

Structuring RFP's Using Public Lands to Achieve Public Objectives

Presentation

to:

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by:

Paul Smith

Del Management Solutions Inc.

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Introduction to DMS

- 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

- ❑ 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

- 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

- Information
- Expressions of Interest
- Qualifications
- Proposals

Typical Contract Elements

- ❑ 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, 3rd Party Audit

Fee Structures

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

Ontario Realty Corporation Land Management

- ❑ 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

- 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

- 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

- 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

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

University of Ottawa Student Residence Management

- 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

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

Summary

- ❑ 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