

Information for Town Council Meeting on November 13, 2018

TO: Mayor and Town Council

VIA: Kirk W. Blouin, Town Manager

FROM: Jay Boodheshwar, Deputy Town Manager

RE: Request for Town Council Direction on Broker Services for Land Located at 5976 Okeechobee Blvd., West Palm Beach, Florida, **Resolution No. 176-2018**

DATE: 31 October 2018

STAFF RECOMMENDATION

Staff recommends Town Council review two options for a long term land lease for the property located at 5976 Okeechobee Blvd., West Palm Beach, Florida. The first option was secured by the issuance of RFP 2018-37 for a Real Estate Broker. If the first option is approved, then a recommendation would be to Award Resolution 176-2018. The Selection Committee recommended award to the number one ranked firm CRBE.

If Town Council elects to award RFP No. 2018-37 to CRBE for a Commercial Real Estate Broker, then the second option would not be entertained.

The second option is from an unsolicited proposal from Robert E. Kelley, representing AHS, Inc. whose history is incorporated under Unsolicited Offer below.

Staff is requesting direction from Town Council as to which firm to negotiate the final terms and conditions with. In order to move forward, Town Council is requested to make a recommendation to either move forward with the Selection Committee recommendation for RFP 2018-37 to CRBE, and/or reject the Selection Committee Recommendation and then to accept or reject the unsolicited offer from AHS, Inc. presented by Broker Robert E. Kelley. The Town Council can also make a recommendation to move forward with either option and provide Staff with additional guidance on moving forward.

SUMMARY EXPLANATION/BACKGROUND

History of RFP's issued:

In late fall of 2017, a request was made to issue a RFP for Leasing the Town-owned property located at 5976 Okeechobee Blvd, West Palm Beach, Florida. RFP 2018-05 was issued on October 22, 2017. No responsive, responsible proposals were received. The Town decided to issue another RFP 2018-07, this time for Real Estate Broker Services. The Selection Committee made a recommendation to reject all three proposals and re-issue a new RFP for Commercial Real Estate Broker Services to Secure Ground Lease Proposals for Town Owned Property Located at 5976 Okeechobee Blvd, West Palm Beach, Florida. This new RFP was RFP 2018-37 and was issued on April 1, 2017. The RFP was broadcast through Demand Star to 595 potential vendors and 9 firms downloaded the solicitation. The

RFQ was also broadcast through Public Purchase to 101 potential vendors and 14 firms downloaded the solicitation.

Four (4) proposals were received on May 1, 2018. An outside Subject Matter Expert (SME) was invited to participate on the Selection Committee. The Selection Committee met on August 14, 2018 to review the submittals. The Selection Committee consisted of three voting members: Jay Boodheshwar, Deputy Town Manager; Sabra Kirkpatrick (SME), Sales Director for Brown Harris Stevens and Logan Elliot, PZ&B Zoning Technician and Jane Le Clainche, CPA, Finance Director (non-voting), Duke Basha, Assistant Purchasing Manager (non-voting) and John Cmar, Purchasing Coordinator (non-voting). Below are the rankings of the four (4) firms:

1. CBRE, Inc.
2. Anderson & Carr, Inc.
3. Colliers International South Florida, Inc.
4. Reichel Realty & Investments, Inc.

Based on Selection Committee recommendation, oral presentations were scheduled for the top two (2) firms. Therefore, on August 29, the Selection Committee heard presentations and interviewed the shortlisted companies. At the conclusion of the presentations, the committee scored the firms. The selection committee unanimously ranked CBRE, Inc. as the number 1 firm.

During presentation, CBRE emphasized that they already have a potential client, therefore Purchasing followed up with CBRE and received Letter of Intent.

The detail to the proposal from RFP 2018-37, CRBE is outlined as follows:

- 4% broker fee for the life of the lease

History of Unsolicited Offer:

While the Town was attempting to find an interested party to submit a proposal for lease of the property at Okeechobee Blvd, a “lease sign” was placed on the property directing all inquiries to the Purchasing Office. Real Estate Broker/Agent Robert Kelley reached out to Purchasing in January 2018 expressing interest on behalf of AHS. On January 24, 2018, Robert E. Kelley, a real estate/broker, requested in writing documentation about the property, in order to prepare the unsolicited offer. Throughout numerous calls and emails, Mr. Kelley acknowledged that he had a client, AHS, which was interested in the site and ready to propose.

The first proposal offered by AHS was rejected on July 2, 2018. At the direction of the Town Manager’s Office, the Purchasing Manager and the Assistant Purchasing Manager met with the broker and AHS with the counter offer made by the Town. The counter offer consisted of the term, an annual rent price increase every five years to the Town, and most importantly, exclude mitigation conditions.

On October 15, 2018, AHS presented an offer which took into account the Town’s immediate requests. AHS has made the commitment to develop the property, taking into account timeframe, fees and that they would be willing to accept the property as-is.

The detail to the proposal from the unsolicited offer is outlined as follows:

- 6% broker fee for the first ten years of the lease

- \$715,000 annual income with a 10% escalator every five years
- AHS would assume all mitigation risk of the property

FISCAL IMPACT/FUNDING SOURCE

No funding impact at this time. This item, if approved, will produce revenue for the Town after first development and occupation occurs.

DUE DILIGENCE

Due Diligence was conducted to determine vendor responsibility, including corporate status and that there are no performance and compliance issues. The review included conducting market research and extensive outreach to secure participation in the solicitation process.

TOWN ATTORNEY REVIEW

This format has been utilized by the Town in previous recommendations and was approved by the Town Attorney.

CC: Dean Mealy, Purchasing Manager