



SUBJECT: Award of Contract 126-R-18 Real Estate Brokerage Services

PREPARED BY: Hersh Tencer, Senior Manager Real Property, Ext. 5988
Rosemarie Patano, Senior Construction Buyer, Ext. 2990

RECOMMENDATION:

- 1) THAT the report entitled “Award of Contract 126-R-18 Real Estate Brokerage Services” be received;
- 2) THAT the contract for Real Estate Brokerage Services be awarded to the highest ranked/lowest priced bidder, Cushman & Wakefield Ltd.;
- 3) THAT Contract 126-R-18 for Real Estate Brokerage Services be awarded to the highest ranked bidder, Cushman & Wakefield Ltd., for a one (1) year term with the City having an option to renew for four (4) additional years, with the following commission rates payable to them upon closing of the property transaction for five years (exclusive of HST);

Years 1 - 5	Commission rates
Sale of property	1.00%
Purchase of property*	1.00%
Lease of property	
a) Residential (% of 1-month rent)	50.00%
b) Industrial (% of 1 st year net rent)	1.00%
c) Industrial (% of each of the remaining years of the initial lease term)	1.00%
d) Office (\$ per square foot)	\$0.20

*When it is disclosed at the beginning of a transaction that the Vendor/Landlord will not pay a commission to the broker, the City shall pay the commission at the rate as outlined on the above chart.

- 4) THAT bidder Cushman & Wakefield Ltd. be designated as the preferred vendor of the City’s Real Estate Brokerage Services needs for a one year term with the City Solicitor having the authority to renew successive one year terms to a maximum of five years;
- 5) THAT Staff be authorized and directed to do all things necessary to give effect to this resolution.

PURPOSE:

The purpose of this report is to obtain Council approval to award the contract for real estate brokerage services.

BACKGROUND:

The core responsibilities of the scope of work shall include (but are not limited to) the following:

- Work closely with the City’s Real Property Manager;
- Represent the City as landlord or tenant in the leasing of real property;
- Provide advice and guidance on various real estate opportunities (i.e., opinions of value, market data, competitive properties, reported sales, leases, trends, annual reports etc.);
- Provide marketing strategies that would net the greatest exposure and gain in any sale of property;
- Provide regular standardized reporting on the status and action items for various transactions.

OPTIONS/ DISCUSSION:

Bid Information

Bids closed on	January 30, 2019
Number of Bidders picking up bid document	6
Number of Bidders responding to Bid	4

PROPOSAL EVALUATION

This Request for Proposal (“RFP”) was released using a two-stage approach whereby the Bidders provided a technical proposal in envelope 1 and a price proposal in envelope 2. The technical proposal (Stage 1) was evaluated with 70 points and 30 points assigned for price in stage two (2).

The Evaluation Team for this RFP was comprised of the Senior Manager of Real Property, and Property Appraiser & Negotiator, with Procurement staff acting as the facilitator. Under Stage 1, a Bidder must achieve a technical score of 75% (or 52.5 points out of 70) to proceed to Stage 2 and be included in the overall results.

Overall Scoring (Combined Stage 1 & II)

Bidders	Score (out of 100)
Cushman & Wakefield ULC	86.90
Colliers Macaulay Nicolls Inc.	66.20
CBRE	62.10

One Bidder did not attain the technical score of 75% under Stage 1 and therefore, did not move forward to Stage 2.

Compared to the current contract RFP 186-R-13 (Year 5) to RFP 126-R-18 (Year 1), the incumbent (C&W) overall fees have reduced. The sale of property commission rate decreased from 1.75% to 1.00% (-0.75); the purchase of property commission rate decreased from 1.5% to 1.00% (-0.50); industrial lease of property commission rate decreased from 2.00% to 1.00% (-1.00); and, office lease of property decreased from \$0.60 per sq. ft. to \$0.20 per sq. ft. (-0.40 per sq. ft.). The remaining area, residential lease of property (% of 1-month rent), remains unchanged from the

current contract. All rates are firm and fixed for the duration of the contract, with no escalation from year 1 to year 5.

FINANCIAL CONSIDERATIONS

The following outlines the commission rates payable to Cushman & Wakefield Ltd. Upon closing of a sale, purchase and/or lease of property transactions, for a one (1) year term with an option to renew for four (4) additional years:

Year 1 - 5	Commission rates
Sale of property	1.00%
Purchase of property*	1.00%
Lease of property	
a) Residential (% of 1-month rent)	50.00%
b) Industrial (% of 1 st year net rent)	1.00%
c) Industrial (% of each of the remaining years of the initial lease term)	1.00%
d) Office (\$ per square foot)	\$0.20

There is no incremental operating budget impact and no incremental life cycle impact over the next 25 years.

HUMAN RESOURCES CONSIDERATIONS

Not applicable

ALIGNMENT WITH STRATEGIC PRIORITIES:

Not applicable

BUSINESS UNITS CONSULTED AND AFFECTED:

Not applicable

RECOMMENDED BY:

Catherine Conrad
City Solicitor

Andy Taylor
Chief Administrative Officer