

# TRANSMITTAL

To:  
**THE COUNCIL**

Date: **DEC 02 2014**

From:  
**THE MAYOR**

**TRANSMITTED FOR YOUR CONSIDERATION. PLEASE SEE ATTACHED.**

  
**ERIC GARCETTI**  
Mayor

(Ana Guerrero)



Eric Garcetti, Mayor  
Rushmore D. Cervantes, General Manager

**Housing Development Bureau**  
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November 24, 2014

Council File: 13-0725  
Council District: Citywide  
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Honorable Eric Garcetti  
Mayor, City of Los Angeles  
Room 303, City Hall  
200 N. Spring Street  
Los Angeles, CA 90012

OFFICE OF THE MAYOR  
RECEIVED  
2014 NOV 25 PM 12:28  
CITY OF LOS ANGELES

Attention: Mandy Morales, Legislative Coordinator

**TRANSMITTAL: REQUEST FOR MAYOR AND CITY COUNCIL AUTHORIZATION TO ENTER INTO AN AGREEMENT WITH INTUITIVE REAL ESTATE SOLUTIONS, LLC, FOR PROPERTY MANAGEMENT SERVICES**

**SUMMARY**

The General Manager of the Los Angeles Housing and Community Investment Department (HCIDLA) requests authorization to execute a contract with Intuitive Real Estate Solutions, LLC to provide property management services as specified in a Request for Proposals (RFP) issued in November 2013 (C.F. 13-0725). The initial term of the contract will be for a 12 month period from January 1 through December 31, 2015 for an amount not to exceed \$130,000, with an option to exercise a maximum of two additional one-year extensions. The awarding of contract extensions will be subject to satisfactory contractor performance and need for said services.

A matrix containing RFP bidder and scoring information is provided later in this report and a copy of the draft contract is provided as attachment A.

## **RECOMMENDATIONS**

The General Manager of HCIDLA respectfully requests that:

1. Your office schedule this transmittal at the next available meeting(s) of the appropriate City Council committee(s) and forward it to the City Council for review and approval immediately thereafter;
2. The City Council, subject to the approval of the Mayor, take the following actions:
  - A. Approve the selection of Intuitive Real Estate Solutions, LLC, as the recommended contractor based on a proposal submitted in response to the Real Estate Broker and Property Management Request for Proposals (RFP) released on November 14, 2013;
  - B. Authorize the HCIDLA General Manager or designee to negotiate and execute a contract with Intuitive Real Estate Solutions, LLC, in an amount not to exceed \$130,000, for Property Management Services for the 12-month period from January 1 through December 31, 2015, subject to the approval by the City Attorney as to form;
  - C. Authorize the HCIDLA General Manger or designee to exercise the option to negotiate and execute up to two contract renewals, each for an additional one year term and in an amount not to exceed \$95,000 for each term, subject to approval by the City Attorney as to form;
  - D. Authorize the Controller to:
    - i. Establish new account 43L449 Property Management and appropriate \$245,000 in the Low and Moderate Income Housing Fund No. 55J;
    - ii. Establish new account 43L449 Property Management and appropriate \$75,000 in the Housing Production Revolving Fund No. 240;
    - iii. Decrease appropriations in account 43J844 Technical Services in the amount of \$24,294.35 in the Housing Production Revolving Fund No. 240;
    - iv. Expend funds upon proper demand of the General Manager of HCIDLA or designee.
  - E. Authorize the HCIDLA General Manager or designee to prepare Controller instructions and make any necessary technical adjustments consistent with the Mayor and City Council actions, subject to the approval of the City Administrative Officer (CAO), and authorize the Controller to implement these instructions.

## **BACKGROUND**

### **Property Management Services**

HCIDLA currently manages a portfolio of approximately nine Real Estate Owned (REO) properties and 26 developable properties that were transferred to HCIDLA from the former Community Redevelopment Agency of the City of Los Angeles (CRA/LA). The properties currently managed by HCIDLA range from single family homes and small apartment buildings to vacant lots and abandoned industrial and commercial sites acquired for the purpose of creating affordable housing. The vacant lots and abandoned industrial and commercial sites are particularly vulnerable to dumping of bulk items, vandalism and trespassing. To prevent these properties from becoming a potential nuisance and hazard to the community, they need to be monitored and maintained on a consistent and ongoing basis.

HCIDLA is currently under contract with two property management contractors, International Realty and Investments, Inc. and Overland Pacific and Cutler, Inc., who were selected through an RFP conducted in October 2012 to manage the portfolio of occupied REO properties. These contracts were unfunded because they were to be paid through revenues generated from each of the HCIDLA-owned and occupied properties. Since the acquisition of CRA/LA assets greatly increased the number of HCIDLA-owned vacant real estate, a funded contract is now needed to provide property management services for these properties.

### **Release of RFP Authorization**

In April of 2012, the Mayor and Council authorized HCIDLA to release an RFP for technical services to support various programs within the department. This included the approval to seek proposals for the provision of property management services with a contract term of 12 months with the option for two additional one-year extensions (C.F. 12-0194). The Personnel Department determined, through a Charter Section 1022 review, that HCIDLA did not have the staff capacity or the level of expertise to undertake these services.

On November 14, 2013, HCIDLA released an RFP for Real Estate Broker and Property Management Services. The RFP was available for download from the Los Angeles Business Assistance Virtual Network (LABAVN) website. LABAVN automatically notified 30 registered real estate-related contractors via an email regarding this specific RFP opportunity. The RFP was also advertised via the Department of Neighborhood Empowerment's weekly email newsletter, which has a circulation of 17,000 readers. This email newsletter serves the City's 95 Neighborhood Councils.

Questions regarding the RFP were submitted to HCIDLA via email and fax. The responses to all questions were posted on the LABAVN website to ensure transparency and fairness to all bidders. In response to the RFP, there were 25 attendees representing 23 real estate-related companies and interested parties at the Bidder's Conference held on November 26, 2013. Seven companies submitted individual proposals to provide property management services (Attachment A) by the due date of December 20, 2013.

### **Property Management Services Scoring Process**

The proposals for property management services underwent a threshold review by HCIDLA staff to determine if they met the basic requirements listed in the RFP. All proposals that passed the threshold review were forwarded for scoring.

All proposals were reviewed by a panel of HCIDLA staff members with personnel classifications that included Management Analyst II and Financial Development Officers I and II. The range of staff knowledge and experience included but was not limited to: real estate evaluation and sales, property management of multi- and single-family units, and knowledge of federal and state housing rules and regulations. Proposals were scored on the categories of: Demonstrated Ability; Capacity and Qualifications; Work Quality and Design; and Cost and Budget. Panel members met to discuss the scores and the areas of strengths and weaknesses of each written proposal submitted. A proposal was considered eligible if it received a composite score of 70 points or greater.

The table below summarizes the evaluation and scoring criteria used to evaluate each proposal.

<b>Evaluation Criteria</b>	<b>Maximum Points</b>
DEMONSTRATED ABILITY - Adequacy of the plan, strategies and approach to undertake the work as described in the scope of services.	20
CAPACITY / QUALIFICATIONS - The quality and depth of the proposer's experience, background and qualifications and that of the assigned personnel as it relates to the required services.	40
WORK QUALITY / DESIGN - Quality and creativity of program concepts and strategy. The ability of the proposer to produce work and related deliverables on time that thoroughly addresses the requirement of the scope of services.	20
COST / BUDGET - Proposed budget, allocation of costs, and use of available resources to maximize the effectiveness of the bidder in response to service needs.	20
<b>TOTAL POINTS</b>	<b>100</b>

### **Property Management Services Scoring Results**

Seven proposals were received, reviewed and scored by three members of HCIDLA staff. The reviewer scores for each proposal were averaged and ranked. As conveyed in the table below, four proposals met the 70 point minimum threshold requirement while three were deemed ineligible. The highest score of 88 was received by Intuitive Real Estate Solutions, LLC.

#### **Property Management Services**

<b>Rank</b>	<b>Proposer Name</b>	<b>Average Score</b>
1.	Intuitive Real Estate Solutions, LLC	88
2.	The Eberly Company	84
3.	International Realty and Investments, Inc.	75
4.	Precision Asset Management Corporation	72

Proposers were informed of their final scores on February 28, 2014 and advised of the opportunity to appeal the results by March 7, 2014. There were no appeals submitted in compliance with the terms of the RFP. A draft contract is provided as Attachment A.

### **Projected Funding Requirements**

Initial contract costs will include the clearing, cleaning, and securing of the vacant properties. Once the properties are stabilized, the contractor will provide ongoing property management, including debris and bulky item removal, landscape maintenance, and graffiti removal. For this purpose, the contract is budgeted for \$130,000 in Year 1, \$95,000 in Year 2 and \$95,000 in Year 3. The three-year contract amount total is \$320,000.

### **FISCAL IMPACT**

There is no impact on the General Fund.

Prepared by:



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Management Analyst II  
Loan Portfolio



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MARK GANDARA  
Financial Development Officer II  
Loan Portfolio

Reviewed by:



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VASKEN DJANSEZIAN  
Manager, Loan Portfolio



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DOUGLAS SWOGER  
Director of Asset Management

Approved by:



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HELMI ANN HISSERICH  
Assistant General Manager



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RUSHMORE D. CERVANTES  
General Manager

Attachments:        Draft Contract