

To: Board of Supervisors
 From: Joseph Villarreal, Housing Authority
 Date: November 17, 2020



Contra
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 County

Subject: Award contract to CBRE, Inc. for Commercial Real Estate Services, RFP 20120-165, Martinez Area

RECOMMENDATIONS

DETERMINE that the proposal submitted by CBRE is the best value to the Authority for Commercial Real Estate Services (Project #1), and

AWARD a contract to CBRE, Inc., the best value proposer, for Commercial Real Estate Services (Project #1) at the rates and prices set forth in CBRE's May 20, 2020 Proposal in a total amount (commissions and fees) not to exceed \$1,500,000; and

REJECT all proposals submitted for residential real estate services (Project #2) and DIRECT Authority staff to issue a revised Request for Proposals (RFP); and

ORDER that, after CBRE has signed the contract in a form acceptable to County Counsel and returned it, together with performance and payment bond, insurance certificates and any other required documentation, the Executive Director, or his designee, is authorized to execute the contract for this Board.

Action of Board On: **11/17/2020** ☒ APPROVED AS RECOMMENDED ☐ OTHER

Clerks Notes:

VOTE OF COMMISSIONERS

AYE: John Gioia, District I
 Supervisor

Candace Andersen, District II
 Supervisor

Diane Burgis, District III
 Supervisor

Karen Mitchoff, District IV
 Supervisor

Federal D. Glover, District V
 Supervisor

I hereby certify that this is a true and correct copy of an action taken and entered on the minutes of the Board of Supervisors on the date shown.

ATTESTED: November 17, 2020

Joseph Villarreal, Executive Director

By: Laura Cassell, Deputy

Contact: Housing
 Authority 925.957.8000

cc:

BACKGROUND

For the past 13 years, since the property was purchased in 2007, the Housing Choice Voucher (HCV) Program has been housed at 2870 Howe Road, in Martinez. At that time, the HCV Program consisted of approximately 6,500 vouchers and employed 42 staff members. Since then, the Program has grown to over 9,000 units and expanded to 54 staff members. For the past three years, the staff has been crowded into spaces, as needed, at the expense of proper ergonomic desk spaces and adequate seating for all employees.

In addition, the building has been determined to have foundation settlement and wall damage and probably would require seismic upgrades. The repairs to the building to correct these issues may run into the hundreds of thousands of dollars or more. A geotechnical study has been completed on the building's needs and the HACCC is awaiting the architect's estimates of what repairs would entail and cost.

Moreover, social distancing and safe access for staff and the general public in response to COVID-19 have highlighted the significant need for more space for the HCV Department. This has also resulted in the realization that it would better serve our clients to re-open an East County office space to serve the households we serve from Antioch all the way to the East County line. In July of 2019, the HACCC opened a satellite office in San Pablo to serve voucher households from the newly-acquired Richmond Housing Authority and is considering expanding services there to all West County households.

After consideration of these numerous issues, the HACCC has determined that finding new space would better serve the agency than to renovate the HCV Building in Martinez that we already know is inadequate for our needs. On April 30, 2020, the HACCC issued a Request for Proposals (RFP) inviting realtors to submit Proposals for representing the agency in:

- Commercial Real Estate transactions related to sale of the HCV Building and acquisition of a replacement headquarters for the HCV Department (Project #1); and
- Residential Real Estate transactions related to disposition of properties from the former Las Deltas public housing development in North Richmond (Project #2).

The HACCC received four Proposals from the following firms for Commercial Real Estate Services (Project #1):

Proposer	Standard Transaction Fee	Fees for Add'l Services	Minimum Fee Per Transaction	Hourly Consultant Fee	Commission for Sales, Leasing or Purchase
	5% of Total Purchase/Sale Price, split between Listing & Procuring	\$200.00/hr., credited	\$10,000.00	\$200.00/hr., credited	5% of Purchase/Sale Price, split 50/50 between Listing &

CBRE, Inc. (CBRE) Walnut Creek, CA	brokers; 7.5% of Total Lease consideration, split 1/3 to Listing broker & 2/3 to Procuring broker	towards (deducted from) resulting Transaction Fee	\$10,000.00 Minimum Fee per Transaction, or equal	towards (deducted from) resulting Transaction Fee	Procuring brokers; 7.5% of Total Lease consideration, split 1/3 to Listing broker & 2/3 to Procuring broker
*Higgenbotham Auctioneers Internat'l Ltd., Inc. (Higgenbotham) Lakeland, FL	\$1.00 10% Buyer Premium; 3%-10% Commission; 0%-6% Rebate to HACCC; 20% of net commission to Buyer's Broker	\$1.00 \$250/hr. Principal \$200/hr. Licensed Broker \$100/hr. Administrative Staff	\$1.00 Termination Fee of up to 1% of Minimum Bid/Reserve Price	\$1.00 \$250/hr. Principal \$200/hr. Licensed Broker \$100/hr. Administrative Staff	\$1.00
Overland, Pacific & Cutler, LLC (OPC) Long Beach, CA	\$10,000.00	\$0.01	\$7,500.00	\$105.00	2%
**Security Pacific Real Estate Richmond, CA	\$74,000.00 Other fees for 2 transactions	\$60,000.00 Maximum total Consulting fees & other costs	\$250,000.00 One transaction	\$40,000.00 \$200.00/hr. plus expenses for a maximum of 200 hrs.	\$800,000.00 2.5% for purchase or lease of building with no other Broker involved; for purchase or lease with another Broker acting as listing agent, 50% of

					total brokerage fees paid; 2 transactions anticipated
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* Non-responsive Proposal - Higgenbotham submitted pricing late and submitted a portion by email to PA instead of submitting it to the e-Procurement system, as required by the RFP; Higgenbotham's proposed sales method (auction) would violate Health & Safety Code Section 34315.7, which allows sale by auction only as a last resort (lowest priority) for Housing Authority property.

** Non-responsive Proposal - Security Pacific submitted pricing late and failed to submit certain hard-copy items required by the RFP.

An Evaluation Committee comprised of three HACCC staff members reviewed and scored the four Proposals based on "Best Value" to HACCC using the criteria noted in the RFP. The ranking outcome was:

CBRE - ranked first (233 total points, 78 average points), unanimous top-ranked firm
Higgenbotham - ranked second (181 total points, 60 average points)
OPC - ranked third (169 total points, 56 average points)
Security Pacific - ranked fourth (101 total points, 34 average points)

Moreover, CBRE was significantly more experienced at local, commercial real estate transactions than Higgenbotham, OPC, and Security Pacific.

Subsequent negotiations with CBRE, as provided for in the RFP, resulted in the following clarification and adjustment of the prices they submitted electronically:

	Sale	Purchase	Lease
Standard Transaction Fee	5% of Total Sale Price split 50/50 between Listing & Procuring brokers Commission payable by seller Commission capped at 4.5% if CBRE represents buyer or if buyer is unrepresented	5% of Purchase Price Due upon close of escrow Commission payable by seller	7.5% of Total Lease Consideration split 1/3 to Listing broker and 2/3 to Procuring broker 50% due upon lease execution and 50% due upon lease commencement Commission payable by landlord/lessor Commission capped at 4.5% if CBRE represents landlord/lessor or if landlord/lessor is unrepresented No commission payable for any renewals or extensions

Hourly Consulting Fee	\$200.00/hr. Only applies to extraordinary services outside the scope of work	\$200.00/hr. Only applies to extraordinary services outside the scope of work	\$200.00/hr. Only applies to extraordinary services outside the scope of work
Commission for Sales, Leasing or Purchase	See Standard Transaction Fee above	See Standard Transaction Fee above	See Standard Transaction Fee above

Based on the proposal evaluation and ranking, HACCC staff recommends that the Board determine that CBRE has submitted the Proposal that provides Best Value to HACCC and that the Board award a contract to CBRE for Commercial Real Estates Services (Project #1 in the RFP) in a total amount (commissions and fees) not to exceed \$1.5 million. CBRE is the highest-scored, most-qualified applicant for commercial real estate representation and will best fulfill our needs to sell the existing HCV Building and secure appropriate new office space for the HCV Department. While we continue to assess exactly what our spatial needs will be, it is clear that we will need the services of a commercial real estate broker to handle any actions we take. CBRE is a leader in their field and an excellent choice to represent HACCC for our HCV property and related needs.

For Residential Real Estate Services related to disposition of properties from the former Las Deltas housing development in North Richmond (Project #2 in the RFP), HACCC staff recommends that the Board reject all proposals received and instead direct staff to issue another RFP with modified requirements to address the need to market some properties at affordable prices to not only make them accessible to low income residents in the North Richmond community but also to stimulate economic development activity in North Richmond.

FISCAL IMPACT

All fees and commissions for the real estate services provided by CBRE will come from proceeds of the sale or lease of the existing HCV property on Howe Rd. Any further costs will be paid from HCV administrative fees and administrative fee reserves. The contract stipulates that all fees are to be in an amount not to exceed \$1.5 million for all transactions.

CONSEQUENCE OF NEGATIVE ACTION

If the Board does not award a contract to CBRE to represent HACCC for the agency's commercial real estate needs for the HCV Building, no actions will be able to be taken to sell or lease the existing HCV Building and secure new and adequate office space for the growing operations of the HCV department.