

City of Culver City, California

Agenda Item Report

Meeting Date: 08/22/11		Item Number: <u>JC-1</u>	
JOINT CITY COUNCIL AND REDEVELOPMENT AGENCY BOARD AGENDA ITEM:			
Approval of a Fourth Amendment to the Existing Professional Services Agreement with Lea Associates Inc. for Real Estate Appraisal Services.			
Contact Person/Dept.: Glenn Heald Todd Tipton		Phone Number: 310-253-5752 310-253-5783	
Community Development			
Fiscal Impact: Yes ☐ No ☒		General Fund: Yes ☐ No ☒	
Public Hearing: ☐		Action Item: ☒ Attachments: ☐	
Commission Action Required: Yes ☐ No ☒		Date: _____	
Public Notification: (Email) Lea Associates (08/03/11); (Email) Meetings and Agendas – Redevelopment Agency (08/17/11).			
Department Approval: Sol Blumenfeld: (08/09/11)		City Attorney Approval: Carol Schwab: Agency General Counsel Approval: Murray Kane: (08/10/11)	
Chief Financial Officer Approval: Jeff Muir (08/16/11)		City Manager/Executive Director Approval: John M. Nachbar (08/17/11)	
<u>RECOMMENDATION:</u> Staff recommends the City Council and the Culver City Redevelopment Agency Board (Agency Board) approve a fourth amendment to the existing professional services agreement with Lea Associates, Inc., for real estate appraisal services. <u>BACKGROUND:</u> On October 1, 2001, the Agency executed a contract with Lea Associates, Inc. for real estate appraisal services on an as-needed basis. Three subsequent amendments extended the contract through June 30, 2011. Staff now recommends the City Council and Agency Board approve a fourth amendment to extend the agreement through June 30, 2013. <u>DISCUSSION:</u> Property appraisals are required under the California Government Code and the Health and Safety Code for certain real estate transactions involving the City and/or the Agency. Appraisals may contain limited or complete information about a subject site, including the value of real property, the value of the business, and the value of tangible business assets such as fixtures, equipment and machinery. In addition to producing written documents, appraisers may also be called to testify as expert witnesses if real property values are contested in court.			

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Real estate appraisal work is typically bid as all-inclusive jobs rather than on an hourly basis, thus hourly charges, when available, do not accurately reflect final costs. Lea Associates remains staff's recommendation based on previous experience, references from other municipalities and redevelopment agencies, their favorable rates, and their ability to provide high quality appraisal reports in a timely manner. However, in the event staff receives a preferable bid from a different appraisal service, staff retains the ability to contract that firm on a case-by-case basis.

Lea Associates adheres to appraisal practices in conformance with the Uniform Standards of Professional Appraisal Practice (USPAP) of the Appraisal Foundation and Appraisal Institute and is a certified MAI appraiser with standing to provide legal testimony as necessary for redevelopment projects. Over the past five years the Agency has used Lea Associates on several major projects¹. Extending the City and Agency's contract with Lea Associates will ensure timely and high quality appraisal reports.

Firm	Senior appraiser	Staff appraiser	Support services
Lea Associates	\$100-200	\$70-90	\$60
Desmond, Marcello & Amster	\$200-225	\$150-175	N/A
Valentine Appraisals	\$150	\$100	\$60

Table 1. Comparison of hourly rates for appraisal services.

¹ Previous Agency work by Lea Associates includes:
Washington/National project – 8836-38 National Boulevard
Washington/National project – 8842 National Boulevard
Washington/National project – Five properties on Exposition Boulevard
Washington/National project – Surfas property
11304 Segrell Way – Fire Station site
4064 Colonial Avenue – Washinela project
12337 Washington Boulevard – Washinela project
12343 Washington Boulevard – Washinela project
3847 Main Street – Sporteve site
4061 Wade Street – Housing rehabilitation project
4101 Wade Street – Housing rehabilitation project
10858 Culver Boulevard – AmVets Building
11054 Washington Boulevard – Tapp property
11056 Washington Boulevard - Pleasant View site
9814 Washington Boulevard – Paskan Building
12803-2311 Washington Boulevard - Baldwin Motel site
3433 Wesley Street – City to Agency sale
9070 Boulevard – Ivy Substation
9300 Culver Boulevard – 'Parcel B'

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Under the Supreme Court's recent Order staying a significant part of AB 26 X1 and all of AB 27 X1, the Agency's authority to enter into contracts is limited to certain items permitted under AB 26 X1. The provisions of AB 26 X1 authorize the Agency to enter into contracts required to perform "enforceable obligations." All of the services contemplated under this contract will be performed to pursue enforceable obligations (e.g. those projects contained in the Cooperation Agreements between the Agency and the City). Therefore, the Agency is authorized to be a party to this agreement.

FISCAL ANALYSIS:

All appraisals performed are paid with funds allocated in the budget for the relevant project. Sufficient Funding for non-project-specific appraisals is available in the Property Acquisition Administration budget Account 48190250.619800 – Other Contractual Services.

ATTACHMENTS:

None.

MOTION:

That the City Council and Agency Board:

1. Approve the fourth amendment to the existing professional services agreement with Lea Associates, Inc., for Real Estate Appraisal Services; and,
2. Authorize the City Attorney/Agency General Counsel to review/prepare the necessary documents; and,
3. Authorize the City Manager/Executive Director to execute such documents on behalf of the City and Agency.