



City Council Memorandum

City of Arts & Innovation

TO: HONORABLE MAYOR AND CITY COUNCIL DATE: AUGUST 20, 2024

FROM: CITY MANAGER'S OFFICE WARDS: ALL

SUBJECT: THIRD AMENDMENT TO PROFESSIONAL CONSULTANT SERVICES AGREEMENT WITH HR&A ADVISORS, INC. TO EXTEND THE TERM OF THE AGREEMENT, PROVIDE ADVISORY SERVICES TO EVALUATE A REVISED DEVELOPMENT PROGRAM AND PARKING ARRANGEMENT AND THEIR ASSOCIATED FISCAL IMPACT FOR THE RIVERSIDE ALIVE PROJECT, AND ADD INCREASED COMPENSATION NOT TO EXCEED \$50,000

ISSUE:

Approval of the Third Amendment to the Professional Consultant Services Agreement with HR&A Advisors, Inc., to reinstate and extend the term of the agreement until December 31, 2024; to have the Consultant provide additional advisory services to evaluate a revised development program and parking arrangement and their associated fiscal impact for the Riverside Alive Project; and to add increased compensation not to exceed \$50,000, for a total agreement amount of \$385,000.

RECOMMENDATIONS:

That the City Council:

1. Approve the Third Amendment to Professional Consultant Services Agreement with HR&A Advisors, Inc. to reinstate and extend the term of the agreement until December 31, 2024; to have the Consultant provide additional advisory services to evaluate a revised development program and parking arrangement and their associated fiscal impact for the Riverside Alive Project; and to add increased compensation not to exceed \$50,000, for a total agreement amount of \$385,000; and
2. Authorize the City Manager, or his designee, to execute the Third Amendment to Professional Consultant Services Agreement with HR&A Advisors, Inc., including making minor and non-substantive changes.

BACKGROUND:

On April 27, 2021, the City Council approved a Professional Consultant Services Agreement (Agreement) with HR&A Advisors, Inc. (HR&A) using Purchasing Resolution No. 23256, Section 702(k) which states, "Competitive Procurement through the Informal Procurement and Formal

Procurement process shall not be required in any of the following circumstances:...(k) When the Awarding Entity waives bidding requirements under and according to the circumstances set forth in Section 1109 of the City Charter, or when it is determined by the Manager to be in the best interest of the City to do so." This bid award was crucial to the financial success of the project while ensuring the City mitigated potential risks and adhered to time constraints.

On April 19, 2022, the First Amendment was issued to the agreement due to two significant changes to the proposed development. The private development proposed reducing its total development, including reducing the number of hotel keys, parking stalls, and size of the creative office tower. Additionally, the developer proposed adjusting the phasing of the project, further delaying some of the multifamily development.

On July 19, 2022, the City Council approved the Second Amendment to the agreement with HR&A, adding additional scope that increased the total compensation to \$335,000. Due in part to changes in staffing that resulted in a loss of institutional knowledge related to the Riverside Alive project, the Second Amendment tasked HR&A with the overall project management and facilitation of the deal points structure and development agreements, providing the real estate expertise needed to move the project forward.

DISCUSSION:

Since the last fiscal analysis conducted by HR&A in November 2022, there have been some changes to the programs and proposals for both the public and private development components of the Riverside Alive project. The significant changes include proposed changes to the parking arrangements, modified parking rates, and current negotiations with an additional developer, Greens Group. Given these changes, the City is requiring an assessment of whether the financial and fiscal revenues generated by the development are sufficient to cover the cost of subsidizing certain components of the project, particularly a public parking structure shared with private office users.

The additional scope of work to be completed by HR&A is as follows:

1. Updated Financial and Fiscal Impact Assessment
 - a. High-level review of sources from mixed-use development and parking operations
 - b. High-level review of uses and expenditures from RCC and parking facility construction and operations
 - c. High-level risk assessment
2. Presentations to City Council and other relevant parties

This Third Amendment approval requires Awarding Entity approval based on Purchasing Resolution 24101, Section 702(w) which states, " When approved by the Manager, Services not subject to the bidding requirements of Section 1109 of the City Charter, which are of such a nature that suitable technical or performance specifications describing them are not readily available and cannot be developed in a timely manner to meet the needs of the City, in which case the Manager shall be authorized to negotiate with any Person or Persons for the Procurement thereof upon the price, terms and conditions need by the Manager to be in the best interest of the City and in doing so may utilize Informal Procurement or Negotiated Procurement process."

The Purchasing Manager concurs that the recommendation is in compliance with Purchasing Resolution No. 24101, Section 702(w).

STRATEGIC PLAN ALIGNMENT:

This item contributes to **Strategic Priority 5 – High Performing Government** and **Goal 5.3 – Enhance communication and collaboration with community members, to improve transparency, build public trust, and encourage shared decision-making.**

This item aligns with each of the five Cross-Cutting Threads as follows:

1. **Community Trust** – Ensuring that public private partnership agreements are completed in the best interest of the City provides transparency and decision making based on sound policy and timely and reliable information, serving the public interest.
2. **Equity** – The Riverside Alive project will be accessible to all members of the community.
3. **Fiscal Responsibility** – Utilizing a specialized consultant helps to ensure that the City does not extend itself financially and invests in projects with positive returns to the community.
4. **Innovation** – The Riverside Alive project is an innovative way to plan and offset the cost to support new development within the City.
5. **Sustainability & Resiliency** – The public private partnership project will meet needs for housing as well as increased business opportunities.

FISCAL IMPACT:

The total fiscal impact of this contract amendment is \$50,000. The funds are budgeted and available in the General Fund, Economic Development, Professional Services account number 2815001-421000.

Prepared by:	Krystelle Schneider, Senior Management Analyst
Certified as to availability of funds:	Kristie Thomas, Finance Director/Assistant Chief Financial Officer
Approved by:	Mike Futrell, City Manager
Approved as to form:	Phaedra A. Norton, City Attorney

Attachment: Third Amendment to Agreement