



## Agenda Report

19-284

Agenda Date: 7/9/2019

### REPORT TO COUNCIL

#### SUBJECT

Action on an Amendment No. 1 to an Agreement with Orchard Commercial, Inc. to Assist in Providing Property Management Services for Maintenance District 183

#### BACKGROUND

The Department of Public Works is responsible for administering and coordinating Maintenance District 183 (District) for the ongoing maintenance of the Santa Clara Convention Center complex grounds (Convention Center). Maintenance obligations include landscaping, janitorial, water fountain maintenance, security and parking control. In 2016, DPW advertised a Request for Proposals for Property Management Services and received four proposals. The City and its three District partners, which include managers of the Convention Center, Hyatt Regency and Techmart properties, evaluated the proposals and conducted interviews. Based on the results of this evaluation process the District partners unanimously agreed to hire Orchard Commercial, Inc. (OCI) as the property management firm to assist DPW in providing property management services for the District. OCI was selected because of their local experience, adequate staffing and experience managing large commercial properties.

#### DISCUSSION

OCI has been providing property management services at the Convention Center for approximately three years. The initial term of the Agreement with OCI was for three years and is expiring on July 31, 2019. OCI has been performing very well under the current Agreement and all three members of the District have been very satisfied with their performance. OCI has experienced, qualified staff and has done a great job coordinating with the District overseeing the maintenance of the property and completing projects within budget. District partners have met, voted and reached a unanimous decision to recommend that the management agreement with OCI be extended for the reasons previously mentioned.

Staff is recommending a two-year extension to the existing agreement with OCI. The base management fee was \$6,250 per month and will now be amended to \$6,459 per month for the next two-year term. Staff evaluated this to be a reasonable price and represents a modest increase to the existing fees. OCI has agreed to the proposed fees for both years of the extension.

#### ENVIRONMENTAL REVIEW

The action being considered is exempt from the California Environmental Quality Act ("CEQA") pursuant to CEQA Guidelines section 15301 "Existing Facilities" as the activity consists of the restoration or rehabilitation of deteriorated or damaged structures, facilities, or mechanical equipment.

**FISCAL IMPACT**

The existing agreement with Orchard Commercial, Inc. is \$225,000 including contingency. The amount to be paid to Orchard Commercial, Inc. for the two-year amendment is \$170,518 which is \$77,508 per year and includes a contingency of \$15,502 for unforeseen services. The total amended agreement amount is \$395,518, which shall be subject to future budget appropriations. These costs were included in the Proposed FY 2019/20 and FY 20/21 Operating Budgets.

**COORDINATION**

This report has been coordinated with the Finance Department and the City Attorney's Office.

**PUBLIC CONTACT**

Public contact was made by posting the Council agenda on the City's official-notice bulletin board outside City Hall Council Chambers. A complete agenda packet is available on the City's website and in the City Clerk's Office at least 72 hours prior to a Regular Meeting and 24 hours prior to a Special Meeting. A hard copy of any agenda report may be requested by contacting the City Clerk's Office at (408) 615-2220, email [clerk@santaclaraca.gov](mailto:clerk@santaclaraca.gov) <<mailto:clerk@santaclaraca.gov>> or at the public information desk at any City of Santa Clara public library.

**RECOMMENDATION**

1. Approve and authorize the City Manager to execute Amendment No. 1 with Orchard Commercial inc. to Assist in Providing Property Management Services for Maintenance District 183 for a two-year extension in an amount not-to-exceed \$170,518, subject to future budget appropriations; and
2. Authorize the City Manager to make minor modifications to Amendment No. 1, if necessary.

Reviewed by: Craig Mobeck, Director of Public Works

Approved by: Deanna J. Santana, City Manager

**ATTACHMENTS**

1. Amendment No. 1