



REPORT TO COUNCIL

City of Sacramento

915 I Street, Sacramento, CA 95814-2604
www. CityofSacramento.org

Consent
September 28, 2010

Honorable Mayor and
Members of the City Council

Title: Contract: Real Estate Brokerage Services

Location/Council District: Citywide

Recommendation: Adopt a **Resolution** authorizing the City Manager, or his designee, to award a no-cost contract to CB Richard Ellis (CBRE), for consultant and professional services related to real property assets owned by the City.

Contact: Melissa Anguiano, Economic Development Manager, 808-5864; Rhonda Lake, Facilities and Real Property Superintendent, 808-7902; Bill Sinclair, Program Manager, 808-1905

Presenters: n/a

Department: Economic Development Department

Division: Citywide Division

Organization No: 18001021

Description/Analysis

Issue: On May 18, 2010, staff issued a Request for Proposals (RFP) to select a qualified Real Estate Brokerage firm to provide professional services related to real property assets owned by the City of Sacramento.

The City solicited firms with experience in marketing, leasing and selling properties for owners with large portfolios of properties. The City also sought firms with familiarity in laws and practices applicable to public agency real estate matters. The scope of work for the proposed contract includes: (i) providing advice regarding property valuation, (ii) portfolio organization and analysis, (iii) strategic planning for property leasing and disposal, (iv) listing services for sale of City surplus property, and (v) overseeing escrow for such sales.

The City received proposals from the following 5 firms:

1. CB Richard Ellis (CBRE)
2. Jones Lang LaSalle (JLL)
3. Grubb & Ellis
4. Potter-Taylor & Company
5. The Vollman Company

The evaluation committee for the RFP was made up of representatives from the City of Sacramento, including Economic Development and the Asset Management Section of General Services; Sacramento Housing and Redevelopment Agency; and the State of California Department of General Services Asset Management Branch. The committee evaluated the proposals and selected to interview CB Richard Ellis, Jones Lang LaSalle and Grubb & Ellis. Following initial interviews, the committee did not make a unanimous selection. As a result, the top two ranking firms, CBRE and JLL, were invited to participate in a second interview. The second-round of interviews were conducted by City staff from both Economic Development and the Asset Management Section of General Services. Based on these interviews and extensive review, staff recommends CBRE to provide professional services related to real property assets owned by the City of Sacramento. CBRE is an international company headquartered in Los Angeles, CA, with an office located in Sacramento.

Policy Considerations: The City of Sacramento, General Services Department Asset Management Section, oversees a portfolio of approximately 2,000 parcels, many of which are used for City operations and services. The City's Asset Management Section is charged with acquisition, disposition and management of City-owned or controlled property, which includes properties subject to an easement, lease or license; however, the lack of resources has limited staff's ability to compile and maintain a comprehensive real property inventory and develop a related strategic plan. In addition, property records may not be readily available or may not exist. Under the proposed contract, CBRE will provide services and resources to supplement staff's efforts in (i) establishing City's asset information that is current and accurate; (ii) developing a strategic plan that identifies which surplus properties have the most potential to generate revenue, through sale or leasing; (iii) identifying timing to bring such properties to market; and (iv) proposing and identifying marketing strategies and costs for such properties. Future disposition of City property, whether by sale or lease, would be handled in accordance with City code.

Committee/Commission Action: None

Environmental Considerations:

California Environmental Quality Act (CEQA): This report concerns administrative activities that do not constitute a "project" as defined by CEQA

[CEQA Guidelines Sections 15061(b)(3); 15378(b)(2)].

Sustainability Considerations: There are no sustainability considerations applicable to this report.

Rationale for Recommendation: Under the proposed contract, CBRE will work closely, with City staff to develop a strategic plan that inventories all City-owned vacant surplus and/or controlled property, its current use, and evaluates and outlines recommendations for maintaining ownership, leasing underutilized sites and disposing surplus property. This process is critical for the City to efficiently manage its real estate assets and to potentially generate revenue through disposition or lease of surplus property.

Financial Considerations: This is a no cost contract. Staff costs for related work will be reimbursed from transaction proceeds. With respect to CBRE, compensation for work performed shall be performance based. Specifically, compensation shall be commission based and will be derived from sale or lease transaction proceeds. Commission rates proposed in the submittal will be firm for the duration of the Contract.

Emerging Small Business Development (ESBD): Not applicable.

Respectfully Submitted by: 
James R. Rinehart
Economic Development Director

Respectfully Submitted by: 
Reina J. Schwartz
Director, Department of General Services

Recommendation Approved:

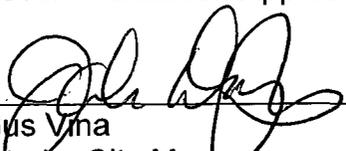

Gus Vina
Interim City Manager

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RESOLUTION NO. 2010 -

Adopted by the Sacramento City Council

AUTHORIZING THE CITY MANAGER TO AWARD A CONTRACT TO CB RICHARD ELLIS TO PROVIDE CONSULTANT AND PROFESSIONAL SERVICES RELATED TO REAL PROPERTY ASSETS OWNED BY THE CITY OF SACRAMENTO

BACKGROUND

- A. On May 18, 2010 City of Sacramento staff issued a Request for Proposals (RFP) to select a qualified Real Estate Brokerage firm to provide consultant and professional services related to real property assets owned by the City of Sacramento.
- B. Submittals for the RFP were due on June 18, 2010.
- C. The City received 5 proposals from the following Real Estate Brokerage firms: (1) CB Richard Ellis (CBRE); (2) Jones Lang LaSalle (JLL); (3) Grubb & Ellis; (4) Potter-Taylor & Company; and (5) The Vollman Company.
- D. A selection committee for the RFP was made up of representatives from the City of Sacramento, including Economic Development and the Asset Management Section of General Services; Sacramento Housing and Redevelopment Agency; and the State of California Department of General Services Asset Management Branch.
- E. On July 21, 2010 the selection committee interviewed CBRE, JLL and Grubb & Ellis.
- F. On August 19, 2010 a second-round of interviews, with CBRE and JLL, were conducted by staff from both Economic Development and the Asset Management Section of General Services. Based on these interviews and extensive review, staff recommends CBRE to provide professional services related to real property assets owned by the City of Sacramento.
- G. CBRE is an international company headquartered in Los Angeles, CA, with an office located in Sacramento.

BASED ON THE FACTS SET FORTH IN THE BACKGROUND, THE CITY COUNCIL RESOLVES AS FOLLOWS:

- Section 1. The City Manager, or his designee, is authorized to award a no-cost contract to CBRE, to provide consultant and professional services related to real property assets owned by the City of Sacramento.