REQUEST FOR PROPOSAL

DEPARTMENT OF HUMAN SERVICES – DETROIT AREA, WAYNE COUNTY

SR # 2009-0380 MARCH 24, 2010

Introduction

The State of Michigan by the Department of Technology, Management and Budget (DTMB) (State or Lessee) for the Department of Human Services (DHS) is evaluating their space alternatives in the Detroit, Michigan area. CB Richard Ellis, Inc. (CBRE) is acting as agent for the State of Michigan. Please respond to the Request for Proposal (RFP) if you (Lessor or Bidder) have a potential location in the geographic boundaries set forth in this RFP. If you have more than one potential location, submit separate proposals for each location.

Please review and read this package thoroughly. Your proposal should be based on the sample documents and the requirements as detailed in this package.

Please be advised that State tax credits and incentives are administered by the Michigan Economic Development Corporation (MEDC), who is the appropriate contact for resources and program information. The DTMB will not accept proposals contingent upon receiving credits, incentives or other project cost inducements.

The State reserves the right to waive any irregularities or defects in any submission; to request clarifications or additional information regarding proposals; to conduct a Best and Final Offer (BAFO); and to reject any and all proposals at its sole discretion. The submission of this RFP does not constitute an agreement to lease with the State. The State shall assume no liability whatsoever for any expense incurred by a Bidder in replying to this RFP, or any development risk of a successful bidder. A lease agreement, if completed, shall be with the proposal deemed to have offered the best value to the State of Michigan.

Pursuant to 1984 PA 431, as amended, ("The DMB Act"), the Department of Management and Budget is the only agency authorized to enter into lease agreements on behalf of the State of Michigan. No individual, employee or agent of the State of Michigan has authority to bind the State without proper authorization. Bidders are directed to section VI.4 Proposal Submission of this RFP for correct information on the submission of a proposal. Bidders are hereby notified that communications during the RFP process non-compliant with the Proposal Submission guidelines may result in disqualification of a proposal.

Any release to the public of information relating in any respect to the contemplated lease agreement or any other matters set forth (i.e. advertisement, ground breaking, press releases, etc.) must have prior written approval and be made only in the form approved by the DTMB Real Estate Division Director.

I. Space Occupancy Requirements

I.1. **Location:** The space shall be located within the boundaries of Seven Mile Road to the North, Evergreen Road to the East, Plymouth Road to the South and Inkster Road to the West. This includes properties on either side of the street delineating the boundaries. Please identify the location of the space by street and mailing address.

I.2. **Space (Premises):** The State requires approximately 41,000 usable square feet of office space. The State reserves the right to increase or decrease the size of this requirement by up to 10%. Special circumstances may require more extensive program size changes. Please verify that the Premises square footage is based upon the A.N.S.I. Z65.1 – 1996 method for calculating space.

I.3. **Parking:** The State requires paved, striped, illuminated on-site parking for three hundred five (305) motor vehicles, including overnight parking for state-owned motor vehicles. Two hundred sixty six (266) of the parking spaces will need to be for the State's employees and be secured within a fenced in area and accessible with a card reader system that is compatible with the "buildings system", which is a Honeywell Security Manager system. Please describe the parking provided at the site, including the total number of spaces available and provide detail as to how you will meet this parking requirement.

I.4. **Occupancy/Commencement:** The Occupancy/Commencement Date is the latest date on which the improvements to the Premises are substantially complete and the Lessor secures a Certificate of Occupancy, or the Lessee begins beneficial use of the Premises. The Lessor will deliver the Premises to the Lessee no later than July 1, 2011.

II. Lease Term

II.1. **Initial Lease Term:** The Initial Lease Term is for a minimum of ten (10) years; however the State will consider a longer lease term if economic benefits are deemed to be in the State's best interest.

Please propose a fixed, or flat, rental rate for a Gross Lease; including all expenses – utilities, taxes, insurance, janitorial services, maintenance, etc.

The State may elect to pay for utilities separately so please include a cost per square foot to reduce the rental rate if such occurs.

II.2. **Renewal Option(s):** The State requires two (2) five (5) year options to renew with thirty (30) days advance written notice to the Landlord to exercise such option based on the terms and conditions defined in the Initial Lease. Please outline the rental rate for said option periods.

II.3. **Adjustments/Escalations:** There will be no adjustments made to the rental consideration.

II.4. **Allowances and Contributions:** Please include all allowances and contributions proposed with respect to design costs, construction, moving, and any allowance items (indicate a per square foot moving allowance in the space provided on the Space Available Proposal (SAP) form).

II.5. **Concessions:** Given current market conditions, the State is very interested in acquiring market concessions for this transaction. Any concessions, especially the timing of such, will be a major factor in assessing proposals received. Concessions may include reduced rent, free rent, moving allowances or any other item you are willing to incorporate into the proposal. Clearly a combination of these items may be included also.

II.6. **Cancellation:** All State government leases for real property, for a term in excess of one (1) year, are required to contain a cancellation provision as established within the framework of the 1963 Michigan Constitution. The SAP form(s) and sample lease attached to this RFP contain an Executive cancellation provision requiring a ninety (90) day written notice.

II.7. **Security Deposit:** The State will not provide a security deposit.

II.8. **Brokerage:** CB Richard Ellis, Inc. (CBRE) is the sole and exclusive Broker for the State with respect to this transaction. Upon execution of a Lease, a commission will be due to CBRE equal to five percent (5%) of the aggregate, full service rent obligation over the initial term. The commission agreement will be solely between CBRE and the successful Bidder. Contact

information is provided in Section VI.4 and the commission agreement is included as part of this RFP package.

III. Building Standards and Systems

III.1. **Building and Tenant Improvements:** If you are submitting proposal(s) for either a build to suit or an existing building requiring remodel work, reference the attached State of Michigan Minimum Design standards for guidelines. The Lessor will be responsible for providing the Premises in a turnkey condition.

If your proposal is a new build requiring site approval, the final approved plan of the Premises must comply with your response to this RFP, including parking requirements. Bathrooms shall be built and set up with approximately 80% ratio for women and 20% ratio for men.

Please provide a detailed description of the building and other material descriptions; for example, explain the HVAC system, the type of access and security system and procedures, and the telecommunications services available, barrier free design, etc. that will allow the State to understand the quality and appearance of the building.

III.2. **Construction Taxes, Permits and Fees:** The Lessor is responsible for all taxes, permits, fees, etc., required for any construction and/or remodeling. The Lessor is responsible for all necessary inspections by the architect/engineer during the construction and/or remodeling.

III.3. **Environmental Disclosure:** The Lessor covenants that he/she has undertaken a due diligence inquiry of the Premises. The Premises, and property on which the Premises are located, are free of any toxic, hazardous or injurious substances as defined under Federal and State laws and regulations.

III.4. **Energy Efficiency and Conservation:** The following sections apply to space leased by State Departments or Agencies, pursuant to Executive Directive 2007-22: *Enhanced Energy Efficiency and Conservation by State Departments and Agencies*:

> *V. C* – when the state is entering into a lease agreement for a state department or agency to occupy a portion or all of a building leased by this state at a new location, the building qualifies for Energy Star® designation whenever feasible.
>
> *VI. B* – all newly constructed buildings leased by the state are designed and constructed in accordance with the Leadership in Energy and Environmental Design (LEED) Green Building Rating System developed by the United States Green Building Council.

III.5. **Prevailing Wages:** In all contracts for the construction or renovation of the Premises, the Lessor must include a provision stating that the rates of wages and fringe benefits to be paid to each class of construction mechanics by the Lessor's General Contractor, all of the General Contractor's Subcontractors, and all lower tier Subcontractors shall not be less than the wage and fringe benefit rates issued by the Michigan Department of Energy, Labor & Economic Growth, Wage and Hour Division in its schedule of occupational classification and wage and fringe benefit rates for the locality in which the work is to be performed. "Construction mechanic" means a skilled or unskilled mechanic, laborer, worker, helper, assistant, or apprentice working on the construction or renovation of the Leased Premises but shall not include executive, administrative, professional, office, or custodial employees. The Lessor or the Lessor's General Contractor must keep posted on the construction or renovation site, in a conspicuous place, a copy of all prevailing wage and fringe benefit rates and the address and telephone number of the Michigan Department of Energy, Labor & Economic Growth's Wage and Hour Division, currently 6546 Mercantile Way, Suite 5, P.O. Box 30476, Lansing, Michigan 48909-7976, Phone: (517) 335-0400 and a notice that as the intended beneficiaries of 1965 PS

166, as amended, MCL 408.551, et seq., construction mechanics who have not been paid in accordance with the Act may file a claim with the Department of Energy, Labor & Economic Growth. The Lessor or the Lessor's General Contractor must keep an accurate record showing the name and classification of each person performing work on the site, the dates on which work was performed, the hours each person worked on the site, and the actual hourly wages and benefits paid to each person. This record must be made available for inspection by the Department of Technology, Management and Budget and/or the Michigan Department of Energy, Labor & Economic Growth, at any time, upon request.

IV. Forms and Documents

IV.1. **Enclosed Documents:** The enclosed documents (electronic copies only) are provided to assist you in establishing your rental rate:

- Sample Lease
- State of Michigan Minimum Building Design Standards and DHS additional standards. These standards are to be used in determining the cost of remodeling and/or construction. Floor plans, if applicable
- Janitorial and Recycling Standards
- Legal Documentation and Signature Requirements
- Executive Directive 2003-22 "Locating in Urban Areas"
- Executive Directive 2007-22 "Enhanced Energy Efficiency and Conservation"
- Excerpt from PA 295 of 2008
- Environmental Assessment Checklist
- ANSI Standards
- Bidder's Acknowledgment

IV.2. **Space Available Proposal Form(s):** To be considered, your proposal shall be made on the enclosed Space Available Proposal form(s) and all blank spaces on the form(s) shall be filled in. Please note: Proposal forms not completely filled in may be rejected.

Your signature shall be in longhand, and no part of the proposal form shall be altered (except for your alternate proposals, if any).

IV.3. **Standard Lease Form:** All leases entered into by the State of Michigan are based on the Standard Lease form pre-approved by the Attorney General's office, which is enclosed with this RFP. Any requested exceptions or alterations to this Standard Lease form must accompany your proposal. However, the Attorney General's office must approve as to legal form any proposed revisions. Exceptions to the Standard Lease form may have an impact on the recommendation. The State of Michigan reserves the right to make further modifications to the Lease document to accurately reflect final business terms.

V. Required Approvals for State Leases

V.1. **Requirements for State Leases:** The proposed Lease shall not be binding or effective on either party until approved as to legal form by the Department of Attorney General; signed and notarized by the Lessor and the Lessee; approved by the State Administrative Board, and signed and notarized by the Department of Technology, Management and Budget. If the Lease or any subsequent amendments to it fall within the requirements of 1984 PA 431, as amended, MCL 18.1101 et seq. ("The DMB Act"), the Lease and any subsequent amendments to it shall also require approval of the Joint Capital Outlay Subcommittee of the Legislature ("JCOS"). **This lease does meet the criteria requiring JCOS approval.** The effective date of the proposed Lease is the date the last State governmental approval is obtained as set forth on the signature page. At any time prior to the last State governmental approval, the State reserves the right to reject the proposal and terminate the Lease approval process.

V.2. **Legal Documentation:** Pursuant to The DMB Act (Public Act 431, as amended) all leases must be approved as to legal form by the Attorney General's office, which includes the submission of documentation necessary to evidence legal authority of Bidder to enter into the lease agreement, including the signatory's authority to bind. For your convenience, a guideline indicating necessary legal documentation is included with this RFP. Failure to provide appropriate legal documentation may result in your proposal being rejected.

VI. Selection Criteria and Submission

VI.1. **Selection Criteria:** The selection of the recommended proposal is based on, but is not limited to, the following criteria:

- A clear and concise proposal, particularly in terms of dates, numbers, dollars, and any other information requested in this RFP. Vague and/or general proposals may be rejected.
- The ability to comply with Barrier Free Design
- The ability to comply with Executive Directive 2003-22 "Locating in Urban Areas" and Executive Directive 2007-22 "Enhancing Energy Efficiency and Conservation"
- The ability to meet any build out specifications and timelines, and special needs of the Lessee
- The overall condition of the building, including infrastructure, HVAC, property, etc. (existing space)
- The overall cost, which is deemed in the best interest of the State
- The type of accessibility (e.g. roads, public transportation, etc.)
- The type of utilities available

VI.2. **Required Documents:** Please return the following documents for our review and consideration. Please note: Failure to provide the following may result in your proposal being rejected.

- Written Summary of Proposal – include descriptions and information requested, also identifying how items III.4 and III.5 will be met
- Completed Space Available Proposal form(s)
- Proof of ownership of Property and legal authority to enter into the proposed agreement
- Environmental Assessment Checklist
- Proposed Floor Plan (you must show how the State's requirements, using State standards, will fit in your proposed site)
- Proposed Site Plan
- Project timeline from date of executed agreement
- Proposed Rendering
- Signed Bidder's Acknowledgement
- Signed Commission Agreement

VI.3. **Questions and Answers:** Questions concerning clarifications or standards contained in this RFP are to be submitted by e-mail only (please indicate the appropriate proposal number in the subject line) no later than 5:00 p.m. on March 31, 2010 to: SOM-Proposals@cbre.com

All questions and answers will be posted to the website at www.michigan.gov/dmb-realestate no later than April 7, 2010. Prospective Bidders should check the website for any updates, questions and answers.

The State or CB Richard Ellis, Inc. will not respond to telephone inquiries or visitation by Bidders or their representatives, or respond to questions after the due date.

VI.4. **Proposal Due Date:** Two (2) copies of each proposal, clearly indicating the appropriate proposal number SR 2009-0380, must be received by 3:00 p.m. Eastern Standard Time on May 7, 2010 to the address below:

Terri L. Fitzpatrick, Director, Real Estate Division
Michigan Department of Technology, Management and Budget
c/o Tom Jamieson, Office Advisor
CB Richard Ellis Group, Inc
1111 Michigan Avenue Suite 201
East Lansing, MI 48823

Please be advised that proposals MUST be received by the date and time stated herein or they will not be accepted. There will be NO exceptions.

An electronic version of the proposal is also requested and should be submitted to SOM-Proposals@cbre.com within 24 hours of the due date defined herein and please indicate the appropriate proposal number SR 2009-0380 in the subject line. If you would like to simultaneously submit an electronic copy to the State of Michigan, please send it to dmb-realestate@michigan.gov.

All proposals shall be valid for one-hundred and twenty (120) days from the submission due date, unless mutually agreed to in writing by both parties.

VI.5. **Best and Final Offer (BAFO):** A BAFO may be requested at the sole and exclusive discretion of the DTMB or its agent. A BAFO or other alteration to original proposals submitted after the Proposal Due Date will not be accepted unless requested in writing by the DTMB or its agent.

A BAFO may be requested from one or more proposers during the review and evaluation process. If the evaluation process does not lead to a viable recommendation and there are alterations to the original RFP requirements, the requirements will be presented to all Bidders with a due date for submission.

Bidders will not be provided any information about other proposals, or where a Bidder stands in relation to others, at any time during the evaluation process.

VI.6. **State Acceptance and Authority:** After all proposals have been analyzed and the recommendation is made to and accepted by the Department, DTMB will notify all Bidders accordingly. Any proposals not meeting the minimum requirements of the enclosed sample lease and instructions may be rejected.

It is the State's practice to select the lowest most responsive bid in consideration of all factors set forth in this RFP. The lowest bid does not necessarily mean it will be selected.

The DMB Act (1984 Public Act 431, as amended) specifies that the DMB is the only department authorized to enter into lease agreements, subject to obtaining all necessary approvals. No individual, employee or agent of the State of Michigan has authority to bind the State without proper authorization.

In accordance with the above, oral and written promises or representations made regarding a lease agreement, existing or proposed, or transmittal of written documents that have not been approved by the State Administrative Board, shall not be binding on the State. You must receive a fully executed document, signed by an authorized representative of the DTMB, for an agreement to be valid.

Thank you for your interest in doing business with the State of Michigan.

This Acknowledgment must be signed, dated, and returned with your Proposal

BIDDER'S ACKNOWLEDGMENT

Request for Proposal

DEPARTMENT OF HUMAN SERVICES - DETROIT, WAYNE COUNTY

SR #2009 - 0380 MARCH 24, 2010

Please review and read this RFP thoroughly. Your proposal should be based on the sample documents and requirements as presented in this RFP. The Bidder acknowledges and certifies that they are authorized to submit the proposal; that they have read and fully understand all terms and conditions of this RFP; that the proposal complies with the requirements of this RFP; and that they shall be responsible for any errors or omissions in the proposal.

_____ _____

Signature of Authorized Bidder/Representative **Date**

_____

Printed Name

GROSS SPACE AVAILABLE PROPOSAL SR# 2009-0380

State of Michigan - Department of Technology, Management and Budget - Real Estate Division

This form is a **proposal only** to serve notification that the property noted below, with the building construction/remodeling, as per prints and specifications, is available for lease to the State of Michigan. NOTE: The State reserves the right to accept any proposal, to reject any or all proposals, and/or to waive any defects in proposal. Establishment of a lease agreement, if made, shall be with the Proposer whose proposal is in the best interest of the State of Michigan.

NAME OF PROPOSER (LESSOR): CONTACT PERSON:	ADDRESS OF PROPOSER (STREET)
CURRENT LEGAL ENTITY (i. e., HUSBAND/WIFE, LLC, CORP., PARTNERSHIP):	CITY STATE ZIP CODE
TELEPHONE NUMBER: FAX NUMBER:	EMAIL ADDRESS (Print Clearly)

BUILDING ADDRESS AND/OR LEGAL DESCRIPTION OF LEASED PREMISES Zip Code: _____	TOTAL BUILDING SQ. FT. (PROVIDE DOCUMENTATION)	PERCENT OF BUILDING LEASED TO THE STATE ___%
	SQ. FT. OF LEASED PREMISES	CURRENT STATE EQUALIZED VALUE (SEV) $ DATE OF SEV _____

INITIAL LEASE TERM: 10-year		CANCELLATION: **Executive 90**-day notice		
(A) MONTHLY BASE RENT $	**(B)** MONTHLY OPERATING COST $	**(C) (A + B = C)** MONTHLY RENT $	ANNUAL RENT $	SQ FT RATE $
RENEWAL OPTION TERM: two five-year		CANCELLATION: **Standard 90**-day notice		
(A) MONTHLY BASE RENT $	**(B)** MONTHLY OPERATING COST $	**(C) (A + B = C)** MONTHLY RENT $	ANNUAL RENT $	SQ FT RATE $

TOTAL DEVELOPMENT COST OR REMODELING COST: $	LUMP SUM COST INCLUDED IN FIRST MONTH RENT: $	NO. OF ON-SITE PARKING SPACES:

If applicable, indicate any of the following:

☐ **Moving Allowance $_____** ☐ **Free Rent for _____ months/years (circle one)**

SERVICES TO BE PROVIDED BY LESSOR AND/OR STATE:			
Heat and Air Conditioning Utilities	LESSOR	Telephone System	State
Electricity	LESSOR	Alarm System	State
Water and Sewer	LESSOR	Grounds Maintenance	LESSOR
Janitorial Services and Supplies	LESSOR	Snow Removal	LESSOR
Restroom Supplies	LESSOR	Trash Removal (leased premises and dumpster)	LESSOR
Water Well and/or Septic System Maintenance	LESSOR	Parking Lot Maintenance	LESSOR
Maintenance of Sidewalks, Curbs, and Gutter	LESSOR	Maintenance of Portable Fire Extinguishers	LESSOR
Pest Control	LESSOR	Replacement of Tubes and Bulbs	LESSOR
		Building Maintenance (including Physical Plant)	LESSOR

FAILURE TO RETURN THIS FORM WILL EXCLUDE YOU FROM CONSIDERATION AS A PROPOSER ON THIS PROJECT. YOUR NAME WILL REMAIN ON THE BIDDERS LIST FOR FUTURE PROJECTS.

I/We have confirmed financing arrangements if I/we are selected by the State of Michigan to construct and/or remodel and lease to the State this Building for possession by the Michigan **Department of** Human Services and are prepared to submit written evidence of such funding arrangements within 15 days of being selected as the successful Proposer.

THIS FORM MUST BE COMPLETELY FILLED OUT, SIGNED AND RETURNED TO THE FOLLOWING ADDRESS: **Tom Jamieson** CB Richard Ellis Group, Inc DTMB, Real Estate Division 1111 Michigan Avenue Suite 201 East Lansing, MI 48823	PROPOSAL TO BE RECEIVED IN THIS OFFICE ON OR BEFORE: **May 7, 2010** POSSESSION TO TAKE PLACE ON OR BEFORE: **July 1, 2011** WHAT IS THE CURRENT ZONING? DO YOU HAVE LEGAL TITLE TO PROPERTY?
SIGNATURE(S)	DATE

DEFINITIONS ON NEXT PAGE

SQUARE FOOTAGE (Leased Premises) - The amount of square footage using inside dimensions that can be used by the State for which rent is charged (based upon the A.N.S.I. Z65.1 - 1996 method for calculating space).

MONTHLY BASE RENTAL RATE – For example: The portion of the monthly rental payment, which is attributable to debt service and return on equity (excluding operating costs).

MONTHLY OPERATING COST – For example: The portion of the monthly rental payment, which is attributable to operation expenses, such as utilities, maintenance, real estate taxes and/or insurance.

Monthly Base Rental Rate + Monthly Operating Cost = Total Monthly Rent

POSSESSION - Lawful availability and physical access to install the State's furnishings and compliance with submitting a certificate of occupancy and completion of remodeling standards and specifications.

RENEWAL OPTION - A lease covenant giving the State the right to extend a lease for an additional period on specified terms.

TOTAL DEVELOPMENT COST - The total cost of the project, including the construction of the building and purchase of the land.

LUMP SUM COST - Predetermined dollar amount based on a percentage of the total development cost, payment of which shall be made to the Lessor upon submission of proper invoices concurrently with the first month's rent consideration for satisfactory completion of the remodeling or construction work.