



Legislation Text

File #: 22-1059, Version: 1

TO: Mayor and Commissioners
FROM: Jeff Oris, Assistant City Manager
THROUGH: Terrence R. Moore, ICMA-CM
DATE: August 16, 2022

APPROVAL OF RESOLUTION NO. 131-22 FOR AN AGREEMENT WITH CBRE, INC. FOR TENANT BROKER AND REAL ESTATE CONSULTANCY SERVICES

Recommended Action:

Motion to approve Resolution No. 131-22 approving an agreement with CBRE, Inc. For tenant broker and real estate consulting services and authorize the City Manager to approve renewal options, in the amounts below, contingent on appropriations of funds.

Background:

The City of Delray Beach encourages redevelopment of underdeveloped and underutilized properties through public-private partnerships where appropriate. Properly structured partnerships share risk and expense amongst the public and private partners, encouraging efficiencies and innovation in design, construction, operations, maintenance, and the maximization of cash flow. Securing the best partner for maximum city benefit requires a meticulous pre-development process that includes a robust marketing effort to find the best development partner. This public-private partnership is a complex structure that requires significant planning and subject matter expertise in real estate development, construction timelines, technical and financial analysis. CBRE endeavors to support the City in the preparation of the developer solicitation, broadly market the opportunity, perform financial and construction analysis, and negotiate the best transaction terms on the City's behalf, all in accordance with State of Florida Statutes and local procurement policies.

The intent of this agreement is to piggyback a competitively bid state contract for consultancy services related to procuring a public-private partnership for the Delray Beach City Hall & Municipal Complex with CBRE, Inc., a national commercial real estate firm with significant experience in public-private partnerships. The proposal attached as Exhibit A to the agreement outlines a proposed fee structure (as per the State of Florida contract) that includes the City paying a monthly retainer to CBRE per month for marketing, RFP development, bid analysis and documentation. CBRE, Inc. would then work with the City and selected private partner to negotiate an appropriate agreement and once a deal is consummated, CBRE, Inc. will be paid a Transaction Advisory and Brokerage fee. This fee would be based on a sliding-scale percentage of the final value of the public-private partnership deal (a deal below \$10 million would be at the 3.5% rate and one over \$100 million would be at 0.95%). The Transaction Advisory and Brokerage fee will be a part of the public-private partnership deal and thus paid by the selected developer. Additionally, when the deal closes, the City will be reimbursed for the aggregate total of monthly retainer from the Transaction Advisory and Brokerage fee, thus these services under this agreement would be at a net zero cost to the City.

City Attorney Review:

Approved as to form and legal sufficiency.

Funding Source/Financial Impact:

Following approval, the City will utilize a master services agreement to piggyback off a competitively bid state contract. The proposal from CBRE requires a \$7,500 monthly retainer. Once the public-private partnership deal is consummated, the private partner will be required to pay a Transaction Advisory and Brokerage Fee (which would be based on a sliding scale contained in the proposal). From this Transaction Advisory and Brokerage Fee the City will be reimbursed for the total aggregate of the monthly retainer fee paid to CBRE, Inc. Thus, if the process leads to a signed public-private agreement, there will be a net-zero cost to the City.