
SUBJECT

Property and Construction Management Services (Staff Representative: Debra Johnson)

RECOMMENDED ACTION

To authorize the President and CEO to enter into a contract with Newmark Knight Frank for Property Management services for the commercial office building located at 4801 Airport Plaza Drive. The term of the contract is for three years at a cost of \$772,725, with two, one-year options at \$273,181 for Option Year One and \$281,387 for Option Year Two for a total authorization amount not to exceed \$1,327,293.

BACKGROUND

On February 27, 2020, LBT's Board of Directors authorized the President and CEO to purchase an eight-story multi-use office building located at 4801 Airport Plaza Drive (Property) in the City of Long Beach, as well as granting authorization for the President and CEO to meet and/or address all real commercial property acquisition requirements.

The Property will serve as the agency's administrative corporate offices, thereby enabling LBT1, located at Anaheim Street and Cherry Avenue, to function as a full-fledged operations and maintenance facility for LBT's battery-electric bus fleet.

The Property being acquired is a 176,860-square-foot building and LBT's current space needs require 40,000-square feet. It is the agency's intent to occupy and utilize three of the eight floors, one of which being the ground floor which has a Boardroom.

LBT plans to lease the remaining five floors and anticipates using the leasing revenue to invest in improvements at its existing facilities.

Property management is a line of business of which LBT staff does not have experience nor has subject matter expertise.

Hence, staff is recommending to obtain property management services for the Property to include all property management and operation services that are typically required for managing a standard commercial building.

These services include tenant management; general engineering; janitorial and commercial cleaning services; security; building upkeep and preservation; contract procurement and management; budget compliance; as well as emergency preparedness planning.

Services also include construction management for improvements or alterations occurring at the Property, including the procurement of contracts for the development and implementation of the construction and the supervision, direction and coordination of improvements and alterations to completion.

PROCUREMENT

On behalf of LBT, Atkinson, Andelson, Loya, Ruud & Romo (AALR&R), the agency's real estate counsel, issued a Request for Proposal (RFP) to several firms to provide property and construction management services. Three proposals were received, which were reviewed for compliance with the solicitation requirements.

Newmark Knight Frank, in Los Angeles, California, scored the highest rating and was found to be responsive and responsible by AALR&R.

DBE/SBE PARTICIPATION

A Disadvantaged Business Enterprise (DBE) goal was not established for the property and construction management services contract due to the specialized nature of professional services required by LBT to manage commercial property and the limited availability of DBEs.

Subcontracting opportunities for support services will be made available by Newmark Knight Frank and goals will be established by LBT on an as needed basis to ensure disadvantaged, small and local firm utilization.

ALTERNATIVES CONSIDERED

Staff considered two alternatives:

1. Assuming the responsibility of property management services internally; however, LBT does not have any employees who have the skills or experience to perform property management services.

LBT could hire subject matter experts as full-time LBT personnel; however, staff concluded this alternative is not fiscally prudent relating to the number of employees warranted.

2. Selecting another firm to provide property management services; however, Newmark Knight Frank's experience, as well their cost proposal was better aligned with LBT's needs.



BUDGETARY/FISCAL IMPACT

Staff is requesting LBT's Board of Directors to authorize the President and CEO to enter into a contract with Newmark Knight Frank for Property Management services for the commercial office building located at 4801 Airport Plaza Drive. The term of the contract is for three years at a cost of \$772,725, with two, one-year options at \$273,181 for Option Year One and \$281,387 for Option Year Two for a total authorization amount not to exceed \$1,327,293.

Funds for the first year of the property management services contract will be included in the Fiscal Year (FY) 2021 Operating Budget and funding for subsequent years will be included in future operating budgets.

A handwritten signature in blue ink that reads "K. McDonald".

Kenneth A. McDonald
President and Chief Executive Officer