

**Bay Area Headquarters Authority  
BAHA**

December 21, 2022

Agenda Item 2c - 22-1794

**Property Management Automatic Contract Renewal – Cushman & Wakefield of  
California, Inc. (Management Fee - \$1,220,000)**

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**Subject:**

Request for approval of the second of two five-year automatic contract renewals with Cushman & Wakefield of California, Inc. (CW) for property management services at the Bay Area Metro Center (BAMC) with a Management Fee not to exceed a total of \$1,220,000 over the extended contract period of July 1, 2023, through June 30, 2028.

**Background:**

CW was selected in January 2013 in response to a competitive procurement to assist BAHA with property management services, including building management, tenant services, building engineering, security, parking, and janitorial. Under the current contract CW is responsible for a full range of services including, but not limited to:

- Developing a plan for the management and operations of the facility (including parking) for approval by BAHA including a structure for assessing and allocating annual operating cost.
- Providing for the operation and maintenance of building equipment and systems including preventative maintenance, routine repairs, and capital improvements; and providing janitorial, security, building engineering, construction management and other services required in the ordinary course of managing and operating the building.
- Maintaining an on-site business office and being available 24 hours, 7 days a week for owner and tenant issues.
- Developing and maintaining the annual operating and capital budgets; completing financial accounting including the collection and reporting of all revenues received (i.e. rents, deposits and other related financial agreements); and providing assistance to support third party audit of financial records and tax returns, as required.

According to Article 5.01 of the agreement with CW, subject to the approval of BAHA and the approval of future BAHA budgets, the agreement shall renew automatically for successive two five-year periods upon the same terms and conditions in effect on the last day of the prior term unless BAHA or CW has notified the other not less than 30 days prior to the expiration date of its intent not to renew the agreement. With BAHA's approval, the current agreement will automatically renew on June 30, 2023.

CW's Management Fee, which is exclusive of all direct operating expenses included in the annual BAHA budgets, is based upon CW's 2012 proposal:

<b>Monthly Management Fee</b>	<b>Current Fee November 2022</b>	<b>Estimated Five (5) Year Total (2023-2028)</b>
\$10,000 through development phase	\$19,104.84	\$1,220,000
\$12,500 @ 40% occupancy		
\$16,000 @ 80% occupancy		
3% per year increase thereafter		

As set forth in Article 5.01, the funds for this contract renewal are subject to the approval of future BAHA operating budgets.

**Issues:**

None identified.

**Recommended Action:**

Staff recommends that the Authority approve the second of two five-year automatic contract renewals with CW for property management services at BAMC with a Management Fee not to exceed a total of \$1,220,000 over the extended contract period of July 1, 2023, through June 30, 2028.

**Attachments:**

- Request for Committee Approval – Summary of Proposed Automatic Contract Renewal



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Therese W. McMillan

REQUEST FOR COMMITTEE APPROVAL

Summary of Proposed Automatic Contract Renewal

Work Item No.: 9110

Consultant: Cushman & Wakefield of California, Inc.  
San Francisco, CA

Work Project Title: Property Management Services

Purpose of Project: Provide property management services for 375 Beale Street

Brief Scope of Work: Property management services including building/facility management and financial/accounting services

Project Cost Not to Exceed: This Automatic Contract Renewal: Management Fee of \$1,220,000 exclusive of all direct operating expenses

Current contract authorization before this amendment: \$12,274,801.80

Maximum contract authorization after this amendment: \$13,494,801.80

Funding Source: BAHA Operating Budget

Fiscal Impact: Funding subject to the approval of future BAHA FY 2023-24, FY 2024-25, FY 2025-26, FY 2026-27, and FY 2027-28 budgets

Motion by Authority: That the Authority approve the second of two five-year automatic contract renewals with Cushman & Wakefield of California, Inc. (CW) for property management services at the Bay Area Metro Center (BAMC) with a Management Fee not to exceed a total of \$1,220,000 over the extended contract period of July 1, 2023, through June 30, 2028, as described above and in the Bay Area Headquarters Authority Summary Sheet dated December 21, 2022, the Executive Director is authorized to take actions as necessary to implement the aforementioned approval and the Treasurer and Auditor are directed to set aside funds in the amount of \$1,220,000 for Management Fees (exclusive of all direct operating expenses) for the automatic contract renewal period of July 1, 2023 through June 30, 2028, subject to the approval of future BAHA budgets.

BAHA Chair:

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Alfredo Pedroza

Approved:

Date: December 21, 2022