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Title: CONSIDER APPROVAL OF A CONTRACT WITH NEWMARK KNIGHT FRANK COMMERCIAL BROKERAGE TO SELL THE CITY-OWNED PROPERTY AT THE NORTHWEST CORNER OF VICTORIA STREET AND CEDARBLUFF WAY (CITY COUNCIL)

Sponsors: Community Services

Indexes:

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Attachments: 1. RFP No. P17-24 - Real Estate Broker Services, 2. NKF Draft Brokerage Agreement

Date	Ver.	Action By	Action	Result
11/21/2017	1	City Council		

Report to Mayor and City Council

Tuesday, November 21, 2017

Consent

SUBJECT:

CONSIDER APPROVAL OF A CONTRACT WITH NEWMARK KNIGHT FRANK COMMERCIAL BROKERAGE TO SELL THE CITY-OWNED PROPERTY AT THE NORTHWEST CORNER OF VICTORIA STREET AND CEDARBLUFF WAY (CITY COUNCIL)

I. SUMMARY

The City and another party entered a Settlement Agreement which requires the parties to jointly list a property at the northwest corner of Victoria Street and Cedarbluff Way for sale at an appraised value, and to split the net proceeds after costs. The City is in control of the sales process. A Request for Proposals (RFP) was conducted in October, 2017 to identify a qualified real estate broker to market and sell the Property (Exhibit No. 1). Seven responses were received from the RFP and, after evaluation of the proposals, staff recommends that City Council approve an agreement with the firm of Newmark Knight Frank Commercial Real Estate Brokerage Services to sell the property (Exhibit No. 2).

II. RECOMMENDATION

TAKE the following actions:

1. APPROVE the agreement with Newmark Knight Frank to provide real estate broker services for the sale of the City-owned property located at the northwest corner of Victoria Street and Cedarbluff Way.
2. AUTHORIZE the Mayor to execute the agreement, following approval as to form by the City Attorney.

III. ALTERNATIVES

TAKE any other action the City Council deems appropriate that is consistent with the requirements of law.

IV. BACKGROUND

The Subject Property, comprising 1.6 acres at the northwest corner of Victoria Street and Cedarbluff Way, is part of the Dominguez Hills Village development. In the Dominguez Hills Village Specific Plan, the Subject Property was identified as a site for a child care center with a 150 student capacity, with ample outdoor play areas in excess of those required for a child care center of that size. In 2007, K. Hovnanian, the developer of Dominguez Hills Village, conveyed the property to The Community Development Center ("CDC") for construction of the child care center, but the child care center was not built. A condition in K. Hovnanian's deed to CDC provided that title to the property would transfer to the City if the child care center were not developed. When the child care center had not been built and begun operating in time to meet the deadline, the City demanded a quitclaim deed from CDC. CDC did not provide a quitclaim deed, leading to the City's filing of a quiet title action in December, 2014 to confirm its title to the Subject Parcel.

Court proceedings led the City and CDC to engage in settlement negotiations which resulted in a settlement agreement. The settlement provides for the City and CDC to jointly list the property for sale at a price to be determined by an appraisal, but with the City otherwise controlling the sale process. Upon close of escrow, the City will be reimbursed all of its costs incurred in connection with the sale of the property, and the remaining sale proceeds will be shared equally by the City and CDC. The lawsuit will not be dismissed until the sale of the property has been consummated to ensure compliance with the settlement agreement.

On October 19, 2017 staff initiated a Request for Proposals (RFP) to identify a qualified real estate broker to market and sell the Subject Property. The RFP concluded on October 30, 2017 and seven responses were received from the RFP. The responses received were from:

- Colliers International
- Fischer Comprehensive Real Estate Services
- Jones Lang LaSalle

- Morgen Real Estate
- Newmark Knight Frank
- RSG, Inc.
- Uletas G. Carter

After evaluation of the RFP responses, staff recommends that City Council approve an agreement with the firm of Newmark Knight Frank Commercial Real Estate Brokerage Services.

V. FISCAL IMPACT

The real estate broker will be paid upon the close of escrow from the proceeds of the sale. The remaining proceeds are to be divided equally between the City and the Community Development Center, per prior agreement.

VI. EXHIBITS

1. RFP No. P17-24 (pgs. 4-7)
2. Draft brokerage agreement between the City and Newmark Knight Frank (pgs. 8-10)

Prepared by: John S. Raymond, Community Development Director