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DOWNTOWN
DEPARTMENT

PARKING LOT ADMINISTRATION

CITY OF SACRAMENTO
CALIFORNIA

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November 16, 1998

City Council
Sacramento, California

CONTINUED
FROM 1-5-99
TO 1-12-99

Honorable Members in Session:

**SUBJECT: PRIVATIZING MANAGEMENT OF RETAIL LEASES IN CITY
PARKING GARAGES**

LOCATION: All districts.

RECOMMENDATION:

This report recommends that the City Council, by resolution, authorize the City Manager to develop a scope of work and execute an agreement with a property management contractor to manage all retail property leases in City parking garages for the Downtown Regional Enterprise Department's Parking Division.

CONTACT PERSON: Mark S. Miller, Parking Manager, 264-7610

FOR COUNCIL MEETING OF: January 5, 1999

SUMMARY:

Upon authorization from the City Council, the City Manager will direct the Parking Operations Manager to begin searching for a private lease management company with the ability to oversee all the day-to-day aspects of managing the City's retail lease space located in City parking garages E, G, H and I. Once a suitable management firm is selected, the City Manager will be authorized to execute an agreement with the chosen firm.

COMMITTEE/COMMISSION ACTION:

None.

City Council
Privatizing Management of
Retail Leases in City Parking Garages
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BACKGROUND:

Prior to May of this year and before On and Off-Street Parking were divided into to separate departments, Real Estate Services in the Department of Public Works was responsible for managing retail leases located in City parking facilities. The Downtown Department's Parking Division, however, paid for this management service, was responsible for funding maintenance of rental properties, and received all rent monies collected. Due to these factors, it was mutually agreed that the Downtown Department's Parking Division should assume all the remaining responsibility handled by Real Estate and finally consolidate its efforts as they related to retail leasing in parking garages.

The Parking Division began overseeing parking garage leases in early May and currently leases 30,888 square feet of rental space in City Lots E, G, H, and I to seventeen different tenants. Another 4,060 square feet of rental space located in these four City garages is vacant. Upon taking over management functions, the Parking Division received \$32,605 per month in rent payments. Today the Parking Division collects more than \$37,000 each month in rent.

While the Parking Division has met success in its short history of managing retail leases, staff believes the City would be better served if a private company that specializes in retail lease management is hired. A lease management company would be paid a fixed fee to service tenants and oversee repairs plus a placement fee when vacant sites are leased. In addition, a management firm would receive all revenues and deposit all monies collected with the Parking Division.

Staff will send out Requests for Proposals (RFP's) to qualified lease management firms by March 1, 1999 and will accept proposals until April 30, 1999. All proposals shall be reviewed by an independent selection committee to be appointed by the City Manager. The selection committee shall be instructed to choose a lease management company based upon the following criteria:

- Experience in real estate management
- Financial stability
- Ability to fill vacant spaces
- Amount of proposed fee

Before July 31, 1999, the selection committee shall review all proposals, and shall use the above criteria to recommend the best firm for the job. At this point, staff will begin negotiating a contract with the chosen firm. If negotiations prove successful, the City Manager will then enter into a contract with that firm.

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FINANCIAL CONSIDERATIONS:

This proposal will provide the Parking Enterprise fund with a revenue stream from retail leases that is more consistent with private sector returns through implementation of a commercial management strategy with staff oversight.

ENVIROMENTAL CONSIDERATIONS:

This project is exempt from the California Environmental Quality Act (CEQA) under Section 15301 of the (CEQA) Guidelines, "Operation of existing public structures or facilities involving no expansion of use".

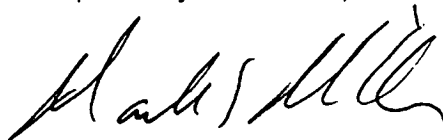
POLICY CONSIDERATIONS:

This proposal is consistent with the City's goal to identify and improve service delivery options and strategies where it is applicable.

MBE/WBE CONSIDERATION:


MBE/WBE participation would be considered by the selection committee during the interview process for the contract award to a property management firm. There would also be provisions in the contract to encourage on-going participation by MBE and WBE to supply goods and services to the management firm for supplies and goods used to maintain the facilities.

Respectfully submitted,




Mark S. Miller
Parking Operations Manager

RECOMMENDATION APPROVED:



WILLIAM H. EDGAR
City Manager

APPROVED:



Thomas V. Lee
Deputy City Manager

RESOLUTION NO.

ADOPTED BY THE SACRAMENTO CITY COUNCIL

ON DATE OF _____

**RESOLUTION AUTHORIZING THE CITY MANAGER'S OFFICE
TO CONTRACT THE MANAGEMENT OF
RETAIL LEASING SPACES IN
CITY PARKING GARAGES FOR THE
DOWNTOWN DEPARTMENT'S PARKING DIVISION**

BE IT RESOLVED BY THE COUNCIL OF THE CITY OF SACRAMENTO:

1. The City Manager is directed to initiate a Request for Proposal (RFP) process for the purpose of soliciting bids from property management firms for the purpose of managing the retail leasing space located at City Lots E, G, H, and I.
2. The City Manger is further authorized to establish a committee to select a contractor and to execute an agreement for property management services to the Downtown Department's Parking Division at City Lots E, G, H, and I.

MAYOR

ATTEST:

CITY CLERK

FOR CITY CLERK USE ONLY

RESOLUTION NO.: _____

DATE ADOPTED: _____