



DELRAY BEACH COMMUNITY REDEVELOPMENT AGENCY

**ADDENDUM NO. 2
TO
REQUEST FOR PROPOSALS NO. CRA 2023-01
COMMERCIAL PROPERTY MANAGEMENT SERVICES FOR
98 NW 5TH AVENUE**

March 7, 2023

TO ALL PROPOSERS AND OTHERS CONCERNED

The Delray Beach Community Redevelopment Agency ("CRA") has heretofore published a Request for Proposals ("RFP") dated January 25, 2023, with respect to its intent to receive and consider Proposals from qualified Proposers to provide commercial property management services for the commercial building located at 98 NW 5th Avenue, Delray Beach, Florida, 33444, ("Property Management Services").

The intent of this Addendum is to address questions and/or errors, and to clarify other aspects of the RFP. Proposers submitting Proposals for the above-referenced RFP shall take note of the following changes, additions, deletions clarifications, etc., which shall become a part of and have precedence over anything shown or described otherwise.

QUESTIONS:

1. What is the rent per square foot being charged to prospective tenants?

At this time, the rent per square foot has not been established. It is the intent of the CRA for all units to be rented at an affordable rate.

2. How many square feet of rentable space?

Each first-floor rental unit (five units total) is approximately 650- 664 square feet. The square footage for each unit includes the janitorial closet and bathroom that is in each unit.

The second-floor co-working space is approximately 3,320 square feet. This includes the janitorial closet and bathrooms.

3. What is the expected time to fully lease the building?

The CRA will be issuing a public notice to solicit interested parties and prospective tenants in the near future. There is no current timeline to fully lease the building.

4. What is the expected vacancy rate when stabilized?

The expected vacancy rate is zero.

5. What is the expected income each month during the lease up period and when stabilized?

At this time, as rent per square foot has not been determined, this information is not currently available.

6. What entity is responsible for leasing, advertising, showing the building and property to prospective tenants?

The CRA will be responsible for leasing, advertising, and showing the building and property to interested parties and prospective tenants. However, the CRA may request and/or require the Successful Proposer to assist.

7. What does the CRA expect as an operational budget for this property?

At this time, as rent per square foot has not been determined, this information is not currently available. It is the desire of the CRA to work with the Successful Proposer to develop the operational budget for the property.

8. What other properties does the CRA own that are managed by third parties?

The CRA has affordable housing units that are managed by third parties.

9. What is the management fee and the staffing amount paid by the CRA for other properties?

The CRA does not currently pay a separate management fee or staffing amount to third parties for the management and maintenance of CRA-owned properties. Third parties that currently manage and maintain CRA-owned properties use the rents collected to provide all required property maintenance and management services and cover any overhead expenses.

10. What is the income and expense of other properties owned by the CRA?

The CRA does not have any income or expense as it relates to CRA-owned properties that are managed by third parties. Third parties that currently manage and maintain CRA-owned properties use the rents collected to provide all required property maintenance and management services and cover any overhead expenses.

11. What properties does the City of Delray Beach own that are managed by third party?

The CRA is a separate legal entity from the City of Delray Beach. The Successful Proposer would be contracting with the CRA to provide the Property Management Services and not the City of Delray Beach.

12. What is the management fee and the staffing amount paid by the City of Delray Beach for other properties?

The CRA is a separate legal entity from the City of Delray Beach. The Successful Proposer would be contracting with the CRA to provide the Property Management Services and not the City of Delray Beach.

13. What is the income and expense of other properties owned by the City of Delray Beach?

The CRA is a separate legal entity from the City of Delray Beach. The Successful Proposer would be contracting with the CRA to provide the Property Management Services and not the City of Delray Beach.

14. What entities expressed interest in leasing, are currently in negotiation, or have a signed lease? What is the rent per square foot being charged for rent?

Please see answers to questions 1 and 3.

15. What research was conducted and what rent comparables are used to support the rent being sought after for the office/retail units on the 1st floor and co-working space on 2nd floor?

Please see answer to question 1.

16. What entity conducted the rental comparable research?

Please see answer to question 1.

17. Provide copy of research on rental comparables, lease up period study based on absorption rate of office space and proforma.

Please see answer to question 1, 3, 4, 5, 7, and 10.

18. Provide a copy of the lease agreement and house rules being offered to prospective tenants.

The CRA works with each selected tenant on individual lease agreements. At this time, tenants will be responsible for monthly rent, water, electricity, internet, phone, security alarm within units, individual business advertisement, janitorial services within units (if desired), trash disposal (taking trash out to dumpster), and disposable items within units (light bulbs, air filters, paper towels, toilet paper, soap, etc.), and contents insurance.

It is the intent of the CRA to establish “house rules” with the Successful Proposer.

19. What is the CRA’s expectation of rental income?

Please see answer to question 5.

20. Is there any debt on the property? If so, what are the terms of the debt and the lender(s)?

There is no debt associated with the property.

21. Will the owner deliver the property completely remodeled with a certificate of occupancy, lien releases, furnished, and rent ready or is it the Successful Proposer’s responsibility to supervise or coordinate any of this work?

The CRA will deliver the building with a Certificate of Occupancy and lien releases.

The second-floor co-working space will be completely furnished and rent ready.

The five (5) first-floor units will be “vanilla boxes”. Tenants may not need any additional build out, however, some may need additional build out. It is the CRA’s desire that the Successful Proposer assist in the supervision of the build out (i.e. making sure that construction debris is picked up, any damage to the property is timely documented, etc.). Tenants will be responsible for securing their own permits, coordinating their own contractors, vendors, etc.

22. Are administrators, janitors and 24/7 employees an expense of the property or of the Successful Proposer?

Any staff and services required to successfully perform the required Property Management Services for the proper management and maintenance of the property will be the responsibility of the Successful Proposer.

23. Is the expectation of the CRA to have onsite staff at all times during business hours?

It is the expectation that the Successful Proposer be available 24/7, and that may include onsite staff during business hours of the tenants. Please provide an option for onsite staff as part of the Proposal.

24. Will the CRA lease the co-work space on 2nd floor to end users or to a co-work space company like Regus, Spaces, WeWorks?

The CRA will be issuing a public notice to solicit interested parties and prospective tenants in the near future.

25. What service contracts are in place, amounts, and expiration dates.

Aside from utility accounts, there are no current service contracts in place.

26. Provide copy of service contracts.

Please see answer to Question 25.

27. Will service contracts be signed in the name of CRA or Successful Proposer?

It is the CRA's intent to have the Successful Proposer execute all service-related contracts for the management and maintenance of the property.

28. What company provides insurance: casualty, general liability, etc.

The Florida Municipal Insurance Trust insures all CRA-owned properties.

29. Provide copy of insurance contracts.

Copies of insurance documents will be shared with the Successful Proposer prior to execution of any agreement.

30. What is the amount paid for insurance(s)?

Please see answer to Question 29.

31. Does CRA have procurement guidelines for service contracts?

Yes. The CRA does have public procurement requirements and any applicable requirements will be reviewed with the Successful Proposer.

32. Are there any current litigations or complaints?

No. There are no current litigations or complaints associated with the property.

33. What is the amount of paid taxes?

The property taxes paid for 2022 were \$713.40.

34. What is the amount paid in loan or mortgage on the property?

See answer to question 20.

35. What is the amount paid for any leased equipment or furniture?

There are no leased pieces of equipment or furniture.

36. When it comes to recruiting tenants to lease the space, with commercial property management companies that have real estate agents, will the CRA be allowing or expecting the management company to provide listing agents and/or to help with or lead efforts to secure tenants including, but not limited to using a formal RFP process for tenants?

The CRA will be responsible for leasing, advertising, and showing the building and property to interested parties and prospective tenants. However, the CRA may request and/or require the Successful Proposer to assist.

37. Has the CRA determined what type of monthly rent range they plan to charge potential tenants? If so, what is the amount?

Please see answer to Question 1.

38. In addition to local, small or start-up businesses as potential tenants, will CRA consider as part of the local retail mix, national chain companies?

The CRA is required to publicly notice any CRA-owned properties that are available for lease. The public notice will invite all interested parties and prospective tenants to submit their proposals, as per the requirements listed in the public notice, and the CRA Board will select the tenants.

The CRA will be issuing a public notice to solicit interested parties and prospective tenants in the near future.

39. How will the new tenant leases be structured - NNN or Full Service?

The CRA works with each selected tenant on individual lease agreements. At this time, tenants will be responsible for monthly rent, water, electricity, internet, phone, security alarm within units, individual business advertisement, janitorial services within units (if desired), trash disposal (taking trash out to dumpster), and disposable items within units (light bulbs, air filters, paper towels, toilet paper, soap, etc.), and contents insurance.

40. What responsibilities will the property manager have inside the tenant spaces?

The Successful Proposer will be responsible for maintaining MEP related components (HVAC, bathroom, lighting, water fountain, etc.), structural components (drywall, windows, doors, ceiling, etc.), and repairing issues that were not caused by the tenant and were not installed by the tenant. Responsibilities will be further described in the agreement between the CRA and Successful Proposer.

41. What are the target rental rates?

Please see answer to Question 1.

42. Will each tenant's space be separately metered?

Yes.

43. Will there be any maintenance responsibilities or oversight of the public parking lot?

No. However, the Successful Proposer will be responsible for overseeing the on-street parking spaces directly in front of the property on NW 1st Street and NW 5th Avenue, making sure the spaces are clean and safe for use, and if not, reporting the issues to proper authorities.

44. Who is responsible for sidewalk maintenance?

The sidewalks on NW 1st Street and NW 5th Avenue are public right-of-ways and as such, the City of Delray Beach is responsible for maintaining the sidewalk. However, the Successful Proposer will be responsible for overseeing the sidewalks and making sure the spaces are clean and safe for use, and if not reporting the issues to the proper authorities.

45. Will trash collection and removal be a property responsibility or that of the tenants?

The CRA has an agreement with the Delray Beach Housing Authority to share the dumpster located at the rear of the property. Tenants will be responsible for removing trash from their units and properly placing all items into the dumpster. The Successful Proposer will be responsible for ensuring that the property remains picked up of all trash and debris – including within the dumpster enclosure.

46. What type of security systems will be in place at the property- Camera, access control etc.?

At this time, the security systems have not been finalized.

47. Will the property management company oversee the onsite security systems?

Yes. The Successful Proposer will oversee the finalized security systems in place on the property; the CRA will maintain access to all security systems.

48. Does the site require a physical security patrol or response?

Please see answer to Question 23.

49. On what basis will operating expenses exceeding the collected income be reimbursed?

Expenses will be reimbursed per the terms specified in the agreement between the CRA and Successful Proposer.

In general, the Successful Proposer will be required to submit detailed expense reports and property maintenance reports to the CRA as part of any allowable reimbursement request.

50. Will any oversight of tenant construction be required?

Please see answer to Question 21.

51. Please provide the sample language referenced in Section VII.D Agreement Terms and Conditions.

The agreement will be negotiated between the CRA and Successful Proposer.