



City of San Antonio

Agenda Memorandum

File Number:21-1038

Agenda Item Number: 21.

Agenda Date: 1/21/2021

In Control: City Council A Session

DEPARTMENT: Neighborhood and Housing Services

DEPARTMENT HEAD: Verónica R. Soto, AICP, Director

COUNCIL DISTRICTS IMPACTED: Citywide

SUBJECT: Professional Services Agreement for Underwriting Consultant Services

SUMMARY:

Consideration of an Ordinance authorizing the City Manager or his designee to execute a professional services agreement with TDA Consulting Inc. to conduct on-call financial consultation, project analysis, and credit underwriting services for the selection and negotiation of affordable housing projects funded with Community Development Block Grant (CDBG), HOME Investments Partnership (HOME) and Neighborhood Stabilization Program (NSP) funds. The term of the agreement is for four years, with two one-year renewal options, in an amount not to exceed \$600,000 over the course of the contract term.

BACKGROUND INFORMATION:

As a recipient of U.S. Department of Housing and Urban Development (HUD) federal funding, the City is required to conduct a thorough analysis and review of affordable housing development projects prior to awarding funding. The City utilizes qualified firms to conduct a variety of financial review services for project underwriting, subsidy layering, and financial gap analysis of various housing projects and developments. The Consultant is expected to offer recommendations that help Neighborhood and Housing Services Department (NHSD) ensure compliance with federal regulations and ensure reasonable and appropriate use of public funding.

The Finance Department, Purchasing Division on behalf of NHSD, released a Request for Qualifications (RFQ) on October 5, 2020 to select a consultant to perform on-call underwriting services. The RFQ was advertised in the San Antonio Express-News, TVSA channel, the City's Bidding & Contracting Opportunities website, the San Antonio e-Procurement System (SAEPS) and an email notification was released to a list of potential Respondents. Proposals were due on November 4, 2020. A total of three (3) firms responded and were deemed eligible for review.

This contract is an exception to the Local Preference Program as it is federally funded. The Veteran-Owned Small Business Preference Program and the Section 3 Business Certification Program were applied in the evaluation of responses received for this contract; however, none of the applicants were a Veteran-Owned Small Business or certified as a Section 3 Business.

The Small Business Economic Development Advocacy (SBEDA) Ordinance requirements were waived because federal law expressly prohibits the application of local preference in procurements utilizing federal funds.

The Evaluation Committee, Neighborhood and Housing Services Department staff, reviewed and scored the proposals on December 16, 2020. The proposals were evaluated and scored on Experience, Background, and Qualifications (60 points); Proposed Plan (25 points); Section 3 Business Certification (10 points); and, Veteran-Owned Small Business Preference Program (5 points).

ISSUE:

Staff recommends entering into professional service agreement with TDA Consulting Inc. TDA Consulting, Inc. was selected by the evaluation committee from the three submitted proposals. TDA Consulting Inc. has a proven and trusted track record of delivering project underwriting services to other municipalities in Texas and have different areas of specialty commonly needed by the City. As part of the agreement, services to be performed may include, but are not limited to, the following:

- Evaluation of project Sources and Uses;
- Assessment of project Operating Pro Forma;
- Review of the project Market Analysis;
- Assessment of experience and financial capacity of project developer;
- Review of project cost analysis and cost allocation of grant eligible costs;
- Assessment of the sustainability and long term viability of the project;
- Review of project feasibility and affordability;
- Evaluation of entity financial capacity and review of financing structures; and
- Brief City staff and others on the research, analysis, findings, and recommendations.

ALTERNATIVES:

City Council could choose not to approve the ordinance and contractual agreement with TDA Consulting Inc. However, this could impede the City's ability to obtain accurate and reliable analysis for future affordable housing and economic development projects.

FISCAL IMPACT:

This ordinance authorizes a contractual agreement with TDA Consulting Inc. to conduct on-call financial consultation, project analysis, and credit underwriting services for the selection and negotiation of affordable housing and economic development projects. The term of the agreement is for four years with two one-year renewal options, in an amount not to exceed \$600,000 over the course of the contract term.

All expenditures will be in accordance with the FY 2021 Action Plan and Budget, approved by City Council on August 13, 2020 through Ordinance 2020-08-13-0531. Funding for the subsequent years of the agreement is subject to City Council approval of each subsequent Annual Action Plan and Budget.

RECOMMENDATION:

Staff recommends approval of an ordinance to execute an agreement with TDA Consulting Inc. to utilize their services as an Underwriting Consultant.

This agreement is procured by means of Request for Qualifications and the Contracts Disclosure Forms are attached.