

**City of Culver City, California
Agenda Item Report**

Meeting Date: <u>08/17/09</u>		Item Number: <u>C-5</u>	
REDEVELOPMENT AGENCY BOARD AGENDA ITEM: Approval of an Amendment to the Existing Professional Services Agreement with DW Properties for Property Management Services for 4031 Jackson Avenue, Culver City for 2009-2010 and 2010- 2011			
Contact Person/Dept.: Fred Deimel Community Development		Phone Number: (310) 253-5790	
Fiscal Impact: Yes ☒ No ☐		General Fund: Yes ☐ No ☒	
Public Hearing: ☐		Action Item: ☒ Attachments: ☒	
Commission Action Required: Yes ☐ No ☒		Date: _____	
Public Notification: (E-mail) Meeting and Agendas – Redevelopment Agency (08/12/09); (Phone) DW Properties (07/27/09).			
Department Approval: Sol Blumenfeld (08/10/09)		Agency General Counsel Approval: Murray Kane (08/09/09)	
Chief Financial Officer Approval: Jeff Muir (by N. Kimball) (08/12/09)		Executive Director Approval: Mark Scott (08/12/09)	
<u>RECOMMENDATION:</u> Staff recommends the Culver City Redevelopment Agency Board (Board) approve an amendment to the existing professional services agreement with DW Properties in an additional amount not to exceed twenty thousand dollars (\$20,000) for 2009-2010 and 2010-2011 for property management services for 4031 Jackson Avenue, Culver City (the Property), a nine (9) unit apartment complex owned by the Agency, which provides low to moderate income affordable housing. <u>BACKGROUND:</u> The Property was subject to a Disposition and Development Agreement (“DDA”) executed on February 7, 1986, which provided for the development of the site and enactment of rent and income restrictions for the residents. The DDA also provided the Agency a “first right of refusal” option if the property was sold prior to November 24, 2010. On January 31, 2002, the Agency purchased the Property to preserve and extend our affordable housing stock, at a purchase price of one million ten thousand dollars (\$1,010,000). In December 2004, the Agency entered into a professional services agreement (Agreement) with DW Properties in an amount not to exceed ten thousand dollars (\$10,000) to provide management services for the Property. On May 22, 2006 the Board approved an extension to the Agreement for another ten thousand dollars (\$10,000) to continue services. On May 5, 2007, the Agreement was extended for a third time for a two (2) year period and not to exceed twenty thousand dollars (\$20,000).			

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These nine (9) units are all two (2) bedrooms, two (2) bathroom units and rent for nine hundred thirty-five dollars (\$935) each. The tenant portion of rent is determined by their income. In order to diversify income levels and not concentrate one income level to facilitate a healthy community, income levels at 4031 Jackson include three (3) very low income (50% Area Median Income), three (3) low (80%) income units and three (3) moderate (120%) income units.

Compensation to DW Properties is 4.75% of actual collected gross rental income of the property, excluding security deposits. Maximum compensation to DW Properties, at the current rent, is $\$935 \times 9 \text{ units} = \$8,415$ (gross monthly income) $\times 4.75\% = \$399.71$ per month. Annually, approximately \$8,300 has been utilized to compensate DW Properties and cover operating expenses.

DISCUSSION:

Proposals:

In February 2004, the Housing Division solicited proposals and received four (4) responses from property management companies. Services requested included the collection of rents, payment of utility and maintenance bills, arrangements for emergency repairs, renovation work, submission of reports, eviction fees and vacancy/leasing fees. The proposals are as follows:

Property Management Company	Proposal Cost
DW Properties	4.75% or \$400.00
Envoy Properties	4% or \$336.00 plus additional fees
Miller & Desatnik Management	5% or \$420.00
Roque & Mark Company	6% or \$504.00 plus additional fees

Staff reviewed all the proposals submitted and found that DW Properties proposal to be the lowest (due to additional fees charged by the other property management companies), most responsive and complete.

Since December 2004, DW Properties has provided efficient and timely property management to the residents at 4031 Jackson Avenue. The services provided by

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DW Properties includes the collection of rents, security deposits, payment of bills, providing 24 hour emergency service, monthly property inspections, preparation of

3-Day and 30-Day notices, eviction proceedings, lease/rental agreement preparation for new tenants, scheduling of general repairs and maintenance, obtaining bids for major repairs and renovation work. In addition, DW Properties prepares an annual operating budget and submits a monthly repair and maintenance statement and resident payment summary.

As stated above, the management fee and operating expenses are approximately eight thousand three hundred dollars (\$8,300) annually. If Agency approves, Staff recommends extension of the agreement with DW Properties for a two (2) year period from 2009-2010 and 2010-2011 at a cost of ten thousand dollars (\$10,000) per year with a total of twenty thousand dollars (\$20,000) for the two year period.

FISCAL ANALYSIS:

The extension of the property management services agreement will be supported by the rental revenues generated from Property. All nine (9) units rent for nine hundred thirty-five dollars (\$935) per month generating a gross income of eight thousand four hundred fifteen dollars (\$8,415) per month (\$100,980 annually). Operating costs, which include utilities, maintenance, repairs and property management, are at an average cost of eight hundred thirty three dollars (\$833) per month or approximately ten thousand dollars (\$10,000) per year, leaving a net annual income of ninety thousand, nine hundred eighty dollars (\$90,980). The net annual income of ninety thousand, nine hundred (\$90,980) remains in the Housing Set Aside Fund. Since the Agency acquired the property in 2002, five hundred forty two thousand seven hundred ninety six dollars (\$542,796) have been generated in net rental income.

ATTACHMENTS:

1. Proposal from DW Properties.
2. Proposal from Envoy Properties.
3. Proposal from Miller & Desatnik Management.
4. Proposal from Roque & Mark Company.

MOTION:

That the Culver City Redevelopment Agency:

1. Approve an Amendment to the existing professional services agreement with DW Properties in an additional amount not to exceed twenty thousand dollars (\$20,000) for Property Management Services for 4031 Jackson Avenue, Culver City for 2009-2010 and 2010-2011; and,

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2. Authorize the Agency General Counsel to review/prepare the necessary documents; and,

3. Authorize the Executive Director to execute such documents on behalf of the Agency.