

PROFESSIONAL SERVICES AGREEMENT

THIS "**PROFESSIONAL SERVICES AGREEMENT**" (this "Agreement") is made this **9th** day of **April**, 2024 by the **CITY OF GARDEN GROVE**, a municipal corporation, ("CITY"), and **CBRE, Inc.**, a Delaware Corporation ("CONSULTANT").

RECITALS

The following recitals are a substantive part of this Agreement:

1. This Agreement is entered into pursuant to CITY OF GARDEN GROVE City Council approval on April 9, 2024.
2. CITY desires to utilize the services of CONSULTANT to provide real estate property management services for a five-story commercial building located at 12966 Euclid Street, Garden Grove, California.
3. CITY does not have the personnel to accomplish said services.
4. CONSULTANT is qualified by virtue of experience, training, education and expertise to accomplish the required services.

AGREEMENT

THE PARTIES MUTUALLY AGREE AS FOLLOWS:

1. **Term of Agreement.** The term of the agreement shall be for a period of one (1) year from the date of full execution of the Agreement, with an option to extend said Agreement additional four (4) years, for a total performance period of five (5) years. Option years shall be exercised one (1) year at a time, at the sole option of the CITY. This agreement may be terminated by the City without cause. In such event, the CITY will compensate CONSULTANT for work performed to date in accordance with the proposal which is attached as Attachment "A" as is hereby incorporated by reference. CONSULTANT is required to present evidence to support work performed.
2. **Services to be Provided.** The services to be performed by CONSULTANT shall consist of tasks, including but not limited to the Scope of Services listed in Exhibit "A", and is incorporated herein by reference. The Exhibit and this Agreement do not guarantee any specific amount of work. CONSULTANT warrants that all services will be performed in a competent, professional and satisfactory manner in accordance with customary and usual practices in CONSULTANT'S profession and the standards prevalent in the industry for such services. By executing this Agreement, CONSULTANT warrants that it has carefully considered how the work should be performed and fully understands the facilities, difficulties, and restrictions attending performance of the work under this Agreement.

3. **Compensation.** CONSULTANT shall be compensated as follows:

- 3.1 **Amount.** CONSULTANT shall be compensated for the services provided under this Agreement pursuant to the fee structure described in CONSULTANT's Proposal (see attached "Attachment A" letter); provided, however, that except for leasing commissions, compensation payable by CITY to CONSULTANT under this Agreement shall not exceed the total amount of Eighty Six Thousand Four Hundred Dollars and 00/100 cents (**\$86,400.00**) annually. Unless otherwise mutually agreed by the parties in writing, CONSULTANT shall not be compensated for any services rendered in connection with its performance of this Agreement, which are in addition to those set forth herein. The CITY shall compensate CBRE at the gross lease of two percent (2%) gross rental value for the F & M Bank lease transaction.
- 3.2 **Payment.** For work under this Agreement, payment shall be made per invoice submitted by CONSULTANT due and payable in accordance with the Lease Commission Schedule and Rate/Fee in the Pricing Structure attached in Exhibit "A".
- 3.3 **Records of Expenses.** CONSULTANT shall keep complete and accurate records of costs and incidental expenses subject to the fees or reimbursement payable hereunder. These records will be made available at reasonable times to CITY.
- 3.4 **Termination.** CITY and CONSULTANT shall each have the right to terminate this Agreement, without cause, by giving thirty (30) days written notice of termination to the other party. If the Agreement is terminated by CITY, then the provisions of this Section 3 shall apply to that portion of the work completed. In such event, CITY will compensate CONSULTANT for work performed to date in accordance with the Proposal. CONSULTANT is required to present evidence to support performed work.

4. **Insurance Requirements**

- 4.1 **Commencement of Work.** CONSULTANT shall not commence work under this Agreement until all certificates and required endorsements have been received and approved by the CITY. CONSULTANT shall notify the CITY of any material change, cancellation, or termination at least thirty (30) days in advance.
- 4.2 **Workers Compensation Insurance.** For the duration of this Agreement, CONSULTANT shall maintain Workers Compensation Insurance in the amount and type required by law, if applicable. The insurer shall waive its rights of subrogation against the CITY, its officers, officials, agents, employees, and volunteers.

4.3 Insurance Amounts. CONSULTANT shall maintain the following insurance for the duration of this Agreement:

- a) Commercial general liability in an amount of \$1,000,000 per occurrence; (claims made and modified occurrence policies are not acceptable); Insurance companies must be reasonably acceptable to CITY, admitted and licensed in California, and have a Best's Guide Rating of A-, Class VIII or better;
- b) Automobile liability in an amount of \$1,000,000 per occurrence; (claims made and modified occurrence policies are not acceptable) Insurance companies must be reasonably acceptable to CITY, admitted and licensed in California, and have a Best's Guide Rating of A-, Class VIII or better.
- c) Professional liability in an amount of \$1,000,000 per occurrence; Insurance companies must be reasonably acceptable to CITY and have an AM Best's Guide Rating of A-, Class VIII or better. If the policy is written on a "claims made" basis, the policy shall be continued in full force and effect at all times during the term of the Agreement, and for a period of three (3) years from the date of the completion of services provided. In the event of termination, cancellation, or material change in the policy, CONSULTANT shall obtain continuing insurance coverage for the prior acts or omissions of CONSULTANT during the course of performing services under the term of the agreement. The coverage shall be evidenced by either a new policy evidencing no gap in coverage, or by obtaining separate extended "tail" coverage with the present or new carrier.

The policy under section 4.3 (a) shall include CITY, its officers, officials, employees, agents, and volunteers as additional insureds for liability arising out of work or operations performed by the CONSULTANT to the extent of losses attributable to CONSULTANT'S negligence. CONSULTANT shall provide to CITY proof of insurance and relevant endorsement forms that conform to CITY'S requirements, as approved by the CITY.

The policy under section 4.3 (b) shall include CITY, its officers, officials, employees, agents, and volunteers as additional insureds to the extent of losses attributable to CONSULTANT'S negligence for automobiles owned, lease, hired, or borrowed by CONSULTANT. CONSULTANT shall provide to CITY proof of insurance and relevant endorsement forms that conform to CITY'S requirements, as approved by the CITY.

CONSULTANT'S insurance coverage shall be primary insurance as respects to CITY, its officers, officials, employees, agents, and volunteers to the extent of losses attributable to CONSULTANT'S negligence. Any insurance or self-insurance maintained by the CITY, its officers, officials, employees,

agents, or volunteers shall be excess of the CONSULTANT's insurance and shall not contribute with it.

5. **Non-Liability of Officials and Employees of the CITY.** No official or employee of CITY shall be personally liable to CONSULTANT in the event of any default or breach by CITY, or for any amount, which may become due to CONSULTANT.
6. **Non-Discrimination.** CONSULTANT covenants there shall be no discrimination against any person or group due to race, color, creed, religion, sex, marital status, age, handicap, national origin or ancestry, in any activity pursuant to this Agreement.
7. **Independent Contractor.** It is agreed to that CONSULTANT shall act and be an independent contractor and not an agent or employee of CITY, and shall obtain no rights to any benefits which accrue to CITY's employees.
8. **Compliance With Law.** CONSULTANT shall comply with all applicable laws, ordinances, codes and regulations of the federal, state and local government. CONSULTANT shall comply with, and shall be responsible for causing all contractors and subcontractors performing any of the work pursuant to this Agreement to comply with, all applicable federal and state labor standards, including, to the extent applicable, the prevailing wage requirements promulgated by the Director of Industrial Relations of the State of California Department of Labor. The CITY makes no warranty or representation concerning whether any of the work performed pursuant to this Agreement constitutes public works subject to the prevailing wage requirements.
9. **Disclosure of Documents.** All documents or other information developed or received by CONSULTANT are confidential and shall not be disclosed without authorization by CITY, unless disclosure is required by law.
10. **Ownership of Work Product.** All documents or other information developed or received by CONSULTANT shall be the property of CITY. CONSULTANT shall provide CITY with copies of these items upon demand or upon termination of this Agreement.
11. **Conflict of Interest and Reporting.** CONSULTANT shall at all times avoid conflict of interest or appearance of conflict of interest in performance of this Agreement.
12. **Notices.** All notices shall be personally delivered or mailed to the below listed addresses, or to such other addresses as may be designated by written notice. These addresses shall be used for delivery of service of process.

(a) Address of CONSULTANT is as follows:

CBRE, Inc.
3501 Jamboree Road, Suite 100
Newport Beach, CA 92660
Attn: Peter Wells, First Vice President
(714) 371-9220 Peter.wells@cbre.com

(b) Address of CITY is as follows (with a copy to):

Paul Guerrero	City Attorney
Economic Development & Housing Dept.	City of Garden Grove
City of Garden Grove	P.O. Box 3070
P.O. Box 3070	Garden Grove, CA 92840
Garden Grove, CA 92840	
paulg@ggcity.org	
(714) 741-5181	

13. **CONSULTANT'S Proposal.** This Agreement shall include CONSULTANT's proposal, Exhibit "A" hereto, which shall be incorporated herein. In the event of any inconsistency between the terms of the proposal and this Agreement, this Agreement shall govern.
14. **Licenses, Permits and Fees.** At its sole expense, CONSULTANT shall obtain a **Garden Grove Business License**, all permits and licenses as may be required by this Agreement.
15. **Familiarity With Work.** By executing this Agreement, CONSULTANT warrants that: (1) it has investigated the work to be performed; (2) it has investigated the site of the work and is aware of all conditions there; and (3) it understands the facilities, difficulties and restrictions of the work under this Agreement. Should CONSULTANT discover any latent or unknown conditions materially differing from those inherent in the work or as represented by CITY, it shall immediately inform CITY of this and shall not proceed, except at CONSULTANT'S risk, until written instructions are received from CITY.
16. **Time of Essence.** Time is of the essence in the performance of this Agreement.
17. **Limitations Upon Subcontracting and Assignment.** The experience, knowledge, capability and reputation of CONSULTANT, its principals and employees were a substantial inducement for CITY to enter into this Agreement. CONSULTANT shall not contract with any other entity to perform the services required without written approval of the CITY. This Agreement may not be assigned voluntarily or by operation of law, without the prior written approval of CITY. If CONSULTANT is permitted to subcontract any part of this Agreement, CONSULTANT shall be responsible to CITY for the acts and omissions of its subcontractor as it is for persons directly employed. Nothing contained in this Agreement shall create any contractual relationship between any subcontractor

and CITY. All persons engaged in the work will be considered employees of CONSULTANT. CITY will deal directly with and will make all payments to CONSULTANT.

18. **Authority to Execute.** The persons executing this Agreement on behalf of the parties warrant that they are duly authorized to execute this Agreement and that by executing this Agreement, the parties are formally bound.
19. **Indemnification.** To the fullest extent permitted by law, CONSULTANT agrees to protect, defend, and hold harmless CITY and its elective or appointive boards, officers, agents, and employees from any and all claims, liabilities, expenses, or damages of any nature, including attorneys' fees, for injury or death of any person, or damages of any nature, including interference with use of property, arising out of, or in any way connected with the negligence, recklessness and/or intentional wrongful conduct of CONSULTANT, CONSULTANT'S agents, officers, employees, subcontractors, or independent contractors hired by CONSULTANT in the performance of the Agreement. The only exception to CONSULTANT'S responsibility to protect, defend, and hold harmless CITY, is due to the negligence, recklessness and/or wrongful conduct of CITY, or any of its elective or appointive boards, officers, agents, or employees.

This hold harmless agreement shall apply to all liability regardless of whether any insurance policies are applicable. The policy limits do not act as a limitation upon the amount of indemnification to be provided by CONSULTANT.

20. **Modification.** This Agreement constitutes the entire agreement between the parties and supersedes any previous agreements, oral or written. This Agreement may be modified only by subsequent mutual written agreement executed by CITY and CONSULTANT.
21. **Waiver.** All waivers of the provisions of this Agreement must be in writing by the appropriate authorities of the CITY and CONSULTANT.
22. **California Law.** This Agreement shall be construed in accordance with the laws of the State of California. Any action commenced about this Agreement shall be filed in the central branch of the Orange County Superior Court.
23. **Interpretation.** This Agreement shall be interpreted as though prepared by both parties
24. **Preservation of Agreement.** Should any provision of this Agreement be found invalid or unenforceable, the decision shall affect only the provision interpreted, and all remaining provisions shall remain enforceable.

\\ \\ \\

(Agreement Signature Block on Next Page)

IN WITNESS THEREOF, these parties hereto have caused this Agreement to be executed as of the date set forth opposite the respective signatures.

Date: _____

**"CITY"
CITY OF GARDEN GROVE**

By: _____
City Manager Date

ATTESTED:

**"CONSULTANT"
CBRE, INC.**

City Clerk Date

By: _____
Peter Wells

Title: First Vice President

Date: _____

Tax I.D.: _____

Broker License: _____

Expiration Date: _____

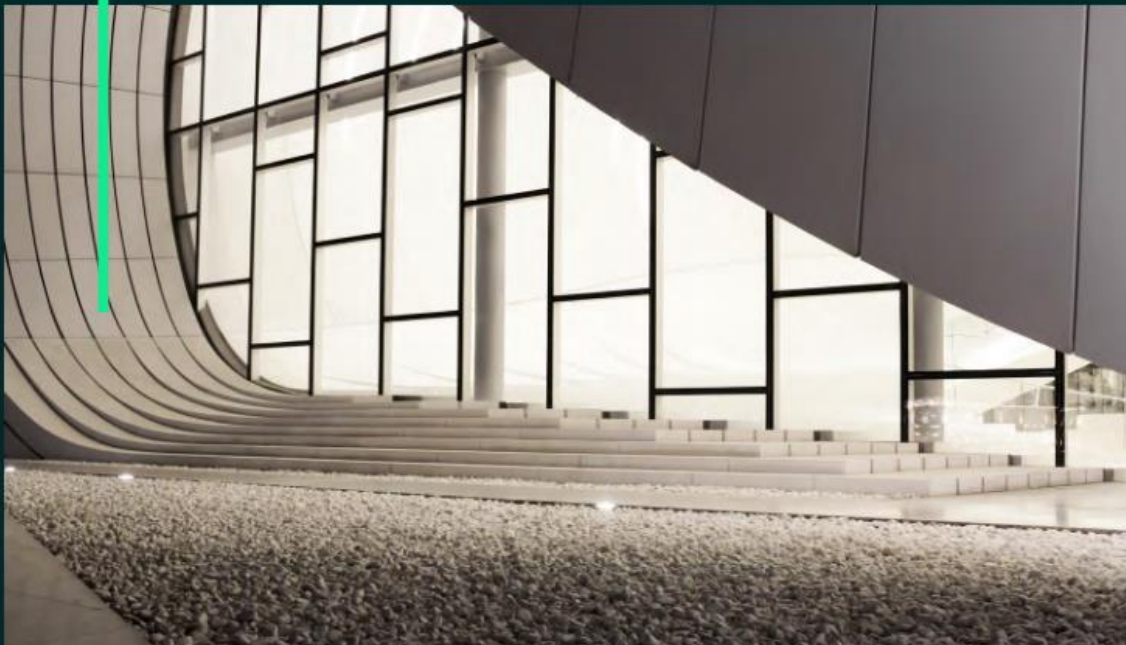
If CONSULTANT/CONTRACTOR is a corporation, a Corporate Resolution and/or Corporate Seal is required. If a partnership, Statement of Partnership must be submitted to CITY

APPROVED AS TO FORM:

City Attorney Date

06

Fees Schedule, Cost Estimates, & Expenses



The proposal shall include a full description of all fees proposed by the Proposer to be charged for performing all the services.

- a. Fixed Monthly Property Management Fee;
 - b. Leasing Commission Fee (if applicable);
-

Pricing Structure

CBRE is proud to offer top quality property management, accounting and engineering services for The City of Garden Grove. A summary of our proposed fees is outlined below.

Property Management Fee

If CBRE is awarded this assignment, our proposed management fee will be 4.0% of gross rent or minimum of \$4,000* per month, whichever is greater and a flat salary reimbursement fee of \$3,200* per month.

Our management fee includes the following services:

- CBRE Executive Oversight
- Annual Budgeting and Quarterly Forecasting
- Monthly Management Reporting
- Internal Auditing
- Service Contract Supervision
- Operating Expense Analysis
- Evaluation of Property Services
- National Purchasing Discounts
- Tenant Relationship Management
- Environments for Excellence Compliance Reviews

Project Management

See page 35 for the Project Management fee schedule.

c. Other Reimbursable or Ongoing Expenses, and

*Management Salary reimbursement of \$3,200 per month and minimum management fee of \$4,000 shall be adjusted by the increase in CPI annually not to exceed 5% per year; reimbursement of all property specific expenses incurred solely for the management of the subject property by property management.

d. Vendor Hourly and Overtime Rates or Flat Rate.

Management and Property Accounting labor is included in the management fee. All third party contractors (such as janitorial, day porter, security, landscaping) are per the vendor service agreement. Everything listed (i)-(xiv) would be contracted to others and not handled by CBRE directly.

Lease Commission Schedule

- A. Leasing Commissions shall be earned and payable fifty percent (50%) following lease execution and fifty percent (50%) following the lease commencement date and tenant's occupancy of the leased premises:

NO OUTSIDE BROKER*	IF TENANT IS REPRESENTED BY A BROKER/AGENT*
4%** of the total base rental for the first 60 months in which rent is to be paid, plus	6% of the total base rental for the first 60 months in which rent is to be paid, plus
2%** of the total base rental for the next 60 months in which rent is to be paid, plus	3% of the total base rental for the next 60 months in which rent is to be paid, plus
1%** of the total base rental for the remainder of the term.	1.5% of the total base rental for the remainder of the term.

**The Listing Team (Peter Wells and Taylor Friend) shall only represent Landlord (the City), and shall not represent any tenants (eliminating conflict between the Listing Team and the City).*

***In the event of a renewal and/or expansion with an existing tenant who is not represented by an outside broker, the above schedule ("NO OUTSIDE BROKER") will be reduced by 1.0% for the first 60 months (to 3% total), 0.5% for months 61-120 (to 1.5% total) and 0.25% for the remainder of the term (to 0.5% total) if applicable.*

The above rate is subject to the following provisions:

- 1. Term of Less Than 1 Year and Month To Month Leases. If a lease term is less than 12 months, then the commission shall be prorated based upon the number of months included in the lease term. In the event of a month to month lease term, commissions shall be billed retroactively every 90 days.*
 - 2. Intentionally deleted-Option or Right of First Refusal to Renew, Extend Lease or Occupy Additional Space. If a lease for which a commission is earned and payable hereunder contains: (i) an option or right of first refusal to renew or extend, and a lease term is renewed or extended, whether strictly in accordance with the terms of such option or right or otherwise and/or (ii) an option or right of first refusal to expand, and a tenant occupies additional space whether strictly in accordance with the terms of such option or right or otherwise, then you shall pay a leasing commission in accordance with the provisions of this Commission Schedule on the additional leased space. Said commission shall be earned and payable upon execution of the documents renewing or extending occupancy or adding space, as applicable.*
 - 3. Intentionally deleted. Purchase of Property by Tenant. If a lease for which a commission is earned and payable hereunder contains an option, right of first refusal, or similar right for purchase of the Property, and a tenant, its successors or assignees, or any agent, officer, employee or shareholder of a tenant purchases the Property, whether strictly in accordance with the terms of such option, right of first refusal, similar right or otherwise during (a) the term of the lease, (b) any extension thereof, or (c) within ninety (90) days after the expiration thereof, then a sales commission shall be calculated and paid in accordance with the provisions of Section B below; provided, however, that there shall be a credit against such sales commission in the amount of lease commissions previously paid to CBRE relating to that portion of the purchaser's lease term which is canceled by reason of such sale. In no event shall such credit exceed the amount of such sales commission.*
- B. *Sale-Intentionally deleted-If the Property is sold, CBRE's commission shall be Five percent (5%) of the gross sales price. If the buyer is represented by a broker (including clients represented by members of the Listing Team), the commission shall be increased by one percent (1%) for a total of five percent (6%). Gross sales price shall*

~~include any and all consideration received or receivable, in whatever form, including but not limited to assumption or release of existing liabilities. In the event this sale is in connection with a "build to suit" transaction, the commission shall be calculated on the gross sales price plus the gross construction cost of the building to be constructed on the Property. The commission shall be earned and paid on the date title to the Property is transferred to the purchaser; provided, however, that if the transaction involves an installment contract, then payment shall be made upon execution of such contract. If you are a partnership, corporation, or other business entity, and an interest in the partnership, corporation or other business entity is transferred, whether by merger, outright purchase or otherwise, in lieu of a sale of the Property, and applicable law does not prohibit the payment of a commission in connection with such sale or transfer, the commission shall be calculated on the fair market value of the Property, rather than the gross sales price, multiplied by the percentage of interest so transferred, and shall be paid at the time of the transfer.~~

- ~~1. — *Definitions.* Under this Agreement the terms "sell," "sale," or "sold" shall mean: (a) an exchange of the Property; (b) the granting of an option to purchase the Property; or (c) any other transfer, conveyance or contribution of a controlling interest in the Property or in the entity which owns the Property, including, but not limited to, situations where you are a corporation, partnership or other business entity and a controlling interest in such corporation, partnership or other business entity is transferred, whether by merger, outright purchase or otherwise, in lieu of a sale of the Property.~~
- ~~2. — *Option to Purchase.* If you grant an option to purchase the Property, you agree to pay us a commission in accordance with this Commission Schedule, on the price paid for the option and for any extensions when you receive payment for any such option and/or extensions. If the option is exercised, whether during the Term or after, we will earn a further commission in accordance with this Agreement. Notwithstanding the foregoing, to the extent that all or part of the price paid for the option or any extension thereof is applied to the sales price of the Property, then any commission previously paid by you to us on account of the option payments will be credited against the commission payable to us on account of the exercise of the option.~~

The Proposal shall include a Leasing Plan that describes how the Proposer will lease the building. This plan shall include the following:
d. Outline prescreening process, includes but not limited to credit and reference checks, rental history, payment track record, etc. to attract high-quality tenants.

CBRE will meet all prospective tenants in person following a pre-screening process over the phone. Prior to entering in to any lease transaction, CBRE will request comprehensive financial statements from the tenant for the City's review along with a detailed lease application. CBRE will also request past landlord references. CBRE recommend a 3rd party financial screening company to vet tenants thoroughly and minimize default risk.

The Proposal shall include a Leasing Plan that describes how the Proposer will lease the building. This plan shall include the following:
e. Describe tenancy termination, include serving notice, commencement and prosecution to evict, recover possession, recover rents, settle, release claims, actions, and suits.

Handled in accordance with California Real Estate Law; we engage with an attorney pre-approved by the building ownership.

The Proposal shall include a Leasing Plan that describes how the Proposer will lease the building. This plan shall include the following:
f. Provide sample calculation which includes a monthly per occupied unit/per month fee considering the collection of rent and miscellaneous income paid to Management as a monthly management fee for managing the overall operations of the Property.

Monthly Gross Rental Revenue Collected X Percentage Management Fee = Billable Management Fee if greater than \$5,000. Minimum Fee is \$5,000 if calculation is below \$5,000.



The Proposal shall include a Leasing Plan that describes how the Proposer will lease the building. This plan shall include the following:
g. If the Property is under rehabilitation construction, provide a proposed structure for fees during the lease-up/ fit-out period.

Landlord Build Out

If Owner requests Project Management to supervise the construction of any repairs, replacements, remodeling or alteration, structural or otherwise, within the Property, Project Management will be entitled to the following fee equal to a percentage of the total managed project cost of construction as follows:

MANAGED PROJECT COST(*)	PERCENTAGE FEE
First \$0 - \$100,000	6%
Next \$100,000 - \$250,000	5%
Next \$250,000 - \$500,000	4%
\$500,000	3%

(*) Any special type of projects or large projects in excess of \$3,000,000 of total capital spend can be discussed further - on a case by case basis.

For the purposes of calculating the above fee, actual hard and soft costs shall be included; including permit, certificate of occupancy, architectural and engineering fees.

Landlord Oversight

Notwithstanding the foregoing, to the extent that the project is a tenant improvement project in excess of \$100,000 where the tenant is given an allowance and will perform the work, the percentage fee to Project Management will be 2% of managed project cost.

F. MINIMUM QUALIFICATIONS/REQUIREMENTS & SCOPE OF SERVICES

The Proposer selected to provide real estate services will be expected to meet the requirements and provide the services set forth below:

1. The selected Proposer must be a professional firm whose primary line of business includes asset and property management services. Alternatively, the firm must have expertise in asset and property management services if those areas are not their primary line of business.
2. The Proposer must have been in existence as a business entity performing such services for a minimum of five (5) years. The Proposer must have experience

with performing real estate services for similarly-sized properties (land and building). Prior experience working with municipalities or other public entities preferred. The Proposer (and each corporate team member, if any) shall be registered with the California Secretary of State and be in Good Standing.

3. The Proposer must have all necessary permits and licenses to perform the requested services. Must maintain a valid California Broker's License throughout the term of the Agreement. The Proposer will provide the City copies of all required documents. The selected Proposer must be bonded where applicable.
4. The Proposer must have experience in property management of office buildings of a minimum of five stories. Provide a portfolio of assets managed; include the building name (if applicable), address, number of floors, and square footage, list of provided services, compensation, and term. Provide contact information for each building. Orange County experience preferred.
5. The Proposer must provide the minimum insurance coverage and proof of such insurance to the City on an annual basis. The City must be listed as an additional insured payee (see attached samples):
 - Commercial General Liability: \$2M per occurrence, \$2M aggregate
 - Automobile Liability: \$1M per occurrence, \$2M aggregate
 - Workers Compensation: \$1M per occurrence, \$1M aggregate
 - Professional Liability (Errors & Omissions): \$2M per occurrence, \$3M aggregate
6. The selected Proposer shall provide all personnel, equipment, tools, materials, vehicles, supervision, and other items and services necessary to perform all services, tasks, and functions as defined in this RFP. The selected Proposer shall provide guidance and coordination with City staff to ensure effective and economical operation of all facility activities.
7. Core skills include comprehensive knowledge and understanding of relevant property management laws and operations in California, excellent oral and written communication skills, sound judgment, the ability to work well with and maintain the confidence of the City and its staff, and the ability to deliver services in a timely and cost effective manner.
8. The selected Proposer shall comply with all Federal, State, and Local laws and follow the most restrictive guidance in cases of conflicting guidance. All work shall be performed in accordance with all applicable laws and codes, manufacturers' recommendations, and accepted industry standards.
9. The initial term of the Agreement awarded pursuant to this RFP will be for a one (1) year period with the City retaining four (4) one-year options to renew. The

Proposer will be notified ninety (90) days prior to the expiration or renewal of the Agreement.

10. In general, normal property management business hours of dispatch and operations are from 8:00 am (PST) to 5:00 pm (PST) Monday through Friday, except for Federal and State holidays.
11. The selected Proposer shall provide a dispatch function twenty-four (24) hours a day, seven (7) days a week. The Proposer shall accept work requests from designated City staff, for rented space, and representatives designated by tenants. Requests from other sources, except in an emergency, must be approved by designated City staff prior to the start of work.
12. Any disruption of building services requires prior approval of designated City staff. The Proposer shall coordinate scheduled outages with designated City staff and affected tenants prior to the commencement of work. Such notification shall be made for disruptions of any services (such as utility outages, driveway, parking, or facility closures, etc.), or disruptions caused by any maintenance or construction work. Notification of affected downtime due to emergency outages or interruptions is expected.
13. The Proposer personnel shall present a clean, neat, and professional appearance and be easily recognized as the Proposer's employee(s). At minimum, the Proposer shall ensure that all its employees exhibit an identifying badge or patch, which shall include the company name and employee name. Each Proposer's employee shall wear the badge or patch on the front outer clothing. The badge shall be visible at all times.
14. Adherence to the applicable Occupational Safety and Health Act (OSHA) standards will be mandatory for this Agreement. The Proposer shall comply with all Federal, State and Local laws and statues concerning safety. The Proposer shall manage all work areas to ensure the safety of building occupants, employees, and visitors in, or near, the Property.
15. The Proposer shall provide assistance in planning, assignment, and movement of office equipment and furnishings for the facility.
16. Property Management Details:
 - a. Supervise onsite engineering and day porter personnel;
 - b. Supervise vendor services and contract administration (prevailing wage) as it pertains to property management;
 - c. Administer leases and enforce tenants' leasehold obligations;
 - d. Collect and monitor proof of insurance for tenants and vendors;
 - e. Field tenant work order calls, dispatch, and follow up as appropriate;
 - f. Log all tenant maintenance requests for future reference and records;

- g. Coordinate all scheduled and unscheduled maintenance work;
- h. Communicate to City and tenants regarding building issues that will affect them (i.e. work being conducted to elevators, window washing, lobby floor, restrooms maintenance, etc.);
- i. Provide property inspections and tours;
- j. Handle tenant relations;
- k. Provide monthly comprehensive janitorial and engineering inspections;
- l. Coordinate tenant events;
- m. From time-to-time, review existing building rules and regulations and present recommendations to City to modify existing rules and regulations as deemed appropriate;
- n. Meet with City staff to discuss status of repair items;
- o. Coordinate and supervise minor tenant improvement work (i.e. paint, carpet, etc.);
- p. Help coordinate annual occupant fire drill where applicable;
- q. Implementation of trash, green energy, and recycling programs where appropriate;
- r. Apply for rebates from utility companies for repairs and equipment that meet criteria;
- s. Market available office space for lease;
- t. Compile information for auditors and tax preparers on behalf of City;
- u. Work with the City on any ADA/Code compliance issues that may arise;
- v. Collect monthly operating expense reimbursements;
- w. Prepare monthly narrative regarding property operations, financial results, delinquencies, maintenance, etc.;
- x. Provide project management for major tenant improvements and capital items, which will be scheduled and entered into under a separate agreement;
- y. Identify and address emergency situations immediately upon occurrence and provide follow-up remediation while keeping the City staff informed;
- z. Supervise and arrange the routine maintenance and minor repairs of the property including arrangement of janitorial and landscaping services;
- aa. Provide services to ensure that the property's appearance is at its very best for VIP visits and special events;
- bb. Special events may require setup of furniture, moving of furniture, decorations, etc. City staff will notify the firm as soon as a VIP visit or special event requirements are known;
- cc. Provide Property and parking lot security;
- dd. Prepare annual operating budget and a five (5) year capital plan. This includes suggested capital improvements and detailed suggestions for the improved operation of the property with a detailed narrative;
- ee. Calculate operating expense estimates for each tenant;
- ff. Collect monthly operating expense reimbursement;
- gg. Provide accounts receivables duties;
- hh. Approve and input all invoices on a daily basis;

- ii. Review monthly funding requests and modify according to approved projects within the building;
- jj. Calculate quarterly distributions to retain funds required for upcoming projects;
- kk. Collect rents;
- ll. Follow-up on accounts receivables – bill late fees as appropriate and approved by the City;
- mm. Prepare monthly financial reports including actual versus budget operating statements, accounts receivables/aging report, rent roll, security deposit ledger, and variance reports;
- nn. Prepare and serve 3-day notices upon direction from the City; coordinate with the City Attorney;
- oo. Log rent checks and other receivables received for financial reporting purposes;
- pp. Gross up of year end operating expenses and billing of triple-net expenses in accordance with tenant leases;
- qq. Calculate operating escrows to be billed to tenants;
- rr. Perform periodic property valuations/appraisals;
- ss. Administer bank accounts;
- tt. Report financial information to City upon request, and
- uu. Oversee property tax appeals, if appropriate.

G. PROPOSAL SUBMITTAL REQUIREMENTS

All Proposals must follow the format guidelines and content requirements listed below, in the following order:

Nonconforming Proposals may be rejected as nonresponsive. Failure to provide complete responses/ submittals to all items may result in the Proposal being deemed non-responsive.

1. PROPOSER’S BACKGROUND AND CREDENTIALS

Proposal responses must adhere to the requirements set forth in Scope of Work, both for content and sequence. Failure to adhere to these requirements or the inclusion of conditions, limitations or misrepresentations may be cause for rejection of the submittal. The original proposal and each subsequent copy must be submitted online, in the following order:

- a. **Cover Letter:** Provide a cover letter and introduction that includes the name and address of the Proposer and individuals submitting the proposal, together with the name, address, telephone number, and email address of the contact person who will be authorized to represent the Proposer, and general information about the firm (e.g., company size, location of office(s), years in business, brief history, Proposer chart, ownership structure, number of staff). The introduction shall express the Proposer’s ability and desire to meet the requirements of this RFP.

The letter must be signed by an individual authorized to bind the Proposer contractually.

b. **Proposer Qualifications:** Describe the Proposer's resources, experience, and capabilities as it relates to the Scope of Services. Submit in the order identified below:

i. **Executive Summary:** An executive summary should briefly describe the Proposer's qualifications, including experience in real property services. The summary should include a description of real property services recently provided.

ii. **Approach to Services:** Provide a description of the approach for executing all the tasks in the Scope of Services. Provide a detailed description of how the real estate services will be conducted, including methodologies, technologies, key milestones, and processes your company would employ. Describe what information and resources your company would expect the City to supply. A summary of any special procedures/systems unique to the Proposer's which would be of direct benefit to either the Property or to the City in overseeing property operations.

iii. **Relevant Experience:** Please include information describing the Proposer's experience with real estate asset and property management services. Please provide a minimum of five (5) specific examples of Proposer's relevant experience in managing real estate services in Southern California. Describe the scope of services your firm offers along with specialties, strengths, and limitations, particularly with managing buildings of up to five (5) stories tall.

iv. **References:** List five (5) private and/or public sector clients, including the three (3) most recent, relevant, similar project, and comparable scope of services. Include the following information for each client reference:

(a) Name of organization

(b) Contact person's name and address

(c) Phone number

(d) E-mail address

(e) Brief description of the project and services performed. Include dollar amount of the contract and contract start and end date.

The Proposer's submission of references constitutes the Proposer's express consent for City Staff to contact the listed references and to inquire regarding the qualifications of the Proposer.

2. STAFFING

The Proposal shall include a Staffing Plan that describes the staff that the Proposer will employ to directly manage the building. This plan shall include the following:

- a. The number and titles (and/or functional descriptions) of the positions who will be directly involved with the property assignment;
- b. Resumes of any key personnel who will be assigned to the buildings (including specific relevant experience) and information related to other assignments such as what key personnel currently manage;
- c. Whether the positions will be employees of the Proposer or contracted services;
- d. Organization chart, and
- e. Number of employees.
- f. List of professional and licensed vendors proposed to be employed.

3. LEASING

The Proposal shall include a Leasing Plan that describes how the Proposer will lease the building. This plan shall include the following:

- a. Provide market analysis and development of a marketing plan to determine appropriate tenants and recommendation of appropriate mix of tenants to achieve City goals.
- b. Provide samples of marketing materials, list of professional real estate portals, showing methodology for prospective tenants, development of term sheets, negotiation approach, lease development, and execution.
- c. Advising the City on potential tenants lease terms, negotiations, and tenant improvements.
- d. Outline prescreening process, includes but not limited to credit and reference checks, rental history, payment track record, etc. to attract high-quality tenants.
- e. Describe tenancy termination, include serving notice, commencement and prosecution to evict, recover possession, recover rents, settle, release claims, actions, and suits.
- f. Provide sample calculation which includes a monthly per occupied unit/per month fee considering the collection of rent and miscellaneous income paid to Management as a monthly management fee for managing the overall operations of the Property.
- g. If the Property is under rehabilitation construction, provide a proposed structure for fees during the lease-up/ fit-out period.

4. FINANCIAL, ADMINISTRATIVE, & OPERATIONAL REPORTING

The Scope of Services identifies the real estate reporting, financial control, and accounting requirements. All financial statements and reports required by the City are to be prepared in accordance with generally accepted accounting principles. The Proposal shall describe the Proposer's ability to comply with these requirements. Specifically, include at a minimum:

- a. A description of the accounting services, platforms, and data processing capabilities of the Proposer;
- b. A description of the policies and procedures that provide strong internal controls;
- c. A listing of all financial and operational reports available to the City from the Proposer;
- d. Names of the primary personnel who will be responsible for financial reporting and cash management and include the individuals' backgrounds and qualifications;
 - e. A sample of a monthly financial report, redacted if necessary.
 - f. Annual revenues.
 - g. Describe the accounting systems used and financial reporting methodologies.
- h. How soon after period-end (month, quarterly, annual) are the financial results delivered?
- i. Are the Proposer's financial reports independently audited? If so, what is the name of the audit firm?
- m. Are actual financials compared to pro-forma estimates? Is this reviewed with the City?
 - n. An example of the Proposer's financial reports.
- o. What is the average retention rate (years of service) of the Proposer's other clients.

5. REPAIR, MAINTENANCE/OPERATIONS PROGRAM

The proposal shall describe the manner in which the Proposer shall fulfill its repair, maintenance, and inspection obligations.

- a. Does Proposer employ maintenance personnel directly or contract for this work? If employed directly, identify the hourly cost for both emergency and recurring maintenance services;
- b. What is the protocol for reactive service calls;
- c. What is the protocol for after-hours service calls and emergency responses;
- d. How often will Proposer inspect both exterior and interior of the Property;
- e. Please describe Proposer move-in and move-out processes for tenants;
- f. How will the Proposer ensure the Property is adequately maintained;
- g. A description of the process for routine maintenance. Provide a sample scheduled/preventive maintenance plan (quarterly and annually);
- h. A description of the process for emergency service and project specialized work;
- i. Describe the outside vendor services the Proposer typically employs;
- j. Describe how vendors are initially vetted. Describe how vendors' performance are monitored;
- k. How will the Proposer assist the City identify and correct potential safety risks or hazards, and
- l. Will the Proposer assist in investigating accidents or damage to the property? Does the Proposer have prior experience in this capacity?

6. FEES SCHEDULE, COST ESTIMATES, AND EXPENSES

The proposal shall include a full description of all fees proposed by the Proposer to be charged for performing all the services.

- a. Fixed Monthly Property Management Fee;
- b. Leasing Commission Fee (if applicable);
- c. Other Reimbursable or Ongoing Expenses, and
- d. Vendor Hourly and Overtime Rates or Flat Rate.

The proposal shall include:

- (i) Maintenance, alterations, and improvements for the Property;
- (ii) Janitorial services, including but not limited to daily janitorial cleaning, janitorial supplies, and a day porter;
- (iii) HVAC services, including but not limited to, quarterly maintenance for the chiller, annual inspection of the boiler, annual variable frequency drive (VFD) inspection, quarterly preventative maintenance are listed on HVAC for elevator rooms, annual closed loop testing, minor repairs, and supplies;
- (iv) Elevators services, including load test, emergency phone services;
- (v) Stairwell, including lighting, doors, handrails, signage, treads, and runners;
- (vi) Electrical maintenance and minor electrical repairs;
- (vii) Plumbing maintenance and minor repairs that are incidental to maintenance, including but not limited to; annual backflow inspection, sewer line maintenance, snaking of all drains, and restroom sink drain line maintenance;
- (viii) Maintenance and minor repairs that are incidental to maintenance of the exterior of the Property;
- (ix) Landscaping services, including but not limited to monthly exterior pest control, repairs and maintenance to irrigation systems and timers, and as needed landscaping services;
- (x) Signage services, including but not limited to repairs, maintenance, installation, and change-out.
- (xi) Security services;
- (xii) Parking light system;
- (xiii) Fire life safety systems, including but not limited to annual alarm device inspections, alarm monitoring, annual fire extinguisher inspections, and annual vertical inspections; and
- (xiv) Window washing services, including but not limited to annual swing stage inspection, quarterly window washing, and pre-wash swing stage inspection.

7. INSURANCE REQUIREMENTS

The proposal shall provide evidence of the Proposer's ability to provide comprehensive insurance coverage on its operations, as specified in this RFP.

H. ACKNOWLEDGEMENT OF TERMS OF AGREEMENT

The Proposal shall contain an acknowledgement that Proposer accepts the terms of the Agreement or a detailed listing of any exceptions and/or changes to the Agreement that Proposer will require.

I. PANEL INTERVIEW

The most qualified Proposers, as determined by the City, will be invited to participate in an oral interview before a selection panel. The City will not focus so much on the style of presentation but on the additional information presented in response to questions posed by the panel regarding selection criteria (i.e. Proposer's background and credentials, staffing, financial, administrative and operational reporting, repair and maintenance program, fees and expenses, and client references).

J. PROPOSAL SUBMISSION

Proposers shall submit one (1) complete electronic PDF copy of their Proposal through PlanetBids. All submitted material becomes the property of the City. Proposals must be received by the City by the Proposal Submission Deadline on Friday, February 16, 2024 by 10:00am (PST).

City of Garden Grove PlanetBids:

<https://pbsystem.planetbids.com/portal/15118/portal-home>

1. Proposals must be signed by an authorized officer in order to receive consideration. The Proposer agrees to be bound by its Proposal for a period of one hundred twenty (120) days commencing on the submittal date, during which time the City may request clarification or correction of the proposal for the purpose of evaluation. Amendments or clarifications shall not affect the remainder of the proposal, but only that portion so amended or clarified.
2. It is the Proposer's sole responsibility to ensure that proposals are received through PlanetBids prior to the scheduled closing time specified in this RFP. Late proposals will not be considered. The City assumes no responsibility for Proposer delays or technical difficulties with submission.
3. Early Proposals received prior to the Submittal Date may be modified or withdrawn by written request from the Proposer to the City up to the Proposal Submittal Deadline.

K. SELECTION AND EVALUATION PROCESS

The City-designated selection panel will evaluate and score all responsive proposals. The selection panel may require Proposers to provide additional written or oral information to clarify responses. The City will require Proposers to interview and/or make an oral presentation.

The City's selection process will be based on:

STATEMENT OF COMPLIANCE

The undersigned Proposer declares that the Proposal submitted to furnish all Scope of Services for the Real Estate Services for Five Story Commercial Building at 12966 Euclid Avenue, Garden Grove, California per the RFP specifications as described in, and in response to the City of Garden Grove RFP GPM-NO. 2301 was prepared in strict compliance with the instructions, conditions, and terms listed in the Request for Proposal, Scope of Services, and Draft Agreement, with exceptions listed below, if applicable. At least one box for each item must be checked.

RFP Instructions an Terms and Conditions (Check One)

No Exceptions Taken Exceptions Taken

Scope of Services (Check One)

No Exceptions Taken Exceptions Taken

Draft Agreement/Insurance Requirements (Check One)

No Exceptions Taken Exceptions Taken

If any exceptions are taken, this Statement of Compliance shall include a narrative that identifies each item to which the Proposer is taking exception or is recommending change, including the suggested rewording of the contractual obligations or suggested change in the Request for Proposal, and identifies the reasons for submitting the proposed exception or change. When available, please reference specific line item as provided in the Request for Proposal. The City reserves the right to rule as non-responsive and reject any Proposals that are not accompanied with the required documentation as described above.

Proposer's Name: CBRE, Inc

Signature: DocuSigned by: *Kurt Strasmann*
C67D4FAF5D304D6..

Date: 02/13/2024

Print Name: Kurt Strasmann

Print Title: Executive Managing Director