



**February 13, 2019**

**To:** Finance and Administration Committee

**From:** Darrell E. Johnson, Chief Executive Officer

**Subject:** Consultant Selection for Real Property Management Services

### **Overview**

On October 15, 2018, the Orange County Transportation Authority issued a request for proposals for consultant services to provide real property management services for Orange County Transportation Authority-owned properties. Proposals were received in accordance with the Orange County Transportation Authority's procurement procedures for professional and technical services. Board of Directors' approval is requested to execute the agreement.

### **Recommendations**

- A. Approve the selection of Cal Pacific Land Services, Inc., as the firm to provide real property management services.
- B. Authorize the Chief Executive Officer to negotiate and execute Agreement No. C-8-1853 between the Orange County Transportation Authority and Cal Pacific Land Services, Inc., as the firm to provide real property management services, in the amount of \$600,000, for a five-year term.

### **Discussion**

The Orange County Transportation Authority (OCTA) Real Property Department staff manages OCTA-owned properties such as the Orange and Olive railroad right-of-way (ROW), the abandoned Pacific Electric railroad ROW (PEROW), multiple highway widening projects, and other OCTA-owned properties acquired in support of highway and transit projects.

There are approximately 1,000 licenses related to these properties that require regular monitoring for rent increases, proof of insurance documentation, and property inspections. There is also a continuous need to amend existing

licenses and to negotiate new license terms. In support of staff, these services are currently supplied by an existing ROW consultant under a contract task order which expires on March 31, 2019. Staff is recommending a separate real property management contract for these specialized services.

### ***Procurement Approach***

This procurement was handled in accordance with OCTA's Board of Directors-approved procedures for professional and technical services. Various factors are considered in an award for professional and technical services. Award is recommended to the firm offering the most comprehensive overall proposal considering such factors as staffing and project organization, prior experience with similar projects, approach to work plan, as well as cost and price.

On October 15, 2018, request for proposals (RFP) 8-1853 was issued electronically on CAMM NET. The project was advertised in a newspaper of general circulation on October 15 and 22, 2018. A pre-proposal conference took place on October 23, 2018, with 19 attendees representing 14 firms. Two addenda were issued to make available the pre-proposal conference presentation and registration sheets, and provide responses to questions received.

On November 13, 2018, five proposals were received. An evaluation committee consisting of staff from the Contracts Administration and Materials Management, Real Property, and Rail Programs departments met to review all submitted proposals. The proposals were evaluated based on the following evaluation criteria and weights:

- |                                     |            |
|-------------------------------------|------------|
| • Qualifications of the Firm        | 20 percent |
| • Staffing and Project Organization | 30 percent |
| • Work Plan                         | 30 percent |
| • Cost and Price                    | 20 percent |

Several factors were considered in developing the criteria weights. High importance was given to staffing and project organization, as the key personnel are critical to the successful delivery of the project. Similarly, high importance was also given to the work plan criterion to emphasize the importance of the team's understanding of the project, its challenges, and its approach to completing the tasks outlined in the scope of work (SOW). Qualifications of the firm evaluates the firm's experience in performing work of a closely similar nature. Cost and price were weighted at 20 percent to ensure OCTA receives value for the work provided.

The evaluation committee reviewed and discussed all proposals based on the evaluation criteria and short-listed the two most qualified firms listed below in alphabetical order:

Firm and Location

Cal Pacific Land Services, Inc. (CPLS)  
Garden Grove, California

Epic Land Solutions, Inc. (Epic)  
Anaheim, California

On December 18, 2018, the evaluation committee interviewed the two short-listed firms. The interviews consisted of a presentation allowing each firm to present its qualifications, highlight its personnel, and respond to evaluation committee questions. In general, each team's presentation addressed the requirements of the RFP, highlighted the project team's experience in working on related projects, its staffing plans, its work plans, and stressed the firm's commitment to the success of the project. Each firm was asked general questions related to the potential challenges and risks of the project, along with the firm's experience with utility companies as tenants. In addition, each team was asked specific clarification questions related to the proposal. After considering the responses to the questions asked during the interview, the evaluation committee adjusted the preliminary scores for both firms; however, CPLS remained as the top-ranked firm with the highest cumulative score.

Based on the evaluation of written proposals and information obtained from the interviews, staff recommends CPLS as the firm to provide real property management services. This firm ranked highest among the proposing firms because of the team's relevant experience in performing real property management services for OCTA, as a subconsultant, and for other public agencies. CPLS' proposed team consists of highly-qualified key personnel with relevant experience in real property management for railroad projects. The firm demonstrated a clear understanding of the project requirements and presented a comprehensive work plan addressing key issues that are critical to the success of the project. The following is a brief summary of the proposal evaluation results.

**Qualifications of the Firm**

CPLS has been providing property management services, with an emphasis on railroad ROW, acquisition and negotiation, title analysis, utilities coordination, and escrow coordination for public agencies since 2008. The firm has four employees and one office located in the City of Garden Grove. CPLS has experience providing a variety of real property management services that include tracking and reporting tenant revenue, Consumer Price Index (CPI) adjustments, collecting past due rent, preparing license agreements and

amendments to license agreements, corresponding with tenants, preparing tenant rental status reports, tracking insurance requirements, and maintaining ROW and inspecting property for various public agencies, including OCTA, the Port of Long Beach, and the Port of Los Angeles. The projects completed for these agencies have similar project requirements to the SOW for real property management services, such as tracking CPI adjustments, collecting rent, reviewing and updating insurance and indemnification requirements for tenants, negotiating new licenses, and various property maintenance tasks for real property. CPLS has worked with OCTA as a subconsultant to provide these services for the PEROW and Orange and Olive subdivisions railroad corridor. CPLS proposed to utilize one subconsultant to provide appraisal services, if necessary.

Epic was founded in 2000 and is a full-service ROW and real property firm. Epic has 57 employees and eight offices, which includes its office headquarters in Los Angeles and a local office in the City of Anaheim. The firm has provided property management services that include lease and license invoicing, market rent analysis, insurance compliance management, mapping, database management, site maintenance, utility and easement agreements, and excess land sales for the San Bernardino County Transportation Authority (SBCTA) and Riverside County Transportation Commission (RCTC). The firm has also worked with other public agencies, such as the Metropolitan Water District of Southern California and North County Transit District.

#### Staffing and Project Organization

CPLS proposed a project team that has relevant previous experience performing real property management activities similar to those required by the SOW. The proposed project manager (PM) has over 45 years of experience in all aspects of property management. The proposed in-house ROW agent has worked with OCTA in the past performing the duties required by the SOW, including originating and negotiating license agreements, license amendments, entry permits with tenants, tracking of rent and insurance, collection of past due rent, inspections of properties and ROW, database maintenance, and responding to communication from tenants and OCTA staff. The project team has worked together on several projects in the past for OCTA, the Port of Long Beach, and the Port of Los Angeles where similar services were provided. During the interview, the project team discussed its roles on the project and the tasks the team would be responsible for handling, as well as responding to the evaluation committee's questions regarding its staffing availability to meet OCTA's needs.

Epic proposed a project team with experience performing real property management services. The proposed PM has 11 years of experience providing property management services. The proposed in-house ROW agent has an overall experience of three years providing property management services similar to those required of the SOW for public agencies, such as SBCTA and

RCTC. Epic proposed to have key personnel dedicated to excess land sales; however, this is not a requirement of the SOW for this project. The project team members have experience working together on previous projects. During the interview, the project team introduced an additional key personnel that provided responses to many of the evaluation committee's questions rather than the personnel who are proposed for the day-to-day work.

#### Work Plan

CPLS presented a comprehensive work plan that addressed how the tasks of the SOW would be completed. The firm demonstrated understanding of the project by discussing how the team would determine fair market value (FMV), perform CPI adjustments, its methodology for appraising license areas, and proposed the creation of master utility agreements to reduce the amount of negotiations for each new utility agreement. The work plan emphasized the importance of communication with OCTA staff to allow for sufficient review of CPLS' recommendations for FMV rent adjustments, tenant insurance issues, and new tenant agreements before CPLS takes any course of action. The firm discussed its approach for its coordination efforts with OCTA's risk manager to review insurance and indemnification requirements. The firm also addressed the importance of representing OCTA in the highest professional standard when communicating with tenants, the general public, other agency staff, and OCTA staff to ensure that negotiations for FMV adjustments and new license agreements are productive. CPLS proposed several enhancements, such as utility master agreements and the utilization of 'Valuation Maps' which would ensure that current information related to the location and configuration of each parcel is easily accessible to staff. Additionally, during the interview, the firm detailed its approach to handling sensitive FMV adjustments by utilizing the team's experience in handling similar situations on previous projects.

Epic presented its approach to providing real property management services by discussing the various tasks that would be completed in its work plan. The firm discussed its understanding of the SOW by sequentially breaking down the work activities that would be completed during the period of performance and identified special issues and possible solutions. Epic discussed potential issues regarding loss of revenue through the use of outdated FMV rates, past due payments, and unrealized rental potential. The firm also identified potential issues with unexpected and costly property maintenance and security, and provided mitigation strategies for these issues. Epic presented an enhancement to the project that would upgrade OCTA's current database. During the interview, Epic highlighted its experience in negotiating and coordinating with utility companies, as the proposed project team has experience with utility tenants on previous projects. The work plan, in some detail, discussed items outside the SOW showing the team may not fully understand the role for this project.

### Cost and Price

Pricing scores were based on a formula which assigns the highest score to the firm with the lowest weighted average hourly rate, and scores the other proposal's weighted average hourly rates based on its relation to the lowest weighted average hourly rate. CPLS' average hourly rate was competitive with the other proposing short-listed firm.

### Procurement Summary

Based on the evaluation of the written proposals and information obtained during the interviews, the evaluation committee recommends the selection of CPLS as the firm to provide real property management services. CPLS demonstrated relevant experience and submitted a comprehensive proposal that was responsive to the requirements of the RFP. CPLS presented a detailed and thorough interview supporting the firm's experience, staffing, work plan, and a complete understanding of the overall project.

### Fiscal Impact

The project is included in OCTA's Fiscal Year 2018-19 Budget, Capital Programs Division, accounts 0018-7514-D4803-DKM, 0018-7514-T1000-OJS, 1722-7514-D2601-ODK, and is funded with Measure M – CURE funds which now reside under General funds.

### ***Summary***

Staff requests Board of Directors' approval for the Chief Executive Officer to negotiate and execute Agreement No. C-8-1853 with Cal Pacific Land Services, Inc., as the firm to provide real property management services, in the amount of \$600,000, for a five-year term.

***Attachments***

- A. Review of Proposals, RFP 8-1853 Real Property Management Services
- B. Proposal Evaluation Criteria Matrix (Short-Listed), RFP 8-1853 Real Property Management Services
- C. Contract History for the Past Two Years, RFP 8-1853 Real Property Management Services

**Prepared by:**



Joe Gallardo  
Manager, Real Property  
(714) 560-5546

**Approved by:**



James G. Beil, P.E.  
Executive Director, Capital Programs  
(714) 560-5646



Virginia Abadessa  
Director, Contracts Administration and  
Materials Management  
(714) 560-5623