


Date: February 27, 2019

To: Board of Directors

From: Doug Kelsey 

Subject: **RESOLUTION 19-02-09 OF THE TRI-COUNTY METROPOLITAN TRANSPORTATION DISTRICT OF OREGON (TRIMET) AUTHORIZING A MODIFICATION TO THE CONTRACT WITH CUSHMAN & WAKEFIELD OF OREGON, INC., FOR REAL ESTATE AGENT/BROKER SERVICES**

1. Purpose of Item

The purpose of this item is to request that the TriMet Board of Directors (“Board”) authorize the General Manager to execute a modification to the contract with Cushman & Wakefield of Oregon, Inc. (“Cushman”), for Real Estate Agent/Broker Services.

2. Type of Agenda Item

- Initial Contract
- Contract Modification
- Other _____

3. Reason for Board Action

Board approval is required because this amendment will increase the value of the contract beyond \$500,000.

4. Type of Action

- Resolution
- Ordinance 1st Reading
- Ordinance 2nd Reading
- Other _____

5. Background

In June 2015 the Board authorized TriMet to enter into a contract with Cushman for real estate brokerage services, to assist TriMet with selling excess parcels for transit-oriented development (“TOD”). TOD is development near transit that is designed to create vibrant, mixed-use communities that benefit from public transit. The contract also allows Cushman to act as a broker for TriMet’s acquisition of property when needed.

Cushman has already assisted TriMet by listing four excess parcels for sale, three of which are currently under contract with developers who will soon construct TODs near light rail station areas, increasing ridership and activity and bringing revenue to the Agency. These three properties are located at SW 18th and Salmon, near Providence Park; SE Pershing and 17th Avenue, near the SE 17th and Rhine MAX station; and 2997 SW Moody, near the South Waterfront/SW Moody MAX station. Attachment A shows renderings of the developments expected to occur on the SW 18th and Salmon and SE Pershing and 17th sites.

Cushman is also currently marketing TriMet's Hollywood Transit Center site for a mixed use TOD. In addition, Cushman acted as TriMet's broker for the purchase of the Columbia Bus Base site. Cushman identified that property, which was not being actively marketed for sale, through a comprehensive search process performed in close coordination with TriMet, and engaged in extensive negotiations with the property owner.

As is customary, Cushman receives a commission for its work based on a percentage of the value of each transaction. The commission varies depending on the amount of the transaction, with higher value transactions paying a lower percentage fee, but in no event does the commission exceed five percent (5%) of the total value of the transaction. The original amount of the contract authorized by the Board was \$200,000, which exceeded the then-current delegated authority threshold of \$150,000 for personal services contracts.

After the delegated authority limits were raised in October 2017, TriMet increased the contract amount to \$500,000 to pay the buyer's commission for the Columbia Bus Base site, which was about \$248,000. TriMet has paid approximately \$24,800,000 to the seller and has acquired possession and use of the Columbia Bus Base site, but the ultimate price for the site remains subject to the outcome of a Circuit Court condemnation action. Regardless of the outcome of the condemnation action, Cushman has agreed that it will not be paid any additional commission for the Columbia Bus Base purchase.

This resolution would authorize TriMet to increase the contract amount to compensate Cushman for the three sales currently under contract. The combined revenue to TriMet from these three sales is expected to be approximately \$12,500,000, and Cushman's commission being approximately \$560,000. The amendment of the contract to \$825,000, will compensate Cushman for the commissions earned for these three sales. For future property sales, TriMet will come back to the Board as needed to request authority to increase the contract amount.

6. Procurement Process

This contract was originally procured through a competitive RFP process.

7. Financial/Budget Impact

Individual property listings will be approved by TriMet, and the broker's commission will generally be paid at the closing of the transaction, out of the proceeds of the property sale.

8. Impact if Not Approved

Under its existing contract with TriMet, Cushman is acting as broker for several property sales, in addition to acting as TriMet's agent for the Columbia Bus Base transaction. Modifying the contract will allow TriMet to compensate Cushman for the commissions it will earn for selling excess property for Transit-Oriented Development.

Resolution 19-02-09 Memo
Attachment 1 of 2
SW 18th and Salmon



**Resolution 19-02-09 Memo
Attachment 2 of 2
SE Pershing and 17th**



RESOLUTION 19-02-09

**RESOLUTION 19-02-09 OF THE TRI-COUNTY METROPOLITAN
TRANSPORTATION DISTRICT OF OREGON (TRIMET) AUTHORIZING A
MODIFICATION TO THE CONTRACT WITH CUSHMAN & WAKEFIELD OF
OREGON, INC., FOR REAL ESTATE AGENT/BROKER SERVICES**

WHEREAS, TriMet has authority under ORS 267.200 to enter into a contract with Cushman & Wakefield of Oregon, Inc. ("Contract"); and

WHEREAS, the total amount of the Contract exceeds \$500,000; and

WHEREAS, the Board, by Resolution dated October 25, 2017, adopted a Statement of Policies requiring the Board to approve personal services contracts obligating TriMet to pay in excess of \$500,000;

NOW, THEREFORE, BE IT RESOLVED:

1. That the Contract shall conform to applicable laws.
2. That the General Manager or his designee is authorized to execute the contract modification in an amount not to exceed \$325,000.

Dated: February 27, 2019

Attest:

Presiding Officer

Recording Secretary

Approved as to Legal Sufficiency:



Legal Department