

Comparison of Contracted versus In House Commercial Property Management Services (March 2025)

	Third Party Commercial Property Management Contract	In House Commercial Property Management Functions	Staff Analysis
Full-Time Property Management Staff Headcount	8.3 FTE	9 FTE	Overall staffing count is similar in both scenarios. HR worked closely with BRED to understand scope and various roles to identify similar job classifications.
Property Management Roles	Property Manager, Supervisor Property Manager Commercial Operations Manager Assistant Property Manager Lease Administrator (Accounting) Property Administrator Property Administrator <u>Incl. in PM Fee:</u> Executive Leadership (0.7 FTE) Accounting (0.6 FTE)	Property Management Div. Mngr. Senior Property Manager Property Manager Property Manager Senior Management Analyst Billing Specialist Office Assistant <u>Additional Staff outside BRED:</u> Accountant II Accounting Technician	In both scenarios, City staff will still engage Providers via SPAs for necessary maintenance, repair and replacement work. In general, other public agencies with In House property management staff report that they largely use Public Works directly for these efforts.
Annual Cost Estimate	\$1,240,000 (Salary) \$360,000 (PM Fee) \$1,600,000 <i>Utilizing cost data obtained from recent RFP for services.</i>	\$1,626,000 (Base Equivalent Positions) \$350,000 (Positions under PM Fee) \$10,000 (est. after-hours response) \$1,986,000	Costs are rounded. Does not include other expenses reimbursed by the City that would be roughly the same for both (e.g. computers, equipment, office space).
Transition Cost & Impact		\$51,000 (one-time) Estimated costs to recruit, hire and on-board new employees \$2-3 million (one-time) Extend existing 3rd Party PM contract for one year for transition time	See below for additional information.
Addressing Risk / Liability	\$500,000 annual insurance premium to cover liability for Commercial PM Scope of Work	Liability is covered in City's insurance policy if City staff complete the work.	

Comparison of Contracted versus In House Commercial Property Management Services (March 2025)

OTHER FACTORS:	
City Liability / Service Provider Agreement	LPC has agreed to accept the City's Standard Service Provider Agreement, including accepting primary liability for claims related to its scope of work.
City's Long Term Property Management Needs	<p>City intends to gradually reduce its property ownership at Alameda Point, which would reduce the property management staffing requirement over time.</p> <ul style="list-style-type: none"> • Ability to right-size staffing under a private 3rd party Property Management contract • If property management is in-house, staffing will need to be reduced through attrition, reassignment or lay-offs in alignment with collective bargaining agreements and civil service rules.
Long Term Expenses / Escalations	<p><u>Commercial PM contract</u> has fixed escalations of 5% for staff time, 3% for fee. Assumed insurance escalation of 7% due to insurance volatility.</p> <p><u>In House Commercial PM</u> escalations are dependent on negotiations with bargaining units (MCEA and ACEA).</p>
Findings from Research on Other Agencies	<ul style="list-style-type: none"> • Most jurisdictions in CA with in-house property management intend to retain land in perpetuity (generally ports with State Tidelands and airports). • All jurisdictions surveyed use 3rd party providers for <u>Residential Property Management</u> • Managing residential tenancies require staff to be "high touch," with more personal interaction with tenants • In the private sector, primary liability generally rests with Property Owner (not Property Manager) • In the public sector the contracted Property Manager tends to accept primary liability for their scope of work
Process to Transition to In-House	<p>City estimates an 8-12 month transition timeline in order to recruit, hire and on board new in-house Property Management staff.</p> <ul style="list-style-type: none"> • New City Staff must be permanent employees given civil service rules. • Associated impact to work plan and cost for the HR and BRED staff to support this effort. • This includes reduction in new lease revenues while staff focus time on this transition instead. • Need to retain LPC for one year contract, with added up front cost of up to \$2-3 million for FY25-6.