



CITY OF VANCOUVER

ADMINISTRATIVE REPORT

Report Date: June 19, 2009
Contact: Jerry Evans
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VanRIMS No.: 08-2000-20
Meeting Date: July 9, 2009

TO: Standing Committee on City Services and Budgets

FROM: Director of Real Estate Services in consultation with the Director of Facilities Design & Management

SUBJECT: Award of Request for Proposal (RFP) No. PS09066 for property management services for the City owned residential market rental tower located at 228 East 7th Avenue which forms part of the Mount Pleasant Civic Centre development (1 Kingsway)

RECOMMENDATION

- A. THAT, subject to the conditions set out in Recommendations B and C, Council authorize the award of RFP No. PS09066 to Colliers Macaulay Nicholls Inc. dba Colliers International offering the best value to the City, and that council authorize City staff to negotiate and settle an agreement with Colliers Macaulay Nicholls Inc., dba Colliers International to provide property management services. Source of funds to be the revenues from the property which is owned by the Property Endowment Fund.
- B. THAT the Director of Legal Services be authorized to execute and deliver on behalf of the City all legal documents required to implement these recommendations.
- C. THAT all such legal documents be on terms and conditions satisfactory to the Director of Real Estate Services, the Director of Facilities Design & Management and the Director of Legal Services.
- D. THAT no legal rights or obligations shall arise hereby and none shall arise or be granted hereafter unless and until all legal documentation has been executed and delivered by all parties.

GENERAL MANAGER'S COMMENTS

The General Manager of Business Planning & Services recommends approval of the foregoing.

COUNCIL POLICY

Consulting contracts with a value over \$30,000 are referred to Council for approval.

PURPOSE

The purpose of this report is to seek Council approval to award RFP No. PS09066 to Colliers Macaulay Nicholls Inc., dba Colliers International ("Colliers International") to provide property management services for a new market rental high-rise building anticipated to be completed in August, 2009 at 228 E. 7th Avenue, as part of the Mount Pleasant Centre development ("1 Kingsway").

BACKGROUND

In September 2001, Council approved the purchase of the property at 1 Kingsway for a joint use civic centre.

On July 19, 2005 Council approved a budget for the new civic centre, to include a market rental housing component funded by the Property Endowment Fund (PEF). The inclusion of market rental housing component, maximised development efficiencies by building to the maximum permitted site density and minimizing the land costs to the civic component to an acceptable level.

The market rental housing component of 1 Kingsway is a purpose built 98 unit residential high-rise tower (the "Building") which will be managed by Real Estate Services (RES) as a PEF owned asset. As the Building represented a significant increase in the number of residential units managed by RES, and to reflect the additional staffing that would be required to lease-up and manage on a 24/7 ongoing basis, staff recommended a model in which a property management firm provided these services, with RES undertaking an asset management role.

On June 24th, 2008 Council authorized the Director of Real Estate Services to issue a Request for Expressions of Interest (RFEOI) to be followed by a Request for Proposals (RFP) for the provision of property management services for the market rental housing component of 1 Kingsway and further authorized the Director of Real Estate Services in consultation with the Director of Facilities Design and Management to short-list qualified proponents to compete in the subsequent RFP process. Following closing of the RFP, staff were directed to report back to Council with recommendations on the award of the property management service agreement.

DISCUSSION

Three firms responded to the request for expressions of interest - RFEOI PS08199 Property Management Services (the "RFEOI") and all were considered qualified to bid for the project. RFP No. PS09066 Management Services for the Operation and Management of 228 East 7th Avenue (the "RFP") was issued to the pre-qualified proponents on April 20, 2009 with a closing date of May 19th, 2009. The three pre-qualified proponents subsequently responded to the RFP.

The RFP proposal evaluation process was facilitated by Supply Management, with an evaluation team consisting of staff from Real Estate Services ("RES"), Facilities Design and Management ("FDM") and Supply Management. The proposals were evaluated so as to determine which proposal would provide the best overall value to the City, based on quality, service, cost and other criteria as set out in the RFP including:

- ability to meet the requirements of the RFP;
- value for money;
- skills, knowledge and previous experience of key personnel;
- the proposed plan of approach and work schedule;
- the quality of the proposal, including any innovative concepts;
- the proposed methodology for coordinating with City staff and data collection and analysis;
- ability to comply with the City's insurance requirements;
- company's business and technical reputation and capabilities; experience, and where applicable, the experience of its personnel; financial stability; track record and references of current and former customers; and
- demonstrated environmental responsibility.

As a result of the evaluation, Colliers International were scored the highest and selected for an interview. Following the interview it was determined that Colliers International best met the requirements of the RFP and would provide the best value to the City.

FINANCIAL IMPLICATIONS

The funding for this contract will come from the revenues from the rental revenue generated by this market residential property owned by the PEF. The estimated gross monthly revenues generated from this building are in the region of \$142,000 (\$1,700,000 per year). The fee structure is based on a percentage of gross monthly revenue for property management services with a one time only initial rental fee for the lease-up of the Building as proposed by Colliers International, which is estimated as follows:

Management Fee - 3% of gross monthly revenue - estimated at \$4,260 per month (\$51,000 per year).

Initial Rental Fee - 50% of first months' rent per residential unit (estimated at \$71,000 total fee for all residential units payable on a one time only basis).

Potential risk factors associated with this contract relate to cost effectiveness, and the provision of a satisfactory service levels for this valuable City asset. To mitigate any potential risk, the RES department will provide oversight through an asset management role, which includes monitoring revenues and expenses, approving annual budgets and monitoring overall

contract performance. In any event, the City will have the right to terminate this contract on six (6) months notice at any time.

ENVIRONMENTAL IMPLICATIONS

1 Kingsway is seeking a LEED™ Gold accreditation. The management services agreement will require an appropriate level of environmental stewardship for the building which is commensurate with a LEED™ Gold certified building, with the intent that high standards of environmental and sustainable best practices are incorporated into the operation of the Building.

SOCIAL IMPLICATIONS

1 Kingsway will provide a significant addition to the stock of purpose built market rental housing which has seen little increase over the years despite very low vacancy rates. Whilst this is not a non-market housing project with subsidized rents, it will have a positive effect on the very tight rental market introducing more rental options than are currently available. The mix of units being provided (62 One Bedroom, 4 One Bedroom and Den, 32 Two Bedroom Units) will attract singles, couples and families, with units being designed to accommodate disabled wheelchair access as prescribed under the BC Building Code. Two units have also been designed to allow for licensed in-home daycare use.

CONCLUSION

It is recommended that Colliers International be awarded the contract to provide property management services to 1 Kingsway as their proposals provides the City with the best value.

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Appendix A

