

## Agenda Report

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**FROM:** James D. Herberg, General Manager  
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**SUBJECT:**

**PROPERTY MANAGEMENT SERVICES FOR 18350 MT. LANGLEY STREET AND 18368-18375-18381-18384 BANDILIER CIRCLE, FOUNTAIN VALLEY**

### **GENERAL MANAGER'S RECOMMENDATION**

**RECOMMENDATION:** Recommend to the Board of Directors to:

Approve Amendment No. 4 of the sole source agreement with The Muller Company for Property Management Services for 18350 Mt. Langley Street and 18368- 18375- 18381- 18384 Bandilier Circle in Fountain Valley for the period of September 1, 2020 through June 30, 2021 for a management fee of \$3,200 per month plus other incurred expenses, including an additional renewal period of six months.

### **BACKGROUND**

The Board of Directors has previously approved a sole source agreement with The Muller Company for property management services for buildings owned by the Orange County Sanitation District (Sanitation District) at 18350 Mt Langley Street and 18368-18375-18381-18384 Bandilier Circle in Fountain Valley. The properties are occupied by staff and commercial tenants with leases that expire in 2021 and 2023.

The Sanitation District purchased these properties as part of the overall strategy to build Administration Building facilities and maximize process area. This strategy is not fully implemented as the Sanitation District is still working on obtaining building approvals. Once that process is complete, the Sanitation District will have a better vision of long-term property needs. Pending those decisions, the Sanitation District will require property management services.

### **RELEVANT STANDARDS**

- Protect Orange County Sanitation Districts assets

### **PROBLEM**

The Sanitation District owned properties have commercial tenants and there is a need to professionally manage them utilizing services such as maintenance, tenant relations, and repairs. At

present, the Sanitation District does not employ staff with this scope of commercial property expertise.

## **PROPOSED SOLUTION**

Extend the current sole source property management contract until a permanent property management strategy has been developed.

## **TIMING CONCERNS**

The current property management agreement expires on August 31, 2020.

## **RAMIFICATIONS OF NOT TAKING ACTION**

The Sanitation District will lose continuity of care of the property and of services to tenants.

## **PRIOR COMMITTEE/BOARD ACTIONS**

May 2019 - Approved Amendment No. 3 with The Muller Company for Property Management Services, to extend the services for twelve-months from September 1, 2019 through August 31, 2020 with all terms and provisions of the Agreement remaining unmodified and in full force and effect.

February 2019 - By exercising the renewal option in Amendment No. 1, staff executed Amendment No. 2.

September 2018 - Approved Amendment No. 1 with The Muller Company for Property Management Services, for an additional management fee of \$3,293 per month plus other incurred expenses, for the addition of Sanitation District acquired properties on Bandilier Circle and Pacific Street including two additional renewal periods of six months each.

February 2018 - Approved a sole source agreement with The Muller Company for Property Management Services, for the period of March 1, 2018 through August 31, 2018, for a management fee of \$4,200 per month plus other incurred expenses, including two additional renewal periods of six months each.

## **ADDITIONAL INFORMATION**

Monthly expenses for services such as utility bills and repair work vary month-to-month. All expenses will be reviewed and approved by Sanitation District staff.

## **CEQA**

N/A

## **FINANCIAL CONSIDERATIONS**

The property management costs will be offset by rents collected on the commercial leases.

**ATTACHMENT**

*The following attachment(s) may be viewed on-line at the OCSD website ([www.ocsd.com](http://www.ocsd.com)) with the complete agenda package:*

- Amendment No. 4