

**City of Culver City, California
Agenda Item Report**

Meeting Date: 08/12/2013		Item Number: C-4	
CITY OF CULVER CITY AGENDA ITEM: Approval of Agreements to Provide Real Estate Marketing and Sale Services with 1) Keller-Williams for the City Owned Property Located at 11304 Segrell Way; and 2) Cavanaugh Realtors for the City Owned Property Located at 10745 Cranks Road.			
Contact Person /Department: Joe Susca/CDD Todd Tipton/ CDD		Phone Number: (310) 253-5763 (310) 253-5783	
Fiscal Impact: Yes ☒ No ☐		General Fund: Yes ☒ No ☐	
Public Hearing: ☐		Action Item: ☐ Attachments: ☐	
Commission Action Required: Yes ☐ No ☒		Date: _____	
Public Notification (E-Mail) Meetings and Agendas – City Council (08/06/13); The Culver City Chamber of Commerce (08/06/13); Remax (07/22/13); Keller-Williams (07/17/13); Cavanaugh Realtors (07/17/13); Pearl Properties (07/22/13); TRG Real Estate Group (07/22/13); Via U.S. Post: A total of 840 businesses, residents and property owners within 500 feet of the two properties (07/29/13)			
Department Approval: Sol Blumenfeld: (07/30/13) Charles Herbertson: (07/30/13)		City Attorney Approval: Heather Baker (08/05/13)	
Chief Financial Officer Approval: Jeff Muir (by M. Noller) (08/06/13)		City Manager Approval: John M. Nachbar (08/06/13)	
<u>RECOMMENDATION:</u> Staff recommends the City Council approve agreements to market and sell City-owned property with 1) Keller-Williams for the property located at 11304 Segrell Way (former Fire Station #3) and 2) Cavanaugh Realtors for 10745 Cranks Road (collectively, the “Properties”). <u>BACKGROUND:</u> On September 14, 2010, Fire Station No. 3 located at 11304 Segrell Way (Segrell) was decommissioned due to construction of a replacement station at 6030 Bristol Parkway. Segrell is comprised of a 4,880 square foot building, which resides on three, 5,000 square foot single family; residentially zoned parcels. In February 2005, a land slide created by extensive rain resulted in 10745 Cranks Road (Cranks) being deemed uninhabitable. The City ultimately repaired the landslide area and acquired Cranks under the terms of a settlement agreement related to the landslide. Following acquisition, the improvements were demolished and the site is currently unimproved, vacant land.			

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On March 26, 2013, the City Council authorized the release of a Request for Qualifications (RFQ) to secure a real estate agent(s) to market and sell the Properties for development consistent with their existing zoning. Since that time, staff has completed the RFQ process, interviewed respondents, and verified references.

DISCUSSION:

Staff received five responses to the RFQ and evaluated each of them by 1) the number years of relevant experience they have; 2) the strategy they propose to sell the Properties; 3) their fee; 4) the term of contract with the City and 5) how well they did during an interview.

Cavanaugh Realtors was formed in 1976 and has 10 full-time employees with real estate licenses. Dannie Cavanaugh, the owner, has prior experience successfully selling three properties located along the Cranks Road hillside and has detailed knowledge of its slope history, City soil stabilization efforts, and difficulties buyers have had in obtaining mortgage financing for properties along the hillside.

Formed in 1983, Keller-Williams has over 700 offices worldwide and 70,000 agents. Keller-Williams and other real estate professionals believe that it is likely that the buyer of Segrell will be a developer that will propose to subdivide the property into three parcels to build three single family homes. The Keller-Williams team has extensive experience selling property to developers for redevelopment, including those properties that require demolition of existing improvements.

Staff believes Cavanaugh Realtors and Keller-Williams are the most qualified to dispose of the Properties as a result of their experience with the disposition of similar properties.

Staff has had prior favorable experience working with Cavanaugh Realtors and references contacted for Keller-Williams are positive.

Next Steps:

Following selection of the real estate professionals, the Properties will be placed on the market. Upon receipt of qualified offers (including detailed conceptual plans of the project the buyer plans to construct for Segrell) staff will schedule a community meeting with the Segrell-adjacent residents to present the conceptual plans to obtain their feedback and answer their questions.

Once a buyer is selected for each property, a Purchase and Sale Agreement will be drafted and scheduled for consideration at a future City Council meeting.

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FISCAL ANALYSIS:

In the real estate industry, brokers typically receive 5% to 7% of a property's sale price as their fee. Both Keller-Williams and Cavanaugh Realtors have agreed to receive a 5% commission as their fee.

MOTIONS:

That the City Council:

1. Approve agreements with i) Keller-Williams to market and sell the City owned property located at 11304 Segrell Way; and, ii) Cavanaugh Realtors to market and sell the City owned property located at 10745 Cranks Road; and,
2. Authorize the City Attorney to review/prepare the necessary documents; and,
3. Authorize the City Manager to execute such documents on behalf of the City.