



DEPARTMENT OF GENERAL SERVICES

Real Estate Division, BOPP, Contract Management Section

The Ziggurat • 707 Third Street, Suite 2-350, West Sacramento, CA 95605 • (916) 376-1761

January 24, 2005

ADDENDUM #3

ATTN: BIDDERS

**PROJECT: RESD-52 - REAL ESTATE ASSET & PORTFOLIO MANAGEMENT
CONSULTANT SERVICES**

This Addendum is to provide all interested parties with the attached Questions & Answers received by January 18, 2005, regarding this project.

Addendum #3 will be placed in the Bidder's Library, and on the California State Contracts Register (CSCR) with RESD-52.

If you have any questions regarding the processing of either the processing of the bids or the contract, please feel free to e-mail them to me at: lgarrett@dgs.ca.gov.

BID SUBMITTAL DATE: FEBRUARY 8, 2005, 2:00 P.M., AT ADDRESS SHOWN BELOW.

SUBMIT SEALED BIDS TO:	Lynne Garrett, Contract Analyst Department of General Services Contract Management Section 707 3rd Street, Suite 2-350 Sacramento, CA 95605
-------------------------------	---

Cordially,

Lynne Garrett

LYNNE GARRETT, Contract Analyst
(916) 376-1761

cc: Mark Barrett, Project Manager
Teresa Boron-Irwin, Counsel

ADDENDUM #3
QUESTIONS AND ANSWERS #3

1. We would like further clarification regarding Revised Addendum #1 question 8). If a firm chooses to join another firm as a subcontractor for this RFP, will the firm still be precluded from providing real estate services under other contracts? Addendum answer: "Yes". This answer is different from that given at the Bidder's Conference. At that time, the answer was that a firm could play a non-lead subcontractor role and still be eligible to provide subsequent services to DGS. If taken to the extreme, the answer above means that many, if not most of the valuable potential real estate advisors to DGS would decline to participate because the value of the follow-on contracts are so much greater than the fee for this strategic advisory assignment. It would be unfortunate for DGS to lose many of the best, most experienced potential advisors by this single-word answer to what is a complex question. We understand the issue of perceived conflict of interest, but further elaboration/clarification is needed, such as:
- Could a firm contribute, for example, **factual case study** knowledge of similar assignments for other states?
 - Could we use individuals as **subject-matter experts** for workshop panels?
 - Does this prohibition apply to **fee-for-service advisory** as well as transaction-related services?
 - Could DGS make this issue manageable by defining a "**minor**" **role** that is allowed, for example a maximum dollar amount or % of total fee for participant team members to still be eligible to provide subsequent services?
 - Can we at least put a **time limit** on the above, for instance "firms providing services on RESD-52 are precluded from providing services for a period of one year subsequent to completion of this contract".

ANSWER:

For clarification, please review the following paragraph taken from page 6 of the RFP RESD - 52:

"NOTICE: To eliminate conflicts of interest, or the potential for conflicts the successful Bidder to this RFP, or any of its affiliated companies, as determined at the sole discretion of the State, shall not, during this contract, or any optional extensions thereof, contract with the State for any real estate services directly or indirectly resulting from the advice or recommendations provided as part of this contract. Prohibited contract activities include, but are not limited to property management, office and warehouse leasing, land entitlement, land purchase and land sales or leasing brokerage."

We have reviewed the tape recording from the Bidder's Conference for the RFP RESD - 52 and DGS respectfully disagrees with the questioner's assertion that the answer given in Addendum #1, question 8, is different from that given at the Bidder's Conference.

A hypothetical example may help clarify further. If, for example, a firm contributes case study material, subject matter expertise or fee-for-service advisory consulting that are, in the view of DGS, minor to the completion of this contract, that firm will not automatically be disqualified from being awarded a contract for services that may result from implementation of the recommendations from this contract. Further, as stated in the RFP, it is only during this contract, or any extensions or amendments thereof, that any firm or its affiliates selected to provide the services of this contract may not provide other real estate related services. If DGS chooses to enter into a contract to provide services to implement any of the recommendations after the conclusion of this contract, any firm may be selected, including, but not limited to, the primary consultant, its subcontractors and any of its affiliated companies, provided it is permissible by law.

2. Page 10 of the RFP indicates that a \$50,000.00 Bid Bond is required, however the Bidder's Bond Form (Exhibit O) states the Bidder's Bond should be equal to 10% of the total amount of the bid. Please clarify which directive should be followed.

ANSWER:

The Bidder's Bond Form (Exhibit O) is a standard preprinted document. The Bidder's Requirements and Conditions listed beginning on page 9 of the RFP are specific to this contract and should be followed if a conflict exists between the two.

3. Exhibit C "General Terms and Conditions, Paragraph 5, has been identified by our corporate legal counsel as unduly burdensome risk in proportion to the value of this contract. As currently written, this clause exposes the prime consultant to having to incur an unknown, but potentially large sum of money defending the State from any claim which may arise "in connection with the performance of this Agreement".

Technically, this could be interpreted by the State as requiring its consultant to defend any claim which arises out of the team's services, even if those services are in accordance with its Contract with the State. To avoid this possibility, we propose that Para. 5, lines be modified by replacing the word "performance" with the word "breach". This one-word change reduces exposure to a reasonable business risk.

ANSWER:

Contract language changes are not acceptable to the State. This is standard contract language used In State contracts.

4. In responding to the process analysis for DGS only, can the State validate that the processes that are to be examined for re-engineering are the processes listed in the "New Business Processes in the RESD Organization" document. Specifically, that the processes that we should be prepared to examine are the Asset Planning and Enhancement (including the sub-processes of Portfolio Management, Planning Management, Program Forecasting, Policies, and Economic Analysis), Project Management (including the sub-processes of Construction Management, Architecture and Engineering), Building & Property Management (including the sub-processes of Operations and Maintenance, Custodial and Janitorial, Engineering Operations, Health and Safety)?

ANSWER:

The "New Business Processes in the RESD Organization" report identifies the functional areas and the major processes that are to be evaluated per the scope of work of this contract in the Statement of Work under Objective 1. The objective is to examine all of the major business processes used by DGS for real estate management including, but not limited to: due diligence, property acquisition, financing, appraisal, leasing, environmental review, construction, development, property management, and disposition.

5. Separately, for the statewide response are the same or different processes under consideration for re-engineering? Please validate what processes are in scope for the statewide process re-engineering work.

ANSWER:

The statewide business processes under consideration for re-engineering are the same as for the DGS portion of the project.

6. There is a discrepancy in the timeline for the organizational evaluation due date. On page 26, the timeline is indicated as 40 days and on page 53 the timeline is indicated as 30 days. Please indicate which timeline should be used in the proposed workplan.

ANSWER:

30 days is the correct timeline for this deliverable.

7. To determine the scope and pricing of our RFP response, can DGS summarize or describe what changes have been implemented, are in the implementation process or are planned for implementation from the recommendations in the studies that were included in the bidder's library?

ANSWER:

The reorganization of the Department of General Services real estate services section as recommended in the "New Business Processes in the RESD Organization" report has been implemented. Multiple reports in the Bidder's Library recommend the creation of a comprehensive electronic database for all of the State-owned real property. The database has been created and has been partially populated for a number of years, but it is still a work-in-progress and does not yet include all State leases or real property. No other major recommendations have been adopted or are in progress.

END OF DOCUMENT