



SUMMARY REPORT

Agenda Date: 12/6/2022

To: Sonoma County Board of Supervisors and Board of Commissioners of the Community Development Commission

Department or Agency Name(s): Sonoma County Community Development Commission

Staff Name and Phone Number: Dave Kiff, (707) 565-7504

Vote Requirement: Majority

Supervisory District(s): Countywide

Title:

Professional Services Agreement for Property Management Services with Eugene Burger Management Services

Recommended Action:

1. Authorize the Sonoma County Community Development Commission Interim Executive Director, or designee, to execute a Professional Services Agreement for property management services with Eugene Burger Management Company for a management fee of \$136,800 per year plus additional unit lease-up fees in the event of any unit turn-over. Proposed term of three years with options for up to two (2) one-year extensions.
2. Authorize the Sonoma County Community Development Commission Executive Director, or designee to execute amendments to the Agreement to add and delete properties in the scope of work as they may be acquired, leased, or disposed of by the Community Development Commission, and to make corresponding adjustments to the management fee schedule, up to a total Agreement not-to-exceed amount of \$200,000 per year, inclusive of any unit lease-up fees paid.

Executive Summary:

The Sonoma County Community Development Commission (CDC) owns and leases several properties for the purpose of developing and providing affordable housing and homeless services to residents of Sonoma County. As of this report, CDC owns or leases 10 properties representing over 80 housing units. This agenda item recommends a Professional Services Agreement with Eugene Burger Management Company to assist CDC staff in managing the properties. The Agreement's budget includes monthly management fees totaling \$136,800 per year. As is standard practice in the rental property management industry, the budget also authorizes payment of specified "lease-up" fees that will be paid if there is a change in occupancy of a unit during the term of the Agreement. The Agreement has an initial term of three years, with options for two one-year extensions. Approval of this agenda item will also authorize the CDC to execute amendments to the Agreement as may be required to adjust the scope of work and budget if additional properties are acquired or leased by the CDC, or if any properties are deleted due to sale, lease termination, or for any other reason. The total amount to be paid under the Agreement would not exceed \$200,000 year, inclusive of any property additions and unit lease-up fees paid.

Discussion:

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The Sonoma County Community Development Commission (CDC) issued a Request for Proposals (RFP) on July 5, 2022, to identify a property management firm to assist CDC staff in managing property owned and/or master-leased by the agency. One proposal was submitted by the August 22, 2022, deadline, from Eugene Burger Management Company (EBMC). CDC staff reviewed the proposed fee schedule and determined that the fees were appropriate for the types of properties involved, which include a mix of single-family homes, non-congregate housing facilities, and a property being partially leased out for commercial uses while under development. Staff also assessed the prior performance of EBMC, which is the current property management firm that has been providing these services to the CDC since April 2018.

The properties that would be managed under the proposed Agreement are shown in the table below. Additional property details are included in Attachment 1.

Location	Description	Housing Units	Proposed Prop. Mgmt Monthly Fee	Lease-up Fee ¹
FORMER RDA HOUSING SUCCESSOR PROPERTIES				
Roseland Village, Santa Rosa Owned by CDC	In planning for mixed-use development	NA	\$ 750.00	NA
6855 Walker Ave, Sebastopol Owned by CDC	Single-family dwelling (SFD)	1 house	\$ 300.00	\$500
7991 Covert Ln, Sebastopol Owned by CDC	SFD	1 house	\$ 300.00	\$500
"VASH" VOUCHER PROGRAM				
695, 697, 699 Russell Ave, SR Leased by CDC from County	Three SFDs	3 houses	\$ 750.00	\$500
HOMEKEY PROGRAM				
Mickey Zane Place, Santa Rosa Owned by CDC	44-room, 3-story motel	43 rooms	\$ 3,500.00	NA
Elderberry Commons, Sebastopol Owned by CDC	31-room, 2-story motel	29 rooms	\$ 3,500.00	NA
George's Hideaway, Guerneville Owned by CDC	In planning for non-congregate housing	-	\$ 500.00	NA
HEART PROGRAM				
866 Sonoma Ave, Santa Rosa Owned by CDC	SFD with 2 bedrooms / two 2-bedroom cottages	6 bedrooms	\$ 750.00	NA
1518 West Ave, Santa Rosa Leased by CDC	2 bedrooms, half of duplex	2 bedrooms	\$ 300.00	NA
8190, 8192, 8194 Arthur St, Cotati Owned by CDC	Single-family dwelling and duplex	6 bedrooms	\$ 750.00	NA
TOTALS		86	\$ 11,400.00	
¹ Lease up fee covers costs to advertise, screen, and select new tenant when a unit is vacated.				

The portfolio of CDC properties that EBMC would manage under the proposed Agreement includes a wide range of property types, including:

Roseland Village: The CDC is in the process of planning redevelopment of the former Roseland Shopping Center as “Tierra de Rosas” and “Casa Roseland,” a mixed- use development with affordable and market-rate housing, open space, and other uses. There are existing commercial tenants, as well as the Department of Health Services’ (DHS) operated Roseland Clinic, currently occupying the buildings. The outdoor space is partially developed with interim uses as the Mitote Food Park and Plaza Temporal.

Homekey Program: Homekey Program sites at Mickey Zane Place in Santa Rosa and Elderberry Commons in Sebastopol currently provide transitional housing to people who are homeless, with supportive services provided by DEMA Consulting and Management under contract with DHS. EBMC will continue to provide all property management services for these sites. A third property that more recently received an award of Homekey funding from the state, George’s Hideaway, will be added to the property management portfolio. Over the course of the next several years, the CDC plans to transfer ownership of these three properties to other parties, to be selected through an RFP process that is currently underway, for on-going use as permanent supportive housing for people exiting homelessness. Each property will be removed from the EBMC Agreement upon transfer to the new owner.

IMDT/HEART Program: Three properties, two of which are owned by the CDC and one of which is leased from a private party, have been providing permanent supportive housing for people who were camping along parts of the Joe Rodota trail, through the county’s Homeless Encampment Access & Resource Team (HEART) Program within the Interdepartmental Multidisciplinary Team (IMDT). Supportive services have been provided by Buckelew Programs and county Homeless Services staff, and EBMC has provided general property management services to the three properties. The property on Sonoma Avenue is currently being transitioned for use by DHS for a jail diversion program funded by the California Health Facilities Finance Authority (CHFFA), and it will remain in the Scope of Work for general property management tasks.

Scattered Sites: The CDC owns or master-leases five other properties that are in use for affordable rental housing. They include two single-family homes in Sebastopol, which the CDC owns as Housing Successor to the former Sebastopol Redevelopment Agency, and three single-family homes that are owned by the county and located on Russell Avenue within the County Center complex. CDC holds a master lease for these three homes and rents them to veterans who have been homeless and who are now receiving monthly rental assistance from the Santa Rosa Housing Authority’s Veterans Affairs Supportive Housing (VASH) Voucher Program.

Agreement Scope of Services

The Agreement’s Scope of Services specifies that the management of Commission-owned and leased properties must encompass all industry standards associated with professional property management services. The Commission may add or remove properties due to new acquisitions, new leases, sales, lease terminations, or for any other reason. The tasks included in the Scope of Work include but are not limited to:

- Maintain buildings in such condition as may be advisable, including interior and exterior cleaning, and minor repairs / alterations.
- Recommend such action considered necessary or desirable to comply with any and all orders of violations affecting the building imposed by and federal, state, or local authority having jurisdiction.
- Consider and, where reasonable, address tenants’ concerns and advise CDC of unresolved

issues.

- Provide monthly financial and operations reports to the CDC to include:
 - Income and Expense Statement
 - Year to Date Summary
 - A short narrative about current operational issues at the property
- Cooperate with independent accountant or auditor for the preparation of federal, state, and local filings and reporting requirements.
- On behalf of the CDC as property owner, enter into agreements for electricity, gas, steam, telephone, window cleaning, trash removal, security, vermin extermination, and other services as deemed advisable.
- Review and if appropriate pay bills received for services, work and supplies ordered in connection with maintaining and operating the buildings.
- Advertise, screen, and contract with tenants according to all federal, state, local law as well as assure compliance with CDC determined rents and income limits when applicable.
- Enforce or comply with all leases, use permits, and contracts associated with each property's operations.
- Make units market ready upon tenant turnover.
- Perform move-in and move-out inspections and facilitate any additional inspections as determined by the CDC.
- Adhere to occupancy standards of the CDC.
- Adhere to and certify compliance with federal, state, and local funding source requirements.
- Bill and collect rent and other fees and charges from tenants.
- Coordinate legal action against tenants and contractors, as needed.
- Perform all things reasonable, necessary, or desirable for the appropriate management of the buildings according to contracts, leases, federal, state, and local law.
- Perform reasonable preventative maintenance and keep records, warranties, and inventory as is determined by industry standards.
- Handle tenants' and other service calls in accordance with federal, state, and local law and in accordance with industry standards.

The proposed fee structure is shown on the table in Attachment 1. Their overall fee represents an increase of 5% over the fees included in the current agreement, which have been in place in some cases for more than 3 years.

Prior Board Actions:

Current staff is not aware of when this item previously went to the Board. One assumption is that it was part of a round of approvals associated with acquiring properties to house people quickly as the COVID-19 pandemic hit.

FISCAL SUMMARY

Expenditures	FY 22-23 Adopted	FY23-24 Projected	FY 24-25 Projected
Budgeted Expenses	\$136,800	\$136,800	\$136,800
Additional Appropriation Requested			
Total Expenditures	\$136,800	\$136,800	\$136,800
Funding Sources			
General Fund/WA GF	\$84,000	\$84,000	\$84,000
State/Federal (RPTTF, FEMA, Homeless Services, Homekey)	\$27,600	\$27,600	\$27,600
Fees/Other (Rental Income)	\$25,200	\$25,200	\$25,200
Use of Fund Balance			
Contingencies			
Total Sources	\$136,800	\$136,800	\$136,800

Narrative Explanation of Fiscal Impacts:

Rental income from the five “scattered site” affordable housing rental properties will be applied to the management contract in the amount of \$25,200. Other properties have little or no rental income, and the property management expenses are covered by other funding sources including County General Funds for \$84,000, Redevelopment Property Tax Trust Fund (RPTTF), FEMA, and other homeless program funding in the amount of \$27,600.

The fiscal section above includes only the base contract amount. Additional fees for unit lease-up, which will be paid if/when any of the single-family homes are vacated and rented to new tenants, will be paid from the rental income streams, which are positive for those properties. Any property management fees that may be added to the Agreement if/when the CDC acquires or leases new properties are not known at this time. These fees will be detailed in the Board agenda item approving the acquisition or leasing of those new properties.

Staffing Impacts:			
Position Title (Payroll Classification)	Monthly Salary Range (A-I Step)	Additions (Number)	Deletions (Number)

Narrative Explanation of Staffing Impacts (If Required):

N/A

Attachments:

Attachment 1 - Properties Under Management Agreement: Details and Proposed Fees

Attachment 2 - Property Management Request for Proposals

Agenda Date: 12/6/2022

Related Items “On File” with the Clerk of the Board:

RPF Document Including Form of Professional Services Contract and Insurance Requirements.