

5. SECTION B - SCOPE OF SERVICES:

5.1. **Background**

Montgomery County, Maryland (the "County") is soliciting proposals for Real Estate Advisory Services for the County to be administered by the Department of General Services ("DGS"). The County is seeking a qualified firm that has the expertise and capacity to provide the goods and services described in the Scope of Services of this solicitation.

5.2. **Intent**

It is the intent of DGS, on behalf of the County, to enter into a contract with a qualified Offeror (also known as "Contractor") to provide Services defined herein in accordance with Montgomery County, Maryland's Procurement Law and Regulations.

5.3. **Scope of Services/Specifications/Work Statement**

This Request for Proposal will result in the Montgomery County Department of General Services contracting for Real Estate Sales and Acquisition Services, and Real Estate Consultation and Advisory Services on an "as-needed, task order" basis ("Task Order") to meet emergent needs that may include but not be limited to:

1. Sale, leasing, and development of County properties located throughout the County including public/private partnerships.
2. Acquisition of land for needed County facilities and initiatives.
3. The analysis and research as may be necessary to accomplish the sale, acquisition or leasing in the best interest of the County.
4. Miscellaneous analysis and assessment services to provide advice to the County in a variety of real estate matters.

To achieve these objectives, the County desires to procure the services of a full-service real estate firm to meet the needs of the County as described herein.

The Contractor that is awarded the contract shall provide the County with Professional Supplemental Real Estate Services on Task Order basis, which may consist of Appraisal Services; Asset Management Services; Real Estate Lease and Leasehold Advisory Services; Redevelopment Opportunities and Acquisition and Disposition of Assets; Survey Services; and Real Property Analysis and Transaction Services (hereinafter referred to as "Service Category"). Such services shall be in compliance with all applicable laws, including federal, state, county and Montgomery County policy.

The County is comprised of many agencies and possesses many affiliations with other government-oriented programs that may also need to enlist the services of a Contractor. Any contract awarded as a result of this RFP, will be bridgeable in order to provide services to all County agencies as well as other governmental and quasi-governmental organizations which include but are not limited to the following: Montgomery County Housing Opportunities Commission ("HOC"), Montgomery Community College ("M-CC"), Montgomery County Public Schools ("MCPS"), Montgomery County Revenue Authority and The Maryland-National Capital Park and Planning Commission ("M-NCPPEC"), Washington Suburban Sanitary Commission (WSSC), and Municipalities & Special Tax Districts in Montgomery County. The Contractor responding to this RFP should understand that one or more of these agencies and affiliate programs may be engaging their services as well. Therefore, the following protocols should be adhered to when dealing with any of these agencies and affiliate programs.

The County owns, manages, occupies, and/or leases several hundred properties in Montgomery County. The type of County owned or leased building types which could require real estate services may include, but are not limited to:

- (1) Office Buildings
- (2) Libraries
- (3) Day Care Centers
- (4) Community Recreation Centers/Civic Buildings
- (5) Police Stations
- (6) Fire Stations
- (7) Health Centers
- (8) Detention Centers
- (9) Bus/Automotive Maintenance Facilities/Depots
- (10) Liquor Warehouses/General Warehouses
- (11) Playgrounds
- (12) Indoor & Outdoor Swimming Pools
- (13) Transit Centers
- (14) Specialty Projects such as County Business Incubators
- (15) Social Services Shelters and Residential Facilities, and
- (16) Site work and site improvements related to any of the above.

The County, in striving towards excellence is creating a strategic plan to effectively manage the County's ever changing real estate requirements. The strategic real estate planning goals for the County and its agencies, include, but are not limited to the following:

Strategic Planning Goals

- 1) Cost savings/avoidance;
- 2) Increased operational efficiency;
- 3) Anticipation of projected trends and needs, including workplace environment; and
- 4) Implementation in a time frame and manner to meet agency needs.

The County deals with two types of leases: "Revenue Leases" and "Expense Leases." Revenue Leases are properties that are typically owned, managed, and leased by the County and in some lease instances, the County derives an income stream as a result. The County also leases commercial space around the Maryland area. These Expense Leases are those leases in which the County pays for the use of another entity's commercial facilities. The Contractor should be aware of these types of lease arrangements prior to responding to this RFP.

At the commencement of each Task Order, the County will assign such task order(s) to a Program or Project Manager ("PM") who will identify issues that they believe to be most critical. As Task Orders are required, the County will solicit and/or negotiate a specific scope of work and level of effort with the selected Contractor for the development and implementation of a designated assignment.

It should be noted that the County's financial situation will dictate the total funds available for real estate costs for an agency or for an individual transaction, which, at times, will be subject to appropriation.

The County seeks to contract with a qualified real estate broker and other partnering qualified consultants who can be available on a Task Order basis to provide services in the following categories:

Description Of Real Estate Services

- A. Real Estate Lease and Leasehold Advisory Services
- B. Asset Management Services
- C. Appraisal Services
- D. Redevelopment Opportunities and Acquisition and Disposition of County Assets
- E. Survey Services
- F. Real Property Analysis and Transaction Services

The County recognizes that the breadth of the real estate services provided above may not be in the realm of expertise of the qualified Contractor.

A. Real Estate Lease and Leasehold Advisory Services

1) Strategic Planning for County Space Needs.

To assist the Contractor with the following services, DGS will provide background information on the space occupied by each agency to enable it to service the agency as a client. The Contractor will, in conjunction with the DGS staff PM, among other things:

- a. Evaluate the agency's space;
- b. Identify areas of underutilization and opportunities for the reduction of leased space;
- c. Make recommendations for consolidation and lease renegotiation;
- d. Evaluate programmatic requirements for specific programs;
- e. If necessary, identify suitable sites;
- f. Analyze and supply market data to support any proposed transaction;
- g. Identify and analyze lease types (i.e., full service, triple net, industrial gross, etc.) that best fulfill the County's respective space requirements; and
- h. Negotiate lease terms and services.

2) Site Location, Market Analysis and Lease Procurement Services.

DGS, at its sole option, may request the following services based on a final accepted strategic plan:

- a. Prepare requests for lease proposals.
- b. Review availability of existing space and new space in identified geographic areas.
- c. Develop advertisements for space in accordance with current DGS policy and procedures.
- d. Review and analyze proposals for best value to the County.

- e. Research the market for appropriate space alternatives.
- 3) Procurement of required leases for all locations, regardless of size, across the County, for all types of uses (e.g., office, warehouse, etc.).
- 4) Prepare a market survey that addresses the following:
 - a. Asking price and business terms of the lease for the site(s) selected and prepare an abstract of all the business terms of the recommended site.
 - b. List of all the comparable sites evaluated and their asking terms.
 - c. Appropriate market data to justify the recommended transaction (including providing actual lease comparables for similar properties whenever possible).
 - d. A report on the existence and condition at the recommended site of any known asbestos, building or fire code violations, engineering, structural or any other potentially hazardous conditions which may be determined to be of concern.
 - e. If more than one site satisfies the agency's requirements, the Contractor shall prepare discounted cash flow and other analysis of projected rents and other costs comparing each site – qualitative and quantitative, a recommendation of the most appropriate alternative based upon a comparative financial analysis and best values.
- 5) Arrange inspections of appropriate sites for DGS and the client agency. Determine whether the site is suitable for the agency's need (e.g., that it meet County specifications and has adequate electrical power, HVAC, floor load, meets structural requirements, etc.).
- 6) Provide information on Lessor performance and related compliance.
- 7) Negotiate new leases and renewals for best value to the County.
- 8) Manage execution of lease agreements.
- 9) Provide emergency lease support in case of a catastrophic event that requires immediate relocation.

Any lease with County approval may be continued to completion only for the duration of the individual leases being worked on. No later than one hundred eighty (180) days prior to the expiration of the Contract, County and the Contractor will develop a list of pending assignments on which the Contractor will continue its effort to finalize pending leases. The final determination of those assignments will be in the sole discretion of County.

B. Asset Management Services

The County leases, owns, and/or manages several hundred properties. Depending upon the County's needs and requirements for the management and maintenance of County-owned property, the County in its sole discretion may require the Contractor to provide the following services:

- 1) Conduct rental surveys and site surveys;
- 2) Advertise for prospective tenants of Revenue Leases, provide property security, prepare properties for lease and show available properties;

- 3) Collect rentals of Revenue Leases, provide janitorial services, landscaping services, repair and preventative maintenance work, fill vacancies, and evict tenants violating their lease provisions;
- 4) Provide for revenue concession and license management, concessionaire liaison;
- 5) Provide advice and expertise in negotiating rent abatement, payment options, and rent forbearance when negotiating with a Tenant who is delinquent on rent payments for Revenue Leases;
- 6) Rent collection/reporting, inspections and lease compliance of Revenue Leases;
- 7) Prepare market analyses, development feasibility and market studies to determine optimum use of properties;
- 8) Manage County occupied facilities owned by private parties, including repair and preventative maintenance work and janitorial services;
- 9) Dispose of County surplus property, including the following: prepare marketing packages, marketing plans, and provide brokerage and auctioning services as necessary to lease, sell, or exchange County-owned properties;
- 10) Provide real estate support services such as graphic services, map preparation, aerial photography, and courier services;
- 11) Perform lease, license, and other real estate document compliance reviews and work with County agencies to correct deficiencies;
- 12) Provide reviews and recommendations of space plans and/or construction drawings prepared by property owners;
- 13) Conduct assessments and provide findings of the triple net ("NNN") costs associated with selected County-owned properties;
- 14) Monitor construction of tenant improvements for owner's adherence to approved space plans and County's performance specifications;
- 15) Review cost of improvement estimates;
- 16) Assist County agencies with inspections of improvements, creation and correction of "punch list" items, and final acceptance of improvements;
- 17) Perform janitorial and landscaping contract compliance inspections and reports;
- 18) Perform or arrange for safety inspections;
- 19) Provide construction management services for projects such as building construction, rehabilitation, remodeling, tenant improvements, and redevelopment projects;
- 20) Asset Management Tasks. Contractor shall conduct and report the findings of a Space Utilization Study which may consist of the following elements:

- a. Analysis of Department Reports: On a case-by-case basis, DGS will provide the Contractor with a report of all property leased within the DGS portfolio. Rent and other costs of occupancy will be provided.
- b. Lease Research: The Contractor through the DGS PM will have access to the DGS lease files on site. The Contractor will need to examine these files whenever there is reason to believe, based on DGS reports and agency contact interviews, that additional information is required to establish actual costs to the County (e.g., un-amortized lease costs, landlord's rights under the lease, etc.).
- c. Office Space Efficiency Profile: The DGS PM and the Contractor will physically walk through previously prioritized locations in a systematic manner to establish relative compliance with any applicable space standards, to document building conditions, and to determine organizational efficiencies that could be accomplished by consolidation or reconfiguration. The Contractor shall develop space audit reports by location to highlight under-utilization and target leases requiring backfill, renegotiation or cancellation.
- d. Identification of Opportunities: The Contractor must review market factors and determine which locations/leases are above market rates. A space utilization profile must be developed for every previously prioritized location as determined by DGS PM. The Broker Contractor will identify industry best practices related to real estate portfolio management that could be beneficial to DGS in the management of its real estate assets.
- e. Strategic Plan: The Contractor must synthesize the information obtained under the aforementioned Additional Potential Asset Management Tasks regarding existing leases and property and produce a plan that addresses the County's long-term goals.
 - 1) The Contractor must provide the PM an interim strategic plan report, including a recommendation for each agency to review, by no later than ninety (90) days after the commencement of the Task Order.
 - 2) The report should summarize the true costs of each property, identifying the space and its utilization, stating the goals as it relates to space of the agency, as identified by the PM, prioritize the properties which present an opportunity as they are determined to be over-market, under-utilized or are otherwise less than optimal for agency needs, and present a specific plan of action over the next five (5) years to meet DGS and agency goals. The final report should reflect DGS comments and be produced within thirty (30) days after acceptance of interim report. Recommendations made by the Contractor at any time during the creation of the strategic plan may be brought to the DGS and, if approved, be assigned as a project. Such projects should be identified within, and will count toward, the fulfillment of the goals of the strategic plan.
 - 3) DGS must periodically review the implementation of the Contractor's strategic plan.
 - 4) The project breakdown should show sub-projects, activities and tasks, and resources required and allocated to each.
 - 5) The time-phased plan in the form of a graphic display, showing each event, task, and decision point in your work plan.

21) Provide other related asset management services as required by the County.

C. Appraisal Services

The following are services that the County requires when conducting financial analysis and appraisal reviews:

- 1) Estimate and/or appraise the value of property for sale, purchase, lease conveyance or option to purchase;
- 2) Estimate and/or appraise the value of leasehold interests or easement rights;
- 3) Determine just compensation in condemnation proceedings;
- 4) Provide a basis for setting rental schedules and lease provisions;
- 5) Provide a basis for determining feasibility of a construction or renovation program;
- 6) Provide a basis for determining supply and demand trends or determining the status of real estate markets;
- 7) Estimate and/or appraise the value of security offered for a proposed loan;
- 8) Estimate market value for property tax assessment purposes;
- 9) Demonstration of proficient understanding and skills regarding cost/benefit and fiscal impact analysis;
- 10) Provide appraisals and appraisal reviews for Montgomery County's long-term debt financing programs which may include certificates of participation ("COP"), general obligation bonds, lease-purchase, community facilities and special districts, revenue bonds, tax increment financings for redevelopment, lease-purchase, special districts, special assessments, grants, user-fees, exactions, negotiated agreements, and privatization;
- 11) Create market analyses (e.g., as related to master plan recommendations or master plan work program, or as related to proposed capital expenditures);
- 12) Inform and track real estate market conditions for office, industrial, residential and special use facilities (i.e., cap rates, critique appraisals);
- 13) Provide analyses on capital improvements and financing plans;
- 14) Prepare financial reports and studies; and
- 15) Provide other related real estate appraisal services as required by the County.

D. Development Opportunities and Acquisition and Disposition of County Assets

The County is considering a variety of alternative finance mechanisms to meet the capital needs of County government. To the extent that the County may consider using real estate assets as a means to address those needs, the Contractor (at the request of the DGS) may be required to propose, analyze, and implement a variety of real estate-based transactions including public/private

partnerships, joint ventures, sale/leasebacks, etc. The follow list incorporates services and areas of expertise that the County may require:

- 1) Provide recommendations on acquiring and disposing of real property by the County;
- 2) Proficient understanding of county and regional demographic and economic conditions and trends (e.g., COG and M-NCPPC modeling);
- 3) Prepare and develop fiscal impact analysis, project financial analysis and developmental pro formas;
- 4) Perform purchase and/or sales transactions for the County;
- 5) Ability to formulate construction estimates and derive operating/maintenance costs;
- 6) Budget forecasting;
- 7) Budget review;
- 8) Creation and implementation of prioritization tools;
- 9) Negotiations support;
- 10) Real Estate Analysis and Relocation Assistance Program (RAP);
- 11) Types of projects that could be analyzed:
 - County capital projects
 - Private sector projects
 - Public/private partnership projects
 - Federal or state projects
 - Non-profit projects
- 12) In conjunction with the County's Department of Finance, perform financial analyses, as required, for selected transactions including assistance in evaluating the cost and benefit impact of proposed public private partnerships such as net tax gain or increased public costs, and advising on the appropriate form of public financing or investment to achieve County goals (such as Tax increment financing or use of Commercial Development Area Districts);
- 13) Conduct feasibility analyses including but not limited to test redevelopment feasibility given various policy alternatives, such as different impact tax rates, zoning requirements and zoning envelopes;
- 14) Assist the County with redevelopment and revitalization of older commercial centers in the County;
- 15) Assist staff to identify and contact local, regional and national retail businesses, office users, real estate developers and other business entities to promote and market business, revitalization and investment opportunities in commercial revitalization districts/areas;
- 16) Assist staff to revitalize existing commercial shopping centers and other identified centers of business activity, through creation and implementation of targeted marketing analyses and strategies, real estate redevelopment/renovation plans/programs and leasing strategies;

- 17) Assist staff, community groups and real estate property owners on issues related to negotiation of property leases and purchases necessitated by a County project; and
- 18) Assist staff to identify, appraise and/or negotiate acquisition of land or property for selected revitalization projects.

E. Survey Services

- 1) Perform land surveys;
- 2) Prepare legal descriptions;
- 3) Review and verify legal descriptions;
- 4) Prepare plat maps and property site plans;
- 5) Prepare lot line adjustments; and
- 6) Provide other related survey services as required by the County.

5.4. Contractor's Qualifications

- The Contractor must demonstrate that it has the requisite ability and skill necessary to perform the services required of it under the Contract in connection to the Scope of Services and that it has the capabilities and resources necessary to perform the services.
- All of the Contractor's personnel must provide evidence of competency to perform such services and have a minimum of five (5) years' experience in the specific task.
- Contractor must have a proven track record of successfully and consistently delivering exceptionally high-quality work within budgeted time and cost.
- Any appraisal work must be completed by a Certified Appraiser.
- Contractor must provide a list of at least three (3) professional references that can validate Contractor's experience in providing services of similar scope and nature to the ones included in this solicitation.

5.5. Contractor's Responsibility **(Method of Assignment of Task Orders)**

It is the County's intent to enter into a contract with a qualified Contractor to provide real estate advisory services for various County facilities, on an as-needed basis. The County will issue a Task Order for each project. Issuance of a Task Order will be contingent upon appropriation of funds by the Montgomery County Council and the encumbrance of such funds, as provided by the Montgomery County Code. The County reserves the right to issue a separate solicitation for any work.

When real estate advisory services are needed for a project, the County will send the Contractor a "Request for Task Order Proposal" that will include all or some of the following: 1) a Basic Services Compensation Form; 2) Schedule; and 3) any other pertinent requirements/documents necessary for the Project.

The Contractor will be required to submit a Task Order proposal to the PM or designee within the deadline specified. The Task Order proposal must include: 1) a completed Basic Services Compensation Form for the Project, i.e., the total compensation, as listed in the Contract, 2) a

schedule of payment; 3) Certificate of Insurance (if required); and, 4) the date and signature of the Contractor.

As necessary, the County shall negotiate the proposed Basic Services compensation and/or other terms of the Task Order. All costs incurred by the Contractor in negotiating Task Order proposals shall be borne by the Contractor and will not be reimbursed by the County. The Contractor shall not commence service under any Task Order until a Notice to Proceed has been issued for that Task Order by the PM. The County will not pay any costs for travel, lodging or meals.

If there is a need to change the requirements of a specific Task Order, the modifications and changes to the Task Order shall not modify or change any part of the Contract. The Task Order Amendment will only affect the Task Order and the amendment will be issued for that specific Task Order.

Any Task Orders assigned before, but completed after, the effective termination date of the Contract are to be honored with all terms, conditions, scope of services, and costs of the Contract and Task Order in effect until the assignment is completed and accepted by the PM. The hourly rates for each task order shall remain firm for the duration of the task order until its completion, unless the completion date of the task order is extended through no fault of the contractor, at which time, the contractor may request a price adjustment to the hourly rates currently in effect for the remainder of the task order.

5.6. **County's Responsibility**

1. The County shall provide requirements for each Task Order.
2. The County shall examine documents submitted by the Contractor and shall render decisions pertaining thereto.

6. **SECTION C - PERFORMANCE PERIOD**

6.1. **TERM**

The effective date of this Contract begins upon signature by the Director, Office of Procurement and ends after a five (5) year period. Contractor must also perform all work in accordance with time periods stated in the Scope of Services and Task Orders issued under the Contract. Before this term for performance ends, the Director at his/her sole option may (but is not required to) renew the term. The Contractor's satisfactory performance does not guarantee a renewal of the term. The Director may exercise this option to renew this term three (3) times(s) for one (1) year(s) each.

6.2 **PRICE ADJUSTMENTS**

- 6.2.1 Prices quoted are firm for a period of two (2) years after execution of the contract and applies to labor rates only. Any request for a price adjustment after this five-year period is subject to the following:
 - 6.2.1.1. Approval or rejection by the Director, Office of Procurement or designee.
 - 6.2.1.2. Submission in writing to the Director, Office of Procurement and accompanied by supporting documentation justifying the Contractor's request. A request for any price adjustment may not be approved unless the contractor submits to the County sufficient justification to support that the Contractor's request is based on its net increase in costs in delivering the goods/services under the contract.
 - 6.2.1.3. Submission within sixty (60) days prior to contract expiration date, if the contract is being amended.
 - 6.2.1.4. The County will not approve a price adjustment request that exceeds the amount of the annual percentage change of the Consumer Price Index (CPI) for the twelve-month