



September 3, 2021

City of Santa Clara
1500 Warburton Avenue
Finance Department – Purchasing Division
Santa Clara, CA 95050
Attention: Purchasing Officer

RE: Notice of Protest regarding Bid# RFP 20-21-55

Directed to: Purchasing Officer

This is to file formal protest pursuant to the above RFP (Section 17,) in which our firm recently participated. The subject RFP was issued for property management duties associated with two commercial properties the city will soon be gaining back under ground lease agreements (900-1000 Lafayette Street in Santa Clara.)

Orchard Commercial has a long standing and successful relationship with the city, for which we have high regard and appreciation and we are grateful for the opportunity to collaborate with the city under existing service agreements. In particular, our work managing MD#183 (Maintenance District) which supports the Convention Center, Hyatt Hotel, Tech Mart and parking structure and grounds was recently rewarded with a contract extension.

Our protest of the subject RFP Award Recommendation is based on a number of factors as outlined below.

1. Based on our past experience and current work with the city, our understanding is that contractual preference is given to do business with (i) locally-based service firms that (ii) offer the best pricing and (iii) are willing to accept the city's contractual terms. Orchard meets each of these criteria but was not selected in this case. We scored the best in key areas of "cost and qualifications." We submitted the lowest bid and were the only Santa Clara-based company considered while the competing firm is located nearly 100 miles away and submitted the highest cost proposal.
2. The Ground Lease transfer for these assets and related leasing plan is an integral part of the underlying value of the buildings. Discussing and fully understanding these dynamics

would greatly assist with developing a strategy and pricing model for new and renewing tenants as well as how to market and lease the vacant space. As outlined in our response, Orchard believes it to be in the city's best interest to engage a leasing broker for this purpose in order to gain the best market intelligence before entering into lease commitments with tenants. However without the benefit of a discussion or interview, the city is denying itself the opportunity to fully vet the options and make the most informed decision related to this RFP. We made several requests for an interview to discuss this key topic but were denied.

3. The pre-award tabulation report was very limited in terms of what was scored from the written proposal. It only included the following:
 - Qualifications and Experience of the firm
 - Qualifications and Experience of personnel
 - Demonstrated Capability
 - Cost

There were only two firms bidding on the assignment, including Orchard and a company based in Rohnert Park, located nearly 100 miles away and a 2-hour drive from Santa Clara. Orchard scored best on **Cost and Qualifications**, areas we think represent high priorities for the city, yet the overall score was slightly higher for the other firm based on "qualifications of the firm and demonstrated capability." We did not elaborate in our RFP response on topics such as "emergency procedures, dealing with tenant complaints and vendor relations" since we assumed our status as the leading Silicon Valley PM firm would be apparent. Perhaps an oversight on our part, but not a basis for inferior scoring.

May we suggest other key attributes of the service firms be considered such as (i) depth and coverage in the local market to respond to emergencies, (ii) available corporate support and (iii) a demonstrated commitment to the City of Santa Clara by virtue of its base of business and (iv) charitable & civic contributions. Additionally, may we suggest that success in the property management business depends and relies upon local resources and knowledge, which Orchard offers more of than any other firm. Our company manages 12 million square feet in the region and we have been recognized as the largest privately owned PM firm in Silicon Valley. This translates to being able to replace people when turnover occurs, for example. Most importantly, we have specific strategies in mind for these assets we wish to explore with the city in order that the best choice may be made for value creation and preservation.

In summary, there is considerably more information to be obtained when making a selection to manage a valuable real estate portfolio than what may be contained in a written proposal scored on limited categories. That is why most RFP processes include an oral interview. We understand this to be in the city's discretion and highly recommend that you exercise your right to do so. We

believe this additional key step will provide the best available intelligence to the city prior to making a final selection for this important RFP.

Very respectfully and sincerely,
ORCHARD COMMERCIAL, INC.

A handwritten signature in black ink, appearing to read 'T. Ballas', is positioned above the printed name and title.

Tim Ballas CPM, CCIM
VP, Director of Asset Management

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