



CITY OF FORT LAUDERDALE
City Commission Agenda Memo
REGULAR MEETING

#15-0761

TO: Honorable Mayor & Members of the
Fort Lauderdale City Commission

FROM: Lee R. Feldman, ICMA-CM, City Manager

DATE: June 2, 2015

TITLE: Resolution Approving Scope of Services for CBRE to Provide Financial
Advisory Services Relating to the Las Olas Marina RFP Solicitation and
Review

Recommendation

It is recommended that the City Commission adopt a resolution authorizing the City Manager to enter into an agreement with CRBE, Inc. (CBRE) to provide financial advisory services for the RFP solicitation and review of the Las Olas Marina.

Background

At the April 7, 2015 City Commission regular meeting, the Commission and CRBE entered into the First Amendment to the Agreement and Addendum for real estate brokerage and lease management services (CAM 15-0454). The First Amendment allows the City to retain CRBE to provide financial technical services, and that compensation for these services is a market-based compensation schedule determined by mutual agreement between the City and CBRE.

Also, on April 7, 2015, the City Commission directed staff to prepare a Request for Proposals (RFP) for the renovation and expansion of the Las Olas Marina. Through its agreement with CBRE to provide financial advisory services, staff has negotiated a scope of services and associated fees with CBRE to prepare an RFP and provide other services including site due diligence, vision and planning, market engagement and other technical expertise.

The contract between the City and CBRE requires that the selected developer compensate CBRE a fee equal to the following two components:

- CBRE, Inc. will be compensated with a fixed fee at \$300,000.
- CBRE, Inc. shall also receive a fee equal to 3.5% of the Net Present Value (NPV) of the entire ground lease, discounted at 5% for any amount greater than the NPV of the entire transaction over \$17,200,000. This baseline equates to an initial lease rate of \$1,000,000 per year with annual escalations of 1% for 30 years, discounted at 5%. The City Commission shall be calculated starting on the day the selected

bidder's contract or management agreement is signed. Fees will be due within 30 days of the execution of a development, joint venture, or other agreement between the parties. Terms and conditions of the fee will be outlined in a separate agreement between CBRE and the selected developer to be executed prior to, or simultaneously with the development or project agreement. Such fee will be included in the developer's pro-forma. The following hypothetical scenario is an example of how the compensation would work:

CRBE negotiates a deal with the total terms of a ground lease at a NPV, discounted at 5% of \$21,000,000. CBRE then will receive 3.5% based on the additional \$4,000,000 transaction value, or an additional \$140,000, bringing the total fee to \$440,000 (\$300,000 + \$140,000). CBRE shall not receive any compensation beyond the fixed fee of \$300,000 if the NPV of the final deal is less than \$17,200,000.

The scope of services is provided as Exhibit 1. The resolution is provided as Exhibit 2.

Resource Impact

The resolution has no impact to existing resources.

Strategic Connections

This item is a *Press Play Fort Lauderdale Strategic Plan 2018* initiative, included in the Public Places Cylinder of Excellence, specifically advancing:

- Goal 3: Be a community that finds opportunities and leverages partnerships to create unique, inviting, and connected gathering places that highlight our beaches, waterways, urban areas and parks.
- Objective 1: Improve access to and enjoyment of our beach, Riverwalk, waterways, parks, and open spaces for everyone.

This item advances the *Fast Forward Fort Lauderdale 2035 Vision Plan: We are Here*.

Attachments:

Exhibit 1 – Scope of Services

Exhibit 2 – Resolution

Prepared by: Donald Morris, AICP, Economic Reinvestment Administrator

Department Director: Jenni Morejon, Sustainable Development