

## AGENDA REPORT

**Resolution:** Approve and Authorize the Executive Director to Enter into a Professional Services Agreement with George S. Hall, Inc. for Building Engineering and Maintenance Services for a Three (3) Year Term with Two (2) One-Year Options to Renew, for a Total Possible Term of Five (5) Years with a Starting Annual Fee of \$434,512.00 as well as (a) a Not-To-Exceed Allowance of 15% Per Contract Year for Unanticipated Repairs and Temporary Back-Up Staffing, and (b) Annual Wage and Benefit Increases Pursuant to the Applicable Collective Bargaining Agreement. **(CRE)**

**MEETING DATE:** 2/14/2019

**AMOUNT:** \$434,512.00 (FY 19/20 Operating Expense)

**PARTIES INVOLVED:** George S. Hall, Inc., a Delaware corporation  
Ken Cadorin, Regional Director of Operations

**SUBMITTED BY:** Pamela Kershaw, Director of Commercial Real Estate

**APPROVED BY:** J. Christopher Lytle, Executive Director

**ACTION TYPE:** Resolution

### **EXECUTIVE SUMMARY**

The Commercial Real Estate Division issued a Request for Proposals for Building Engineering and Maintenance Services in October 2018. Port staff received two proposals and after conducting an analysis of the proposals and interviews with both proposers Port staff is seeking the Board's approval to authorize the Executive Director to execute a Professional Service Agreement with the highest ranked firm, George S. Hall, Inc. a Delaware Corporation, to provide building engineering and maintenance services for various Port-owned assets in Jack London Square.

### **BACKGROUND**

The Port of Oakland's Commercial Real Estate Division directly manages and services various real estate assets in Jack London Square, including the Port's Administrative Headquarters located at 530 Water Street, several small single-purpose buildings, and several parking facilities. Ongoing maintenance and repair of these assets is currently performed by contract building maintenance engineers knowledgeable in all aspects of commercial building operations and trained in various disciplines such as mechanical, electrical, plumbing, refrigeration, fire/life safety, energy efficiency, OSHA compliance, and other regulatory matters. The Port's real estate assets in Jack London Square currently managed in this manner include, but are not limited to: 1) 530 Water Street, a Class A commercial office building serving as the Port's headquarters as well as home to several third-

party tenants such as Amtrak, GSC Logistics, and Dealey, Renton & Associates, as well as various retail tenants; 2) a 7-story parking garage on Washington Street; 3) an underground parking garage on Broadway; 4) the Oakland Fire Department EMS Clay Street station; 5) a 2 story office building at 38 Webster Street; and 5) a surface parking lot on Webster Street.

Building engineering and maintenance services are currently provided by ABM Onsite Services-West, Inc., who provides two full-time building engineers under a 3-year Professional Service Agreement which expires on March 30, 2019. The building engineers currently serving these assets belong to the International Union of Operating Engineers (“IUOE”), Local 39 Stationary Engineers, and adhere to the wages and benefits as stated within that Collective Bargaining Agreement. Building engineering and maintenance services at the 530 Water Street building and the other subject JLS assets have continually been performed by third party professional service providers rather than Port employees for the past twenty-eight years. The terms of the existing Memorandum of Understanding (“MOU”) between the Port and SEIU Local 1021, which is the labor union and local that represents the existing Port Equipment System Engineers, require notice to the Union prior to contracting out certain services. However, this notice provision has an exception related to “past practices” in contracting out work where Port employees cannot perform the work or where Port employees will not be displaced. As the subject building engineering and maintenance services have continuously been performed by non-Port employees for the last twenty-eight years as “past practice”, there will be no displacement of Port employees as a result of the proposed action to continue this contracted service. Additionally, Section 902(e) of the Charter of the City of Oakland specifies that the Port may contract out certain services, provided that the contracting out will not result in the loss of employment or salary by any person having permanent status in the competitive service, which is the case here as mentioned above because the subject building maintenance services have continuously been performed by non-Port employees for the past twenty-eight years. For information purposes, Exhibit A to this report provides a cost comparison of hiring Port employees to perform this service versus continuing the use of contract employees for the subject work.

## **ANALYSIS**

On October 19, 2018, staff issued an RFP No. 18-19/06 for Building Engineering and Maintenance Services. The RFP is accessible online at <https://www.portofoakland.com/wp-content/uploads/18-19-06-final.rv2-Building-Engineering-and-Maintenance-Services.pdf>. Staff disseminated the RFP in several ways:

- Port website
- Advertisement in the Oakland Tribune and local chambers of commerce
- Verbal communication with known interested parties or in response to inquiries
- Email blast to Port-certified firms capable of providing such services

The RFP was downloaded from the Port’s website by 38 firms. From the mandatory pre-proposal meeting in which six firms attended, the Port received proposals from two firms by the due date of November 30, 2018. To evaluate the proposals received, the Port established a four-person Evaluation Committee (“Committee”) comprised of 2 staff members from CRE, 1 from Harbor Facilities, and 1 from Aviation and conducted an

interview with each proposer on December 10, 2018. The evaluation resulted in the following ranking:

Ranking	Proposer	Location	Certified LIA/LBA*
1	George S. Hall, Inc.	Vacaville, CA	No
2	ABM	San Francisco, CA	No

\* LIA – Local Impact Area: Oakland, San Leandro, and Emeryville; LBA – Local Business Area – Alameda and Contra Costa Counties

The Committee evaluated each proposal based on criteria set forth in the RFP and determined the scores as listed below:

Criteria	Weighting	ABM	GSH
1. <b>Minimum Qualifications/Client References</b> Knowledge and experience in maintaining and repairing assets of similar size and scope of this RFP; firm’s safety records and client references.	Pass/Fail	Pass	Pass
2. <b>Adherence to Port Policy Requirements, Required Forms and Debarment</b> Will the proposer adhere, or not, to the Port Policies and Other Requirements included in the RFP; if they have been debarred, have they provided sufficient reasons/justification for the Port to review the circumstances surrounding the debarment; have all of the required forms been signed and returned in their proposal?	Pass/Fail	Pass	Pass
3. <b>Proposer Information</b> Company Information, Facilities Operation and Maintenance Plan, litigation, client references, proposed key personnel who will be involved in this contract if awarded and approach to the RFP’s scope of work.	20	15	17.75
4. <b>Subsequent Interview</b> Only applicable to the top scoring proposals.	30	19.75	27.50
5. <b>Proposal Cost</b> Proposed cost structure for this project.	35	35	34
6. <b>Non-Discrimination and Small Local Business Utilization Policy</b>	15	0	1
<b>TOTAL</b>	<b>100</b>	<b>69.75</b>	<b>80.25</b>

Ratings were assigned to each of the six criteria based on the sub-set of indicators noted above. ABM and GSH each submitted a complete proposal package that qualified for a Committee review and a subsequent oral presentation. Both companies passed the Minimum Qualifications/Client References and Adherence to Port Policy Requirements and submitted the Required Forms specified under the RFP. Further details on the four other criteria are noted below.

- **Proposer Information** – Under this criterion the Committee rated the proposers across many sub-factors, including each company’s client references, approach to the scope of work and proposed key personnel. The Committee gave a higher ranking to GSH due to their management support system, various training opportunities for engineering staff, and proposed Work Order and Preventive Maintenance programs.
- **Subsequent Interview** – While both proposers were found to have the necessary knowledge and experience to carry out the scope of this RFP, the Committee gave more points to GSH under this category as they were able to more concisely and thoroughly address specific questions related to costs and other concerns of the Port.
- **Cost** – Both proposals were comparable in cost as both firms’ employees are hired from the same union with wages and benefits set by a collective bargaining agreement, however GSH’s administrative costs were slightly higher overall.
- **Small Local Business Utilization Policy (NDSLBU)** – The Social Responsibility Division has reviewed and evaluated each proposal and allocated preference points in accordance with the Port’s NDSLBU.

In summary, both proposals were very competitive. However, the Committee found GSH’s management support of their engineering teams to be more aligned with the Port’s current needs of managing a portfolio of aging assets. GSH is a privately-owned company, established in 1895 in Stoke-on-Trent, United Kingdom, as a global facilities management company, with offices worldwide. GSH came to the U.S. in 1996 and is headquartered in Parsippany, New Jersey with regional offices in San Francisco, Vacaville, San Diego, Los Angeles, Baltimore, and Ft. Myers. Although fairly new to the San Francisco Bay Area, GSH has extensive experience in managing both publicly-owned and privately-owned commercial properties throughout Northern California.

Based on the analysis above, staff recommends entering into a professional services agreement with GSH for an amount not to exceed \$434,512.00 for the first year of the service agreement, plus 1) an allowance of not more than 15% of the annual contract cost per contract year due to unanticipated repairs and temporary back-up staffing, and 2) annual wage and benefit increases pursuant to the Collective Bargaining with IUOE, Local No. 39, which represents the building engineers used by GSH.

## **BUDGET & STAFFING**

The approved FY 2018-2019 Commercial Real Estate Division Operating Budget included an allocation sufficient to pay for the proposed building engineering and maintenance contract. The proposed action does not have any budget or staffing impact.

## **MARITIME AVIATION PROJECT LABOR AGREEMENT (MAPLA)**

MAPLA does not apply to Commercial Real Estate Projects.

## **STRATEGIC PLAN**

The action described herein would help the Port achieve the following goals and objectives in the Port's Strategic Business Plan (2018-2022).

<https://www.portofoakland.com/wp-content/uploads/Port-of-Oakland-Strategic-Plan.pdf>

- Goal: Improve Customer Service
- Goal: Modernize and Maintain Infrastructure

## **LIVING WAGE**

Living wage requirements, in accordance with the Port's Rules and Regulations for the Implementation and Enforcement of the Port of Oakland Living Wage Requirements, do not apply to this agreement because the work contemplated is subject to a valid collective bargaining agreement.

## **SUSTAINABILITY**

Port staff have reviewed the Port's 2000 Sustainability Policy and did not complete the Sustainability Opportunities Assessment Form. There are no sustainability opportunities related to this proposed action because it does not involve a development project, purchasing of equipment, or operations that present sustainability opportunities.

## **ENVIRONMENTAL**

CEQA Determination: This action was reviewed in accordance with the requirements of the California Environmental Quality Act (CEQA). The CEQA Guidelines, Section 15061(b)(3) ("the general rule") states that CEQA applies only to projects that have the potential for causing a significant effect on the environment. Executing the Professional Service Agreement with GSH to provide building engineering and maintenance services will not have a significant effect on the environment and therefore is not a project under CEQA. No further environmental review is required.

## **GENERAL PLAN**

This action does not change the use of any existing facility, make alterations to an existing facility, or create a new facility; therefore, a General Plan conformity determination pursuant to Section 727 of the City of Oakland Charter is not required.

## **OWNER-CONTROLLED INSURANCE PROGRAM (OCIP)**

Professional service agreements are not subject to the Port's Owner Controlled Insurance Program (OCIP) as professional services are not construction activities.

## **OPTIONS**

1. Approve the proposed action and authorize the Executive Director to execute a Professional Service Agreement with George S. Hall, Inc. to provide building

engineering and maintenance services to various Port-owned assets in Jack London Square for a three (3) year term with two (2) one-year options to renew, for a total possible term of five (5) years, in the amount of \$434,512.00 for the first contract year and subject to the additional terms described in this Agenda Report. This is the recommended action.

2. Do not authorize the Executive Director to execute a Professional Service Agreement with George S. Hall, Inc., upon the terms described in this Agenda Report and select an alternative vendor for these services.
3. Do not authorize the Executive Director to execute a Professional Services Agreement with George S. Hall, Inc., and direct staff to reject all bids received in response to this RFP.

### **RECOMMENDATION**

It is recommended that the Board adopt a resolution authorizing the Executive Director to enter into a Professional Service Agreement with George S. Hall, Inc. for Building Engineering and Maintenance Services for a three (3) year term with two (2) one-year options to renew, for a total possible contract term of five (5) years with a starting annual fee of \$434,512.00 as well as (a) a not-to-exceed allowance of 15% per contract year for unanticipated repairs and temporary back-up staffing, and (b) annual wage and benefit increases pursuant to the applicable Collective Bargaining Agreement.

Attachment: Exhibit A – Cost Comparison Worksheet

**EXHIBIT A – COST COMPARISON TABLE**  
**In-House Port Personnel**  
**vs.**  
**Contracted Services**

<b>Port Personnel</b>	<b>Annual Cost <sup>1</sup></b>	<b>Contracted Services</b>	<b>Annual Cost</b>
Equipment Systems Engineer	\$170,969	GSH Contracted Chief Engineer and Stationary Engineer	
Sr. Equipment Systems Engineer	\$199,280		
Electrician <sup>2</sup> (needed only occasionally, estimate 0.15 FTE)	\$179,670		
Plumber (needed only occasionally, estimate 0.20 FTE)	\$181,272		
<b>TOTAL</b>	<b>\$731,191</b>		<b>\$434,512</b>

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<sup>1</sup> Assumes salary at Step C plus benefits.

<sup>2</sup> It is impractical for the Port to hire an Electrician or Plumber when only needed part-time and on an as-needed basis.