



Board Report

File #: 16-574, Version: 1

- a. Approve and authorize the Director of the Economic Development Department to execute a non-standard software license agreement with CoStar Realty Information, Inc. for access to on-line information and analytics on commercial real estate, for a 1-year term beginning May 15, 2016 and ending May 14, 2017, for a total contract amount not to exceed \$7,200.00;
- b. Approve non-standard contract terms as recommended by the Director of the Economic Development Department; and
- c. Authorize the Director of the Economic Development Department to execute two (2) renewals of one (1) year each, with the cost of each annual renewal not to increase more than 5%, with no significant changes to the non-standard terms of the software license agreement.

RECOMMENDATION:

It is recommended that the Board of Supervisors:

- a. Approve and authorize the Director of the Economic Development Department to execute a non-standard software license agreement with CoStar Realty Information, Inc. for access to on-line information and analytics on commercial real estate, for a 1-year term beginning May 15, 2016 and ending May 14, 2017, for a total contract amount not to exceed \$7,200.00;
- b. Approve non-standard contract terms as recommended by the Director of the Economic Development Department; and
- c. Authorize the Director of the Economic Development Department to execute two (2) renewals of one (1) year each, with the cost of each annual renewal not to increase more than 5%, with no significant changes to the non-standard terms of the software license agreement.

SUMMARY/DISCUSSION:

CoStar is a provider of information, analytics and marketing services to the commercial real estate industry in the United States. The Company's suite of online service offerings includes information about space available for lease, comparable sales information, tenant information, information about properties for sale, Internet marketing services, analytical capabilities, information for clients' Websites, information about industry professionals and their business relationships, data integration and industry news. Its service offerings span all commercial property types, including office, industrial, retail, land, mixed-use, hospitality and multifamily.

Economic Development Department (EDD) staff proposes to use CoStars' suite of online services to track and analyze changing market conditions and to identify both emerging business trends and opportunities, and where market conditions are declining. With this information, EDD staff will initiate business retention and expansion visits to local businesses to determine interest in receiving economic and workforce support.

EDD proposes to utilize the subscription to CoStar to track rental and lease rates for industrial and land properties; EDD's Housing division will use CoStar information to track market rental rates for multi-family housing. Most real estate databases provide basic sales pricing for a current listing and a lease rate, but not the ability to perform comparison, and list "Comps" or comparisons of like property much like a real estate appraiser performs and maps properties. CoStar's exclusive mapping and market information provides detail down to the single transaction level, and identifies the tenant in an existing building. This will allow EDD staff

to calculate the number of employees per square foot and lot coverage - the amount of structure that is covering the ground, or the building footprint. Currently staff is unable to obtain this information without knocking on doors and asking for this information one business at a time, countywide. Such information is valuable in determining job creation potential, construction costs, value of commercial property and economic impact.

Using CoStar information, staff will also be able to track Medical Marijuana Leases and to provide an accurate month-to-month, and year-to-year, rental rate per square foot. Loop Net and other real estate databases do not offer this information.

After reviewing the offerings and services of competing providers, EDD staff determined that CoStar provides the most comprehensive coverage of commercial real estate industry and market data. One of the other two commercial real estate property companies listed Monterey County as a tertiary market and did not offer the full complement of services that are required, specifically tenant information. The other did not cover the Monterey County area as in-depth as CoStar.

By entering into a multi-year agreement, the County will save \$900.00, by receiving a \$300.00 annual discount. EDD negotiated with CoStar to amend the non-standard terms of its contract language, to recognize that EDD is a government entity and is thereby subject to public access and open government laws. The Board is asked to authorize, in years two and three increases in the Consumer Price Index - Urban (UPI-U) of no more than 5% for the previous twelve months (\$30/mos.) not to exceed \$7,560.00.

OTHER AGENCY INVOLVEMENT:

County Counsel has reviewed the CoStar software license Agreement and cannot approve the following non-standard terms: lack of standard County indemnity/insurance provisions and County indemnification and defense of CoStar; “evergreen” automatic renewal provision; late payment fees; non-standard termination provisions; rights to collect attorneys’ fees and collection agency fees from the County; disclaimer of liability by CoStar for damages, including limits on type of damages County can recover and limits on the amount of damages County can recover to fees paid; shortened statute of limitations period; disclaimer of warranty and County acceptance of services “as-is;” CoStar right to unilaterally change nature of services; County waiver of rights under Civil Code section 1542; waiver of bond requirements for injunctive relief; and venue in the federal court for the District of Columbia. Risk has reviewed the CoStar software license Agreement and cannot approve its non-standard provisions.

The Information Technology Department has reviewed the license agreement and has no concerns.

FINANCING:

There is no financial impact to the General Fund. The funds for this Agreement are included in the Economic Development’s (Fund 001, Unit 8221, Appropriation Unit DEO001) FY 2015-16 Adopted Budget.

Prepared by: _____
Jerry Hernandez, Administrative Analyst, Ext. 5393

Approved by: _____
David L. Spaur, CECD, EDDP, Economic Development Director, Ext. 5387

Attachments:

CoStar Addendum to License Agreement

CoStar License Agreement Subscription Form

(Attachments are on file with the Clerk of the Board)