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DEPARTMENT OF  
FINANCE

CITY OF SACRAMENTO  
CALIFORNIA

BUDGET DIVISION

September 9, 1990

CITY HALL  
ROOM 14  
915 I STREET  
SACRAMENTO, CA  
95814-2696

916-449-5845

Budget and Finance Committee  
Sacramento, California

Honorable Members in Session:

SUBJECT: REPORT BACK ON STATUS OF ASSET MANAGEMENT PROGRAM -  
SCHEDULE FOR RELEASE OF REQUEST FOR PROPOSALS

SUMMARY

During the 1990-91 Budget Hearings the Committee requested an update on the status of the Asset Management Program. The City issued an RFP for a consultant to develop an asset management program in August 1989. Only one firm responded to the RFP.

It was not considered to be in the best interest of the City to consider only one firm. As a result the proposal was rejected in favor of another RFP process in order to encourage more firms to participate in the proposal process. A committee of City staff, under the direction of the City Manager's Office has prepared a new RFP, and developed a more extensive list of firms that could be contacted to provide this consulting service. Attached is a revised RFP that will be issued this month. A consultant should be selected by January 1991, to begin implementation of the program.

BACKGROUND

The objective of a City Real Estate Asset Management Program is to identify surplus City properties and prepare a development program that would generate long-term stable revenue for City facilities. Development of City Parking Lot A for an office tower and hotel is an example of the type of activity that would be encouraged under an asset management program. The Lot A development will generate \$14 million from the sale of the property, as well as increasing the City's property tax and transient occupancy tax revenue. Future developments on City properties may involve ground-leases instead

of outright sales in order to develop an ongoing source of revenue to the City.

On August 22, 1989 the City Council authorized and directed staff to release a Request for Proposal to obtain a qualified consulting service to assist in the development of a City Real Estate Asset Management Program. Only one firm responded to the RFP. In order to assure that the City is receiving a competitive proposal, staff rejected the single proposal, and developed a strategy to obtain a greater response from real estate consulting firms.

The new strategy for eliciting a greater response was developed by an internal committee of staff from several departments. The strategy includes a streamlined RFP that will be easier to read, and requires less time for respondents to prepare a proposal. In addition, the list of contacts has been expanded from 11 to 135 firms. The list of new firms for the RFP mailing list has been obtained from other agencies and local governments that have started asset management programs.

The schedule for releasing the RFP, reviewing the proposals, and selecting a consultant is as follows:

October 1, 1990	Release RFP
October 25, 1990	Staff conducts pre-bid conference Contact made with likely bidders to ensure responses
November 20, 1990	Proposals due to the Manager
November, 1990	Selection Panel reviews and identifies finalist. May include interviews.
January, 1991	Contract negotiations
February, 1991	Consultant selected and Contract awarded by City Council

#### FINANCIAL DATA

The current budget for the project is \$150,000. There have been no expenditures made from the project.

#### POLICY CONSIDERATIONS

This RFP addresses a program that has received conceptual approval from the City Council.

The selection criteria is identified in the RFP and provided in summary below:

- \* Experience of proposer in developing an Asset Management Program 10%
- \* Experience of Project Team 30%
- \* Proposed scope of service including commitment of resources to project 20%
- \* Quality of past performances as supported by references 30%
- \* Consistency of the proposal with City Objectives 10%

TOTAL 100%

Because the field of Asset Management in the public sector is relatively new, the selection criteria emphasizes the track record of the proposer as opposed to specific experiences. Also of importance is the ability of the proposer to prepare the program independently without the need for extensive staff support from City staff.

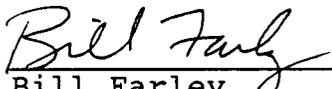
**MBE/WBE**

The City will follow existing policies as they relate to the selection of consultants.

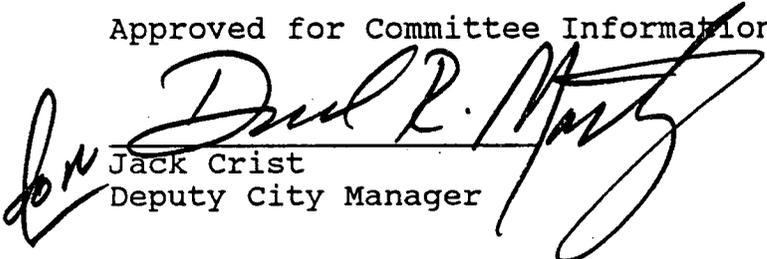
**RECOMMENDATION**

This report is for information only. No action is required by this Committee.

Respectfully submitted;

  
\_\_\_\_\_  
Bill Farley  
Senior Management Analyst

Approved for Committee Information:

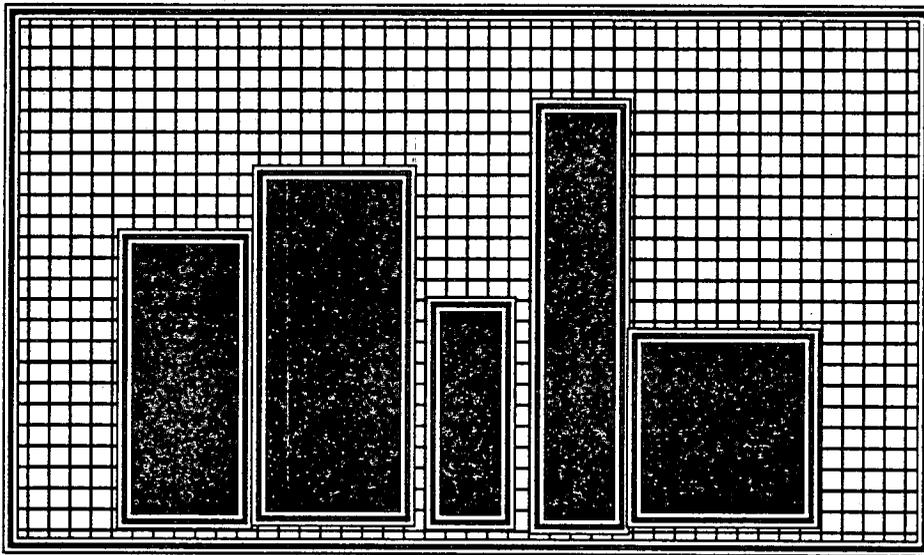
  
\_\_\_\_\_  
Jack Crist  
Deputy City Manager

September 18, 1990  
All Districts

Contact Person:  
Jack Crist, 449-5845

# Request For Proposals

# Asset Management Consulting Services



City of Sacramento  
October, 1990

## INVITATION

The City Council and city management view the development of an asset management program as an important part of this city's future; both for the revenue potential, and the development of much needed public facilities. I encourage you to submit a response to this request for proposal for a consultant to develop an asset management program for the City of Sacramento. The City is hoping for a broad response to this RFP from a variety of professions.

I look forward to reviewing a proposal from your firm in the near future.

WALTER J. SLIPE  
CITY MANAGER

### COMMUNITY BACKGROUND

Located at the confluence of the American and Sacramento Rivers, Sacramento, known as "River City," is gaining an image of a thriving city in which population is described as well educated, youthful, and prosperous.

Not since the gold rush has the Sacramento area held such attraction for people in search of new opportunities. Sacramento is one of the fastest growing metropolitan areas in the nation and as such, is looking to the 1990's as a golden decade of growth and prosperity. The recent Chase Econometrics Report ranks the Sacramento area first in all three categories reported: employment growth, income growth, and population growth. The 1989 update of the 1980 census by National Planning Data Corporation (NPDC) estimates the Sacramento SMSA population at nearly 1.4 million, a twenty percent increase in just nine years.

This phenomenal growth of the nation's 30th largest metropolitan area is expected to continue. The area's population is expected to reach 1.6 million by the year 2000 and 1.9 million by 2010. Sacramento ranks sixth nationally in terms of economic growth. Its effective buying income is greater than 15 states.

Sacramento is an exciting place to visit as well as to live. Large numbers of people, increasing annually, visit Sacramento each year. Between 1980 and 1985, tourism in Sacramento increased

by seventy-five percent, making tourism the area's third largest business. In 1989, over nine million people visited Sacramento, generating nearly one-quarter billion dollars for the local economy. Many are tourists drawn by the same recreational and cultural attractions which contributed to Sacramento's rank as first in a recent national survey on the "quality of life" in the nation's cities and which helped land Sacramento a spot in Newsweek's "Top Ten Cities."

### CITY GOVERNMENT

The City is governed by a nine member Council of elected officials. The board includes 8 councilmembers elected by districts and a Mayor that is elected at-large. The current Mayor and Council Members are as follows:

Anne Rudin	Mayor
Council Members:	
Heather Fargo	Council District 1
Lyla Ferris	Council District 2
Josh Pane	Council District 3
Tom Chinn	Council District 4
Joe Serna, Jr.	Council District 5
Kim Mueller	Council District 6
Terry Kastanis	Council District 7
Lynn Robie	Council District 8

## PROJECT OVERVIEW

Over the past decade, traditional sources of local revenue have become increasingly used for the daily operations of government. Consequently, new methods of generating revenue must be identified to provide for construction or expansion of general government facilities. Increasingly cities have turned to leveraging and managing their real estate holdings to generate new, locally controlled revenue streams. Establishment of an asset management program provides a system for organizing information and financial data on owned and leased real estate to make sound real estate decisions and to develop a strategic plan for real estate utilization, taking into account the city's operational and financial objectives.

In order for the City to effectively provide for both operating departments' current and future space needs and for community facilities while decreasing reliance on the General Fund, a new revenue resource must be developed. The City believes that an Asset Management Program can provide this needed revenue.

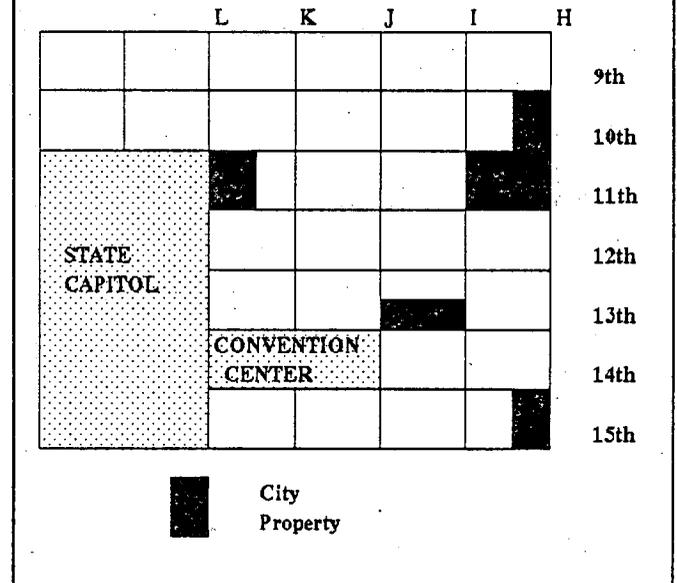
For the development of an Asset Management Program the City seeks the expertise of a consultant to develop program goals, a financial strategy, organizational structure and strategy, as well as recommendations for the implementation of a business plan for a City Asset Management Program.

The City currently holds several underutilized properties which typically are of three types: 1) sites located in the Central Business District which primarily consist of parking lots; 2) larger, non-central city mixed use sites ranging from 120 to 200 acres and 3) miscellaneous holdings including abandoned right of ways. Figure 1 is a location of the key assets that shall be the primary, but not exclusive focus of the Asset Management Program.

## SCOPE OF REQUESTED SERVICES

Conceptually, a phased approach for establishment of the City's Asset Management Program would be undertaken. The work program for the selected consultant will be as follows:

**FIGURE 1**  
City of Sacramento  
Central Business District



### Phase I

- \* Review existing inventory of City assets
- \* Develop program goals to include specific guidelines
- \* Develop conceptual design of Asset Management program
- \* Recommend program implementation system to include organizational structure, staffing recommendations and if appropriate, role of private sector.

### Phase II

- \* Identify opportunities to leverage major assets to include:
  - Site specific recommendations;
  - Preliminary market and financial analysis;
  - Estimated revenue to be generated.

(Throughout Phases I & II there will be presentations at an estimated five public meetings including meetings of the City Council.)

## PROPOSAL INFORMATION

Sealed proposals (one original and nine copies) must be submitted to the Office of the City

Manager, 915 I Street, Room 101, Sacramento, California 95814, by 5:00 p.m. on November 20, 1990.

Proposals shall be submitted in the format outlined below. Failure to meet the requirements for the Request for Proposal may be cause for rejection of the proposal.

**A. Identification of the Consultant and all Consultant Team Members.**

1. Name, address and telephone number of the consultant and consultant team members;
2. History of the organization;
3. Name of any proposed subcontractors;
4. Identification, role, education and experience of key individuals on the consultant team, including principals, associates and subcontractors;
5. Organizational chart depicting roles, responsibilities and authority;
6. Name, experience and qualifications of the Project Manager.

**B. Statement of the Consultant's Ability to Provide Services to the City in a Cost-Effective Manner.**

1. Preliminary cost estimate with breakdown of expenses to include hourly professional fee rates; a factor which represents per diem and related project expenses; and fee rates of subcontractors if applicable. Use table in Technical Appendix to provide this information.
2. Proposed time line to complete project.

**C. Consultants Expertise and Experience**

1. Statement addressing the consultant's experience in the following areas:
  - a. Real estate expertise including valuation, construction, buying and selling, property management and real estate development.
  - b. Market, economic and financial feasibility analysis.
  - c. Financial planning with a focus on debt management.
  - d. Preparation of revenue enhancement strategies.
  - e. Facilities analysis.
  - f.. Strategic planning advice and guidance

related to asset management.

- g. Asset Management Program development experience.
  - h. Property information systems expertise.
2. Description of consultant's relevant project experience and consultant's role and responsibilities in the projects. Submissions of examples of the development of similar asset management programs for public or private sector clients is strongly encouraged. These will be returned upon request.
  3. References from at least three clients (at least two from public sector clients) for whom the consultant has performed work similar to that proposed in response to this request. Include a one page summary statement for each assignment as well as the names, addresses, telephone numbers and contact persons.

**D. Financial Condition**

1. Provide financial statements, copies of annual reports, and any additional information to indicate the current financial condition of the firm.

**E. Minority Business Enterprise and Women's Business Enterprise**

1. The City of Sacramento actively encourages the participation of minority and/or women's business enterprises in the proposal process. Proposers who incorporate M/WBE participation in their proposal shall indicate who the M/WBE is; their role in the project and the estimated dollar value and percentage of work to be performed by the M/WBE.

**TECHNICAL INFORMATION**

An addendum to this document is available through the Office of the City Manager. Information and forms included in the Technical Addendum are:

South Africa Divestment Affidavit  
City of Sacramento Chapter 58 Requirements  
Rules Governing Competition  
Contact Between Proposer and City  
Requirements Established by the City  
Insurance Provisions  
Preliminary List of Selected Assets

Interested Proposers are urged to secure a copy of this addendum insofar as the addendum contains

additional forms and details necessary to submit a complete proposal. Copies of the Technical Addendum can be obtained by calling or writing the address given below:

Jack Crist  
City of Sacramento  
Office of the City Manager  
915 I Street, Room 104  
Sacramento, CA 95814  
(916) 449-5704

### **SOUTH AFRICA POLICY**

The Sacramento City Council has adopted an ordinance prohibiting City transactions, unless mitigating circumstances are indicated, with companies involved with the manufacture of goods and/or services in South Africa or Namibia. Each Proposer should complete the City Of Sacramento South Africa Divestment Affidavit contained in the Technical Addendum to this RFP and return it as a part of the proposal.

### **SELECTION CRITERIA**

The selection shall be based on the following:

1. The experience related ability of proposer in developing an Asset Management program of similar scope and complexity and other relevant project experience.(10%)
2. The strength and experience of the proposed project team including previous team projects. (30%)
3. The proposed scope of services including the commitment of resources to the project. (20%)
4. The quality of past performance as supported by references.(30%)
5. The consistency of the proposal with City objectives. (10%)

### **PROPOSAL REVIEW PROCESS**

This section provides information on the schedule and selection process for the consultant services proposal. For further information, Proposers are encouraged to contact Jack Crist, Deputy City Manager, Office of the City Manager, 915 I Street, Room 101, Sacramento, California 95814 and to attend the pre-proposal conference. The

City reserves the right to waive irregularities and to modify the process and time line as necessary.

The City will conduct a Pre-proposal conference on October 25 at 10:00 a.m. in the City Manager's conference room, City Hall, 915 I Street, Room 100, Sacramento, California 95814.

The selection process will include an evaluation of the proposals by a selection panel and reference reviews. The City reserves the right to seek supplementary information from any proposer at any time after the proposal deadline and before the final selection. Such information will be limited to clarification or amplification of material contained in the proposal. The City reserves the right to reject any and all proposals.

The schedule for the receipt and review of Asset Management Program consultant services proposals is outline below:

<u>DATE</u>	<u>EVENT</u>
October 1, 1990	City issues RFP
October 25, 1990	Pre-proposal Conference: 10:00 a.m. City Hall-Room 102, 915 I Street Sacramento, California
November 20, 1990	Proposals due: 5:00 p.m. at City Managers Office, City Hall-Room 101
November, 1990	Selection panel reviews and identifies finalist. May include interviews with proposers.
January, 1990	Contract negotiations with recommended proposer.
February, 1990	City Council approves and awards consultant services agreement.
February, 1990	Consultant commences project.