

# **Structuring RFP's Using Public Lands to Achieve Public Objectives**

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**Presentation**

**to:**

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# Introduction to DMS

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- Privately Owned - Toronto Based
- Areas of Expertise
  - Provincial Government Owned Land and Buildings
  - Public and Private Non Profit Housing
  - Privately Owned Real Estate (Residential, Commercial)
- Managed Portfolio
  - 11,000 Residential Units – Apartments, Townhouses, Houses
  - 14 Million Square Feet of Space
  - 65,000 Acres of Land
- 240 Staff in 50 Office Locations Across Ontario
- \$100M/yr Managed Costs, \$120M/yr Managed Revenue

# Government Owned Real Estate Management Experience

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- ❑ Canada Post
- ❑ Canadian Broadcasting Corporation
- ❑ Ontario Realty Corporation
- ❑ Metro Toronto Housing Authority (MTHA) & Toronto Community Housing Corporation (TCHC)
- ❑ University of Ottawa
- ❑ City of Toronto, Town of Cobourg, Township of Vaughan

# Service Bundle

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- Staffing
- Marketing, Leasing, Collection of Rent
- Building Operation and Maintenance Including Security, Cleaning, Landscaping, Snow Removal
- Procurement of all Supplies and Services
- Response to Resident Initiated Work Requests
- Capital Project Planning and Management
- Community Development
- Issues Management (Public, Political, Media)
- Property Information Management

# Request For ....

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- Information
- Expressions of Interest
- Qualifications
- Proposals

# Typical Contract Elements

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- ❑ Contract Security (Performance Bond, Letter of Credit)
- ❑ Insurance, Indemnity
- ❑ Performance Guarantee (Guaranteed Maximum Price)
- ❑ Performance Measurement Framework – KPI's
- ❑ Stakeholder Satisfaction Measurement
- ❑ Remedies Based on Non Performance
- ❑ Operational Reporting
- ❑ Financial Reporting, Budgeting, 3<sup>rd</sup> Party Audit

# Fee Structures

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- ❑ Base Fee – Fixed or Formula Driven
- ❑ Shared Savings
- ❑ Capital Project Management Fee
- ❑ Revenue Enhancement Incentive

# Ontario Realty Corporation Land Management

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- ❑ RFQ, RFP – 1999
  - ❑ 65,000 Acres of Land, 3,000 Properties, 1,500 Leases
  - ❑ 5 Year Contract plus two 2-year extensions
  - ❑ \$90M Managed Costs over Contract Term
  - ❑ Contract Negotiation, Transition and “Grace” Periods
  - ❑ Negotiation of Extensive KPI Framework
  - ❑ Letter of Credit, Guaranteed Maximum Price
  - ❑ Fee Structure
    - Formula-Driven Base Fee (Holdback Release Subject to KPI Score)
    - Shared Savings (Adjusted based on KPI Score)
    - Capital Project Management (% of Project Cost)
    - Transactions (% of Project Cost)
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# Ontario Realty Corporation Land Management

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- Significant Portfolio Changes
  - Take Over of Ontario Development Corp. Lands (Industrial Parks, Commercial Building, Vacant Land)
  - Sale of Picton Heights (> 200 homes)
  - Sale of Northam Industrial Park, Cobourg (1M sq ft)
  - Sale of Ottawa Life Sciences Building (40K sq ft)
  - Transfer of Rouge Park to Toronto Regional Conservation Authority
  - Tenant Purchase Programs
  - Seaton Land Swap (in progress)

# Ontario Realty Corporation Land Management

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- DMS Issues and Objectives
  - Property Information and Data Management
  - Cost Management
  - Property Rationalization
  - Procurement Facilitation
  - Political Issues Management
  - Potential Liability Risk Mitigation

# Toronto Community Housing Corporation Property Management Services

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- RFP's in 1998, 2001, 2004 – 3 year contracts
- 4,500 Apartments and Townhouses in GTA
- \$15M Managed Costs over Contract Term
- Performance Bond, Guaranteed Maximum Price
- Mature Non-Negotiable Contract
- Fee Structure
  - Fixed Base Fee
  - “Menu Services”

# Toronto Community Housing Corporation Property Management Services

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- DMS Issues and Objectives
  - Cost Management
  - Protection of Assets
  - Potential Liability Mitigation
  - Benchmarking Against 2<sup>nd</sup> Property Management Company and TCHC In-House Operating Staff
  - Tenant Satisfaction
  - Procurement Facilitation
  - Issues Management (tenant, political, media)

# University of Ottawa Student Residence Management

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- RFEOI, RFAI Steps
- 2,000 Beds in 5 Buildings on Campus
- Contract Negotiation, Transition Period, Grace Period
- Negotiation of KPI's, Remedy Details etc.
- Performance Bond, Guaranteed Maximum Price
- Fee Structure
  - Fixed Base Fee
  - Shared Savings
  - Summer Conference Revenue Enhancement Incentive
  - Financial Remedies based on Tiered Occurrences

# University of Ottawa

## Student Residence Management

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- DMS Issues and Objectives
  - Cost Management
  - Summer Revenue Enhancement
  - Operations Streamlining
  - Staff Development

# Summary

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- ❑ Risk Transfer from Client to DMS
- ❑ Potential for Substantial Reward to DMS
- ❑ Quality and Detail of Baseline Information Determines Degree of Negotiation Required
- ❑ Successful Contracts have Mutual Incentive to Overperform
- ❑ Taxpayers Save Money