

MOTION NO. M2018-76

**Contract for Real Estate Appraisal Services**

MEETING:	DATE:	TYPE OF ACTION:	STAFF CONTACT:
Capital Committee	06/14/2018	Final Action	Ahmad Fazel, DECM Executive Director <b>Kevin Workman, Director Real Property</b> <b>Charles Wells, Appraisal Manager</b>

**PROPOSED ACTION:**

Authorizes the chief executive officer to execute a contract amendment with McKee Appraisal to provide on-call real estate appraisal services in the amount of \$1,113,115, for a new total authorized contract amount not to exceed \$3,340,715.

**KEY FEATURES SUMMARY**

- This action requests additional funds to meet agency needs for real property appraisal services, appraisal review, valuation consulting services, and other real estate related services through mid-2019. There is no change in the original contract scope of work.
- Sound Transit originally procured three contracts for these services in 2015 prior to the ST3 vote. The original contracts terms end in February 2020, but there is not adequate funding to continue providing these services because of the large increase in work due to ST3.
- This amendment will provide adequate funding through the middle of 2019 to continue these services until Sound Transit can issue a new RFP in 2019 to better support the ST2/ST3 projects.

**BACKGROUND**

In February 2015, three appraisal contracts were approved with a February 2020 expiration. The contracts were procured and awarded prior to ST3 and did not consider the need for appraisal services for ST3 projects. Additionally, there were significant mid-stream changes on previous projects that required multiple appraisals that were not anticipated in the original contracts estimates.

The need for additional appraisal services has resulted in greater than anticipated expenditures to date and have nearly exhausted the original contract amount. Future Property Acquisition for Sound Transit Capital Project could be in jeopardy without the proposed contract changes. Looking forward at acquisition work that will be needed through the end of these contracts, it is estimated that Sound Transit will require about 1,100 properties and property rights to be appraised through 2021.

In anticipation of the work that will be needed to support the ST3 projects, a Request for Proposals to solicit new contracts will be prepared and be ready to issue by the end of 2018. This will allow new contracts to be finalized before these existing contracts are expended in mid-2019. The new procurement will seek a greater number of consultant-appraisal firms to provide resources to complete this work on a timely basis.

## PROCUREMENT INFORMATION

This request will add funding on three existing contracts. There will be no changes to the terms and conditions of the contracts.

## FISCAL INFORMATION

This on-call contract would be used for real estate appraisal services for right-of-way activities in support of system expansion projects. The consulting services described in this proposed action will be assigned on an as-needed basis after available budget is verified. Since the proposed services will be assigned on an as-needed basis, the distribution of cost will be determined as project schedules require.

## SMALL BUSINESS/DBE PARTICIPATION AND APPRENTICESHIP UTILIZATION

Sound Transit promotes and encourages small business participation, which also includes Disadvantaged Business Enterprises (DBEs). Consistent with Sound Transit Policies and Federal Regulations, Sound Transit has established Small Business/DBE goals for this contract. These goals are based upon an examination of subcontracting opportunities contained in the work of this contract and the number of Small Businesses/DBEs available to perform such subcontracting work.

For this specific contract, the following goals were set and McKee & Schalka has committed to the following Small Business/DBE Participation:

### Small Business and Disadvantaged Business Enterprise Goals

Sound Transit Goal:

Small Business: 18%

DBE: 0%

Commitment:

Small Business: 22%

DBE: 7%

<b>Subconsultant/Subcontractor</b>	<b>Business Type</b>	<b>% of Work</b>	<b>Amount</b>
NG Jacobson & Associates	Small Business	10%	\$222,760
Integrity Appraisal	DBE	2%	\$44,552
PJS & P Associates	DBE	1%	\$22,276
James & Associates	Small Business	4%	\$89,104
Granger Company	Small Business	4%	\$89,104
Signs Plus	Small Business	1%	\$22,276
<b>Total</b>		<b>22%</b>	<b>\$490,072</b>

## PUBLIC INVOLVEMENT

Not applicable to this action.

## TIME CONSTRAINTS

The on-call real estate appraisal services contracts are nearly out of funds. A delay in approval could result in a delay in acquisition and relocation activities for various Board approved projects and could result in properties needed for construction not being available in a timely manner.

## PRIOR BOARD/COMMITTEE ACTIONS

Motion No. M2015-02: Authorized the chief executive officer to execute a five-year contract with two one-year options to extend with McKee & Schalka to provide appraisal and appraisal consulting services for properties acquired or to be acquired for Sound Transit projects in the amount of \$2,025,100, with a 10% contingency of \$202,500, for a total authorized contract amount not to exceed \$2,227,600.

## ENVIRONMENTAL REVIEW

KH 6/6/2018

## LEGAL REVIEW

AJP 6/8/2018



**MOTION NO. M2018-76**

A motion of the Capital Committee of the Central Puget Sound Regional Transit Authority authorizing the chief executive officer to execute a contract amendment with McKee Appraisal to provide on-call real estate appraisal services in the amount of \$1,113,115, for a new total authorized contract amount not to exceed \$3,340,715.

**BACKGROUND:**

In February 2015, three appraisal contracts were approved with a February 2020 expiration. The contracts were procured and awarded prior to ST3 and did not consider the need for appraisal services for ST3 projects. Additionally, there were significant mid-stream changes on previous projects that required multiple appraisals that were not anticipated in the original contracts estimates.

This action requests additional funds to meet agency needs for real property appraisal services, appraisal review, valuation consulting services, and other real estate related services through mid-2019. There is no change in the original contract scope of work. The need for additional appraisal services has resulted in greater than anticipated expenditures to date and have nearly exhausted the original contract amount. Future Property Acquisition for Sound Transit Capital Project could be in jeopardy without the proposed contract changes. Looking forward at acquisition work that will be needed through the end of these contracts, it is estimated that Sound Transit will require about 1,100 properties and property rights to be appraised through 2021.

In anticipation of the work that will be needed to support the ST3 projects, a Request for Proposals to solicit new contracts will be prepared and be ready to issue by the end of 2018. This will allow new contracts to be finalized before these existing contracts are expended in mid-2019. The new procurement will seek a greater number of consultant-appraisal firms to provide resources to complete this work on a timely basis.

**MOTION:**

It is hereby moved by the Capital Committee of the Central Puget Sound Regional Transit Authority that the chief executive officer is authorized to execute a contract amendment with McKee Appraisal to provide on-call real estate appraisal services in the amount of \$1,113,115, for a new total authorized contract amount not to exceed \$3,340,715.

APPROVED by the Capital Committee of the Central Puget Sound Regional Transit Authority at a regular meeting thereof held on June 14, 2018.

  
Claudia Balducci  
Capital Committee Chair

ATTEST:



Kathryn Flores  
Board Administrator