

City of Garden Grove

INTER-DEPARTMENT MEMORANDUM

Garden Grove Agency for Community Development

To: Matthew Fertal

From: Economic Development

Dept: Director

Subject: AMENDMENT TO CONSULTANT
SERVICES AGREEMENT WITH
OVERLAND, PACIFIC, & CUTLER,
INC.

Date: September 27, 2011

OBJECTIVE

It is requested that the Garden Grove Agency for Community Development ("Agency") approve Amendment No. 2 to the Consultant Services Agreement ("Agreement") with Overland, Pacific & Cutler, Inc. ("OPC") for acquisition, relocation and property management services for projects considered Enforceable Obligations pursuant to ABx1-26.

BACKGROUND

On January 13, 2009, the Agency approved an Agreement with OPC in the amount of \$150,000 for a two-year term. On August 10, 2010, the Agency approved Amendment No. 1 to the Agreement with OPC in adding an additional \$100,000 and extending the term by an additional year, which is to terminate on January 13, 2012. The services provided by OPC include negotiating real property interests on behalf of the Agency and providing relocation services to residents and businesses displaced as a result of redevelopment projects, all in accordance with Federal, State, and local laws.

DISCUSSION

The cost of preparing, updating relocation plans, and providing relocation services to displaced business and residents has exhausted the contract sum. In order for the Agency to continue to comply with relocation requirements associated with ongoing projects, the Agreement needs to be amended. Relocation services will be needed in order to complete the Great Wolf Hotel and Waterpark, Brookhurst Triangle, Site B2 and Site C; all of which are projects listed as Enforceable Obligations by the Agency as defined by ABx1-26. Staff is proposing to amend the agreement by increasing the contract sum by \$180,000 and adding an additional year to the term.

FINANCIAL IMPACT

An additional \$90,000 will be budgeted each fiscal year for a \$180,000 total increase over the new term.

RECOMMENDATION

Staff recommends that the Agency take the following actions:

- Approve Amendment No. 2 to the Consultant Services Agreement with Overland, Pacific & Cutler, Inc. for acquisition, relocation and property management services, in an amount not to exceed an additional \$180,000.
- Authorize the Agency Director to execute Amendment No. 2 on behalf of the Agency.



JIM DELLALONGA
Sr. Project Manager/Dept. Administrative Officer




By: Carlos Marquez
Sr. Real Property Agent

Attachment: Amendment No. 2 to Consultant Services Agreement with Overland,
Pacific & Cutler, Inc.

mm(h:Staff/Real Property/OPC Amendment 2 sr 092711v1.doc)

Recommended for Approval



Matthew Fertal
Director

GARDEN GROVE AGENCY FOR COMMUNITY DEVELOPMENT

AMENDMENT NO. 2

To: Provide acquisition, relocation services and related professional services as they pertain to real property in accordance with the following as they apply: California Government Code Section 7260-7277; California Code of Regulations Title 25, Division 1, Chapter 6; and the Uniform Relocation Assistance and Real Property Acquisition Act of 1970 and subsequent amendments.

This Amendment No. 2 to provide acquisition relocation services and related professional services as they pertain to real property is made and entered into this _____ day of _____, by and between the **GARDEN GROVE AGENCY FOR COMMUNITY DEVELOPMENT**, hereinafter referred to as "AGENCY", and **OVERLAND, PACIFIC & CUTLER**, hereinafter referred to as "CONSULTANT".

WHEREAS, CONSULTANT and AGENCY entered into Contract No. 10-2099, effective **January 13, 2009**.

WHEREAS, CONSULTANT and AGENCY executed Amendment No. 1 effective, **August 10, 2010**.

WHEREAS, CONSULTANT and AGENCY desire to amend the Existing Contract as provided herein.

Now, therefore, it is mutually agreed, by and between the parties as follows:

Section 1.1 SCOPE OF SERVICES, shall be Revised as follows:

The services to be performed by Consultant shall include those additional tasks described in Attachment 1 attached hereto and incorporated herein by reference.

Section 2.1(a) CONTRACT SUM - Not to Exceed, shall be revised as follows:

The Contract Sum is hereby increased from **\$250,000.00** over two years to a new Firm Fixed Price of **\$430,000.00**. This is an increase of \$180,000.00 to cover the third year.

Section 3.4, TERM, shall be Revised as follows:

The AGENCY hereby extends the performance period from **January 13, 2012** to **January 13, 2014**.

Except as expressly amended hereby, the Existing Contract remains in full force and effect as originally executed.

IN WITNESS WHEREOF, the parties have caused this Amendment No. 1 to the Existing Contract to be executed by their respective officers duly authorized on the date first written above.

Date: _____

"AGENCY"
GARDEN GROVE AGENCY
FOR COMMUNITY DEVELOPMENT

By: _____
Agency Director

ATTESTED:

Agency Secretary

Date: _____

"CONSULTANT"
OVERLAND, PACIFIC & CUTLER, INC., a
California Corporation

By: _____

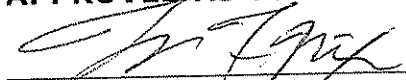
Name: _____

Title: _____

Date: _____

If CONSULTANT is a corporation, a Corporate Resolution and/or Corporate Seal is required. If a partnership, Statement of Partnership must be submitted to AGENCY.

APPROVED AS TO FORM:



Garden Grove City Attorney

8/22/11

Date

IN WITNESS WHEREOF, the parties have caused this Amendment No. 1 to the Existing Contract to be executed by their respective officers duly authorized on the date first written above.

Date: _____

"AGENCY"
GARDEN GROVE AGENCY
FOR COMMUNITY DEVELOPMENT

By: _____
Agency Director

ATTESTED:

Agency Secretary

Date: _____

"CONSULTANT"
OVERLAND, PACIFIC & CUTLER, INC., a
California Corporation

By: _____

Name: RAY ARMSTRONG

Title: CHIEF EXECUTIVE OFFICER

Date: 8/22/11

If CONSULTANT is a corporation, a Corporate Resolution and/or Corporate Seal is required. If a partnership, Statement of Partnership must be submitted to AGENCY.

APPROVED AS TO FORM:

Garden Grove City Attorney

Date

Overview

A proposed work plan will vary depending on the level of service needed. Work is assigned in-house to appraisers primarily based on their expertise with a given property type and secondarily based on their existing workload. On large projects, properties may be divided among the appraisal staff based on property type. Interaction with other experts, if needed, is determined early in the project to afford timely delivery. The appraisal group manager will provide oversight for all appraisals completed on behalf of the City of Garden Grove.

Typically, appraisers are asked to provide valuations for one of several intended uses: preliminary appraisals for budgeting, acquisition appraisals for new sites or expansion of existing sites, and possibly litigation to include eminent domain. Appraisal consulting services may also be helpful to the City. The proposed work plan will differ somewhat depending on the intended use and the property type. In all cases, appraisal work will be performed under the requirements of the Uniform Standards of Professional Appraisal Practice (USPAP), the Code of Ethics of the Appraisal Institute and appraisal criteria set forth by the City, as well as State and Federal appraisal and appraisal review guidelines.

Preliminary Appraisals

In the preliminary appraisal process, no contact is made with property owners. All subject property inspections are completed from the public right of way. Building data is limited to public record data and other information obtained from market data providers. In some cases, it may be suitable to limit the valuation approaches to the single approach most relevant (Cost, Income or Sales Comparison).

The scope of work for this intended use includes collection, confirmation, analysis and reporting of data. Other general market data and conditions are studied. Consideration is given to each subject property's zoning, surrounding improvements and neighborhood. Highest and best use is analyzed, both as vacant and as improved. The highest and best use analysis will assist the appraiser with determining which approaches to value are applicable. The following summarizes each of the three approaches and how they are applied:

- Collection and analysis of comparable land sales in order to form an opinion of the value of the underlying land using the **sales comparison approach** and cost and depreciation data for use in the **cost approach**.

- Collection and analysis of rental data, expense information and income indicators in conjunction with preparing an **income approach to value**.
- Collection of improved sales data in conjunction with preparation of the **sales comparison approach**.

As the scope of a preliminary appraisal is limited, these reports are not to be used for the acquisition process, but are less costly and suitable for project budgeting and planning.

Acquisition Appraisals

Right of way, site expansion and/or redevelopment require acquisition appraisals. In appraising property for acquisition, it is necessary to contact subject property owners and invite them to accompany appraisers on the property inspection. This is facilitated using a Notice of Decision to Appraise (NDA) letter, sent certified mail with return receipt requested.

Following preliminary research and the NDA notification process, the following activities take place:

- Property inspections are undertaken, as well as inspections of the neighborhoods in which the properties are located. During the inspections, an inventory of the property attributes is collected based on visual observation (note: The term "inspection" should not be construed to be a professional engineer's report concerning the condition of the building, structural integrity or condition of any mechanical items. If the client has concerns of this type, a professional engineer's inspection and report are recommended. That type of inspection is beyond the scope of work and the professional abilities of a certified appraiser.)
- Identification and analysis of the market conditions relevant to the subject property type under appraisal.
- An investigation of public records for the property's zoning and flood hazard area classification, as well as investigation of the property tax assessor's records for attributes of the property and project details and mapping, if applicable.
- Consideration of the highest and best use, both as if vacant and as improved (if applicable).
- Application of all relevant valuation methodologies.
- Reconciliation of the approaches used into a single fair market value opinion.
- Preparation of a written report.
- Preparation of an AB237-compliant Appraisal Summary Statement

Partial acquisitions require an additional layer of analysis. Analysis of the project plans is critical in order to understand the impact of the project on the remainder and to analyze the value of the remainder property.

In some instances, additional expertise is needed. This may include the assistance of an architect, fixtures and equipment appraiser or arborist, to name a few. Occasionally, partial acquisitions create valuation issues that necessitate multiple experts. The real estate appraiser will meet with said experts, as needed, and include their work product in the real estate appraisal process when appropriate to do so.

Litigation/ Eminent Domain Appraisal

In these matters, it is vital that the appraiser work closely with the City's Legal Counsel. The work plan for these matters includes significant preparation, study and meeting time. Litigation appraisal work is undertaken hourly and performed by the principal appraiser or senior appraiser with assistance from staff as needed.

Appraisal Review - Desk

This scope of work is a comprehensive administrative review. In undertaking a desk review assignment, the scope of work does not include an inspection of the comparable sales or the subject property. The purpose of the review appraisal is to determine if the appraisal report is in compliance with the Uniform Standards of Professional Appraisal Practice Standards (USPAP) and CALTRANS and to develop an opinion as to whether the analysis, opinions and conclusions are appropriate and reliable given the scope of work. Consultation is ongoing between the review appraiser and City staff to ensure the appraiser has understood the project details and has considered them in their report. Property owner appraisals provided to the City during the negotiation process may fall into the desk review category and typically need to be reviewed.

Appraisal Review - Field

This scope of work is a comprehensive administrative review. In undertaking a comprehensive field review assignment, the scope of work includes inspection of the market data relied on by the appraiser and the subject property from the public right of way (not interior inspections). The purpose of the field review appraisal is to determine if the appraisal report is in compliance with the Uniform Standards of Professional Appraisal Practice Standards (USPAP) and

CALTRANS and to develop an opinion as to whether the analysis, opinions and conclusions are appropriate and reliable given the scope of work. The appraiser is also better able to determine the applicability and accuracy of the market data provided in the appraisal report. Consultation is ongoing between the review appraiser and City staff to ensure the appraiser has understood the project details and has considered them in their report. CALTRANS recommends that all reviews done for projects with state funding include field inspection.

Appraisal Consulting

Appraisal Consulting is defined by USPAP as "the act or process of developing an analysis, recommendation or opinion to solve a problem, where an opinion of value is a component of the analysis leading to the assignment results." An appraisal or appraisal review may be involved, but is not the primary purpose. Appraisal consulting services may assist the City in determining possible alignment alternatives, severance damage issues and other matters.