

**CITY COUNCIL REGULAR SESSION**

Resolution authorizing execution of an Exclusive Sale Listing Agreement with Colliers International for Brokerage Services for the sale of Old Fire Station No. 3.

Toni Call, Director, 452-7863

Ira McDaniel, Real Property Manager, 452-4182

*Finance & Asset Management Department*

**EXECUTIVE SUMMARY**

This Resolution authorizes execution of a six-month exclusive agency listing agreement for the sale of Old Fire Station No. 3. The City has no proposed future use for this property. Separate approval from Council will be required prior to acceptance of any offer to purchase the property.

**RECOMMENDATION**

Move to adopt Resolution No. 9894.

**BACKGROUND/ANALYSIS**

Old Fire Station No. 3 was built in 1960 and is located at 14822 Bel-Red Rd. This Fire Station was vacated by the Fire Department in 1983, when the current Fire Station No. 3 was constructed. The old Fire Station No. 3 building was used by the City's Fleet & Communications division through 2009 and is currently being leased by Mighty Media (a video production company) to generate rental income.

The disposition of the Old Fire Station No. 3 property was evaluated by a cross-department team of staff to identify whether or not the City should retain ownership of the property for any current or future City use. It was determined that for each of the possible City uses the site was either not viable, building repairs and modifications would be too costly, or the use did not provide enough benefit to offset the proceeds of a cash sale. The final recommendation from staff is that the greatest benefit to the City would be to dispose of the property. A further recommendation from the team was that, should the City move forward with disposing of the property, a real estate broker should be hired to list the property for sale in order to achieve the greatest exposure to the commercial real estate market.

In accordance with Procurement guidelines, Finance & Asset Management solicited listing proposals from all commercial real estate firms registered on the City vendor roster. Proposals were received from four qualified firms. These firms were evaluated based on their market area experience, marketing approach, experience with similar properties, presentations, and opinion of value. The review team selected Colliers International to list the property for sale and negotiated an Exclusive Sale Listing Agreement for approval by Council.

If the Listing Agreement is approved, Colliers International will move forward with listing the property for sale to solicit offers from the public to purchase the property. Staff will bring the best negotiated offer back to Council for review and final approval before executing a binding agreement to sell the property. Following a sale, the listing agreement calls for a commission of 5 percent of the sales price, or 3.5 percent if Colliers is the only broker involved in the transaction. If

an acceptable offer is not received by the City, or if Council does not approve of the sale, no commission would be paid.

## **POLICY & FISCAL IMPACTS**

### **Policy Impact**

#### Bellevue City Code

BCC 4.28.010 provides for the fair and equitable treatment of all persons involved in the purchasing process.

#### City Purchasing Policy

City purchasing guidelines specify that all service contracts exceeding \$90,000 over the contract term must be approved by Council.

#### City Real Property Disposition Policies

Given the marketability and value of this property, these brokerage services are needed to achieve maximum market exposure and achieve the highest return to the City.

### **Fiscal Impact**

The cost of brokerage services is contingent on the sale of Old Fire Station No. 3, at 5 percent of the sales price or 3.5 percent if no other real estate brokers are involved in the transaction. These rates are consistent with the industry standards, and the commission would be paid from the proceeds of the property sale. If an acceptable offer is not received by the City, or if Council does not approve the sale, the City is not obligated to pay commission.

## **OPTIONS**

1. Adopt the Resolution authorizing execution of an Exclusive Sale Listing Agreement with Colliers International for Brokerage Services for the sale of Old Fire Station No. 3..
2. Do not adopt the Resolution and provide alternative direction to staff.

## **ATTACHMENTS & AVAILABLE DOCUMENTS**

Proposed Resolution No. 9894

## **AVAILABLE IN COUNCIL LIBRARY**

Colliers International Exclusive Sale Listing Agreement