



PROSPER
PORTLAND
Building an Equitable Economy

DATE: January 15, 2025
TO: Board of Commissioners
FROM: Shea Flaherty Betin, Interim Executive Director
SUBJECT: Report Number 25-02
Authorizing a Personal Services Contract with Commercial and Residential Management Group

BOARD ACTION REQUESTED AND BRIEF DESCRIPTION

Adopt Resolution No. 7592

This action by the Prosper Portland Board of Commissioners (Board) will authorize a personal services contract (Contract) with Commercial and Residential Management Group (CRMG) to operate and manage approximately 22 Prosper Portland real estate assets, as list of which can be found in Attachment A. If approved, the Contract will allow CRMG to operate and manage properties on behalf of Prosper Portland, including entering into various subcontracts for maintenance of the properties at an estimated amount of \$7,000,000 over a five-year period, which includes CRMG's compensation of \$950,000 during the entirety of the Contract term.

STRATEGIC ALIGNMENT AND OUTCOMES

This action delivers on Prosper Portland's strategic priorities by exercising transparent administration of resources and assets to ensure public funds are effectively invested to achieve agency objectives while promoting long-term sustainability of the organization. Management of various properties also furthers the objectives of Advance Portland, including:

- Outcome 2.1: Help BIPOC Entrepreneurs Start, Scale, and Innovate Through Partnerships;
- Outcome 2.2: Increase Access to Bid Opportunities for BIPOC Firms and Individuals; and,
- Outcome 3.5: Support Growth and Health of Businesses Within Commercial Districts.

BACKGROUND AND CONTEXT

Prosper Portland manages a portfolio of approximately 40 owned and controlled properties, of which 22 will be included in this Contract. Eighteen of the 22 properties are either vacant parcels or vacant buildings. On October 29, 2024, Prosper Portland released a competitive Request for Proposals (RFP) for Master Property Management Services, to identify a qualified proposer that could manage the identified properties. CRMG, the existing in-place property manager since 2020, was the only respondent to the RFP. Prosper Portland and CRMG have thus updated and are renewing the existing contract to cover the next five-year period. The Contract will have an expiration date of December 31, 2029, with an option to extend annually. Additionally, the executive director will be authorized to add new properties to the

Contract or adjust property management costs from time to time during the term, provided that the additional expense has been included in the budget annually adopted by the Prosper Portland Board.

EQUITY IMPACT

While CRMG is not a State of Oregon designated Minority-owned, Woman-owned, or Emerging Small Business (MWESB), the Contract states they are to encourage and facilitate the participation of MWESB certified contractors and vendors for services and products necessary to operate and maintain Prosper Portland properties. CRMG has historically used and is expected to continue using the following contractors (and service category) who are certified or identify as a MWESB business:

- Squires Electric-WBE (Electrical)
- Universal Crystal Cleaning-MBE, WBE (Janitorial)
- Safeguard Security-MBE (Security)
- Fulcrum Construction & Building Services, LLC-ESB, WBE (Construction)
- NW Enforcement-DBE, WBE (Security)
- Frontline Facilities Management-DBE, MBE (Maintenance)
- Portland Graffiti Removal, LLC-ESB (Graffiti Removal)
- Ruffin Construction-WBE (Maintenance)

COMMUNITY PARTICIPATION AND FEEDBACK

Staff did not conduct any public engagement related to this action outside of the posting of the competitive solicitation.

BUDGET AND FINANCIAL INFORMATION

The funds allocated to each property that CRMG will operate and manage on behalf of Prosper Portland, including their management fees, have been included in the fiscal year (FY) 2024-25 Revised Budget, as well as forecast years through the termination date of the Contract. If the Contract is extended beyond the original contract, additional funds will be allocated as part of the regular budget process.

During the past five years, property management expenses for properties subject to the Contract was approximately \$4,100,000, including total management fees paid during this same period of approximately \$434,000. Nearly half of that amount was spent in FY 2023-24 after a large number of properties were added to the contract. This new Contract will additionally include management of the U.S. Postal Service site, which was not included in prior management contracts.

During the initial Contract term, its estimated that these properties will generate approximately \$2,800,000 in revenue, while costing approximately \$6,200,000 to own and maintain, including CRMG's fee referenced above. A breakdown of the revenue and expenses by property are attached to this report.

RISK ASSESSMENT

There are few to no new risks associated with this action, as Prosper Portland has experience working with CRMG to deliver on the property management needs in alignment with the agency's mission and strategic priorities.

ATTACHMENTS

- A. Five-Year Revenue and Expense Estimates, Fiscal Year 2024-25 to 2028-29

FIVE-YEAR REVENUE AND EXPENSE ESTIMATES, FISCAL YEAR 2024-25 TO 2028-29

	Revenue	Expense	Net Opertating Income
Nelson	\$1,269,021	\$691,100	\$577,921
Nick Fish	\$774,892	\$331,500	\$443,392
Fairfield	\$0	\$254,000	(\$254,000)
Alberta Commons	\$571,905	\$867,000	(\$295,095)
4th & Burnside	\$0	\$196,000	(\$196,000)
92H	\$40,000	\$95,500	(\$55,500)
910 Buidling	\$0	\$358,500	(\$358,500)
AIP Building	\$0	\$33,800	(\$33,800)
Albina Triangle	\$0	\$61,900	(\$61,900)
Cascade Station D	\$63,500	\$186,500	(\$123,000)
Cascade Station E	\$63,500	\$186,500	(\$123,000)
Cascade Station G	\$0	\$246,500	(\$246,500)
Dagel Triangle	\$0	\$31,600	(\$31,600)
MLK Parking Lot	\$0	\$126,500	(\$126,500)
Old Fire Station	\$0	\$199,000	(\$199,000)
RD Small Lots	\$0	\$45,600	(\$45,600)
SWF Lot 4	\$0	\$63,500	(\$63,500)
Tate Lot	\$0	\$38,600	(\$38,600)
Block R	\$0	\$298,000	(\$298,000)
240 NE MLK	\$17,138	\$3,800	\$13,338
Lents Triangles	\$0	\$61,500	(\$61,500)
U.S. Post Office	\$0	\$1,796,000	(\$1,796,000)
	\$2,799,956	\$6,172,900	(\$3,372,944)