

TO:	CHAIR AND MEMBERS CORPORATE SERVICES COMMITTEE MEETING ON DECEMBER 10, 2013
FROM:	MARTIN HAYWARD MANAGING DIRECTOR, CORPORATE SERVICES AND CITY TREASURER, CHIEF FINANCIAL OFFICER
SUBJECT:	EXTENSION OF REALTY SERVICES AGENCY OF RECORD AGREEMENT

RECOMMENDATION

That, on the recommendation of the Managing Director, Corporate Services and City Treasurer, Chief Financial Officer, on the advice of the Manager of Realty Services, with respect to the Agreement dated the 20th day of October, 2010 between the Corporation of the City of London and CB Richard Ellis Limited, the following actions be taken:

- a) the Civic Administration **BE DIRECTED** to provide written notice to CBRE extending the term of the agreement for an additional (3) three years as provided for in the Agreement.

PREVIOUS REPORTS PERTINENT TO THIS MATTER
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Board of Control September 29, 2010

Finance and Administration Committee – August 17, 2011

BACKGROUND

That consideration of the staff report dated November 26, 2013, with respect to the Agency of Record Agreement between The Corporation of the City of London and CB Richard Ellis Limited, BE DEFERRED to the next meeting of the Corporate Services Committee in conjunction with the receipt of additional information from the Civic Administration with respect to agreement details, fees for services, best practices in other municipalities and any other relevant information that would assist the CSC in considering this matter.

Purpose

In August 2010, an RFP was issued for an Agency of Record to support Realty Services in the following activities:

- Strategic Advisory and Consulting – Location Analysis, Development feasibility, Market studies, Portfolio optimization, Real Estate organization and potential establishment of Development Corporation;
- Transaction Management, Brokerage – analysis of offers to purchase or lease received by the City;
- Research and Analysis – possible research and development opportunities in downtown area, land use and site analysis;

- Project Management – strategic planning for major projects, design and construction oversight, construction costing, support to site selection and capital program development

In October, 2010, the proposal of CB Richard Ellis (CBRE) was accepted for a term of 3 years expiring on December 31, 2013 including an option to renew for an additional (3) three years. The RFP contemplated annual fees in the range of \$75,000 to \$90,000. Any fees incurred were to be accommodated within existing budgets.

CBRE is the largest commercial real estate company in Canada and is a leading provider of real estate outsourcing services and provides real estate and economic consulting services to public, private and not for profit sector clients throughout Canada, including municipal, provincial and federal entities.

CBRE has provided assistance to Corporate Asset Management and Realty Services in the following activities; Options for the renovation or relocation of City Hall; Community Services Decentralization planning and Site Location Analysis; Normal School Renovation and Building Code/AODA Cost Estimate and review of the new Real Property Acquisition policy.

The fees incurred for this agency of record from October 2010 to the end of November 2013 are \$256,282. The allocation of these fees is as follows:

Year	Project	Fees
2010	City Hall Options	\$ 76,937
2011	City Hall Options	\$142,145
2012	City Hall Options	\$ 9,300
2012	Realty Policy	\$ 6,425
2012	Community Services Planning	\$ 7,500
2012	Normal School – Cost Study	\$ 3,025
2012	Land Acquisition Negotiation	\$ 10,950

At present there is no specific project for which CBRE's services have been identified. Renewing CBRE as the City's continued Agency of Record allows for future needs to be addressed as they arise without special reports to Council or delays related to procurement processes. This enables Realty Services more responsive to issues and needs as they arise from time to time.

Continuing the relationship as provided for by the extension provisions in the Agreement will avoid any potential service interruptions associated with the services provided by CBRE should they be called upon to act.

A survey of other municipalities and government organizations indicates that most Realty Services Divisions hire external specialty consultants on a project specific basis depending on staff resources demand and the level of expertise required for the assignment.

There are several arrangements that are similar:

- PWGSC – National Capital Region (transaction management)
- Infrastructure Ontario (transaction management)
- Canada Post Corporation (transaction management)
- City of Markham recently published an RFP for brokerage services
- City of Ottawa has a standing offer arrangement for multiple service lines including brokerage
- Metrolinx recently published an RFP for brokerage services

Financial Impact:

Services and the associated costs are stipulated in the agreement and will be incurred only as required. Fees are based on the hourly rates outlined in the Fee Schedule. Any utilization of CBRE to provide specified services will be applied against current operating budgets. No further funding is required.

Extension of the current agreement allows for the continuation of rates stipulated in the original agreement without escalation. (Section 6.00, page 2 of Agreement)

Recommendation:

It is recommended to execute the extension option included in the agreement by providing written notice to CBRE of the City's intent to extend the term. The extension would make the agreement current through December 31, 2016.

PREPARED BY:	SUBMITTED BY:
BRYAN BAAR MANAGER, REALTY OPERATIONS	BILL WARNER MANAGER, REALTY SERVICES
RECOMMENDED BY:	
MARTIN HAYWARD MANAGING DIRECTOR, CORPORATE SERVICES AND CITY TREASURER, CHIEF FINANCIAL OFFICER	

November 28, 2013
Attach.

cc: Art Zuidema, City Manager
Harvey Filger, Director Corporate Investments
Dave Mounteer, Solicitor
John Freeman, Manager Purchasing & Supply