



# REPORT

**DATE ISSUED:** May 19, 2015

**REPORT NO:** HCR15-060

**ATTENTION:** Chair and Members of the San Diego Housing Commission  
For the Agenda of July 23, 2015

**SUBJECT:** Award of Contract for Property Management Services for Village North Senior Garden Apartments

**COUNCIL DISTRICT:** 7

## REQUESTED ACTION

Award a one-year contract with two (2) one-year renewal options to San Diego Sunrise Management Company for property management services for Village North Senior Garden Apartments. The total contract amount includes the following:

	Management Fee	Reimbursable Expenses	Total Contract Amount
<b>Year 1</b>	\$42,026.04	\$331,939	\$373,965.04
<b>Year 2</b>	\$43,282.68	\$339,764	\$383,046.68
<b>Year 3</b>	\$44,582.16	\$347,910	\$392,492.16

## STAFF RECOMMENDATION

That the San Diego Housing Commission (Housing Commission) take the following actions:

- 1) Approve the award of a one-year contract with two (2) one-year renewal options to San Diego Sunrise Management Company (Sunrise Management) in the amount of \$373,965.24 for property management services for Village North Senior Garden Apartments (Village North Senior).
- 2) Authorize the President & Chief Executive Officer (President & CEO), or designee, to substitute the funding sources with other available sources provided that the total program/project budget amount after substitution does not exceed the approved total budget, should the operational need arise or should such actions be to the benefit of the Housing Commission and its mission.
- 3) Authorize the President & CEO, or designee, to execute all documents and instruments that are necessary and/or appropriate to implement these approvals, in a form approved by General Counsel, and take such actions as are necessary and/or appropriate to implement these approvals.

## SUMMARY

The Housing Commission has a need for property management services at its newly acquired Village North Senior site located at 7720 - 7780 Belden Street. The scope of services for this contract includes full-service residential property management services. SDHC staff performed an extensive due diligence review of San Diego Sunrise Management Company, which included a thorough review of internal controls, including operations, cash management, and disbursement policies, overall control environment,

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internal structure, and reporting. Based upon this process, SDHC staff determined that the controls in place related to potential management of Village North Senior were adequate.

On April 8, 2015, the Housing Commission issued a Request for Proposals (RFP) for Property Management Services at Village North Senior. The RFP was posted and made available for download on the Onvia Demandstar website. Advertisements were placed in The San Diego Union-Tribune (formerly U-T San Diego), the San Diego Daily Transcript, La Prensa and San Diego Voice & Viewpoint. A total of 18 company notifications were sent through the Onvia Demandstar system to registered contractors, while six other companies were notified through an independent online search. The proposal was downloaded by nine planholders. A pre-proposal meeting was held on April 28, 2015. Personnel from three companies attended the meeting.

At the RFP closing date on May 8, 2015, two (2) proposals were received. Proposals were submitted by San Diego Sunrise Management and Hyder & Company. A responsiveness review was conducted of all proposals on May 11, 2015. The proposal submitted by Hyder & Company was found to be non-responsive due to its failure to comply with the Section 3 outreach requirements of the RFP. Hyder & Company, Inc. was given an opportunity to cure the deficiency within their Section 3 documentation but ultimately failed to provide proper documentation.

A source selection committee subsequently evaluated, scored and ranked the responses based on the following criteria: cost (40), past performance (25), Plan/Methodology (15), Qualifications (15), Availability (5). A copy of the Proposal Evaluation Scoring form is attached to this report (Attachment 1).

The total contract amount is \$373,965.04. The amount includes a not to exceed amount of \$42,026.04 for management fees (based on \$29.43 per unit, per month, excluding the Manager's unit) and 2) not to exceed amount of \$331,939 for reimbursable expenses. The reimbursable expenses include payroll expenses for on-site staff and other property-related expenses including maintenance, administrative costs, utilities and minor replacements.

Prevailing wage labor compliance requirements shall apply to the proposed contract.

Headquartered in San Diego, Sunrise Management currently manages more than 13,000 apartment units throughout Southern California including 2,100 affordable units and 2,000 senior citizen units. Furthermore, Sunrise Management has been the acting management company at Village North Senior since 1998.

### **FISCAL CONSIDERATIONS**

Fiscal Year (FY) 2016 sources are local unrestricted funds consisting of anticipated Loan Proceeds and Rental Revenue, which have been included as part of the FY 2016 Housing Commission Budget.

### **EQUAL OPPORTUNITY/CONTRACTING**

San Diego Sunrise Management is a local business and has submitted the required EOC forms and Workforce Report.

### **KEY STAKEHOLDERS and PROJECTED IMPACTS**

Stakeholders include the residents at Village North Senior, Housing Commission Real Estate Division, Property Management Department and San Diego Sunrise Management Company.

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**ENVIRONMENTAL REVIEW**

This activity is not a project as defined by the California Environmental Quality Act Section 21065 and State CEQA Guidelines Section 15378(b)(5), as it is an administrative activity of government that will not result in direct or indirect physical changes in the environment. The determination that this activity is not subject to CEQA, pursuant to Section 15060(c)(3), is not appealable and a Notice of Right to Appeal the Environmental Determination (NORA) is not required. This activity is categorically excluded from the National Environmental Policy Act pursuant to Part 58.35(b)(3) of Title 24 of the Code of Federal Regulations.

Respectfully submitted,

*Candi Pacheco*

Candi Pacheco  
Housing Supervisor  
Real Estate Division

Approved by,

*Deborah N. Ruane*

Deborah N. Ruane  
Senior Vice President  
Real Estate Division

Attachments: 1) Proposal Evaluation Scoring Form

Hard copies are available for review during business hours in the main lobby of the San Diego Housing Commission offices at 1122 Broadway, San Diego, CA 92101 and at the Office of the San Diego City Clerk, 202 C Street, San Diego, CA 92101. You may also review complete docket materials on the San Diego Housing Commission website at [www.sdhc.org](http://www.sdhc.org).

## Request for Proposals – Property Management Services – RFP#: PM-15-12

EVALUATION CRITERIA	CRITERIA DESCRIPTION	WEIGHTED RATING (Maximum Point Value)
A. Cost	Management Fee and Cost Proposal As defined in the Proposal Pricing Sheet, page no. <u>24</u>	40
B. Past Performance	The past record of performance providing <b>Property Management Services</b> in a residential environment to public sector and/or large property management firms, or other public agencies specifically highlight the quality of the work, and the ability to meet schedules. Provide a narrative of the work performed. Please list the point of contact (Name, Title, Phone, and Email) for the last five related contracts. Please indicate whether each respective contract is active.	25
C. Plan/Methodology for Performing Services	Please describe the plan/methodology to meet the specifications of the RFP as indicated in Section VII Technical Specifications. Also include a description of the services and resources employed for property management services.	15
D. Qualifications of the Contractor	The qualifications/experience, certifications, and financial capacity of the vendor as represented on STATEMENT OF OFFEROR'S QUALIFICATIONS Page 29, in addition please note, the project team members, including the consultants. Please list the key personnel that will be assigned to this project and a brief biographical background credentials and experience. Include any other information that may highlight qualifications and experience. Highlight your Experience managing publicly-owned or affordable housing developments. Experience with Section 8 and other affordable housing programs. In addition, Ability to transition from existing property manager to new property manager	15
E. Availability of the Contractor	The personnel, equipment, and facilities to perform the services currently available or demonstrated to be made available at the time of contracting. Include the current and projected workloads that would affect the ability to perform the required work on schedule, and the availability of key personnel to be assigned to the project. Please indicate if you have a local presence within the County.	5
<b>TOTAL POINTS AVAILABLE</b>		<b>100</b>