



## Legislation Details (With Text)

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Date	Ver.	Action By	Action	Result
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**TO:** Chair and Members of the Board

**FROM:** Diane Colonna, Executive Director

**DATE:** April 12, 2017

### SELECTION OF A PROPERTY MANAGEMENT FIRM FOR CONTINUING CONTRACT SERVICES

**BACKGROUND:** Due to the fact that the MCRA's 3-year agreement for property management services was expiring, in January of this year a Request For Proposals (RFP) was issued for property management services on a continuing contract basis. Two firms responded, the MCRA's current management company- Advanced Asset Management, and Property Management, Inc. - Fort Lauderdale.

The responses were reviewed by a selection committee consisting of the City's Building Division Leader and the two MCRA Project Managers. The two respondents were invited to make presentations to the committee, and a final ranking was conducted. Evaluation points were issued in five categories with a 20 point possible maximum value for each category, for a grand total of 100 points based on the following criteria:

- 1) company experience
- 2) project manager experience
- 3) service and communication delivery method
- 4) budgeting, accounting and reporting methodology
- 5) proposed fee schedule.

The results of the ranking are as follows:

- |  |            |
|--|------------|
| 1. Advanced Asset Management                   | 232 points |
| 2. Property Management, Inc. - Fort Lauderdale | 225 points |

Additional background on the review and ranking process is described below.

After the presentations, the committee felt clarification was needed on the costs submitted by each firm for the line items of the property management scope and the rates for securing leases with new tenants. A Clarification of Fee Schedule was issued after the presentations which better defined what should be included under the following fee categories:

- 1) Property Management fee - based on a lump sum cost per year; and
- 2) Leasing fees - fee charged for leasing tenant spaces, either a lump sum charge per lease or a fee based on a percentage of the lease value

Both firms resubmitted their entire fee schedule for all services (included as Background Information - Clarification of Fee Schedule for this agenda item).

Each firm resubmitted a lump sum annual cost for property management services but varied on their approach to charging for new leases. Advanced Asset Management based their fee on a set sum of \$1,000 per new lease and \$100 per lease renewal. Property Management, Inc. proposed a fee equal to 6% of the total new lease value, and a flat fee of \$250 per lease renewal. Since there is no way to accurately predict the number or value of new leases on an annual basis, the "New Lease Fee" line item was removed when calculating points for the Proposed Fee Schedule category. [As an example for comparison, staff examined the leases for three recent new tenants. Property Management's fee would have been based on 6% of \$161,100 (total of 3 leases/3 year terms) for a total of \$9,666. At a flat rate, Advanced Asset's fee would be \$3,000 (\$1,000 per lease) a difference of \$6,666.]

Property Management, Inc. was awarded the maximum points allowed for the Proposed Fee Schedule category, as the total of their lump sum fees were less than Advanced Asset Management, the basis for cost consideration under this RFP. The largest discrepancy is in the main property management fee, with Advanced Asset Management at \$90,000/year and Property Management Inc. at \$51,750. Other costs such as the hourly rates for handyman, janitorial and general management services varied between the two (2) firms.

Advanced Asset Management scored higher in the remainder of the ranking categories based on their experience with commercial/retail property and tenant management. Property Management, Inc. - Fort Lauderdale is an arm of a corporate nationwide franchise. On the local level, the Fort Lauderdale staff has experience in property management for corporate/small hotels, and they currently manage multi-family residential units in Fort Lauderdale. There is no indication in their submittal that they've managed shopping center type properties.

The next step in the process is to negotiate an agreement with the selected firm for one (1) year, with up to two (2) one-year renewals (maximum of 3 years). There may be opportunities in the negotiations to reduce the overall costs by deleting some of the items in the scope (i.e. Maintenance Contract Management).

The agreement will be brought back to the CRA board for approval at the May meeting.

**RECOMMENDATION:** Select the top ranked firm, Advanced Asset Management and direct staff to negotiate an agreement for continuing services.

**FISCAL IMPACT:** Funding for property management is allocated in 140-0510-512-31 38 - Property Maintenance; 140-0510-512-31 70 - Property Maintenance - Chevy Chase; and 140-0510-512-31 71 Property Maintenance - Ace Plaza.

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