



June 13, 1995



Los Angeles County
Metropolitan
Transportation
Authority

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Los Angeles, CA
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213.972.6000

TO: BOARD OF DIRECTORS

THROUGH: FRANKLIN E. WHITE

FROM:  JOHN J. ADAMS/JUDITH PIERCE 

SUBJECT: **USE OF CONSULTANT SERVICES IN ACQUIRING
SUBSURFACE EASEMENTS THROUGH THE
HOLLYWOOD HILLS**

ISSUE

The Board of Directors requested staff to prepare a written report which outlines the issues and actions taken to acquire the easements required for the Red Line Segment 3 Metro Rail Project through the Hollywood Hills by the use of a consultant.

BACKGROUND

The construction of the Metro Red Line tunnels through the Hollywood Hills required the acquisition of a total of 114 permanent subsurface easements. The easements are located at depths ranging from 70 to 900 feet below the surface. The tunnels will be excavated by using mechanized tunnel boring machines.

Appraisal and Acquisition Consultant

Because of the volume of easements required, the ongoing workload of the Real Estate Staff and the construction schedule, it was necessary to contract for outside consultants to perform the appraisals and acquisitions. The former Rail Construction Corporation (RCC) and subsequently the MTA Board authorized a contract with Meza and Madrid Development, Inc. (MMD) in May 1993 for a total amount of \$217,000 (See Exhibit "A" - Staff Report). The work was divided into 2 phases.

Phase 1 of the project covered the appraisal and acquisition of 18 parcels for a total cost of \$43,500. These parcels were required for the portion of the tunnel between the Hollywood Highland Station and the rockface of the Hollywood Hills. Nine parcels were acquired by the consultant and nine were ultimately acquired through the condemnation process.

Phase 2 of the project covered the appraisal and acquisition of 96 parcels for a fixed price of \$180,000. These parcels are required for the portion of the tunnel between the rockface of the Hills and the alignment leading to the Universal City Station. The consultant completed the appraisal of all of the subsurface easements and completed acquisition of eighteen parcels. The remaining parcels were included in the request to adopt a resolution of necessity to condemn.

The contract scope of work required the consultant to take the following actions:

- Perform an appraisal analysis of the entire assignment area.
- Prepare an appraisal report whenever the permanent subsurface easement is determine to have a value that is greater than nominal.
- Review, prepare and maintain parcel file.
- Meet with property owners to present offers for the amount of approved just compensation.
- Coordinate final acquisition with MTA Real Estate staff.
- Recommend condemnation action when impasse has been reached in negotiations.
- Provide monthly reports to Real Estate staff summarizing activities for the month.

Selection of Consultant

A Request for Proposal for appraisal and acquisition services was issued in March 1993. Nine responses were received and evaluated by a review team consisting of MTA staff. Meza and Madrid was the lowest, most qualified bidder for providing appraisal and acquisition services for Phase 1 and Phase 2 of the project. (See attached Exhibit "A" - Staff Report).

Consultant Qualifications

The consultant team submitted by MMD consisted of an appraisal and acquisition team containing 4 certified general real estate appraisers, 1 review appraiser - Taylor Dark, MAI, and an acquisition services consultant - Security Land & Right of Way Services, Inc. All members of the team had extensive local experience and were considered to be professionally capable of performing the work required.

Mr. Henry Madrid, Vice President of MMD, served as Contract Manager for the appraisal and acquisition activities and Project Manager for the appraisal services. Mr. Madrid gained significant experience in real estate appraising and acquisition when he served as Director of Real Estate for the Los Angeles Community Redevelopment Agency (LACRA).

The appraisal team consists of two MAI certified appraisers and three certified general real estate appraisers. At least two of the appraisers have direct previous experience in providing budgetary estimates for the Metro Red Line, Segment 3, as well as significant knowledge of the Hollywood and Studio City communities. The appraisers were familiar with the properties under which the right-of-way passes, including the hillside homes, apartment buildings and condominiums.

The acquisition team consisted of Mr. Roger Cunningham, President of Security Land and Right of Way Services, Inc., who serves as the Project Manager for acquisition services. Two acquisition agents with considerable, professional experience in acquiring right of way easements, assisted Mr. Cunningham. They had significant prior experience in negotiation with condominium associations and individual unit owners. Additionally, the acquisition team had been engaged in public sector acquisition services since 1963 with approximately 99 percent of the services being provided for local cities, public agencies, counties, and State and Federal agencies.

The technical expertise and experience of the Meza & Madrid team influenced the selection of the firm to perform the acquisition assignment.

Payments to Consultant for Phase 2

To date, under Phase 2 of the contract, MMD has been paid a total of **\$134,482.50**. A total of 5 payments have been made based on the submittal of invoices. The first three invoices totaling \$90,000 covered the appraisal of 96 parcels. *The average costs per appraisal equals \$937.50 per parcel.* A four volume appraisal report was submitted that included a separate section for each parcel. The appraisal of each parcel included a picture of the parcel, a summary description, an assessment of the highest and best use of the parcel before the taking and the highest and best use after the taking and an assessment of the value of the permanent subsurface easement. The report also included a copy of the Appraisal Notification Letter that was sent to each property owner. The majority of appraisal notification letters were mailed in June 1994. Of the 96 property owners, MMD indicated that 43 of the property owners were present at the time the appraiser inspected the property.

The second set of invoices covered the acquisition services provided by the MMD team through April 1995. A total of \$44,482.50 has been paid to cover the services provided in organizing the acquisition files, preparing and mailing the offer letters; making second and third follow-up contacts. MMD submitted a summary report which indicated their attempts to contact various property owners by telephone and by mail. Many property owners did not respond to either medium of communication. The average cost per parcel for the acquisition efforts equals \$463.36 per parcel.

An invoice of \$12,757.50 is pending and recommended for payment. In addition a final invoice for close-out services will be submitted. The pending invoice covers services performed in the preparation and processing of easements. A total of 18 easements were acquired by MMD. The contract balance is currently \$45,517.50. The term of the contract expired on May 31, 1995 and the MTA Real Estate staff has assumed responsibility for completing the processing of all accepted offers and the continued negotiations with property owners.

Assessment of Meza & Madrid's Performance

Meza & Madrid completed the acquisition of 18 permanent subsurface easements under the Phase 2 contract. Staff feels that their efforts were acceptable considering the circumstances. Most of the property owners were not responsive to letters or telephone calls which discussed the presence of the Metro Rail Project. This lack of

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response cannot be directly attributed to the consultant's performance under the contract. If the work had been performed in-house, with a normal workload, the MTA real estate staff would have been more proactive in following up with property owners in an effort to keep the process moving.

Prepared by Velma C. Marshall
Director of Real Estate



May 21, 1993

Los Angeles County
Metropolitan
Transportation
Authority

TO: RCC BOARD OF DIRECTORS - 6/14 MEETING
FROM: EDWARD MCSPEDON
SUBJECT: METRO RED LINE-SEGMENT 3
AUTHORIZATION TO CONTRACT WITH PRIVATE CONSULTANTS
TO PROVIDE APPRAISAL AND ACQUISITION SERVICES

125 West Seventh Street
Suite 300
Los Angeles, CA 90017

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ISSUE

The MTA Real Estate Department is proposing to enter into a contract with a private consultant who will provide appraisal and acquisition services on behalf of the MTA. The consultant will appraise parcels and negotiate the acquisition of permanent subsurface easements and fee simple interests with individuals, businesses and/or non-profit organizations which are impacted or being displaced by the Metro Red Line Project - Segment 3.

RECOMMENDATION

That the Rail Construction Corporation Board recommend that the MTA authorize the Chief Executive Officer to enter into a contract with the following private consultant for appraisal and acquisition services:

<u>RELOCATION CONSULTANT</u>	<u>ADDRESS</u>	<u>CONTRACT AMOUNT</u>
Meza and Madrid Development, Inc.	9915 Rose Street Bellflower, CA	\$217,000.00

BACKGROUND

It has been the practice of the MTA to utilize its Real Estate staff to review appraisals prepared by independent fee appraisers and to negotiate and process the acquisition of parcels needed for the various Metro Rail Projects. However, due to the Real Estate Department's current workload and the unusually short period of time between the B251 Contract parcel certifications and the construction "need date", it has become necessary to seek outside help to obtain the

necessary acquisitions by the required construction time schedule.

To obtain the outside help, on March 5, 1993, staff published and advertised a Request for Proposal (RFP) for appraisal and acquisition services. The request for services was divided into two parts: Phase 1, which required an expedited delivery schedule, and Phase 2, which allows a delayed Notice to Proceed and an unchanged delivery schedule. Interested applicants were to submit separate proposals for each Phase.


In response to the RFP, nine proposals were received from private consultants. A review team, consisting of MTA staff, was established to evaluate the proposals. A "short list" of six applicants was selected for the Phase 1 services. From this list, the firm of Meza and Madrid Development, Inc. (MMD), was selected to provide the requested services at a cost of \$43,500. MMD's assignment, which became effective on April 1, 1993, includes the appraisal and acquisition of 18 permanent subsurface easements. In monitoring Phase 1, staff has had numerous contacts and two progress meetings with MMD. Staff is able to report that to date, MMD is performing satisfactorily.


A selection of the consultant for Phase 2 has been carried out in the same manner as described above. Of the nine proposals received, seven were considered for Phase 2. Again the evaluation team selected the firm of Meza and Madrid Development, Inc. to provide the appraisal and acquisition services at a cost of \$217,000 (\$197,000 + 10% contingency). MMD was cited as the firm which demonstrated the most technical capacity to perform the work in the time required and at the most competitive price.

SUMMARY


Staff recommends that the Chief Executive Officer be authorized to enter into a \$217,000 contract with the selected consultant to provide appraisal and acquisition services on behalf of the MTA.

Prepared by:


JAMES D. WILEY
Senior Manager of
Real Estate


EDWARD MCSPEDON, P.E.
President/CEO
Rail Construction Corporation

CONCUR:


CHARLES STARK
Project Manager,
Metro Redline, Segment 3

ATTACHMENT "A"
 CONTRACT COST STATUS
 CONTRACT NO., LRA-388-93
 SEGMENT 3

DATE:

CONTRACT VALUE STATUS:		TOTAL	Project	Project	Project
1.	Contract Award Amount	202,000	101,000	101,000	0
2.	Executed Amendments as of:	0	0	0	0
3.	Contract Value (current) (1+2)	202,000	101,000	101,000	0
4.	Cost Plus Change Notices as of:	0	0	0	0
5.	Contract Value (obligated) (3+4)	202,000	101,000	101,000	0
6.	This Amendment	0	0	0	0
7.	Revised Contract Value (obligated) (5+6)	202,000	101,000	101,000	0
AUTHORIZED FOR EXPENDITURE STATUS:					
8.	Revised Contract Value (line 7)	202,000	101,000	101,000	0
9.	Proposed Allowance (10%)	15,000	7,500	7,500	0
10.	Proposed Authorization (8+9)	217,000	208,500	208,500	0
11.	Present Authorization	217,000	208,500	208,500	0
12.	Authorization Increase Requested (10-11)	0	0	0	0
BUDGET STATUS:					
13.	Current Budget	217,000	208,500	208,500	
14.	Total Revised Contract Value (line 7)	217,000	208,500	208,500	0
15.	Difference: Budget Less Total Revised Contract Value	0	0	0	0
FORECAST STATUS:					
16.	Current Forecast	217,000	208,500	208,500	0
17.	Total Revised Contract Value (line 7)	217,000	208,500	208,500	0
18.	Difference: Forecast Less Total Revised Contract Value	0	0	0	0
ACCOUNTING					
19.	CUD #		LRA-388-93	LRA-388-93	
20.	Grant		3392	9402	
21.	Mac Code		13.75.91/94	13.75.91/94	
22.	Object Code		5820/21	5820/21	
23.	Cost Center		3800	3800	
24.	Element/Line		R-82	R-82	