



**PROSPER**  
**PORTLAND**  
Building an Equitable Economy

**DATE:** February 9, 2022  
**TO:** Board of Commissioners  
**FROM:** Kimberly Branam, Executive Director  
**SUBJECT:** Report Number 22-05  
Authorizing an Amendment to a Personal Services Contract with Income Property Management Co.

### **BOARD ACTION REQUESTED AND BRIEF DESCRIPTION**

Adopt Resolution No. 7445

This action by the Prosper Portland Board of Commissioners (Board) will authorize an amendment to a personal services contract (Amended Contract) with Income Property Management Co. (IPM) to manage Prosper Portland real estate assets. If approved, the Amended Contract will add an additional 15 properties to IPM's scope, assign associated maintenance service contracts to IPM, and increase compensation to an amount not to exceed \$600,000.

### **STRATEGIC PLAN ALIGNMENT AND OUTCOMES**

This action delivers on Prosper Portland's Strategic Plan by exercising "transparent administration of resources and assets to ensure public funds are effectively invested to achieve agency objectives while promoting the long-term sustainability of the organization."

### **BACKGROUND AND CONTEXT**

Prosper Portland has a portfolio of approximately 50 owned and controlled properties, ranging from vacant land to a hotel, and various commercial spaces with multiple tenants. While the number of real estate assets has remained relatively constant over the years, internal asset management staff has decreased as the agency has shrunk. Currently, Prosper Portland has the equivalent of one full-time employee; this is expected to decrease to 50 percent in fiscal year 2022-23. In addition to limited property management staff, there are accounting and procurement staffing impacts related to managing Prosper Portland's real estate assets. It is estimated that approximately 40 percent of accounting and 20 percent of procurement staff time is allocated to processing invoice payments and contracting for the operations and maintenance of the properties.

In acknowledgement that the agency has fewer staff dedicated to real estate management, on May 2, 2019, Prosper Portland released a competitive Request for Proposals for Master Property Management Services to identify a qualified operator that could manage select Prosper Portland real estate assets. Upon identifying IPM as the most qualified bidder, on March 24, 2020, Prosper Portland and IPM negotiated and executed Contract 219024, which had an expiration date of December 31, 2022, with two optional one-year extensions. The contract allows for additional properties to be added to the contract as needed upon mutual agreement, negotiation of additional management fees, and amendment execution. As such, the contract has been amended twice since execution; currently IPM

manages The Nick Fish, 10th & Yamhill, Nelson Building, and Alberta Commons (it also manages Lents Commons, but under a different contract).

Staff are proposing a third amendment to the IPM contract that would not only add additional properties for IPM to manage but the aggregate contract value would exceed the executive director's signature authority of \$500,000; as such, staff are seeking Prosper Portland Board approval. A list of all Prosper Portland assets and associated maintenance contracts that will be included under the terms of the Amended Contract and can be found in Exhibit A to Resolution No. 7445.

### **EQUITY IMPACT**

While IPM is not a State of Oregon designated Minority-owned, Woman-owned, or Emerging Small Business (MWESB), their 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. As part of Amended Contract, Prosper Portland will be assigning six service contracts for maintenance, landscape, and security, five of which are State certified or self-identified firms.

### **COMMUNITY PARTICIPATION AND FEEDBACK**

Staff did not conduct any public engagement related to this action.

### **BUDGET AND FINANCIAL INFORMATION**

There are adequate funds across nine tax increment finance districts in the Prosper Portland Amended Fiscal Year 2021-22 Budget for this proposed action. Staff have built in a 16 percent contingency to the Amended Contract value to allow for the potential of adding additional properties to IPM's portfolio.

### **RISK ASSESSMENT**

There are few to no risks associated with this transaction. Should the Prosper Portland Board elect to not amend the contract, Prosper Portland would run the risk of expending more staff time and resources on asset management than if it were outsourced.

### **ATTACHMENTS**

None.