

Real Estate Services Request for Proposal

QUESTIONS & ANSWERS

Pre-Bid Meeting ~ March 16, 2009

Question 1: The RFP indicates that the State of Michigan has additional leases in other states, what are they?

Response: Ohio, California, Texas, Illinois, New York and Washington, D.C.

Question 2: If the state is currently building regional offices, do you expect more to be built in the future and will they be co-located with governmental offices?

Response: Yes. There are a number of cost savings for co-locations, including redundancies related to common space, circulation, etc. Also there are savings related to data/technology connectivity, which is quite expensive. Because the cost is related to site and not size, smaller offices are paying high costs per square foot for the connectivity. The concept is to move a lot of separate leases in an area into one location. This will save in terms of redundancy of space, and secure long-term space needs. The pilot location selected for this project is Gaylord – currently the project has approximately 9 agencies and 16 leases consolidating into about 75,000 square feet, which may change as budget approval changes.

Question 3: The agencies have updated their strategic plans recently, is there another programming effort that has to take place?

Response: Yes. Maintaining a current strategic plan will be an on-going effort. A review of the original plan in 2005 indicates that more than 90% of the objectives have been met. It has been a very useful guiding tool. The programming may or may not have to be changed, but it will have to be reviewed in relation to the way agencies business model is changing - more modern service delivery methods are being employed that may require space programming and space design.

Question 4: Do you expect the broker to work on the disposal and sale function in this contract? There are leftover state police towers earmarked for disposal. In the initial proposal, would we be expected to work on this as far as technical needs, appraisals and disposals are concerned?

Response: That is an additional service included in the contract. The Real Estate Division (RED) typically procures all due diligence materials needed to prepare property for sale. All land sales must have statutory for the conveyance. There have been recent announcements made to close large facilities. For example, the Mt. Pleasant Psychiatric Facility has about 700 acres and will close this year.

Question 5: With regard to information about space surveys for efficiency and vacancy, how much help do we get from the state, if they have a planning division, or is that provided through the Contractor? When a new space is leased, who provides the design for that?

Response: We would expect the landlord's architect and Contractor to do most of the work. The broker would be provided with the state's space programming criteria, but the programming would be done by the Contractor, with input from the departments.

Question 6: How often is it expected that the Contractor would meet with the state and their representatives?

Response: It is expected that the Contractor will have someone housed on site.

Question 7: What is the expectation of the facilities management role?

Response: Optional service. There is no pre-set expectation. It is optional for the Contractor to provide information on their capabilities.

Question 8A: RED has provided a list of leases on their website and it is interesting, but doesn't have option renewal and doesn't really tell you what the option term rate might be. Is there a way to update that information to include what leases contain options and which ones fully terminate at the end of their term?

Response: RED will check to see if this information is readily available. The turnover rate is approximately 15/20%. NOTE: This information is included on the spreadsheet in the column marked "Renewal."

Question 8B: If lease extensions are exhausted and the tenant decides to stay in its current location, would the renegotiations with the landlord be considered a new transaction? Municipalities?

Response: Yes, except for leases with municipalities (units of government).

Question 9: Do you expect the brokers to be involved in the current lease portfolio or just in procuring new space? Are the brokers involved in state-owned buildings? Do the brokers help the landlord in bonding and accessing or obtaining tax-exempt money?

Response: Yes, we would expect brokers to be involved in the current lease portfolio. Brokers are not typically involved in state-owned buildings. We are not aware of brokers assisting landlords with bonding or accessing tax-exempt money.

Question 10: Task 9 & 10 (lease audits) - Do you want the broker to assist in adjustments?

Response: Yes. We receive 150/160 adjustment requests for reimbursement and we only have one person to process both private and large county leases. While others are being cross-trained to assist with adjustments, they also check to see if agencies are paying their correct lease responsibilities. Brokers may be expected to assist with processing to some degree, however, this is yet to be determined.

Question 11: What impact do executive orders, executive directives, PA 295 and other initiatives have on the scope of work?

Response: Contractors should be familiar with the executive orders, directives and initiatives, as the Contractor will assist with obtaining leases using the criteria set forth in them, including Cities of Promise.

Question 12 What is the expectation level of service differential between state-owned and not state-owned?

Response: It is expected that services relative to state-owned space will be minimal.

Question 13 At what point does the Contractor's responsibility cease?

Response: There is a comprehensive lease process checklist included in the RFP that identifies Contractor responsibilities.

Question 14: How much time is spent consulting vs. time spent leasing?

Response: Most time is spent leasing. A lot of informal consulting takes place that a broker is not compensated directly for in the process. Ideally commissions earned off the lease(s) will compensate for a total of the services provided.

Question 15: Office space efficiency profile. Can the Contractor walk through and prioritize locations for space efficiencies? What are the locations? How many are there?

Response: We have identified about 20 leases that we expect have under utilization, and we know that some agencies are much better than others at space utilization. We would expect the broker to conduct utilization studies as part of the contract.

Question 16: The last cycle of contracts was 2 years with 3 1-year renewals. Do you know approximately how many leases the previous people closed on or the approximate dollar volume?

Response: I do not recall the number of leases or approximate dollar volume. On average, most project counts at any given time have exceeded 150, which is significantly lower at this time. We have awarded about \$75 million in contracts annually, however, that does not mean that they have all gone through our Contractor.

Question 17: Under the Fee Proposal, it states that "This is a No Cost Contract." The majority of fees are generated from the landlord or to be based upon a percentage of lease savings generated to the state.

Response: The reference to percentage of lease savings generated to the state will be removed from the RFP. It was never used in the past contract.

Question 18: The RFP states that Contractor may be required to provide financial reports. Is software provided by the state?

Response: No. Previously we have worked with the Contractor to develop financial and other reports that are acceptable to the state, utilizing Excel spreadsheets.

Question 20: If landlord doesn't pay their fee, is there a provision in the lease requiring them to? If they don't want to pay the fee, do you just take them off the list?

Response: No, the lease agreement does not speak to commissions, and agreements are between landlords and the Contractor. There is no list maintained of landlords who haven't paid commissions.

Question 21: If you cancel a lease through your cancellation clause, what involvement does the Contractor have?

Response: The Contractor has no involvement, but should be notified.

Real Estate Services Request for Proposal

QUESTIONS & ANSWERS

March 20, 2009

Question 1: With reference to Section I-O *Staffing Obligations* (pg. 8) in the RFP; should the Key Personnel sheet be attached to the Response as a separate sheet or can we combine that into the response? There is some confusion because further in the proposal under Section IV – *Information Required from Bidders*, it states that the bidder’s proposal is to be submitted in the format outlined below with no attachments.

Response: Attachments can be provided if they are a continuation of information requested in the RFP.

Question 2: With reference to Section I-S *Contractor’s Liability Insurance* (pg. 10) in the RFP; is proof of insurance required at the time the bidder submits its proposal?

Response: Yes.

Question 3: With reference to Section II *Work Statement* under *Scope of Services* (pg. 20) -- 2nd paragraph in the RFP; is it your intention that scope of work will be limited to these areas only or that this is your prioritization of work? It is unclear what is meant by “currently following the general guidelines as follows.” Is it correct to assume that local units of government/municipalities includes community colleges and universities?

Response: The Scope of Work is detailed throughout this section of the RFP.
Yes, local units of government include community colleges and universities.

Question 4: With reference to Section II-C *Tasks* under the heading *Specific Tasks* sub-heading *Strategic Plan* (pg. 23) in the RFP references to provide a copy of the most current strategic plan; is it possible that this could just be posted to the RED website for easy access?

Response: The Strategic Plan is available through a Freedom of Information Act (FOIA) request.

Question 5: With reference to Section II-B *Overall Objectives* under the heading *General* (pg. 21) in the RFP; item 4. states that tenant representation will be through the life of the lease. Additionally, Section II-C *Tasks* under the heading *Task 3* (pg. 24) states that tenant representation is through the term of the lease as requested by RED. Can you please clarify with more specificity whether RED requires the contract broker to provide lease representation after lease execution or not?

Response: Tenant representation is through the term of the lease as requested by the RED.

Question 6: With reference to Section II-C *Tasks* under the heading *Specific Tasks* sub-heading *Office Space Efficiency Profile* (pg. 22) in the RFP; please provide a list of all agencies prioritized locations that will require a walk-through.

Response: A list responsive to this question does not exist. It will be developed in cooperation with the RED and the Contractor.

Question 7: With reference to Section II-C *Tasks* under the heading *Specific Tasks* sub-heading *Strategic Plan* (pg. 23) – 2nd paragraph in the RFP; does the “results of the audit of every lease” mean just those leases that the agencies have prioritized? It would seem to as it appears to relate back to the task mentioned on the previous page.

Response: No. It refers to a list to be developed indicated in the response to Q.6.

Question 8: With reference to Section II-D *Project Control and Reports* under the heading *Reports* (pg. 26) in the RFP; RED requires certain reports be submitted, including a report on Earned Fees. Was the prior contractor required to submit an earned fee report? If so, we would like to see those reports. Also, we would like to see the last monthly project reports submitted by the current contractor.

Response: This information may be obtained by submitting a request under the Freedom of Information Act (FOIA).

Question 9: With reference to Section III-E *Selection Criteria* under the heading no. 4. *Other – letter g* (pg. 29) referencing commission cap in the RFP; is this statement included just to indicate you are looking at more innovative or creative ways for the commission to be paid? Can we assume so?

Response: The paragraph should be read and interpreted as stated.

Question 10: I was under the impression DBI and SOS had contracts with the state for space planning and furniture, etc. Do you utilize their services in leased facilities?

Response: This question does not relate to the Scope of Services contained within this RFP.

Question 11: Your RFP for real estate services requests that all bidders should email their electronic version to dmb-realestate@michigan.gov. We are worried that our file may be too large to submit or there may be an inadvertent firewall issue. Can we also submit a disk with our original copies in the mail (just in case)?

Response: Yes.