

ITEM REQUIRING BOCC APPROVAL

(1 Item)

1. AUCTION SERVICES FOR FIVE (5) PARCEL LOTS IDENTIFIED AS "WICHITA GREYHOUND PARK" - FACILITIES DEPARTMENT FUNDING - FACILITIES DEPARTMENT

(Request sent to 33 vendors)

RFP #17-0106 Contract

	J. P. Weigand & Sons, Inc.	BizCore Pros, Inc. dba Lange Real Estate	McCurdy Auction, LLC	United Country National Realty & Auction	Williams & Williams Marketing Services, Inc.
1. Commission Fee - based on final purchase price and is paid by the seller	No Bid	2.50%	No Bid	No Bid	No Bid
2. Broker fee - percentage of final purchase price and is paid by the buyer to auction company	10% Buyer's Premium	No Buyer's Premium	10% Buyer's Premium	10% Buyer's Premium	10% Buyer's Premium
3. Co-op broker commission	3% from Buyer's Premium	1.00%	3% from Buyer's Premium. If no co-op broker 3% returned to County.	3%	1% - 2% from Buyer's Premium
4. Marketing Fee	Included	0.5%, 0.75%, or 1% of reserve price of the sale and which package is chosen by the county	Included	Included	Included
No Bid	Wray Auction Service & Antique Shop		Lone Star Auctioneers		

On the recommendation of Kristen McGovern, on behalf of Facilities Department, Richard Powell moved to **accept the proposal from BizCore Pros, Inc. dba Lange Real Estate for the rates listed above until completion of the project.** Jennifer Dombaugh seconded the motion. The motion passed unanimously.

A review committee comprised of Tim Kaufman - Assistant County Manager for Public Services, David Spears - Assistant County Manager for Public Works, Rusty Leeds - Assistant County Manager for Public Safety, Tania Cole - Facilities Department and Kristen McGovern - Purchasing evaluated and scored the responses based on the criteria set forth in the RFP. The committee unanimously recommended BizCore Pros, Inc. (Lange Real Estate) for award.

A 2.5% commission from the sale will be paid to Lange Real Estate and 1% commission from the sale will be paid to a licensed agent representing the buyer (if applicable). Sedgwick County will also pay a percentage of the reserve price for a marketing program. The marketing program is based on various levels of marketing strategies and cost is a percentage of the reserve price of the sale (0.5%, 0.75%, or 1.0%).

Lange Real Estate's strategy behind a no Buyer's Premium is that they would yield more buyers and a higher winning sale bid. Buyers are more likely to bid higher knowing they do not have to pay an additional 10% Buyer's Premium to their bid.

Note: The industry standard Buyer's Premium is 10%.

Questions and Answers

Talaya Schwartz: Is the commission fee where all the rest of the proposers didn't include that fee at all?

BOARD OF BIDS AND CONTRACTS FEBRUARY 8, 2018

Tania Cole: How a buyer's premium works is at an auction when the final sale is approved, the purchaser would pay an additional 10% on top of that price. That 10% then goes to the auctioneering services company. Williams & Williams was offering 1% to 2% and the others were offering 3%. That would go to the buyer's broker if they have a representative. What you see in Lange is actually a different commission proposal is 2.5% that we as the county as the seller would pay to Lange and the 1% to the buyer's broker, if there is one.

Tom Stolz: Tell us about the marketing component on this with the Lange bid.

Tania Cole: There are three different rates and what that covers is your website. They would put it on an auction website, commercial website, and a land website. They would send out mailings and use ads. Where you see the difference in the percentage is how much they spend on TV and radio ads. The more we spend on that, the higher the percentage goes up. As far as marketing, your websites are covered, your mailings are covered, your ads and even some TV and radio.

Tom Stolz: Do they wait until the sale is transacted before they assess that fee?

Tania Cole: Not in this case. In this case with Lange, they will understand what our reserve price is and that percentage is based on the reserve price.

Tom Stolz: Is that maximum 1%?

Tania Cole: Correct.

Talaya Schwartz: Can you talk a little bit about how we got to this point? Did we try to sell it first?

Tania Cole: No. How we got there is the commission basically asked staff to look into this property and put it up for sale on auction.

Richard Powell: It says we have 5 different parcels and I'm somewhat familiar with that area but maybe for a clearer picture for myself is this the open grassland area that is around the building out there or does it include the ground the building sits on?

Tania Cole: It includes the ground the building sits on. There are 3 parcels there that we are speaking to Wichita Greyhound Park that is currently under a lease until 2039. To the west of there, there are 2 parcels that are basically vacant land. We will auction off all 5 of those parcels.

Richard Powell: Do you know what the acreage of that is?

Tania Cole: I looked and it was 116 acres total for all 5 parcels.

Tom Stolz: So the Lange bid is 2.5% plus another 1% plus up to another 1% so a total of 4.5% for the entire project. All the rest of these bids have 10% Buyer's Premium, which depending on how you do the mathematics, will cost the buyer more but the buyer will pay the county less for the property because they come to the table with a certain budget. This is the most efficient way for the county to sell this property and get the maximum price.

Tania Cole: Correct. I believe so. I think the minimum we would pay would be 3%. That's the 2.5% we would pay to Lange Real Estate and the .5% for marketing fees. That would be our minimum. Our maximum would be 4.5%. When you compare it to the 10%, the thought behind that is if you have a buyer come to the table, as an example, they know they have \$100,000.00 in their pocket. They are going to bid likely lower if they have to pay that 10%. If they know they have to pay nothing, that is on the seller to have to pay the auctioneer company, they are going to likely come in with a higher bid to us with \$100,000.00 we will get in total. Out of that \$100,000.00 we will pay that 4.5%, which is a benefit to the county.