

REPORT TO COUNCIL

City of Sacramento

915 I Street, Sacramento, CA 95814-2604
www. CityofSacramento.org



Consent
December 12, 2006

Honorable Mayor and
Members of the City Council

Title: Agreement: Lease with CBS Outdoor, Inc. for three City-owned Billboard Structures adjacent to Business 80 at Sutter's Landing Regional Park (PN: LS12)

Location/Council District: Northwest Side of Business 80 at Sutter's Landing Regional Park (Council District 3)

Recommendation: Adopt a **Resolution** 1) awarding a 3-year lease agreement to CBS Outdoor beginning January 1, 2007 for three city-owned billboard structures adjacent to Business 80 at Sutter's Landing Regional Park in the amount of \$1,125,000; 2) designating lease revenue to capital projects at Sutter's Landing Regional Park, and 3) authorizing the City Manager to adjust revenue and expenditure budgets for the Sutter's Landing Regional Park Capital Improvement Program (PN: LS12) to account for the lease funds.

Contact: Lori Harder, Support Services Manager, 808-5172
Chris Slay, Program Analyst, 808-6344

Presenters: Not Applicable

Department: Parks and Recreation

Division: Administration

Organization No: 4511

Description/Analysis

Issue: On July 18, 2006, City Council approved an extension of an interim lease with CBS Outdoor, Inc. to December 31, 2006 and authorized the solicitation of bids for a new billboard lease with lease funds to continue to benefit Sutter's Landing Regional Park. A competitive bid process was conducted and CBS Outdoor, Inc. was the highest responsible bidder with a proposed total lease payment to the City in the amount of \$1,125,000 for three years. Per Council direction, lease revenue will continue to benefit development and provide funding opportunities for future land acquisitions at Sutter's Landing Regional

Park. Parks and Recreation staff will return to Council with a recommended project scope, schedule and budget.

Policy Considerations: The recommended actions in this report are consistent with City Code 3.68 regarding leasing of City owned property.

Continuing the dedication of lease revenues to develop Sutter's Landing Regional Park is consistent with the Council's goal to achieve sustainability and livability.

The recommended action is consistent with policies contained in the Council approved *Parks and Recreation Master Plan 2005 – 2010* including: Pursue dedicated and consistent funding for regionally serving parks and amenities. Develop an expanded vision and plan for a system of regional parks including destination attractions or facilities such as large parks, unique venues, parkways, and river/creek corridors.

Commission Action: None with this item. On several occasions the Parks and Recreation Commission has discussed and made recommendations on the need to secure funding to help develop the City's regional park system.

Environmental Considerations: The proposed action is exempt from environmental review pursuant to the CEQA Guidelines Section 15378, "general policy and procedure making."

Rationale for Recommendation: The City of Sacramento currently has no dedicated or consistent funding to develop the regional park system. Dedicated lease revenues will help develop Sutter's Landing Regional Park and provide funding to acquire adjacent properties. In order for the park to continue to receive needed funding, it's in the best interest of the City to have Council approve a 3-year lease agreement with CBS Outdoor, Inc. with lease revenues benefiting the park.

Financial Considerations: Upon execution of the lease agreement, CBS Outdoor, Inc will make a lump sum payment of \$1,125,000 to be deposited into the Sutter's Landing Regional Park Capital Improvement Program (PN: LS12). Department of Parks and Recreation staff will return to Council with a recommended project scope, schedule and budget.

Emerging Small Business Development (ESBD): Recommended vendor, CBS Outdoor, Inc., is not currently certified by the City of Sacramento as an Emerging/Small Business Enterprise (ESBE).

Respectfully Submitted by: _____



Christopher Stewart
Procurement Services Manager

Approved by: _____



for Cassandra H.B. Jennings
Assistant City Manager

Recommendation Approved:

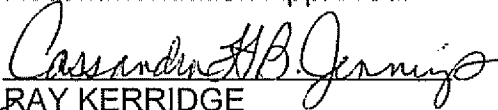

for RAY KERRIDGE
City Manager

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Attachment 1

Background

For many years the City of Sacramento has owned three billboard structures adjacent to Business 80 along the southeast border of Sutter's Landing Regional Park. On January 30, 2003, the City Council approved a three year lease with lease revenues benefitting the development of Sutter's Landing Regional Park. The lease provided \$557,000 in revenues towards the development of Sutter's Landing Regional Park, and contributed to Phase I development including: bikeway trailhead with shade structure and information signage, fencing, plantings, and an amphitheater with a shade structure.

The original lease term expired on January 31, 2006, and a six-month interim lease expired July 31, 2006. On July 18, 2006, City Council approved an extension of the interim lease with CBS Outdoor, Inc. to December 31, 2006 and authorized the solicitation of bids for a new billboard lease.

Key points in the solicitation for lease bids included the following as stated to City Council in the July 18, 2006 staff report:

1. The lease is for the three City-owned billboards in their current size and location;
2. The City is seeking to maximize total lease revenue to develop Sutter's Landing Regional Park;
3. Offers are to be for lease terms of three years;
4. Offers are to include two lease payment options – one lump sum to be paid in full at the beginning of the lease term, and monthly lease payments through the length of the lease term;
5. The City desires to continue to utilize half of one side of a billboard for public announcements and public education at no charge;
6. Advertisements for alcohol and tobacco products will not be permitted, and
7. The lessee is to maintain the billboard structures and pay all related utilities, taxes and assessments.

A competitive bid process was conducted and submitted bid offers were opened on November 1, 2006. Two companies bid on the lease, CBS Outdoor, Inc. and Clear Channel Outdoor. Although two bids were submitted by CBS Outdoor, this is not expressly prohibited under City Code 3.68 regarding leasing of City owned property. CBS Outdoor was the highest responsible bidder with a proposed lump sum lease payment in the amount of \$1,125,000.

RESOLUTION NO. 2006-

Adopted by the Sacramento City Council

AWARDING AGREEMENT: LEASE WITH CBS OUTDOOR, INC. FOR THREE CITY-OWNED BILLBOARD STRUCTURES ADJACENT TO BUSINESS 80 AT SUTTER'S LANDING REGIONAL PARK (PN: LS12)

BACKGROUND

- A. On July 18, 2006, City Council approved the extension of an interim lease with CBS Outdoor, Inc. through December 31, 2006 and authorized the solicitation of bids for a new billboard lease with lease revenues benefiting development of Sutter's Landing Regional Park.
- B. A competitive bid process was conducted and bid Offerss were received at bid opening on November 1, 2006. CBS Outdoor, Inc. was the highest responsible bidder with a proposed lump sum lease payment in the amount of \$1,125,000.

BASED ON THE FACTS SET FORTH IN THE BACKGROUND, THE CITY COUNCIL RESOLVES AS FOLLOWS:

- Section 1. The 3-year lease agreement for three city-owned billboard structures adjacent to Business at Sutter's Landing Regional Park is awarded to CBS Outdoor.
- Section 2. The \$1,125,000 in lease revenue from the above lease is designated to capital projects at Sutter's Landing Regional Park.
- Section 3. The City Manager is authorized to adjust revenue and expenditure budgets for the Sutter's Landing Regional Park Capital Improvement Program (PN: LS12) to account for the \$1,125,000 in lease revenue.

Exhibit A
Map of Three City Owned Billboard Structures on Business 80
at Sutter's Landing Regional Park

