



**CITY OF LODI
COUNCIL COMMUNICATION**

AGENDA TITLE: Adopt resolution authorizing the **C i** Manager to issue a Request for Proposal for Brokerage Services to sell surplus **City-owned** real estate properties (EUD)

MEETING DATE: August 15,2007

PREPARED BY: Electric Utility Director

RECOMMENDED ACTION: Adopt a resolution authorizing the **C i** Manager to issue a Request for Proposal for Brokerage Services to sell surplus City-owned real estate properties.

BACKGROUND INFORMATION: On April 11, 2006, **staff** provided the City Council a list of **unutilized** real estate properties currently owned by the City.

Staff is requesting permission to issue a Request for Proposals for brokerage services to assist in the marketing and sale of these City-owned properties.

One of the **unutilized** sites is the Electric Utility Department property located at 500 South Guild Avenue. This lot is approximately 9.09 acres as per APN 049-250-61 in the San Joaquin County Assessor's Book of Parcels Map Book 21 Page 159 as shown in Attachment A It is surrounded by: Central California Traction Company on the North, Thurman Street on the South, Guild Avenue on the Eastern side, and a City of Lodi property (APN 049-250-13) to the West.

Recently, EUD advertised the property for sale through a formal Request for Proposal without success. It was **advertised** for approximately **two** months to interested parties without **employing** the services of realty agents and/or brokerage firms. There were several inquiries and almost all of the bid documents that were placed on the site were taken. However, no proposals were received by the June 22,2007 deadline.

As a result, Staff believes that the services of a professional commercial brokerage firm may be necessary to obtain qualified proposals in a timely manner. For purposes of minimizing the expense related to brokerage fees, a **two-tiered** brokerage fee structure is proposed. Within **the** first tier (property sales price is less than or equal to appraised value) the City **is** soliciting proposals where it would pay up to a limited **fixed** amount reflecting the **actual/expected** cost of advertisement and marketing incurred by the brokerage company. For the second tier (sales price in excess of appraised value), the RFP indicates the City's willingness to pay a conventional fee of up to six percent (6%) of the sale price exceeding the appraised value. Bidders will be allowed to propose lower fees if desired. Although not encouraged, alternate proposals will **be** considered if deemed advantageous to the City.

The EUD property at 500 South Guild Avenue will be the first **application** of this **two-tiered** brokerage fee structure. It will also be implemented with other City properties should the approach prove successful. FYI, the EUD property had an appraised value of \$2.5 million on October 2006.

Attached is a copy of the proposed Request for Proposal for brokerage services that will be used **initially** in **marketing/selling** EUD's property at 500 South Guild Avenue and then applied to other **unutilized** real estate properties owned by the City as identified below:

1. 1119-1120 Awani Drive (APN 04125038 & 04141001) 3.65 acres with appraised value of \$1.2 million; and
2. 217 East Lockford (APN 04122002), 1.36 acres with appraised value of \$340 thousand; and
3. Century Blvd. Right-of-way, (West of Stockton Street) 3.06 acres with annual lease payment value of \$400 thousand.

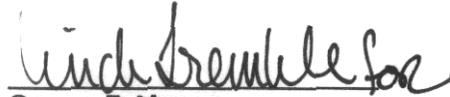
APPROVED:

Blair King, City Manager

This brokerage services arrangement is proposed to be effective for a period of 12 months from contract execution and may be extended for up to two additional years.

FISCAL IMPACT: Proceeds from real estate sales will enhance the City's financial position.

FUNDING AVAILABLE: Not applicable.



George F. Morrow
Electric Utility Director

PREPARED BY: Demy Bucaneg, Jr., P.E., Manager, Engineering & Operation

GFM/DB/1st

Attachments (2)

CITY COUNCIL

BOB JOHNSON, Mayor
JOANNE MOUNCE,
Mayor Pro Tempore
LARRY D. HANSEN
SUSAN HITCHCOCK
PHIL KATZAKIAN

CITY OF LODI

ELECTRIC UTILITY DEPARTMENT

GEORGE F. MORROW, DIRECTOR

1331 S HAM LANE

LODI, CALIFORNIA 95242-3995

(209) 333-6762

FAX (209) 333-6839

BLAIR KING, City Manager

RANDI JOHL, City Clerk

D. STEPHEN SCHWABAUER,
City Attorney

August 3, 2007

To Prospective Bidders

Subject: **Request for Proposal (RFP) to provide brokerage services to sell unutilized real estate properties of the City starting with the 9.09-acre real estate property at 500 South Guild Avenue, Lodi, California**

The City of Lodi hereby invites sealed proposals to provide brokerage services in selling various unutilized City-owned real estate properties starting with the 9.09-acre real estate property at 500 South Guild Avenue, Lodi, California. Each bid shall be in accordance with this notice and specifications on file and available from the City of Lodi Electric Utility Department, 1331 South Ham Lane, Lodi, California 95242, (209) 333-6762. No bid will be considered unless it is submitted on a format according to the 'ORGANIZATION OF PROPOSAL' Section of this RFP document.

Sealed proposals shall be delivered to the Budget Manager at the City Hall Annex, 300 West Pine Street, Lodi, CA 95240 (P.O. Box 3006, Lodi, CA 95241-1910) on or before

September 19, 2007, at 11:00 a.m.

At that date and hour said sealed proposals will be publicly opened and read in the Public Works Conference Room, City Hall, 221 West Pine Street, Lodi, California. Bidders or their authorized representatives are invited to be present.

Please submit detailed proposal and your standard service agreement for review and approval. If there are any questions regarding this request for proposal, you may contact me at (209) 333-6828, by email at gmorrow@lodielectric.com or Demy Bucaneg of my Staff at (209) 333-6811. Arrangement for site inspection may be made by calling Mr. Bucaneg at least 24 hours in advance of planned inspection.

George Morrow
Electric Utility Director

The City of Lodi, CA is inviting qualified firms to provide a proposal for brokerage services to sell surplus real estate properties owned by the City starting with the Electric Utility Department's 9.09-acre real estate property at 500 South Guild Avenue, Lodi, California. The following Request for Proposals (RFP) outlines the background, scope of work and proposal requirements for the services.

BACKGROUND

On April 11, 2006, Staff provided the Lodi City Council a list of unutilized real estate property currently owned by the City.

A lot located at 500 South Guild Avenue was one of them. This property is approximately 9.09 acres as per APN 049-250-61 in the San Joaquin County Assessor's Book of Parcels Map Book 21 Page 159 as shown in Attachment A. EUD is responsible for this property and it is vacant. The property is surrounded by: Central California Traction Company on the North, Thurman Street on the South, Guild Avenue on the Eastern side, and a City of Lodi property (APN 049-250-13) to the West.

During the City Council meeting on February 7, 2007, it was reported that the subject property was appraised at \$2.5 million. Staff also requested permission to market the property. Proceeds of the sale will be used to augment the financial reserve goal of EUD. The City Council, on motion of one Council Member, directed Staff to secure bids for sale of 9.09 acres at 500 South Guild Avenue.

SCOPE OF WORK

The scope of work for this brokerage services to sell subject properties will encompass, but not be limited to, the following task areas:

1. Research, gather and compile all pertinent documents and disclosures necessary for the sale of designated properties.
2. Obtain title, deed, appraisal, tax, comparatives, and assessor's records about the property.
3. Advertise and market the sale of this property effectively in the most efficient time possible at the highest probable market price.
4. Install the appropriate 'For Sale' signs that maintain the aesthetics of the property.
5. Provide timely response to all buyer inquiries including those referred by the City of Lodi
6. Provide regular monthly/weekly feedback to the City's designated representative(s) as to the status of sale of properties detailing the number of inquiries, offers, modifications on the marketing strategy, and changes in the industry affecting the sale of the property and recommendations that would effectively enhance its marketability.
7. Prepare, process and record all papers and documents, including financing, to complete the sale and transfer of property to the selected buyer. It shall be noted that the buyer will be responsible for all costs and arrangements associated with the processing, recording and transfer of this property.
8. Close escrow and deliver the final payment for the sale of the property to the City of Lodi.
9. Submission of final sales report to the City.

ORGANIZATION OF PROPOSAL

Prospective Bidders are furnished with one request for proposal (RFP) document. Proposals shall follow the following format:

- A. Service approach narrative – This section should demonstrate an understanding of the task at hand and include a narrative describing how the Bidder would go about the work.
- B. Project team – Describe the personnel who will carry out services, and their respective responsibilities.
- C. Qualifications – Provide a narrative describing how the team as a whole meets the qualifications for the services. Include a list of prior relevant sales.
- D. Marketing Plan – This section should include the strategy of marketing and advertising the property and target time of sale.
- E. Brokerage Fee – Provide the proposed brokerage fee/s, structure, other surcharges, and/or details as appropriate. Note: Refer to Item No. 7 of the 'Additional Terms And Conditions' of this request for proposal.
- F. Signatures - The proposal must be signed with the full name and address of the bidder, by an authorized representative of the company with all the information below.
 - i. Name of company
 - ii. Address
 - iii. Authorized signature
 - iv. Name
 - v. Title
 - vi. Telephone No.
 - vii. Fax No.
 - viii. Date
- G. Note - The City of Lodi reserves the right to reject any or all bids, to waive any informality in any bid, to accept other than the lowest bid, or not to award the bid.

PROPOSAL SUBMISSION

- A. The Budget Manager will receive sealed proposals at the following address until
11:00 am, Wednesday, September 19, 2007.
- B. Proposals shall be submitted under sealed cover, plainly marked

**Proposal – Brokerage Services
Bid Opening - September 19, 2007.**

Bids, which are not properly identified, may be disregarded. Bids, which are not received by 11:00am, Wednesday, September 19, 2007 will be returned to the bidder unopened.

Bids shall be submitted

To: Lodi City Council
c/o –Budget Manager

(If delivered by FedEx, UPS, or courier):
300 West Pine Street
Lodi CA 95240

(If delivered by mail):
P O Box 3006
Lodi CA 95241-1910

BID OPENING

- A. At 11:00 A.M., Wednesday, September 19, 2007, or as soon as possible thereafter, in the Public Works Conference Room, City Hall, 221 West Pine Street, Lodi, California, proposals will be publicly opened and read. Bidders or their authorized representatives are invited to be present.

SELECTION PROCESS

Complete proposals will be evaluated based on the information submitted. This will permit a recommendation to the City Council for contract award. The following equally weighted criteria will be used to evaluate submitted proposals:

- A. The likelihood of the proposed approach to produce the desired results.
- B. Qualifications of the Bidder.
- C. The value offered by the Bidder's price in relation to the proposed approach.

REJECTION OF PROPOSALS

The City of Lodi reserves the right to reject any and all proposals and to solicit new proposals with modified terms and conditions. It also reserves the right to waive any informality in connection with the proposals.

CONTRACT AWARD

1. The City of Lodi reserves the right to reject any or all bids, to waive any informality in any bid, to accept other than the lowest bid, or not to award the bid.
2. If there will be a tie in the submitted proposals, the tie will be broken by a coin toss, conducted by the Budget Manager. Tie bidders will be notified and may be present.
3. In all circumstances, including receipt of alternative bids, the City Council reserves the right to select the bid most advantageous to the City.
4. The award, if made, will be made within forty five (45) days after the opening of the bids.

GENERAL PROVISIONS

5-409 Responsibility for Damage The City of Lodi, its elected and appointed boards, commissions, officers, agents and employees shall not accept responsibility for any loss or damages that occur during the scope of work to the work or any part thereof; or for any material or equipment used in performing the work; or for injury or damage to any person or persons, either work personnel or the public; for damage to adjoining property arising from or related to Contractor's negligence or willful misconduct during the progress of the work or any time before

final acceptance. The Contractor shall indemnify and save harmless the City of Lodi, its elected and appointed boards, commissions, officers, agents and employees from any suits, claims or actions brought by any person or persons for or on account of any injuries or damages sustained or arising out of Contractor's negligent acts, errors or omissions in the performance of the work or in consequence thereof. The City of Lodi may retain as much of the money due the Contractor as shall be considered necessary until disposition has been made of such suits or claims for damages as aforesaid.

5-413 Insurance Requirements for Contractor The Contractor shall provide proof of insurance to be maintained during the life of this contract as listed under General Liability and Automobile Liability coverage listed below. These insurance policies shall protect the Contractor and any subcontractor performing work covered by this contract from claims for damages for personal injury, including accidental death, as well as from claims for property damages, which may arise from Contractor's operations under this contract, whether such operations be by Contractor or by any subcontractor or by anyone directly or indirectly employed by either of them, and the amount of such insurance shall be as follows:

1. <u>COMMERCIAL GENERAL LIABILITY</u>	2. <u>COMPREHENSIVE AUTOMOBILE LIABILITY</u>
Per Occurrence	\$1,000,000 Combined Single Limits
\$1,000,000 Property Damage	
Personal & Adv Injury	
\$2,000,000 General Aggregate	

NOTE: Contractor agrees and stipulates that any insurance coverage provided to the City of Lodi shall provide for a claims period following termination of coverage which is at least consistent with the claims period or statutes of limitations found in the California Tort Claims Act (California Government Code Section§ 810 et seq.).

A copy of the certificate of insurance with the following endorsements shall be furnished to the City of Lodi:

- (a) Additional Named Insured Endorsement with Primary Wording
Such insurance as is afforded by this policy shall also apply to the City of Lodi, its elected and appointed Boards, Commissions, Officers, Agents and Employees as additional named insured, insofar as work performed by the insured under written contract with the City of Lodi.

(This endorsement shall be on a form furnished to the City of Lodi and shall be included with Contractor's policies.)

Wording: Such insurance as is afforded by the endorsement for the Additional Insureds shall apply as primary insurance. Any other insurance maintained by the City of Lodi or its officers and employees shall be excess only and not contributing with the insurance afforded by this endorsement.
- (c) Severability of Interest Clause
The term "insured" is used severally and not collectively, but the inclusion herein of more than one insured shall not operate to increase the limit of the company's liability.
- (d) Notice of Cancellation or Change in Coverage Endorsement
This policy may not be canceled nor the coverage reduced by the company without 30 days' prior written notice of such cancellation or reduction in coverage to the City Attorney, City of Lodi, P.O. Box 3006, Lodi, CA 95241.
- (e) Contractor agrees and stipulates that any insurance coverage provided to the City of Lodi

shall provide for a claims period following termination of coverage which is at least consistent with the claims period or statutes of limitations found in the California Tort Claims Act (California Government Code Section 810 et seq.).

"Claims made" coverage requiring the insureds to give notice of any potential liability during a time period shorter than that found in the Tort Claims Act shall be unacceptable.

5-414 Workers' Compensation Insurance The Contractor shall provide proof of and maintain during the life of this contract, Worker's Compensation Insurance for all Contractor's employees employed at the site of the project and, if any work is Subcontracted, Contractor shall require the subcontractor similarly to provide Worker's Compensation Insurance for all of the latter's employees unless such employees are covered by the protection afforded by the Contractor. In case any class of employees engaged in hazardous work under this contract at the site of the project is not protected under the Worker's Compensation Statute, the Contractor shall provide and shall cause each subcontractor to provide insurance for the protection of said employees. This policy may not be canceled nor the coverage reduced by the company without 30 days' prior written notice of such cancellation or reduction in coverage to the City Attorney, City of Lodi, P.O. Box 3006, Lodi, CA 95241.

ADDITIONAL TERMS AND CONDITIONS

1. THIS REAL ESTATE PROPERTY IS SOLD IN "AS IS" CONDITION. The City of Lodi makes no guarantee as to the suitability of the property for any specific purpose, and all warranties, expressed or implied, are disclaimed.
2. The successful brokerage company shall indemnify and hold harmless the City of Lodi, its officers and employees, from all suits or actions of every name, kind and description brought for or on account of any injuries, damages, and/or costs incurred or sustained by any person or persons, by or from the bidder, in the use or inability to use, sell or dispose of this property. Submission of the bid constitutes bidder's agreement to this and all other sections of this request for proposal.
3. In addition to the prices offered and accepted by the City, the potential buyer of the property shall be responsible for payment of Sales or Use tax, or in lieu thereof, shall provide the City with a tax exemption certificate issued by the California Board of Equalization.
4. The successful brokerage company will require the potential buyer of the property to provide a narrative description of proposed use of the property and the timing of implementation.
5. The successful brokerage company shall emphasize that the minimum acceptable bid price shall be equal or higher than the latest appraised value. The EUD property, being the first City property to be processed, at 500 South Guild Avenue, Lodi, California has the October 2006 appraised value of \$2.5 million.
6. It is agreed that in the event of any litigation arising hereunder, the bidder at the request of the City of Lodi shall submit to the jurisdiction of any court of competent jurisdiction within the County of San Joaquin, State of California, and will comply with all, requirements necessary to give such court jurisdiction, and that all matters arising hereunder shall be determined in accordance with the law and practice of such court. It is further agreed that service of process in any such litigation may be made in the manner provided for in said code for service upon a person outside of the State of California.

7. The Brokerage Fee Schedule shall be two-tiered as follows:
 - a. First Tier – The City of Lodi shall pay the successful brokerage agency an amount not to exceed the actual or estimated cost of advertising and marketing a property. This tier applies to that portion of the property's sale price that is equal or less than the City-designated appraised property value.
 - b. Second Tier – The City of Lodi shall pay a maximum fee of six percent (6%) which shall be calculated based on that portion of the sale price exceeding the appraised value. And for the EUD property at 500 South Guild Avenue, the October 2006 appraised value of \$2.5 million shall be the basis.
8. The brokerage services shall be effective for an initial period of twelve (12) months from date of contract execution.
9. The brokerage services shall be extended in a yearly basis up to a period of two (2) years with the approval of the City Council.
10. From time-to-time, properties in addition to the 500 South Guild listing may be provided by the City to the successful brokerage firm for marketing, sale, and/or lease. These City-owned properties may include the following:
 - a. 1119-1120 Awani Drive (APN 04125038 & 04141001) 3.65 acres with appraised value of \$1.2 million
 - b. 217 East Lockeford (APN 04122002), 1.36 acres with appraised value of \$340 thousand
 - c. Century Blvd. Right-Of-Way, (West of Stockton Street) 3.06 acres with annual lease payment value of \$400 thousand

MAILING LIST

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American Commercial Brokerage
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Frank Allegre
4988 W. Highway 12
Lodi, CA 95242

ATTACHMENT A

San Joaquin Co. Assessor's Map (Book)

THIS MAP IS FOR ASSESSMENT USE ONLY APN: 049-250-61

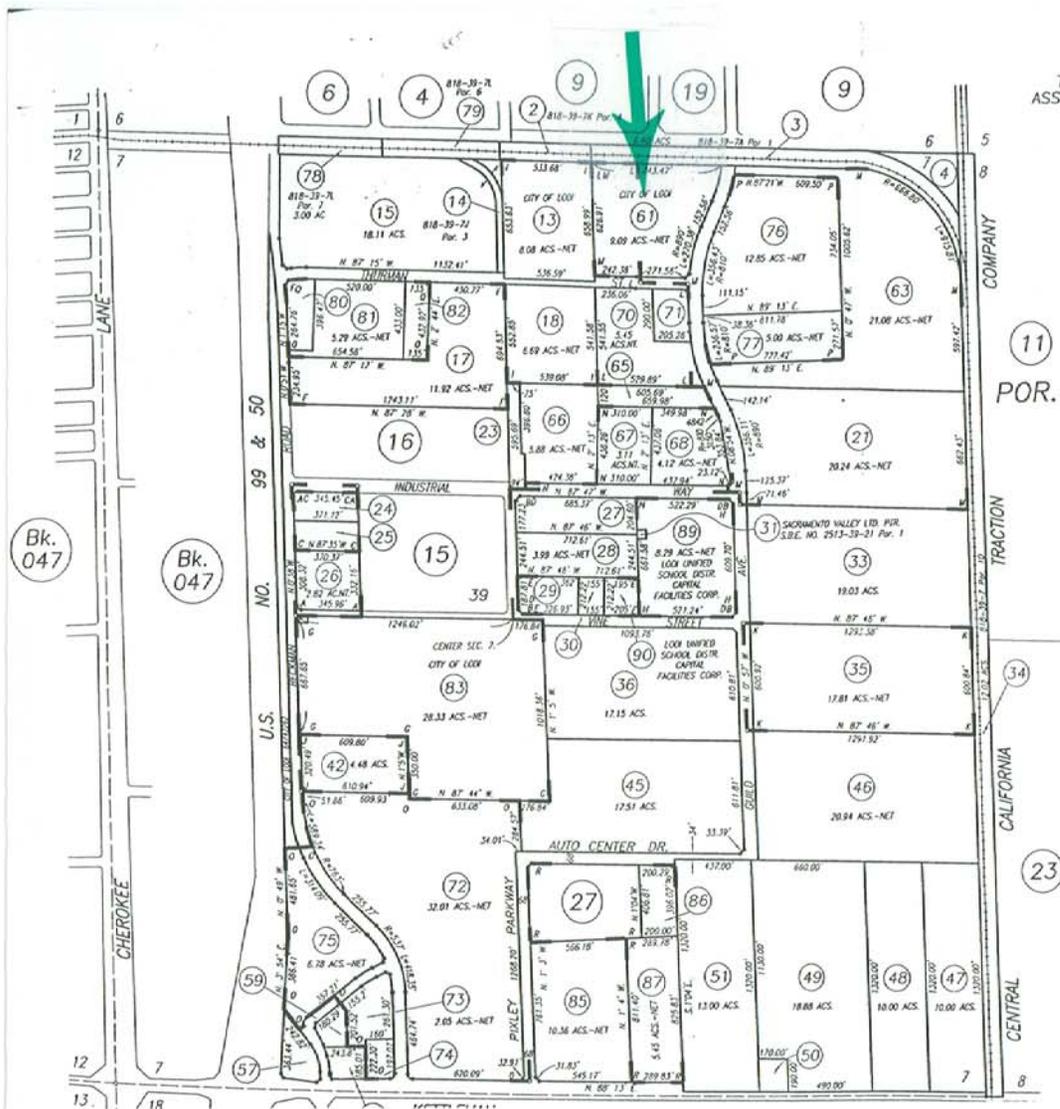


POR. SEC. 7, T.3N. R.7E., M.D.B.&M.

- A - P. M. Bk. 06 Pg. 123
- B - R. S. Bk. 28 Pg. 065
- C - P. M. Bk. 08 Pg. 012
- D - P. M. Bk. 12 Pg. 161
- E - P. M. Bk. 14 Pg. 153 & Bk. 16 Pg. 022
- F - R. S. Bk. 29 Pg. 140 & P. M. Bk. 20 Pg. 062
- G - R. S. Bk. 30 Pg. 083
- H - P. M. Bk. 16 Pg. 103 & Bk. 17 Pg. 167
- I - R. S. Bk. 31 Pg. 075
- J - P. M. Bk. 17 Pg. 152
- K - P. M. Bk. 20 Pg. 128
- L - P. M. Bk. 21 Pg. 014
- M - R. M. Bk. 21 Pg. 159
- N - P. M. Bk. 21 Pg. 189
- O - P. M. Bk. 22 Pg. 028
- P - P. M. Bk. 22 Pg. 067
- Q - P. M. Bk. 22 Pg. 135
- R - P. M. Bk. 23 Pg. 082

HIGHEST A.P.N. USED			
YEAR	PAR. #	PAR. #	PAR. #
02-03	69	71	73
03-04	77	79	82
04-05	83	85	
05-06	88		
06-07	90		

Assessor's Map Bk. 0
County of San Joa



RESOLUTION NO. 2007-172

A RESOLUTION OF THE LODI CITY COUNCIL
AUTHORIZING THE CITY MANAGER TO ISSUE A REQUEST FOR
PROPOSAL FOR BROKERAGE SERVICES TO SELL SURPLUS
CITY-OWNED REAL ESTATE PROPERTIES, UTILIZING A TWO-
TIERED BROKERAGE FEE STRUCTURE

WHEREAS, the City-owned property located at 500 South Guild Avenue (APN 049-250-61) was recently identified as one of the City of Lodi's underutilized properties, consisting of approximately 9.09 acres; and

WHEREAS, staff recommends utilizing the services of a professional commercial brokerage firm in order to obtain qualified proposals in a timely manner; and

WHEREAS, the request for proposal (RFP) will describe the brokerage services, fees, and general land use; and

WHEREAS, for purposes of minimizing the expense related to brokerage fees, a two-tiered brokerage fee structure is proposed; and

WHEREAS, within the first tier (property sales price is less than or equal to appraised value), the City is soliciting proposals where it would pay up to a limited fixed amount reflecting the ~~actual~~/expected cost of advertisement and marketing incurred by the brokerage company; and

WHEREAS, for the second tier (sales price in excess of appraised value), the RFP indicates the City's willingness to pay a conventional fee of up to six percent (6%) of the sale price exceeding the appraised value. Bidders will be allowed to propose lower fees if desired; and

WHEREAS, although not encouraged, alternate proposals will be considered if deemed advantageous to the City; and

WHEREAS, the RFP for brokerage services will be used initially in marketing/selling the property at 500 South Guild Avenue and then applied to other unutilized real estate properties owned by the City as identified below:

- 1119-1120 Awani Drive (APN 041-250-38 & 041-410-01) 3.65 acres with appraised value of \$1.2 million;
- 217 East Lockeford (APN 041-220-02), 1.36 acres with appraised value of \$340,000; and
- Lease of Century Boulevard right-of-way, (west of Stockton Street) 3.06 acres with appraised value of \$400,000*.

****Annual lease payment of \$40,000 for this property based on appraised value.***

NOW, THEREFORE, BE IT RESOLVED that the Lodi City Council hereby authorizes the City Manager to issue an RFP for brokerage services to sell the 9.09-acre real estate property located at 500 South Guild Avenue; the 3.65-acre parcel at 1119-1120 Awani Drive; the 1.36-acre parcel at 217 East Lockeford Street; and lease the 3.06-acre right-of-way on Century Boulevard (west of Stockton Street); and

BE IT FURTHER RESOLVED that the City Council hereby authorizes the two-tiered brokerage fee structure as outlined above; and

BE IT FURTHER RESOLVED that, although not encouraged, alternate proposals will be considered if deemed advantageous to the City.

Dated: August 15, 2007

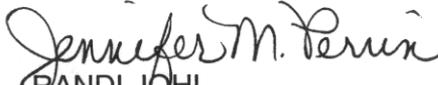
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I hereby certify that Resolution No. 2007-172 was passed and adopted by the City Council of the City of Lodi in a regular meeting held August 15, 2007, by the following vote:

AYES: COUNCIL MEMBERS – Hansen, Katzakian, and Mayor Johnson

NOES: COUNCIL MEMBERS – Hitchcock

ABSENT: COUNCIL MEMBERS – Mounce

ABSTAIN: COUNCIL MEMBERS – None


for RANDI JOHL
City Clerk