



City of Culver City

Mike Balkman
Council Chambers
9770 Culver Blvd.
Culver City, CA 90232
(310) 253-5851

Staff Report

File #: 22-360, Version: 1

Item #: C-4.

HA - Approval of an Amendment to the Existing Professional Services Agreement with Metropolitan Property Management, LLC for Property Management Services for the Nine-Unit Affordable Housing Complex Located at 4031 Jackson Avenue, Culver City, CA 90232 in an Amount Not-to-Exceed 10% of Gross Rental Proceeds Plus Reimbursement for Cost of Repairs for the Period July 1, 2021 through June 30, 2024, and the Replacement of the Aging Roof, Kitchen and Bathroom Countertops, and Cabinets in an Amount Not-to-Exceed \$250,000.

Meeting Date: October 11, 2021

Contact Person/Dept: Tevis Barnes-CDD/Housing
Phone Number: (310)253-5780

Fiscal Impact: Yes ☐ No ☒

General Fund: Yes ☐ No ☒

Public Hearing: ☐ **Action Item:** ☒ **Attachments:** ☒

Commission Action Required: Yes ☐ No ☒ **Date:**

Public Notification: Metropolitan Property Management Services LLC (09/27/2021); Residents 4031 Jackson Avenue (09/27/2021)(E-Mail) Meetings and Agendas - City Council (10/07/2021);

Department Approval: Sol Blumenfeld, Assistant Executive Director (09/30/2021)

RECOMMENDATIONS:

Staff recommends the Housing Authority (Authority) Board approve an amendment to the existing professional services agreement with Metropolitan Property Services, LLC (Metropolitan) to continue providing property management services for the affordable nine-unit multi-family complex located at 4031 Jackson Avenue, Culver City, CA 90232 in an amount not-to-exceed 10% of gross rental proceeds plus reimbursement for cost of repairs for the period of July 1, 2021 through June 30, 2024, and the replacement of the aging roof, kitchen and bathroom countertops, and cabinets in an amount not-to-exceed \$250,000.

BACKGROUND:

The property located at 4031 Jackson Avenue (Jackson Property) is an 8,888 sq./ft. nine-unit

multi-family housing complex built in 1987 by Gangi Builders. The property was improved with the support of funds from the former Culver City Redevelopment Agency (CCRA) Housing Set Aside Fund to create affordable housing units. The former CCRA purchased the Jackson Property for \$1.010 million in 2002 under a first right of refusal provision in the agreements with Gangi Builders to maintain the property as affordable housing for the lifespan of the property. The Jackson Property was transferred to the Authority as an asset with the dissolution of the CCRA.

DISCUSSION

Since 2013, Metropolitan has provided property management services to the Authority to maintain the Jackson Property as decent, safe, and sanitary and oversee the daily operations.

Scope of Service

If approved by the Board, Metropolitan will continue to provide the following Scope of Services:

- **Tenant Selection**
- **Financial Management**
 - Collection of rent
 - Disbursement of expenditures (i.e., landscaping, laundry room, utilities)
 - Monthly reports on rent collection and operating expenses
- **Delinquencies**
 - Track and collection delinquent rents
- **Building Maintenance**
 - Maintenance of contracts
 - Landscaping, laundry room and pest control
 - Preventative Maintenance
 - Monthly site inspections
 - Weekly COVID-19 sanitation of common areas
 - Routine repairs
 - Emergency repairs -24 hours service
 - Rehabilitation of aging building systems

Aging Building Systems

The Jackson Property was built over 30 years ago, and the building's roof, bathrooms and kitchens are aging and require renovation. The Jackson Property roof has experienced several leaks over the last two years and patch repairs are no longer feasible given the age of the roof. The original asphalt roof installed during the 1987 construction of the property still remains and is more than 30 years old. The average life of an asphalt roof is 30 years. The bathroom and kitchen countertops and cabinets from the original 1987 construction are also in disrepair and also require replacement. As part of the scope of service of the amended contract, Metropolitan will work in concert with a City-approved consulting construction manager to oversee the roof, counters and cabinet replacement and obtain all required City permits before the commencement of work, and all materials used by Metropolitan for the renovation will be above builder grade quality to ensure durability and maximize the useful life of the renovation work. Metropolitan will comply with City requirements for obtaining bids prior to

hiring a contractor to perform the renovation work.

Competitive Bidding Process

Pursuant to Culver City Municipal Code § 3.07.065.A, a contract for general services (including the repair and maintenance of City-owned personal and real property) may be awarded without complying with formal competitive bidding procedures; provided, the contract is based upon competitive quotations, whenever practical, as determined by the City Manager. Staff obtained three informal quotes from property management companies and determined Metropolitan to be the best fit for the City in part due to its familiarity and history with maintaining the property.

FISCAL ANALYSIS:

The amount of compensation provided to Metropolitan for performing and completing all work and services described above is 10% of gross rents collected. Routine and emergency maintenance and repair costs are billed at \$60.00 per hour plus a \$15.00 one-time per day service charge.

At the end of each calendar month, Metropolitan provides the Housing Authority with a monthly accounting report to verify income and expenses of the Jackson Property. These monthly reports include the total amount of monthly rents received, minus the portion retained for compensation and routine and emergency maintenance and repair costs with supporting backup receipts. All Jackson Property rent proceeds are deposited into account number 476.50700.383150. For FY 2020/2021, the Housing Authority received \$43,000 in rental proceeds from the Jackson Property.

Annual rent proceeds do not cover non-routine maintenance and renovation costs due to the age of the building. Under the approved FY2021/2022 Authority Budget, the amount of \$250,000 was approved for Jackson Property rehabilitation including replacement of the roof and replacement of all bathroom and kitchen countertops and cabinets. The pricing of \$250,000 includes contingency to address plumbing and electrical issues that may arise due to the removal of the old cabinetry.

ATTACHMENTS:

1. Metropolitan Property Services, LLC Scope of Service

MOTION(S):

That the Culver City Housing Authority Board:

1. Approve an amendment to the existing professional services agreement with Metropolitan Property Services, LLC to continue providing property management services for the affordable nine-unit multi-family complex located at 4031 Jackson Avenue, Culver City, CA 90232 in an amount not-to-exceed 10% of gross rental proceeds (approximately

\$10,000) and reimbursement for cost of repairs for the period July 1, 2021 through June 30, 2024, and the replacement of aging roof, kitchen and bathroom countertops, and cabinets in an amount not-to-exceed \$250,000; and

2. Authorize Housing Authority General Counsel to review/prepare the necessary documents; and
3. Authorize the Executive Director to execute such documents on behalf of the Authority.