_  
(Title)

Taxpayer I.D. No 95-3435849

ADDRESS: 17872 Gillette Ave  
Suite 350  
Irvine, CA 92614

TELEPHONE: (714) 541-4585

FAX: (714) 541-1175

E-MAIL: \_\_\_\_\_

CONSULTANT  
RSG, INC.,  
A California Corporation

BY: \_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Typed Name)

Its: \_\_\_\_\_  
(Title)

BY: \_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Typed Name)

Its: \_\_\_\_\_  
(Title)

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TELEPHONE: (714) 541-4585

FAX: (714) 541-1175

E-MAIL: \_\_\_\_\_



BETTER COMMUNITIES.  
BOLDER FUTURES.

17872 GILLETTE AVE.  
SUITE 350  
IRVINE, CA 92614

714 541 4585  
INFO@WEBRSG.COM  
WEBRSG.COM

May 31, 2019

**Via Electronic Mail**

Scott McBride, Director of Development Services  
Mark Hamilton, Housing Program Supervisor  
CITY OF MERCED  
678 West 13<sup>th</sup> Street  
Merced, CA 95340

### **PROPOSAL FOR AFFORDABLE HOUSING CONSULTING SERVICES (MAY 2019)**

Thank you for the opportunity to present this proposal to the City of Merced ("City") and the City's Housing Successor Agency ("Housing Successor") to provide affordable housing consulting services to the City. RSG has worked with the City since July 2018 to evaluate its assets and develop a strategy to spend Housing Successor funds and develop or dispose of properties to meet the City's needs while complying with complex legal requirements.

RSG and the City executed the contract in January 2019 to assist with the following tasks:

1. Reconciliation of Residual Receipt Payments;
2. Housing Successor Annual Report for 2017-18;
3. Childs Avenue and B Street Development Proposal Compliance; and
4. Housing Successor Real Property Development Request for Proposals.

While completing this work, several unanticipated issues were discovered that required more in-depth work than expected, and that prevented RSG from completing Task 1 and beginning Task 4 under the contract budget. Under Task 1, Reconciliation of Residual Receipts, the Sierra Meadows Apartments loan had an unusual structure as a bond and the Woodbridge Apartments loan had incomplete information that was provided later by the developer. Under Task 2, Housing Successor Annual Report, it was discovered that some former Redevelopment Agency assets were never formally transferred to the City as Housing Successor and were complicated by litigation. Among other tasks, these unanticipated items required RSG to rewrite the Housing Successor's Expenditure and Disposition Options memo (completed under a July 2018 contract) to add an additional property and update the figures to make it consistent with the Housing Successor Annual Report. Addressing these matters utilized the January 2019 contract budget and prevented RSG from beginning Task 4, a Request for Proposals ("RFP").

This May 2019 proposal presents a new scope of services and budget for fiscal year 2019/20 to assist the City and Housing Successor to resolve some of the issues described above. It also includes additional services to assist with negotiations and agreements related to the Childs and

B Street project and the RFP to dispose of Housing Successor properties, and to provide general as-needed services for unanticipated issues as the need arises. The tasks include:

1. Transfer of Former Redevelopment Agency Assets to the Housing Successor;
2. Merced Pacific Associates Loan Research and Advisory Services;
3. Reconciliation of Residual Receipt Payments;
4. Childs Avenue and B Street Development Negotiations and Agreements;
5. Fiscal Year 2018-19 Housing Successor Annual Report
6. Housing Successor Real Property Development Request for Proposals; and
7. General As-Needed Services

## **SCOPE OF SERVICES**

The following details RSG's understanding of the desired services requested by the City and Housing Successor:

### **Task 1: Transfer of Former Redevelopment Agency Assets to the Housing Successor**

Upon the dissolution of redevelopment, the City was required to prepare a Housing Asset Transfer Form ("HAT") that listed former Merced Redevelopment Agency ("Former Agency") housing assets for transfer to the Housing Successor. Merced's HAT included 21 Real Properties, 4 Low-Mod Encumbrances, and 40 Loans Receivable, among other items.

The California Department of Finance ("DOF") approved the transfer of all Real Properties pending review by the State Controller's Office ("SCO"). The SCO ultimately disapproved the transfer of all real properties from the Former Agency to the Housing Successor until the City could provide documentation that the properties were purchased by the Former Agency with Low and Moderate Income Housing Funds ("Housing Funds"). In 2017, the City formally transferred nine properties to the Housing Successor, seven properties to the Designated Local Authority ("DLA"), and one property to the City with DOF's approval. This leaves three properties that were never formally transferred from the Former Agency:

- 26 W. 18<sup>th</sup> Street (Vacant Land)
- 454 W. 8<sup>th</sup> Street (Single-Family Home, Sold by Housing Successor)
- 951 W. 7<sup>th</sup> Street (Single-Family Home, Sold by Housing Successor)

RSG conducted research with the City, DLA, and attorneys confirming that the three properties were purchased by the Former Agency with Housing Funds, and that their transfer to the Housing Successor needs to be considered and ratified by the DLA, Oversight Board, and DOF for formal approval. With the City's verbal approval, RSG drafted three staff reports and nine resolutions for three different agencies (the City, DLA, and Oversight Board) to approve the transfer of these three properties to the Housing Successor. RSG will continue to coordinate with the City, DLA,

and DOF to answer any questions these agencies have during their review of the actions and supporting documents.

### **Task 2: Merced Pacific Associates Loan Research and Advisory Services**

The HAT included four items related to a Disposition and Development Agreement (“DDA”) with Merced Pacific Associates to develop the Woodbridge Apartments: one low-mod encumbrance (Exhibit C, Item 2) and three loans receivable (Exhibit D, Items 3, 4 and 5). The low-mod encumbrance was for a \$3 million Construction Loan that was retired by the issuance of a new loan agreement. Merced did not object to DOF’s determination and agreed to remove the encumbrance. The three loans receivable were for a \$3 million Construction Loan (now retired), an \$800,000 Participation Loan, and a \$4,888,500 Participation Loan. DOF denied the transfer of these loans because the Former Agency was not party to the agreements. The loan documents are between Merced Pacific Associates and the City of Merced Public Financing and Economic Development Authority (“PFEDA”). The Merced Pacific Associates loans and several other asset transfers identified in Merced’s Due Diligence Reviews continue to be litigated with DOF.

RSG and the City spoke with the City’s special legal counsel (BB&K) about the Merced Pacific Associates loans. We confirmed that the loans should continue to be accounted for as loans receivable in the Housing Successor’s Low and Moderate Income Housing Asset Fund because the DDA with Merced Pacific Associates was with the former Agency and the notes were provided from Housing Funds. RSG will continue tracking the litigation and advise staff on how to account for the Merced Pacific Associates loans in the future. BB&K has advised not spending any loan repayments received from Merced Pacific Associates while the Due Diligence Review is under litigation.

### **Task 3: Reconciliation of Residual Receipt Payments**

RSG completed a residual receipts review for the Woodbridge and Sierra Meadows Apartments. RSG discovered variances in the methodology for calculating residual receipt revenue that resulted in an overall underpayment to the Housing Successor between 2015 to 2017. RSG discussed the variances with Sierra Meadows, who agreed to pay the Housing Successor for a \$9,462 underpayment with the City’s assurance that there will be no further obligation after their 2018 payment pursuant to the loan agreement terms. RSG will prepare a letter to Sierra Meadows confirming the points of agreement. The residual receipt discussions revealed that the Sierra Meadows loan was structured as a bond. The bond trustee will require the City to return the bond note once the loan terminate. RSG will coordinate with the City and trustee to return the note.

RSG originally believed that Woodbridge made no residual receipt payments between 2015 to 2017 and owed \$36,356 for that time period. In discussing this with the developer, it was revealed that RSG had incomplete information. The developer provided more detailed information about

their payments and calculations to RSG for their 2017 payment. Our revised calculations show the developer may owe \$21,283 for 2015 to 2017. RSG will set up one in-person meeting with Woodbridge to discuss any differences in the calculations and negotiate reconciliation payments. The outcome of the process will be to reconcile methodologies that both the Housing Successor and developer will adhere to moving forward and to collect any past due payments (although none are anticipated for Woodbridge). As part of this process, RSG will update the residual receipt financial model to reflect agreed upon changes.

The residual receipt models can be used annually by the Housing Successor to verify residual receipt payments collected from developers. RSG anticipates that this will take one in-person meeting with Woodbridge and several follow-up calls with both developers. This is in addition to the one in-person meeting RSG and the City held with Sierra Meadows in March 2019 under RSG's January 2019 contract.

#### **Task 4: Childs Avenue and B Street Development Negotiations and Agreements**

The Housing Successor is in the process of evaluating an affordable housing project on Childs Avenue and B Street referred to as the Childs Court Apartments ("Project"). The Housing Successor plans to dedicate Housing Asset Funds to the Project. Housing Asset Fund expenditures must be spent in accordance with the limitations imposed by Senate Bill 341 (codified in the Health and Safety Code or "HSC"), which requires the development of extremely low income rental units and puts a cap on expenditures assisting households between 60 to 80 percent of the Area Median Income.

As part of the funding commitment needed for the AHSC application, RSG provided a cursory review of Project underwriting to ensure that it meets the required Housing Successor expenditure requirements necessary for the reporting period. RSG will assist with the next stage of preparing the necessary agreements to formally commit Housing Asset Funds to the Project and identify developer requirements related to construction and affordability.

#### **Task 5: Fiscal Year 2018-19 Housing Successor Agency Annual Report**

RSG will prepare the Housing Successor Agency Annual Report ("Annual Report") for Fiscal Year 2018-19. The Annual Report is due with the City's Housing Element Annual Report by April 1, 2020 to the California Department of Housing and Community Development ("HCD"). The Annual Report must also be presented to City Council.

The Annual Report will include all items required by Health & Safety Code Section 34176.1. It includes a summary of financial activity and affordable housing efforts. RSG will integrate financial data provided by City staff and information about affordable housing resources and activity. The Annual Report will clearly detail compliance with legal requirements and outline steps to come into compliance, if necessary. RSG's scope includes two meetings (1 call and 1

in-person): 1) a conference call to review the report with staff and 2) a City Council meeting to present the report to the City Council for its approval.

It is important to note that the City is required to prepare an independent financial audit of the Successor Housing Agency's Low and Moderate Income Housing Asset Fund, which is due to the City Council by December 31 annually. The audit may be completed as a component of the City's Annual Audited Financial Statements.

#### **Task 6: Housing Successor Real Property Development Request for Proposals**

RSG will assist staff with the preparation of an RFP notifying affordable housing developers of available Housing Successor properties. RSG will assist the Housing Successor with selecting a qualified developer by reviewing developer submittals for compliance with the Health and Safety Code and preparing necessary agreements to collaborate with developers to develop Housing Successor properties.

- **Step 1: RFP** – RSG will draft an RFP that will help the Housing Successor assess developer qualifications and detail selection criteria. Selection criteria may include, but is not limited to:
  - Expertise and experience of the development entity and team in designing and constructing high quality affordable housing projects;
  - Vision and design for a market-feasible affordable housing project that implements the City's vision for the community and promotes the community character of Merced;
  - Economic viability and financial strength of the proposed project, including marketability and feasibility;
  - Experience and ability to creatively negotiate an affordable housing agreement, or other appropriate development agreement, that provides the greatest return on investment to the City; and
  - Financial and organizational capacity of the team to successfully complete the project, including the ability to secure financing and leverage other funding sources to build the highest quality housing project.

RSG will work with staff and legal counsel to further define selection criteria that meets the community's goals. Once the RFP is finalized, RSG will also assist the Housing Successor with conducting an informational conference call wherein interested developers can get an overview and ask questions prior to submitting a response. It is anticipated that



this task will include 3 conference calls: 1) staff kick-off meeting to discuss the desired criteria, 2) meeting to review RFP with staff, and 3) an information call with interested developers. RSG will prepare any necessary staff reports or resolutions related to this task.

- **Step 2: Developer Selection** - RSG will also assist the City in evaluating RFP responses for Health and Safety Code compliance (the budget estimate assumes review of 4 developer submittals and may vary depending on the depth of review required from the RFP criteria). RSG's scope will be limited to evaluating how each submittal's proposed scope of development complies with Senate Bill 341 requirements and summarizing our recommendations in a written memo. Staff will be responsible to evaluating all other aspects such as the completeness of the proposal, qualifications, and developer cost assumptions.
- **Step 3: Developer Negotiations and Agreement Preparation** - RSG will assist in negotiating financial deal points to be included in any agreement between the selected developer and the Housing Successor. To ensure consistency between agreed upon deal points and documents, RSG will assist with preparing agreements, and review and provide comments on any agreements provided the developer. RSG's scope does not include evaluating developer pro formas or meeting with developers or City Council; this may be added as an additional optional service with staff's written authorization if desired by the City.

### **Task 7: General As-Needed Services**

The Housing Successor has multiple responsibilities related to asset management and property disposition and development, and many needs may arise that are impossible to predict in advance. RSG will assist with general as-needed services for miscellaneous items as requested by staff. This may include assisting with services under Tasks 1 through 6 that require more in-depth services than anticipated due to the complex and unpredictable nature of developer negotiations.

### **STAFFING**

Tara Matthews will serve as the Managing Principal, providing oversight for all aspects of the engagement. Suzy Kim, Senior Associate will be the Project Manager and primary contact for the engagements. Other RSG staff may be assigned as needed. RSG resumes may be viewed on our website at [www.webrsg.com](http://www.webrsg.com).

### **FEE ESTIMATE**

RSG proposes to provide the tasks described in the Scope of Services on a time-and-materials basis **not to exceed \$60,000**. The budget for each task is provided for reference, in case the Housing Successor wishes to execute approval incrementally for each task as needed based on RFP responses. Please see the following chart for a breakdown of costs by task.

Task	Principal \$235	Senior Associate \$180	Associate \$160	Analyst \$125	Total
<b><u>1: Transfer of Former Redevelopment Agency Assets to Housing Successor</u></b>					
Draft 3 Staff Reports and 9 Resolutions	3	10	5	0	\$3,305
Assist with DLA and DOF Inquiries	0	5	0	0	\$900
<b>Total</b>	<b>3</b>	<b>15</b>	<b>5</b>	<b>0</b>	<b>\$4,205</b>
<b><u>2: Merced Pacific Associates Loan Research and Advisory Services</u></b>					
Research Loan Status	0	4	0	0	\$720
Post-Litigation Advisory Services	0	4	0	0	\$720
<b>Total</b>	<b>0</b>	<b>8</b>	<b>0</b>	<b>0</b>	<b>\$1,440</b>
<b><u>3: Reconciliation of Residual Receipt Payments</u></b>					
Sierra Meadows Administration	1	0	10	0	\$1,835
Woodbridge Meeting & Preparation (1 meeting)	8	0	20	0	\$5,080
Developer Negotiation Follow-Up	1	0	20	0	\$3,435
<b>Total</b>	<b>10</b>	<b>0</b>	<b>50</b>	<b>0</b>	<b>\$10,350</b>
<b><u>4: Childs Ave and B Street Development Negotiations and Agreements</u></b>					
Agreement Preparation	20	20	0	0	\$8,300
<b>Total</b>	<b>20</b>	<b>20</b>	<b>0</b>	<b>0</b>	<b>\$8,300</b>
<b><u>5: FY 18/19 Housing Successor Annual Report</u></b>					
Draft Document	3	8	0	25	\$5,270
Meetings and Preparation (1 call/1 meeting)	2	8	0	2	\$2,160
<b>Total</b>	<b>2</b>	<b>8</b>	<b>0</b>	<b>2</b>	<b>\$7,430</b>
<b><u>6: Housing Successor Real Property Development Request for Proposals</u></b>					
<b>Step 1 - RFP</b>	<b>10</b>	<b>33</b>	<b>0</b>	<b>7</b>	<b>\$9,165</b>
Draft RFP	4	25	0	5	\$6,065
Informational Call	2	4	0	2	\$1,440
Meetings and Preparation (2 calls)	4	4	0	0	\$1,660
<b>Step 2 - Developer Selection</b>	<b>6</b>	<b>12</b>	<b>0</b>	<b>0</b>	<b>\$3,570</b>
Developer Submittal Review (4 submittals)	4	8	0	0	\$2,380
Written Recommendation	2	4	0	0	\$1,190
<b>Step 3 - Negotiations and Agreements</b>	<b>20</b>	<b>20</b>	<b>0</b>	<b>0</b>	<b>\$8,300</b>
Agreement Preparation	20	20	0	0	\$8,300
<b>Total</b>	<b>36</b>	<b>65</b>	<b>0</b>	<b>7</b>	<b>\$21,035</b>
<b><u>7: General As-Needed Services</u></b>	<b>10</b>	<b>10</b>	<b>10</b>	<b>10</b>	<b>\$7,000</b>
<b>Total for All Tasks</b>					<b>\$59,760</b>

The services would be provided per the terms and conditions of a consulting services agreement by and between the City and RSG. A detailed billing will be submitted monthly for payment.

The Scope of Services will be billed on a time-and-materials basis at the following hourly rates:

**2019 Hourly Billing Rates & Fee Schedule**

Principal / Director	\$ 235
Senior Associate	180
Associate	160
Senior Analyst	135
Analyst	125
Research Assistant	110
Technician	80
Clerical	60
Reimbursable Expenses	Cost plus 10%

RSG does not charge clients for mileage, parking, general postage or incidental copies. However, we do charge for messenger services or overnight shipping/express mail costs. We also charge for copies of reports, documents, notices, and support material in excess of five (5) copies. These costs are charged back at the actual expense plus a 10% surcharge. RSG issues monthly invoices payable upon receipt, unless otherwise agreed upon in advance. Invoices identify tasks completed to date, hours expended, and the hourly rate. We are open to discussion and negotiation over billing options to accommodate client preferences.

We look forward to discussing our proposal with you to discuss our proposal in detail. In the meantime, should you have any questions, please feel free to contact us.

Sincerely,  
**RSG, INC.**



Tara Matthews  
Principal  
(714) 316-2111