SUMMARY STATEMENT

ITEM NO.: DRPA-19-046

SUBJECT: Property Management Services for One Port Center

COMMITTEE: Operations & Maintenance

COMMITTEE MEETING DATE: May 7, 2019

BOARD ACTION DATE: May 15, 2019

PROPOSAL: The Board authorizes staff to negotiate an agreement with Newmark Knight Frank to provide the DRPA with property management services for its headquarters, the building known as One Port Center, located at 2 Riverside Drive in Camden, NJ, the adjacent parking lot and related grounds.

Amount: $132,806 annually ($4,000 monthly management fee and $84,806 annual Property Manager’s salary), plus additional leasing and other fees as required

Consultant: Newmark Knight Frank
1735 Market Street, Suite 4000
Philadelphia, PA 19103

PURPOSE: To engage a vendor to provide property management services to the DRPA’s headquarters, the building known as One Port Center, located at 2 Riverside Drive, in Camden, NJ, the adjacent parking lot and related grounds.

BACKGROUND: Work to be completed by consultant:

1. General Facility Management Services
2. Leasing Services
3. General Building Maintenance
4. Financial Management and Accounting
5. Energy Efficiency and Other Cost Savings Opportunities

Evaluation of technical proposals:

On February 11, 2019, the Request for Proposals (RFPs) was publicly advertised which invited consultants to submit proposals to provide property management services for One Port Center, its adjacent parking lot and related grounds. Five (5) firms attended the mandatory
pre-proposal conference held on March 4, 2019: (1) DL Advisors; (2) LaJeune and Associates (“LJA”); (3) the incumbent property manager, Newmark Knight Frank (“NKF”); (4) Owen Realty Services (“Owens”); and (5) US Facilities. However, only two (2) firms, NFK and Owens, subsequently submitted formal proposals. DL Advisors and US Facilities both failed to submit proposals and LJA submitted a “No Bid Letter” advising that it could not submit a proposal by the March 21, 2019 submission deadline, thus, formally removing itself from the selection process. The Review Committee subsequently evaluated the proposals submitted by NFK and Owens.

Upon completion of its process, the Review Committee determined that the incumbent, NKF was the highest ranked firm. As the only other bidder, Owens was determined the second ranked firm. A number of factors contributed to the Review Committee's findings. The Property Manager proposed by NKF has over sixteen (16) years’ experience as a Property Manager and has worked in the Real Estate Industry for approximately twenty-six (26) years. The Property Manager will be onsite at One Port Center 75% of his/her time as was suggested by DRPA staff during the mandatory pre-proposal conference. In addition, the Property Manager will team with a maintenance technician to inspect and analyze One Port Center to ensure it is running in the most efficient manner possible. Energy audits will be conducted to identify more favorable energy sourcing and cost savings opportunities. Two (2) licensed and experienced salespersons from NKF’s Southern New Jersey office will market the vacant space in One Port Center in order to increase revenue. NKF’s proposal provided comparative information about similar properties in the surrounding area with rent, square footage, and class information demonstrating their understanding of current market conditions. Additionally, NKF offered a comprehensive plan for marketing OPC office space. NKF highlighted multiple software programs that will track and document various aspects of their work, such as work orders, insurance issues, and tenant leases, and the software can run a variety of reports as needed. NKF is located in Philadelphia, PA. For these reasons, Newmark Knight Frank was recommended by the Review Committee.
Evaluation of cost proposals:

Due to the format and structure of the technical proposals for property management services, it is difficult to determine which cost proposal is the most competitive. There is no single not-to-exceed cost that the proposers submitted to the DRPA. Instead, there are a number of factors that make up the cost proposals, such as monthly management fee, property manager salary, maintenance/engineer fee, construction management fee, and leasing fee.

Based on the cost information provided by Newmark Knight Frank and Owens, the following conclusions were made:

- **Monthly management fee**: NKF quoted the lowest monthly management fee at $4,000 per month.

- **Property Manager Salary**: NKF proposed an $84,806 salary.

- **Construction fees**: NKF presented comparable construction fees. While this is helpful information to have, it is not clear how frequently or in what quantity the DRPA would need to use construction services.

- **Leasing fees**: NKF proposed strong proposals for advertising and leasing the extra space in the building, so it is likely that they will bring in more tenants which will increase the DRPA’s rent rolls.

- **Other considerations**:
  - NKF proposed the creation and maintenance of an asset management schedule of anticipated repairs, upgrades and replacements of all building structural and mechanical systems.
  - NKF also proposed to develop and maintain, as needed, a Tenant Emergency Action Plan to create a cohesive response and preparedness plan for OPC tenants during emergencies or other exigent circumstances.
Review Committee Conclusions:

The Review Committee determined that in terms of fixed costs, NKF has the lowest monthly fees (monthly management fee and property manager salary) and equally competitive construction and leasing fees.

Based on the cost proposals, the Review Committee recommends that the Board authorize staff to negotiate with Newmark Knight Frank to provide property management services to the DRPA.

SUMMARY:

Amount: $132,806 annually ($4,000 monthly management fee and $84,806 annual Property Manager Salary), plus additional leasing and other fees as required

Source of Funds: Revenue Fund
Capital Project #: N/A
Operating Budget: One Port Center
Master Plan Status: N/A
Other Fund Sources: N/A
Duration of Contract: Three (3) years with two (2) one-year extensions
Other Parties Involved: N/A
Estimated Number of Jobs Supported: N/A
RESOLUTION

RESOLVED: That the Board of Commissioners of the Delaware River Port Authority accepts staff recommendations to engage Newmark Knight Frank for property management services related to the DRPA headquarters, the building known as One Port Center, located at 2 Riverside Drive, Camden, NJ 08101, the parking lot adjacent to the building and related grounds. Authority staff be and hereby are authorized to negotiate the relevant agreements with Newmark Knight Frank for an amount set forth in the firm’s cost proposal, as per the attached Summary Statement; and be it further

RESOLVED: The Chairman, Vice Chairman and the Chief Executive Officer must approve and are hereby authorized to approve and execute all necessary agreements, contracts, or other documents on behalf of the DRPA. If such agreements, contracts, or other documents have been approved by the Chairman, Vice Chairman and Chief Executive Officer and, if thereafter, either the Chairman or Vice Chairman is absent or unavailable, the remaining Officer may execute the said document(s) on behalf of DRPA along with the Chief Executive Officer. If both the Chairman and Vice Chairman are absent or unavailable, and if it is necessary to execute the said document(s) while they are absent or unavailable, then the Chief Executive Officer shall execute such documents on behalf of DRPA.

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