



Legislation Details (With Text)

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Title:	CONSIDER AMENDMENT NO. 3 TO THE AGREEMENT WITH SEG ADVISORS, LLC, TO CONTINUE TO PROVIDE PROJECT MANAGEMENT AND REAL ESTATE ADVISORY SERVICES TO THE AUTHORITY THROUGH JUNE 30, 2019				
Sponsors:	Community Services				
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Attachments:	1. Exhibit No. 1 - Amendment No. 1 with SEG Advisors				

Date	Ver.	Action By	Action	Result
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Report to Carson Reclamation Authority

Tuesday, September 04, 2018

Consent

SUBJECT:

CONSIDER AMENDMENT NO. 3 TO THE AGREEMENT WITH SEG ADVISORS, LLC, TO CONTINUE TO PROVIDE PROJECT MANAGEMENT AND REAL ESTATE ADVISORY SERVICES TO THE AUTHORITY THROUGH JUNE 30, 2019

I. SUMMARY

This matter has been carried over from the August 7, 2018 Carson Reclamation Authority agenda due to no quorum on August 7, 2018.

On June 6, 2017 the Carson Reclamation Authority (Authority) entered into an agreement with SEG Advisors, LLC (SEG) to provide project management services for the former Cal-Compact Landfill (CCLF) project. SEG has provided invaluable assistance in advancing the project development at that site, particularly in the areas of retail leasing and development. Staff recommends approval of an amendment to that agreement that will continue those services through June 30, 2019.

II. RECOMMENDATION

TAKE the following actions:

1. APPROVE Amendment No. 1 to the agreement between the Carson Reclamation Authority and SEG Advisors, LLC through June 30, 2019.
2. AUTHORIZE the Chairman to execute the amendment, after approval as to form by the Authority Counsel.

III. ALTERNATIVES

TAKE any other action the Board deems necessary.

IV. BACKGROUND

The nature of developing a project on the former CCLF site has required the use of specialized, highly qualified and experienced consultants. SEG has provided project management services that include reviewing invoices/work orders from contractors and consultants prior to payment by the Authority, assisting with negotiating agreements, financial feasibility evaluations, tracking developer responsibilities, prepare and update the Authority Funding Plan and Community Facilities District funding schedules, as well as monitoring the budget.

Since the Original Agreement, SEG's fee has been at a fixed rate, and they do not charge for mileage or any expenses, including ICSC dues and meetings. The consultant serves as an important adjunct to CRA staff, particularly during the master developer/remainder developer RFQ process and in following up on other developer inquiries. It is often useful for developers to speak "developer to developer" with someone about the site. These include the developers or proposed tenants of all of the developers that submitted in the October 2017 RFQ round, as well as those developers selected from the 2016 RFQ round and which developed site plans and pro formas to determine feasibility. This work can include a developer's entire development program for the site, including cost analysis of piles, slabs and BPS system.

Because the consultant also works in retail development on his own account and for other clients, he is familiar with corporate real estate representatives and national brokers in a way CRA staff is not, and is often the person to confirm or verify a particular brand or tenant's interest in locating on the site. This has included meetings with real estate representatives of Top Golf at ICSC, along with calls before and after regarding a deal structure directly with the CRA or as an element to one of the proposals in front of the Board. This has included informal inquiries of other cities with the same tenant regarding taxable sales, etc.

Also, as individual elements of proposals sometimes become more attractive than the proposed development itself, the consultant is often used to determine "stand alone" feasibility with or without the overall development, or compatibility with a newly proposed development based on its own market acceptance and feasibility, plus public benefit revenue that can be pledged back to make a project work. This sometimes requires on-site meetings with the brokers to help visualize the site, including visibility from the freeway. This also includes hotel and residential developers.

Over the past year, the consultant has worked closely with the two selected proposers from the 2016 RFQ round, up to and beyond the determination that their initial proposal was not

feasible. This included the retail developer looking at ways of reducing the size of the overall project, focusing instead on high tax generating uses; and, working with the Cell 1 residential developer on alternative financing programs, alternative project sizes, different phasing, adjusting the CFD contribution, and other approaches the improve the viability of the project.

While the CRA uses Allan Kotin & Associates to review the financial feasibility of pro formas to calculate the “warranted assistance,” i.e. whether a project is feasible with public assistance, the consultant usually “pre-reviews” the development pro formas and has, in many cases, provided guidance to the developers on certain cost and revenue assumptions, with particular emphasis on sales tax and TOT forecasting.

The consultant continues to provide the review of CFD-1 for OM&M costs on the landfill, including revised Method of Apportionment. The consultant also continues to review possible uses for CFD-2.

In addition, the consultant manages the interaction with Macerich, RES and the civil engineer regarding freeway sign program. This includes site visits along the freeway and also includes supervision of Richmond Consulting, the City’s freeway sign program consultant.

Finally, the consultant has the responsibility for the preparation of the CalREUse quarterly updates and submission.

In order to maintain consistency of information and to help keep the project moving forward efficiently, staff recommends approval of the amendment to the agreement with SEG.

V. FISCAL IMPACT

The Amendment with SEG is for a not to exceed \$157,500. One change in the agreement is to convert from a flat to an hourly rate. The FY18-19 budget provides for the additional services.

VI. EXHIBITS

1. Amendment No. 3 with SEG Advisors, LLC. (pgs. 4-7)

Prepared by: John Raymond, Executive Director